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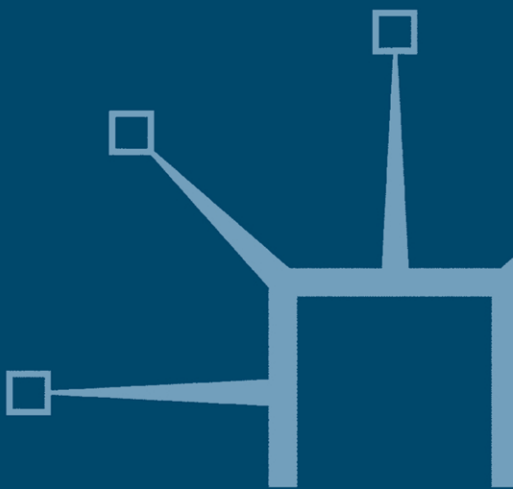
Improving Local Government

Outcomes of Comparative Research

Edited by
Michiel S. de Vries, P.S. Reddy and
M. Shamsul Haque



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Outcomes of Comparative Research

Governance and Public Management Series

Series Standing Order ISBN 978–0230–50655–8 (hardback)
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Improving Local Government

Outcomes of Comparative Research

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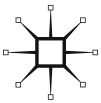

Editorial matter, selection, introduction and conclusion © Michiel S. de Vries, P.S. Reddy and M. Shamsul Haque 2008
All remaining chapters © respective authors 2008

Softcover reprint of the hardcover 1st edition 2008 978-0-230-51752-3

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First published 2008 by
PALGRAVE MACMILLAN
Houndmills, Basingstoke, Hampshire RG21 6XS and
175 Fifth Avenue, New York, N.Y. 10010
Companies and representatives throughout the world

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ISBN 978-1-349-35515-0 ISBN 978-0-230-28731-0 (eBook)

DOI 10.1057/9780230287310

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources. Logging, pulping and manufacturing processes are expected to conform to the environmental regulations of the country of origin.

A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Improving local government : outcomes of comparative research / edited by Michiel S. de Vries, P.S. Reddy, and M. Shamsul Haque.
p. cm. — (Governance and public management)
Includes bibliographical references and index.
ISBN 978-1-349-35515-0 (alk. paper)
1. Local government—Developing countries. 2. Comparative government. I. Vries, Michiel S. de. II. Reddy, P.S. (Purshottama Sivanarian), 1957– III. Haque, M. Shamsul.
JS8500.I47 2008
352.1409172'4—dc22

2008000188

10 9 8 7 6 5 4 3 2 1
17 16 15 14 13 12 11 10 09 08

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Preface

Local governments, especially in the developing world, are currently facing serious and pressing problems. The problems concern poverty, lack of basic needs, infrastructural deficiencies and backlogs, and lack of human and financial resources, which have adversely affected municipal governments' capacity to perform their mandated functions. This is in stark contrast to the situation in parts of the developed world with more adequate resources and capacity. Addressing the problems and finding solutions to local governance thus are extremely critical for developing nations.

This book provides a critical assessment of the key problems in local governance in Latin America, Africa and Asia, and offers useful recommendations to resolve such problems by improving local government. It addresses solutions as proposed in the field of public administration. These require restructuring intergovernmental relations, improving management performance, involving the private sector, improving leadership and taking local knowledge seriously.

One of the purposes of the book is to offer an alternative perspective on the issue. The existing views concentrate on the assumption that there are universal solutions to local government problems: 'If it works anywhere, it will work everywhere'. The other views state that there are no universal solutions and often end up as no solution at all. This book takes a different stand. It states that there is no one-size-fits-all solution, but this does not imply that there are no solutions for specific problems in specific circumstances.

A common theme in all chapters in the volume is that the recommendations from public administration theorists and experts have different impacts in different regions and nations, but that specific recommendations often do work in specific situations. Hence, the tone of this book is optimistic. Despite the huge problems encountered by local governments and although there is not one panacea that works everywhere, there are ways to improve the local situation in developing countries and there is evidence of such optimism.

There is no single or generally preferred model of local governance. Multiple models coexist, although one model may become more popular than others and the preference seems to shift periodically. During the past decade, *decentralization* was a much favoured option.

However, as some authors in the volume show, the decentralization process sometimes has made the problems even more complicated. More recently *local leadership* has become a major issue, with greater importance given to inherent personal qualities. However, it is stressed in this book that more caution should be exercised in linking the specifics of societal problems and challenges to the issue of leadership.

Similar conclusions are drawn regarding the improvements in *local management*, *private-sector involvement,* and *intergovernmental relations*. These can provide useful solutions, but they are not one-size-fits-all solutions. This also applies to the so-called *best practices* perspective in the sense that it should not be replicated without paying attention to the specifics of diverse contexts. Often best practices are just good practices, and when blindly replicated they can become 'worst practices'. But this does not mean that we cannot learn from each other's experiences about the problems and improvements of local governance.

It is hoped that this book will become a valuable source of information for academics and experts specializing in theory and practice of rural and urban governance and that it will be of considerable interest to researchers, undergraduate and postgraduate students, senior local government functionaries, and practitioners affiliated with national and international agencies. The book may prove to be useful and relevant for the following reasons:

- It addresses one of the crucial areas in public administration, namely local government, which has generated considerable debate and discussion given that it is an integral part of local democracy and critical to service delivery.
- It focuses on both rural and metropolitan areas which are the engines of economic growth in both developed and developing countries worldwide.
- It incorporates scholarly ideas and recommendations on how to improve local government in different parts of the world.
- It highlights the examples of best practices worldwide, thereby demonstrating that local situations can be improved if the required mechanisms are in place.

On a personal note, the editors of the book would like to thank the President, Director-General, and the Board of Management of the International Association of Schools and Institutes of Administration (IASIA), Brussels, Belgium, for their support and assistance in ensuring that this publication becomes a reality. The major part of the book was

drawn from papers presented for the Working Group on Local Governance and Development of IASIA at its annual international conferences over the past three years. In this regard, the editors would also like to thank all contributors to this volume for their cooperation and assistance in finalizing the publication.

January 2008
Nijmegen, Durban, Singapore
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1
Introduction

P.S. Reddy, M. Shamsul Haque and Michiel S. de Vries

On the international level, local governments are undergoing a process of fundamental political, economic, social and technological change in response to the pressing challenges that have to be addressed, including urbanization, globalization, poverty alleviation, community safety, environmental problems, service delivery, financial sustainability, and so on. Consequently, municipal governments are globally under increasing pressure to promote the development of their localities and, more importantly, improve the quality of the services they deliver to the local populace.

In developing countries, especially, local governments face a number of impediments that inhibit their efficiency and effectiveness. For instance, they lack financial resources and they are financially dependent on local taxes and government grants, which are often insufficient to meet the most urgent needs. There are also problems with loans and assistance from donor agencies and developed countries, as they usually impose certain conditionalities, including improvement in local government capacity, adoption of performance measurement, development of local leadership, involvement of the private sector and introduction of greater decentralization in intergovernmental relations. The overall theme is that so-called 'best practices' should be adopted by all countries despite their situational differences.

This book disputes the one-size-fits-all assumptions underlying the idea of 'best practices' as a solution. It argues that the effectiveness of solutions is contingent upon the specifics of social, political and economic contexts. However, in practice, this dimension is often neglected, and it is often believed that there exist general, even universally undisputed, criteria for what is generally referred to as 'good governance'. This can be observed from the terms and conditions for foreign aid that all governments should

provide opportunities for public voice and accountability, and promote political stability, regulatory quality, rule of law, effectiveness and control of corruption. These are highlighted in the Worldwide Governance Index prescribed by the World Bank.

It is often assumed that the problems local governments in developing countries face are first and foremost a consequence of the way those governments operate, which may lead to a conclusion that any analysis of the local-level causes of the problems is redundant. If there are grave and urgent problems, one should improve the management system in order to make the government more effective, curb corruption and establish a better regulatory quality. As it is argued in this book, such grand solutions are not always effective, because often the causes of the problems are not to be sought within the functioning of local governments.

Abandoning the idea that there are no universal solutions and there is no one-size-fits-all solution does not imply that one can completely dispense with the idea that such solutions do work sometimes in certain contexts. Sometimes decentralization or changing intergovernmental relations does indirectly offer the means to improve the local situation, although in many other cases it just complicates matters by increasing the coordination problems arising from it (Peters, 1998; Andrews and De Vries, 2007). The effectiveness, therefore, seems to depend on different *societal* contexts. The same is true for policies aimed to improve the management system or local leadership. Sometimes it is necessary to improve organizational effectiveness, but often neither the management system nor the quality of local leadership is the actual cause of the problem.

Similarly, one cannot say for sure that the adverse effects of globalization, urbanization and economic poverty are related to the failure of local management or local leadership. These developments with grave implications often result from factors outside the sphere of local governments. However, very often, local governments have to adjust their internal working to those external developments, but this only works sometimes.

More recently, there has been an increase in the number of role-players and stakeholders with a vested interest in the local governance process, particularly in relation to the allocation of resources and service delivery; these include local people, the private sector, the local councillors and officials and non-government organizations (Geddes and Sullivan, 2007, p. 8). It is also a generally accepted international phenomenon that the powers and resources available for local governments to discharge their functions are limited. In developing countries, considerable attention is now being focused on the new global agenda for poverty reduction, while

in developed countries; the pressure arises from the need to ensure greater 'value for money' for existing fiscal revenues and central government transfers (Alam, 2006, p. 3).

This book examines the problems of local governance and development in three major regions of the world — Asia, Africa and Latin America. It highlights the problems encountered by municipal governments in these continents with considerable emphasis on the similarities and differences among countries. Thereafter, the book discusses certain solutions and recommendations to improve the situation at the local level in the broader context of structural changes in intergovernmental relations; the role of new public administration principles, planning and knowledge; and the micro-level factors such as leadership, management and local knowledge. Finally, and on a more optimistic note, a number of international best practices are reviewed in the context of good local governance in order to demonstrate that the situation at the local level can certainly improve despite the mammoth challenges faced by these regions. The common theme that emerges from the chapters is that the recommendations made by public administration experts may have differential impacts on different regions and countries, and that specific recommendations can and do work in certain situations, taking cognizance of local conditions and circumstances.

This book seeks to provide a fresh perspective as an alternative to the prevailing view on local governance that there are universal solutions for its problems. It also questions the opposite view that there are no solutions, which often ends up with no improvement being proposed at all. This volume seeks to bridge that divide and proposes that there certainly is no one-size-fits-all solution, but this does not imply that there are no solutions for specific local-level problems.

The book uses a comprehensive concept of local governance as the process through which local political institutions implement their programmes in collaboration with various civil-society actors and interests within which these actors gain certain influence over politics (Pierre, 1998, pp. 5). It covers factors such as the distribution of political power, the potential for collective action and the empowerment of civil society (Stoker, 1998, pp. 34–51). This broad concept of local governance takes cognizance of the governing institutions as well as the process through which they interact with civil-society organizations.

It is also recognized in the book that there has been a growing trend to increasingly devolve some powers to lower-level local governments so that they assume greater responsibilities for local development. Reforms in favor of decentralization are now considered key elements in

devolving responsibility to elected local governments in order to facilitate good governance and ensure administrative responsiveness to local needs (Alam, 2003, p. 2). Devolution is likely to promote popular participation and resolve difficulties in implementing projects and programmes (Cohen and Petersen, 1994, p. 4). Decentralizing powers to local governments is increasingly seen as a desirable option for ensuring optimal community satisfaction, although there are many challenges that need to be addressed.

In reviewing local governance in Latin America, Asia and Africa, Rodriguez-Acosta and Rosenbaum (Chapter 2), Haque (Chapter 3), and Reddy (Chapter 4) point out that there has been a firm commitment to decentralization. They also highlight the fact that progress has been made in this regard despite some obstacles to the process. Although there are historical differences and different value systems prevalent in each of these continents and regions, there are certain distinct challenges that will have to be addressed if local and metropolitan governance is to be improved. These challenges include the centralized and dominant nature of national government and bureaucracy; unfunded mandates and responsibilities; lack of resources; lack of public accountability and transparency; weak capacity relative to the decentralization process; social, environmental and economic problems (poverty, social exclusion, and unemployment); political conflicts; concerns for community safety and security; and limits of effective and efficient service delivery.

An increasing proportion of the world's population now lives in metropolitan areas, and thus metropolitan structures have been introduced to overcome various administrative complexities, high levels of inequality and in some cases political conflicts. It is felt that coordinated and united action will be necessary to address these issues.

However, it is made clear in critiquing the African and South American cases that ushering in institutions for metropolitan governance and development or more specifically structural changes cannot be seen to be the panacea for all the governance problems highlighted above. It should be noted that none of these problems could be addressed by any one sphere of government alone; they have to be jointly addressed by all spheres of government in the context of strengthened intergovernmental relations, co-operative governance and, more importantly, greater co-ordination. In addition, there has to be a firm political commitment in terms of ensuring greater social inclusion; allocation of additional financial and human resources; a clearly defined legal framework; increased local autonomy; and a more qualitative approach to public participation at the local level.

In Chapter 5, Nwaka points out that recently there has been a growing prominence accorded to culture and tradition in local governance and development worldwide. It is generally accepted that indigenous knowledge and practice can be put to good use in support of local governance, especially while working closely with municipalities, councillors, and non-governmental sectors such as agriculture, environmental management, land management, education, rural financing, local government reform, poverty alleviation and provision of basic services. A key consideration is to ensure that development programmes in these areas reflect local priorities and strengthen local knowledge, organization and capacity. Indigenous knowledge may not provide a universal solution for the multifarious problems of local governance; but with the required support, it can strengthen such governance and promote a more self-reliant, endogenous and sustainable form of development at the local level. The indigenous knowledge movement can also ensure a better use of development assistance by involving local people through decentralized structures as opposed to working with technical experts who often work on preconceived assumptions and offer solutions that underrate and overlook local knowledge and expertise.

Intergovernmental relations have become particularly significant since the 1990s given the increasing emphasis placed on efficient and effective service provision. It is an integral part of local governance and denotes the mutual horizontal and vertical relationships, interactions and networks between the governmental institutions in the broader context of service delivery. Geldenhuys (Chapter 6) believes that in any established and successful democracy one should examine the strength of intergovernmental relations that ultimately has impacts on effective and efficient service delivery. A key component of that process covers the capacity, actions, attitudes and behavior of the key role-players and stakeholders involved in the system. The so-called 'best practices' in the context of intergovernmental relations include systems and procedures that would assist agencies and departments from the different spheres of government to work together harmoniously in order to deliver essential public services or to develop and implement policies. In the case of South Africa, which is a relatively young democracy, the integrated development planning process at the local level is viewed as one of the most important components of strong intergovernmental relations. It is a strategic planning instrument that guides and informs the planning and development of municipalities, and it has to be linked to provincial and national plans. This integrated development planning process has a

positive impact on intergovernmental relations, and the overall effect has been an improvement in local governance.

Of late, the involvement of the private sector in local development has been quite marked and it has been broadened to include non-government organizations and other institutions of civil society. Some of the noteworthy trends in this regard include the introduction of management techniques from the private sector and the marketization and privatization of municipal services. While decentralization has been a major theme pursued in both developed and developing countries, there has been a major shift from the direct provision of services by government to more indirect approaches involving collaboration with various community-based organizations, non-government organizations and the private sector (Alam, 2006, p. 6). The local citizenry has also become more aware and enlightened about its rights and quality of life. International development agencies and donors have been encouraging the utilization of the private sector and non-government organizations in the delivery of municipal services based on the assumption that it will increase efficiency, flexibility and cost-effectiveness. However, this has not necessarily been the case, as pointed out by Göymen in Chapter 9. It is noted that if services are transferred to the private sector and the civil sector, the profits of the private sector will increase and the role of the non-government organizations will grow in the community and in society. This indicates that an effective joint collaboration requires effective partners, be they the private, government, or the non-government sector. More specifically, an effective co-operative service delivery arrangement may require a strong government sector, a strong private sector, and a vibrant civil sector, which unfortunately is certainly not a reality in transitional societies facing the challenges of human, financial and technical capacity as well as a problematic historical legacy. Consequently, an energetic and vibrant private and civil sector has to be established.

The role and calibre of local leadership is critical in terms of managing and improving local governance as the municipal functionaries (councillors and officials) have been mandated with the task of improving the quality of life of the local populace. In this regard, the importance of effective local leadership was acknowledged by the Commonwealth Local Government Forum (CLGF) and the Commonwealth Heads of Government through the endorsement of the Commonwealth Principles on Good Practice for Local Democracy, which declared that 'Effective leadership is central to strong local democracy … (and) … enables local government to deliver quality services to the local community' (Geddes and Sullivan, 2007, p. 8). According to Du Plessis (Chapter 8), community

leadership in local governance covers political, managerial and civil leadership. Geddes and Sullivan (2007, p. 88) present three components of community leadership; focusing on key community priorities, galvanizing a range of role-players and stakeholders to contribute to achieve these priorities, and involving the local citizenry in the process of priority identification. Local government councillors, in fulfilling their leadership role, should always seek to promote the interests of the local citizenry. This in turn raises questions about the quality of local political leadership, managerial leadership and civil leadership, particularly in Asian, Latin American and African countries characterized by widespread changes and transition in the past few decades. In countries where there have been major changes in relation to restructuring and transformation, there is a need for a strong and effective managerial leadership operating within a formal transformational framework. There has also been a call for increased citizen involvement and participation, which can also be used as a vehicle to enhance community leadership. Civic leadership is an important component of community leadership and is an integral part of successful local governance and development.

Given the current challenges to local government highlighted earlier, there is now a global quest for 'improving local governance'. Kroukamp and Lues (Chapter 7) deconstruct the concept 'improving', which by and large has very positive connotations. It basically means to 'enhance in value or quality . . . by making it more useful to humans'. They add further that it points to 'making something more acceptable' or 'to bring it nearer a standard', and in the case of the subject matter, 'to improve the quality of the current standards with regard to managing local government'. It is an integral part of the broader framework of the 'modernization' and 'democratization' of local government. It has in turn played a pivotal role in 'building' and 'strengthening' local government and thereby ensuring greater 'responsiveness' and 'public accountability' at the local level. These are all new buzzwords and part of a terminology that has featured very prominently in the local governance vocabulary in the past decade. It has played a substantial role in the change of attitudes, thinking, culture and implementation in local government.

The New Public Management (NPM) model seeks to usher in streamlined and improved government, decentralization and empowerment, customer satisfaction and enhanced mechanisms for public accountability. The statement made by Andrews (Chapter 10) is relevant in this regard: 'Perhaps the enduring contribution of New Public Management (NPM) . . . will be the emphasis given to improving management in government'. It has been described as managerialism or market-based public administration. In this

regard, Nickson (2006, p. 30) observes that in addition to core administration and direct services supply, local government now has to regulate and enable private, community and arms-length agencies, as well as undertake policy analysis and strategic planning which incorporates the activities of these other role-players and stakeholders. He goes on to add that these new tasks, which are technically complex and politically sensitive, 'require a radical change in both the organizational structures' and the 'skills and attitudes of the civil service' (2006, p. 30). Most governments are increasingly entering into partnerships with independent agencies to deliver public goods and services.

According to Andrews, the concept of 'best practice' is relative as there is no 'universal standard against which a certain practice can be judged the best'. She adds that best practices are not 'perpetual' and have a limited time period, and furthermore, differ from an innovative practice in that the former has been tested long enough to deserve being considered for use in other countries. 'Best practices' are now considered an integral part of improving local government and ultimately ensuring 'good local governance'. Local leadership is critical to the process of good local governance as it is generally accepted that innovations will by and large be initiated by the actions of leaders who are responsible for formalizing best practices at the local level.

As mentioned earlier, best practices are not the panacea for all local government problems, and one should take cognizance of the adage that 'one size does not fit all'. However, as demonstrated in this book, it is possible to transfer or extrapolate such practices internationally by adapting them to specific contexts and local circumstances.

2
Metropolitan Governance in Latin America

Cristina A. Rodriguez-Acosta and Allan Rosenbaum

2.1 Introduction

Over the past half century Latin America has witnessed very rapid urbanization and the development of several massive metropolitan areas sprawling across many governmental jurisdictions. As a region with a strong historical and cultural experience of centralization and a weak local governance tradition, Latin America would seem like a very fertile ground for the emergence of strong metropolitan governments. Nevertheless, this has not been the case.

At first glance, the absence of strong metropolitan governance in a region historically inclined towards interventionist, centralized governance would seem highly paradoxical. However, the combination of a major focus on decentralization throughout the region over the past two decades and the lack of a tradition of communal development have served to create overwhelming obstacles to any effort to consider, let alone establish, metropolitan governance. The result has been the exacerbation of already serious problems of service delivery, environmental degradation and human misery. In virtually every instance, the degree of local need is great and the quality of services provided is, at best, barely adequate.

2.2 Urbanization in Latin America

Well before recent government decentralization efforts began, Latin America was already becoming one of the most urbanized areas of the world. As the region's population grew from 100 million inhabitants in 1930 to about 520 million in 2001, the percentage of population living in urban areas rose from less than 40 per cent to 75 per cent (United Nations

Centre for Human Settlements (Habitat), 2001). As the United Nations Regional Economic Commission for Latin America (ECLAC) has noted, Latin America has experienced an accelerated urbanization process as a result of a massive migration from rural to urban areas and population movement among urban areas (Comisión Económica para América Latina y el Caribe (CEPAL), 2001).

The consequence of this process has been the development of urban systems characterized by many large cities (more than one million inhabitants) and in some cases 'mega-cities' of more than five million people. Four Latin American cities are among the ten largest urban areas in the world (São Paulo, Mexico City, Buenos Aires and Rio de Janeiro); three other metropolitan areas in the region have more than five million inhabitants (Bogotá, Lima and Santiago); and many have more than three million (Belo Horizonte, Bahia, Fortaleza, Porto Alegre and Recife in Brazil; Caracas in Venezuela; Santo Domingo in the Dominican Republic; and Monterrey and Guadalajara in Mexico). Many more cities have a population between 100,000 and one million (Rojas et al, 2005).

The importance of these metropolitan areas to the economic well-being of their countries is very great. Many of them are the centres of most of the economic and productive capacity of their respective countries. The metropolitan area of São Paulo, Brazil, for example, produces 60 per cent of the industrial output of the country, while the metropolitan area of Santiago generates more than 50 per cent of Chile's industrial production (Rojas et al, 2005).

The pattern of growth for these urban areas has been to integrate and to incorporate neighboring communities socially and economically. It has meant not only the expansion of the urban area, but also the creation of sub-centres of economic and social activity as people and industry either located on the outskirts of or moved away from the central city. The problems that the citizens of these urban areas face range from substandard housing to limited access to basic services. Many residents have to deal with the insecurity of land tenure; inadequate access to, and poor quality of, public transportation; environmental degradation; crime and violence and, as a result of the economic and fiscal crisis of the last decade, increasing marginalization, inequality and segregation. The promotion of local economic development, job opportunities, food, water, energy, education, transportation, recreation, health, environment and housing, among other concerns, are all pressing needs for many of the citizens of Latin America's metropolitan areas. Urban metropolitan areas in Latin America are now characterized by a very large concentration of poor households.

These problems are no longer simply the concern of individual large central cities, but they have spilled over beyond municipal limits and jurisdictions. Many of the municipalities adjacent to the large cities in Latin America are already so close to and so intertwined with the 'principal' city that it becomes almost impossible to identify where one ends and the other starts. Many once separated, now conjoined, cities have become 'dormitory' cities. Segregation by class has created very wealthy areas totally disconnected from the poor neighborhoods of metropolitan areas and this tendency seems to be rapidly accelerating.

In the face of the persistent and serious economic, social, environmental and political problems previously mentioned, good governance — and its promotion — becomes essential to their solution. However, the issue of who implements what function as it relates to trying to solve the many problems of these megalopolises is, in most cases, not always clear or well specified. Virtually all metropolitan areas in Latin America have a number of different administrative units, each with different prerogatives and authority. Indeed, many metropolitan areas involve the national government, more than one province or department and many different types of local authorities.

2.3 Governance in Latin America

Historically, Latin America has been a region characterized by extraordinarily centralized governance. Whether its governments have been led by military elites or civilian chief executives (some of whom achieved office through election, and others through much less democratic means) both political and administrative authority and, in most cases, economic power as well, has tended to be concentrated in the hands of small elites located in the region's capital cities. The result of this has been that many of the region's countries have developed in such a manner as to have one dominant city that has historically been the locus of political, administrative and economic power. In many cases, these cities also possessed a significant portion of the country's population.

This pattern of growth has, however, begun to gradually change as a consequence of certain very important developments. Of particular significance is the fact that the past quarter century has been a time of considerable change in governance throughout Latin America. A quarter century ago, many of the countries of the hemisphere were dominated by military governments. Today, almost all of the countries of the hemisphere have democratically elected chief executives. At the same

time, legislative branches, whose members come from and represent all parts of a country, have become increasingly independent of the executive branch and are a growing source of new policy initiatives (Rosenbaum and Reed, 1993).

As a part of this process of democratization, there has been a significant movement toward national government decentralization and the strengthening of local governance. A quarter of a century ago, only three Latin American countries possessed elected local government officials. Today, almost all of the hemisphere's countries elect local council people and chief executives. In many instances, these changes have been heavily promoted by various international organizations and donors (Rosenbaum et al, 2000). The Inter-American Development Bank, the World Bank, the United Nations and the US Agency for International Development have all played major roles in encouraging such developments.

In some cases, these changes have been the result of innovative local initiatives. For example, in Bolivia, a revolutionary law on popular participation was enacted in the early 1990s which greatly strengthened local government and citizen involvement throughout that country (Rosenbaum, 1998). Likewise, in Colombia, major initiatives were undertaken by the national government to decentralize governmental structures in what had been a very highly centralized country. In Paraguay, perhaps the hemisphere's historically most centralized country, each of the key factors — local initiative, the transition to democracy and international agencies — came together to facilitate a movement toward decentralization and strengthened local governance.

The decentralization process poses many new challenges, especially to the major metropolitan areas of Latin America and to local and subnational governments in general. The financial and institutional capacity of these governments varies greatly across the region and between countries. With more than 14,000 local governments and with the majority of the municipalities having fewer than 2,000 inhabitants, it is very difficult to implement the necessary reforms that the decentralization of services and capabilities entails.

Even in those few situations where in the past local governments once had significant authority over large areas, the growth of their surrounding urban areas has resulted in situations where many local, regional and national jurisdictions are now involved. For example, Buenos Aires and Mexico City used to be special nationally controlled federal districts with unusual scopes of authority. However, in part as a result of the movement to decentralization and enhanced local governance, all are now autonomous cities with their own chief of government and directly

elected legislative body. At the same time that their citizens obtained the right to elect local officials, the inclination of the national governments to allow those local officials to expand their authority into neighboring municipalities and provinces has dramatically declined.

In that sense, the movement towards the decentralization of national government authority, and the enhancing of local government, has tended to work against the development of metropolitan governance within the region. National capitals that were viewed very favourably by national government officials, and often treated in a special way, have now become the locus of simply another set of local political actors.[1] Thus, the ability of the emerging local governments to address metropolitan issues and problems such as transportation, water and energy provision, environmental challenges and economic development has not been significantly enhanced by the movement to decentralization. Indeed, if anything, the situation, in terms of metropolitan governance, has been made all the more complex.

Decentralization and deconcentration have given local authorities in the region more flexibility and authority to tackle issues of common interest but the region's general economic crisis, and consequent cuts in public expenditure, has made the task very difficult. Many mayors and local leaders have come to realize that in order to start addressing some of the most pressing needs, increased coordination and communication among themselves and their staffs is needed. This also requires serious reform in local public administration to make it more responsive.

The challenge is to find coordination, planning and implementation processes that can maximize efficiency and resources. Issues of effective local governance and governability, including citizen participation and transparency as well as the appropriate institutional development of those local and regional governments involved, have also become pressing needs to be addressed by all Latin American metropolitan areas. All levels of government involved need to establish clear rules and mechanisms regarding who does what; who charges what; who collects fees and taxes and how they can be fairly distributed among themselves. Mechanisms for transfers, and fiscal responsibility, also need to be clear among the government units involved. In the face of this growing reality, the development of associations of local authorities is proving to be increasingly popular as a strategy for the promotion of good governance and in offering more comprehensive alternatives to urban development and planning.

Many of the region's major urban areas are attempting to undertake such efforts. However, the ability of local authorities to coordinate their

efforts among themselves and with regional and national authorities and autonomous agencies is being determined not only by their own political will, but also by the legal framework of each country, as well as by the structures of their various levels of government. In order to have a better understanding of these efforts, it is useful to review the status of the governance of metropolitan communities in some of the region's most significant urban areas.

2.3.1 Quito, Ecuador

Quito represents Latin America's most significant, indeed almost the only, success story in terms of metropolitan governance. The metropolitan area of Quito was created in 1993 and it has a special legal status within the political division of the country. It replaced the more disaggregated canton and 'parroquias' (parish) system, by, among other things, emphasizing a system of decentralization of decision-making processes and promoting mechanisms of citizen participation.

In the year 2000, Quito had approximately 1.9 million inhabitants (about 15 per cent of the national population) and it represented a significant portion of the economic activity of the country (Klink, in Rojas et al, 2005). It includes eight zones, 16 urban 'parroquias' (subdivisions within the municipality) and 33 rural 'parroquias'. Elected representative councils exist at both the level of the parish and the zones, and each zone is managed by a zonal administrator appointed by the metropolitan mayor (Murray, 1997). The zonal administration units are responsible for the implementation of the institutional decentralization and the deconcentration of service delivery, as well as for implementing the participatory management system promoted by the metropolitan government.

The area has, by law, a relatively decentralized structure with an elected metropolitan council (15 members); an elected metropolitan mayor who presides over the council; public companies dedicated to the provision of services such as water and transportation; and decentralized administration units. A decentralized administration and an expanded service delivery jurisdiction for the metropolitan area were seen as fundamental elements in a more responsive metropolitan government.

The metropolitan area of Quito is responsible for land use, urban planning and environmental management; transportation; water management; waste collection; health and education; disaster management; and cultural activities, among others. It is also in charge of promoting local and regional economic development in its area of influence. In order to do that, it has seven metropolitan corporations (public–private initiatives) for tourism, environmental health, air quality, health, safety

and citizen issues, airport and free trade area, and economic development. It also has various metropolitan enterprises for the provision of urban development, cultural patrimony, public works, water and sewage, public transportation, and production. A significant level of financial resources is guaranteed through a combination of transfers from the national level and locally generated revenues such as taxes, fees and special contributions. The primary and expanded role of the metropolitan district in many new areas has given it an unusual ability to shape the economic, social and cultural development of the region.

Even though coordination is not always easy, and resources are not always sufficient, the experience of metropolitan governance in Quito seems to be one of relative success. In that sense, it represents a rather unique case in the hemisphere. Quite possibly this can be attributed to Ecuador's historically weak and inefficient central and provincial governments. No country in the region has experienced anywhere near the degree of national government instability that Ecuador has. National and provincial governments cannot in its politically highly unstable environment concentrate on implementing policies to promote local economic development. Thus local governments (especially ones such as the metropolitan area of Quito which has a clear mandate and significant committed resources) can, in this specific situation, take unusual initiatives without having to worry about being overruled by national government authorities.

2.3.2 The Autonomous City of Buenos Aires

The Buenos Aires metropolitan area comprises a population of about 13 million people (Fuchs et al, 1994), more than 35 per cent of Argentina's population. The metropolitan area includes the Federal District and 19 adjacent municipalities.[2] All of the 19 adjacent municipalities are located in the province of Buenos Aires. Thus, administratively, responsibility for the metropolitan area is split between the Chief of Government of the Autonomous City of Buenos Aires (the official name) and the mayors of the surrounding municipalities — though the governor of the province of Buenos Aires has a very significant role, since many public services are almost entirely under the control of the provincial government.

Buenos Aires and its metropolitan area have always had some very serious problems. These include water provision, sanitation, energy and transportation (congestion and traffic are major problems within and outside of the city). Environmental conditions are dire (water pollution represents the most serious problem, especially the Riachuelo and Matanza-Riachuelo

rivers). The country's economic debacle of 2001 accentuated the difficulty of dealing with these urban problems and added crime and security as major concerns for the citizens of the metropolitan area. The situation of the urban poor worsened and the middle class suffered immensely. Poverty and inequality increased in alarming ways.

Political conflicts between municipal, provincial and national officials are not unusual or infrequent. This has particularly been the case between the city of Buenos Aires and the national government during the past decade, since the municipality has for most of the time been under the control of mayors not from the political party controlling the national government. In addition, during the 1990s Argentina experienced the privatization of many public services — such as the metropolitan region's two major airports — which added additional levels of complexity to the administration of the metropolitan area.

Increasing segregation is also a characteristic of the metropolitan area of Buenos Aires. The concentration of resources is much higher in the city of Buenos Aires itself; but among the municipalities on the borders of the city, those of northern Buenos Aires (Vicente Lopez, San Isidro, San Fernando and Tigre) have emerged as a sub-area with much greater resources than the rest of the metropolitan area (Pírez, 2000).

Argentina's legal framework does not officially recognize or allow for the creation of a 'metropolitan authority', and in the case of the city of Buenos Aires and its metropolitan area, the political differences and rivalries between the government of the city and the mayors of the surrounding municipalities would make this very difficult. Nevertheless, there have been some successful experiences of metropolitan governance between the city of Buenos Aires, the national government and some of the municipalities surrounding the city.

In 1977, the province of Buenos Aires and the city signed the Cooperation Agreement for the Ecological Management of the Metropolitan Area. It coordinated waste management and environmental issues between the city and 22 municipalities. Its main weakness was that the 22 municipalities had no vote in the preparation and implementation of the environmental policies. A similar example was the creation in 1992 — as a result of the privatization of water services — of an organization to oversee and control the provision of water services by the national government, the province of Buenos Aires (13 municipalities) and the city of Buenos Aires. Again, the main problem was the lack of representation of the 13 municipalities involved in the decision-making process. A more successful experience has been the creation of the Society of the Central Market of Buenos Aires. Created in 1967, it includes the national

government, the province of Buenos Aires and the city and it is charged with the logistics of ensuring the entrance of agricultural goods to the city. It has its own means of financing and has proven successful (Klink, in Rojas et al, 2005).

The province of Buenos Aires also offers some interesting experiences in metropolitan coordination. The 1994 Argentine National Constitution allows provinces to create 'regions' to promote economic and social development. The province of Buenos Aires thus sponsored the creation of 'developmental corridors' which require continued coordination and communication among local authorities to jointly resolve problems affecting their communities. The first such corridor included 12 municipalities from the southwest of the Buenos Aires metropolitan area. However, thus far the agenda of this 'developmental corridor' has been controlled by the governor of the province and not by its local officials.

The provincial legislation also allows municipalities to create 'consortiums' — either among themselves, or in conjunction with the national government or another province. The consortiums are financially autonomous and can operate according to their by-laws. The wealthy municipalities to the north of the Buenos Aires metropolitan area (San Fernando, Vicente Lopez, San Isidro and Tigre) recently have taken advantage of this opportunity. In 2000 these municipalities created — in reaction to, and as a way of standing up to, the influence of the province — the Northern Metropolitan Region for the purpose of solving common problems.

This zone of the Buenos Aires metropolitan area has a population of more than one million inhabitants. It is close to the port of Buenos Aires, and it has a very good paved road system, many rail links and an airport. There is a strong cultural identity and a sense of belonging not seen in other areas. This part of the metropolitan area also has a strong commitment to education and has about 536 schools and six universities (Cravacuore, n.d.).

Unusual political stability in all four municipalities also contributed to the creation of this metropolitan region. There was a tradition of cooperation among local leaders who realized that confronting the numerous management challenges they faced required the participation of neighboring municipalities. The main objective of the consortium is to coordinate regional planning and zoning proposals; to relieve traffic congestion and improve public transportation; and to improve public service delivery, communications, security, employment generation, education, health, the use of ports and rivers, cultural activities and protection of the environment.

In its efforts, the consortium has had the support of the government of the province of Buenos Aires as well as of the national government (through the Under-Secretary of Municipal Affairs). Privatized companies operating in the area, civil-society organizations and the business sector in general have also recognized the value of the consortium. The major weaknesses of the consortium have been the lack of its own staff and a lack of sufficient resources. It is a relatively new organization and, given the recent political and economic difficulties of the country, its impact so far has been limited. However, it does represent an innovative experience in the management of a part of the metropolitan area of Buenos Aires and is an initiative that was created and is being promoted directly by local leaders.[3]

2.3.3 São Paulo, Brazil

In Brazil, a 1973 federal law established a group of eight metropolitan areas: São Paulo, Porto Alegre, Curitiba, Belo Horizonte, Salvador, Recife, Fortaleza and Belem. One year later the Metropolitan Region Area for Rio de Janeiro was created (Gilbert, 1996). The population of these nine metropolitan areas has doubled between 1970 and 2000, representing today 30 per cent of Brazil's total population of 157 million (Da Gama Torres, n.d.).

The creation of these metropolitan regions in the 1970s was done by the military government which was mostly concerned with the problems of service delivery and infrastructure and the impact both had on the economic wellbeing of these regions. The proposed metropolitan regions were conceived mostly from a technocratic and bureaucratic vision that did not contemplate the active involvement of the local governments nor the creation of coordinating mechanisms among local communities or institutions. The goal was to create efficient administrative structures and technical bureaucracies.

The 1980s, and the arrival of newly democratic elected authorities, saw the revival of local governance in Brazil and a new Constitution (1988). The consequent public policies were strongly influenced by the municipal movement of Brazil (Cheibub et al, n.d.). The 1980s saw a reaffirmation of the local level of governing as a dynamic centre of participation and democratic activity. However, the 1990s found the Brazilian metropolis in disarray and uncoordinated — both technically and politically. Technically, the lack of guidance in social policies from the central government had left many of these metropolitan agencies without a mission and/or resources to implement projects. Most of the new and innovative public

policies were and are still coming from the local governments involved but without much coordination among themselves.

Of the previously mentioned nine metropolitan areas of Brazil, São Paulo is by far the most important and the largest of all metropolitan areas, with 39 municipalities and a combined population of about 18 million. The 1970s saw the creation of the Metropolitan Agency for Greater São Paulo (EMPLASA) with responsibility over transportation and the management of the region's water resources. This left the municipalities in charge of providing all other services with very limited help and/or assistance from state or federal authorities.

The effectiveness of EMPLASA has declined over time and the efforts by local governments to provide basic services were not very successful. Today, the problems in the provision of services in the metropolitan region of São Paulo are great: 70 per cent of the population lives in inadequate housing, three million people live in what are considered *favelas*, or slums. Most public services are inadequately provided — thus affecting more seriously the poor: public transportation lacks infrastructure; sanitation covers only the demand of about 50 per cent of the population; education and health services are very poor. In contrast, the more affluent east and central regions of metropolitan São Paulo have all their basic services provided (Grimberg, n.d.).

The success of effective metropolitan policy for the São Paulo area depends on the capacity of 39 very different local authorities to act collectively and in a coordinated way. There is one positive experience of coordinating policies and resources among seven municipalities of the metropolitan region of São Paulo. Created in 1996 and known as the Camara Regional do Grande ABC,[4] with a total population of about 2.3 million people, it is an area with a strong political identity. It is also a traditional industrial area which has seen a significant economic decline. The ABC initiative is looking to create or establish some sort of regional governance aimed at improving the economic conditions of the area. It was conceived as a forum to discuss regional economic development between industries, business groups, labour unions, civil society, and local and state authorities.

Even though this is a relatively homogenous area, and the ABC goals are shared by all the seven local governments involved, its success has been limited. Among the problems have been: duplication of effort and a lack of coordination; administrative and technical weakness; lack of financial resources; and a notable lack of institutionalization, making implementation strongly dependent upon the political will of local authorities.

Nowadays, EMPLASA has very little power and very limited operational capacity to revive the metropolitan movement in the region of São Paulo. In all probability, the only way for the 39 local governments (which are themselves very different in terms of financial, administrative and technical resources) involved in metropolitan São Paulo to successfully coordinate their policies and establish some sort of metropolitan governance would be if the city of São Paulo takes the lead and assumes most of the costs; or if the other major player — the government of the state of São Paulo — takes this role. So far neither the city of São Paulo nor the government of the state of São Paulo have taken a leading role or have promoted cooperation and coordination among the area's 39 municipalities.

In the case of Brazil, the different reforms have created a federal system with local governments relatively independent and fragmented with little intermunicipal or intergovernmental cooperation. There are no incentives for establishing mechanisms for shared decision-making, responsibilities sometimes overlap among the different levels of government and local and regional governments compete among themselves to attract investment, thus making the governance of metropolitan areas a difficult task.

2.3.4 Santiago, Chile

The metropolitan area of Santiago is composed of 34 communes (in six of which almost all of the wealth of the metropolitan area is concentrated), all with mayors and councils directly elected for four-year terms. This metropolitan area dominates the country's political and economic life; most enterprises, cultural activities, scientific research and political decisions occur there.[5] Santiago has experienced the same kind of problems as other metropolitan areas of Latin America and, as in most of the region's metropolitan areas, the working of the public sector is complex and difficult. One of the main obstacles to effective governance is the coexistence of many relatively independent local, regional and central authorities in a complex territory (Núñez, 2003). This has created serious problems of coordination in issues of government and administration. There has been duplication of efforts in many issues and lack of effective attention to others by government agencies and local authorities.

The urban administration of Santiago's metropolitan area is divided among 34 municipalities; with national ministries such as housing, public works and transportation having a substantial and sometimes decisive role. Water services are provided both by public and private companies. This fragmentation makes it very hard to coordinate the

delivery of services and, in fact, makes the agencies of the central government more relevant and more able to influence the planning and implementation of policies for the metropolitan area than the local government.

The most widely known problem of the metropolitan area of Santiago is probably air pollution. The way the issue has been tackled offers an insight into how the metropolitan region has tried to work together and coordinate efforts to alleviate this problem. The national government of Chile has established a National Commission for the Environment, which in turn has established a National Prevention and Decontamination Plan to deal with the problem of air pollution. Many ministries and secretariats, the regional government, and various public service enterprises are also involved. The municipalities of the metropolitan area are also involved in the decision-making process but considered as a single institution and not individually, which has proven to be a recipe for conflict. In all, more than 21 agencies are part of the air-pollution control program. As ECLAC has noted, this is one of the plan's main weaknesses. The large number of organizations and institutions involved makes coordination very difficult.

There is a constant tension between politicians and technocrats. The experience of many years has demonstrated that there are discrepancies among government agencies, or differences over how policies should be implemented. Management tends to be very bureaucratic. There has been insufficient decentralization and citizen participation in the process of dealing with the environmental problems of Santiago at the metropolitan level.

In view of all of these problems, ECLAC has recommended that for the improved public management of the metropolitan region of Santiago it is imperative to more clearly define the role, attributions and responsibilities of each agency of the state — at the central, regional and local level — that is involved. That would increase accountability and would facilitate interagency cooperation. In addition, citizens must take a more active role in the process. More decentralization is needed and a multi-sectarian approach to management should be encouraged (Núñez, 2003).

2.3.5 Santa Fe de Bogotá, Colombia

With a population of about 6.5 million (2000), Bogotá is by far the largest city in Colombia and it continues to grow as a result of immigration from throughout the country. The importance of the city in the national context is evident. Twenty-two per cent of Colombia's

civil-service employees are located there; 41 per cent of the public budget is executed in the city; it is the headquarters of most financial institutions; and 40 per cent of the nation's universities are located there. The immediate metropolitan area of Bogotá includes the municipalities of Soacha, Chía and Funza, but the influence of the city expands beyond these three[6] to another 15 municipalities with a total population of about 850,000 people (Ardila, 2003).

The central city faces the same problems as many other cities and metropolitan areas of the region. However, it faces an even more daunting challenge in terms of the development of collaborative efforts with surrounding communities than do many of the region's major cities. The reason for this is that in 1954 Bogotá arbitrarily absorbed six surrounding municipalities. Since then, this has created considerable tension and resulted in problems with its neighboring municipalities, which are highly suspicious of the city's intentions.

Geographically Bogotá is located in the fertile and environmentally fragile area called the Sabana. The fact that the city shares with its neighbouring local governments the same environment and the fact that they are economically and socially interdependent implies the need for a vision and a management system that is compatible with the sustainability of the area. However, the Sabana is part of the Department of Cundinamarca and traditionally the relationships between the capital city and the governor of Cundinamarca and its mayors has not been an easy one, especially in the area of organizing the territory and planning for future development (Renteria et al, 2002).

A clear example of this tension is evidenced in the design and development of the Strategic Plan for the Territorial Organization of the City of Bogotá and the Sabana as called for by national law 338 of 1997. The creation of this plan required the cooperation of the authorities of the city of Bogotá, as well as the mayors and local leaders of the metropolitan area and the governor of Cundinamarca. In the end, the mediation of the Ministry of Environment was necessary to somehow impose a resolution on the many disputes that arose as a result of implementation efforts.

In Colombia, and especially in the metropolitan area of Bogotá, regional coordination and common policies for development and urban growth have been difficult to achieve due to a lack of an appropriate institutional and legal framework; the lack of a national law for territorial organization; the limited knowledge of local leaders about the issues; administrative fragmentation; and an apparent overlap in competencies among different administrative levels. Population growth and the activities of Bogotá and the Sabana continue to have an impact on the land, water provision,

public-service delivery, transportation and in employment generation. It is necessary for the region to plan its future development in a coordinated and cooperative way, in accordance with future demands, to avoid further deterioration of infrastructure and of social and environmental conditions. However, there is no indication that this will occur.

2.3.6 Lima-Callao, Peru

The metropolitan area of Lima-Callao, with a population of 7.4 million people (2000), is composed of more than 40 different municipalities.[7] Lima is nearly ten times larger than the second largest city in Peru (Arequipa) and more than one quarter of all Peruvians live there. Lima is the locus of control of most of the wealth of the country. The country's economic and social crisis of the past decade, together with occasional political instability in the same period, has deepened the problems of this metropolis and its governability. Some of the major challenges facing the metropolitan area are employment generation, housing, the difficulty and cost of public-service delivery, inadequate services and infrastructure, transportation and traffic, and crime and violence.

Efforts at trying to coordinate the actions of the different municipalities involved as a means to improve urban management have not been very successful. Lima and Callao are part of different municipalities, each with many different districts. Each district has its own mayor and city council and they are administratively autonomous in many areas. All of this makes coordination very difficult. In addition, the organization of public services in Lima does not encourage coordination. For example, 'rubbish collection is in the hands of the districts but final disposal is the responsibility of the two municipalities' (Riofrio, 1996, p. 67). The end result is that districts often dump their trash in non-authorized areas. The same kind of coordination problems are encountered in the provision of other services such as electricity, water and housing. It is clear that in the case of metropolitan Lima-Callao much more needs to be done to create a more participatory planning process in order to coordinate the efforts of all municipal authorities and governmental agencies in charge of providing services in the area.

2.4 Metropolitan areas in Central America

Central America does not have large metropolitan areas in terms of geographic size, economic might and/or population — especially when compared to other regions of Latin America and the world. But even in these small countries, the capital city and its adjacent municipalities have

become metropolitan areas — with all of them facing serious problems. As is the case in most of Latin America, the capital city in Central America tends to monopolize the political dialogue and is the most influential of all the municipalities in terms of its ability to negotiate with national authorities. Adjacent municipalities are usually reticent and wary of the intentions of the capital city. However, more and more local authorities are trying to coordinate their efforts, with a lot of it being done through national municipal associations. A very good example is the City of San Salvador, El Salvador.

2.4.1 San Salvador, El Salvador and its metropolitan area

The metropolitan area of San Salvador is formed by 14 municipalities,[8] 12 from the Department of San Salvador and two from the Department of La Libertad. This area constitutes the economic, political and institutional heart of El Salvador. This area concentrates about 40 per cent of the economic activity of the country and 32 per cent of the country's population. The need to coordinate the policies and objectives shared by all municipalities has become critical, thus the creation in 1987 of the Council of Mayors for the Metropolitan Area of San Salvador (COAMSS in Spanish).

The vision of COAMSS, as identified by the organization's own strategic plan (COAMSS, 2003), is to create a unified effort to facilitate and promote the integral development of the metropolitan area to ameliorate the quality of life for its citizens. COAMSS is a collegiate body that formulates, regulates, coordinates and directs programmes and policies that promote the development of the area. It is intended to be a democratic organization with influence in the designing of national developmental policies that might impact the metropolitan area. Its goals include:

- facilitating the planning and control of the metropolitan area in order to use resources in a more efficient way;
- the reconstruction of the metropolitan area of San Salvador and planning its future development;
- coordinating public investment and service delivery in the area;
- promoting communities' participation in the development of the metropolitan area;
- developing financing strategies for area projects;
- development of policies and procedures to promote the wellbeing of the municipalities and citizens of the region;
- coordinating the relationship among participant municipalities;

- contributing to the institutional strengthening of participant municipalities including the promotion of decentralization policies, citizen participation and municipal modernization;
- support of policies aimed at the economic development of the region and between national and international donor organizations working or interested in working in the region.

In 2003, COAMSS developed an initial ten-year strategic plan for the region with the participation of all 14 mayors, their key advisors and the executive director of the Office of Planning of the Metropolitan Area of San Salvador. The strategic plan was designed in a highly open and participatory way so that its legitimacy would not be questioned. It was developed keeping in mind economic and political factors — both at the national and international level — and the way they might interact with the plan's implementation. Among the many factors identified as problems for the metropolitan area were unemployment, environmental degradation, inequality, disparities among municipalities, lack of green spaces, and the political inequality between COAMSS and the influence of the national government. The strategic plan identifies four broad and immediate areas for programmes and projects:

- Management of the territory and infrastructure: a) implementing an integrated transportation system for the area; b) implementing a master plan for rain drainage; c) implementing a neighborhood improvement plan; d) integral management of solid waste; e) risk management; f) integrated management of recreational centres and parks.
- Institutional strengthening and development of COAMSS: a) strengthening and re-orientation of relations with the Planning Office for the Metropolitan Area; b) strengthening the technical, administrative, organizational and managerial capacity of the organization by developing institutional communication mechanisms and by developing research areas.
- Decentralization and municipal modernization: a) modernization of public administration at the local level and continued promotion of local economic development; b) establishing metropolitan municipal ordinances; c) strengthening of the planning units of each municipality involved.
- Promoting local economic development and citizen participation: a) create and consolidate mechanisms of accountability; b) create metropolitan ordinances to promote citizen participation; c) promote the development and strengthening of participatory strategic plans in all municipalities involved.

Among the key risk factors that could imperil the implementation of the strategic plan — as identified by the mayors — are external factors such as the policies of the national government and their potential impact on the territory, and the consequences of political changes (lack of political support from the central government). Internal factors of the association itself — such as lack of a wholehearted support for the plan — were also identified. As with many other strategic plans of metropolitan areas in Latin America, some key elements are either not mentioned or not clearly discussed; these include resources for these new organizations, or how their ambitious projects and plans are to be financed. In the case of COAMSS the mayors identified human and technical resources that could be used but failed in their strategic plan to further develop this issue. However, the strategic plan is a very recent creation and it is too soon to try to analyze its impact in the region. But the fact that the mayors of metropolitan San Salvador have realized the importance of working together and have tried to unify their position in front of the national government represents a step forward within the context of the Central American region.

2.4.2 The case of Mexico City

Almost 30 per cent of Mexico's 107 million people live in four very large metropolitan areas: the valley of Mexico, Guadalajara, Monterrey and Puebla.[9] Of these four, the metropolitan area of Mexico City, with approximately 15 million people, is by far the largest and most important urban centre. The metropolitan area of Mexico City includes not only the Federal District (subdivided in 16 relatively autonomous political delegations) and the 27 municipalities of the states that border the district, but also numerous municipalities that maintain a functional and very close relationship with the metropolis. In total, the metropolitan valley of Mexico area includes 189 municipalities — of which 91 are in the state of Mexico; 16 in the state of Morelos; 29 in the state of Puebla; 37 in the state of Tlaxcala and 16 in the state of Hidalgo.

Thus, in the metropolitan area of Mexico City there are several levels of government involved in daily activities: the federal government (the President and the National Congress), the government of the state of Mexico (the Governor and the State Assembly), the local authorities of the many surrounding municipalities (mayors and council members) and the local authorities of the Federal District (the Chief of Government, the local Assembly of Representatives and the Superior Tribunal of Justice).

The Federal District has been subject to several political reforms that have affected its governability and the way it relates to other municipalities and its relationships and interactions with the federal government. From 1928 until 1997 the Federal District was governed by a 'Regente' named by the President of the republic. In 1987, as a consequence of social and political pressures, an Assembly of Representatives was created. In 1993, the Assembly was assigned responsibility for approving the revenue laws and the budget for the Federal District. At the same time, 'citizens' councils' for each of 16 subdivisions of the Federal District were established. The creation of a Metropolitan Council to attend to the provision of regional services (water, environment, public transportation) was also contemplated at the time, but it was not established.

In 1996, President Zedillo announced a series of reforms for Mexico City which included the election by popular, universal and direct vote of the Chief of Government of the Federal District, but also severely limited his/her power. The National Congress, for example, can legislate over the Federal District on all issues except those specifically delegated to the Federal District Assembly (public administration, civil protection, urban development, public services delivery, economic development). The National Congress also establishes the Statute of Government, legislates over public debt and approves the indebtedness of the District. The Senate names — at the recommendation of the President — a replacement of the Chief of Government in case the position is vacated (Art. 122 of the Constitution). The government of the District is in many respects highly dependent financially, politically and judicially on the federal government. As one observer has noted, these reforms 'leave the Federal District with a series of "locks" that instead of strengthening it by having a strong and autonomous government, create a set of rules that weaken the government and make it subject to the goodwill of the Federal Government' (Aziz et al, n.d.).

The Federal District of Mexico also has within itself 16 subdivisions called 'delegaciones'. The competencies and responsibilities of these are significant and involve issues of approving permits for construction, certifying the use of land, expropriation of land, public event permits, civil registry, promotion of local economic development, and encouraging citizen participation. They also have responsibilities in the areas of urban development, housing, environment, social development, health, transportation and economic development. Each delegation is dependent financially upon the funds allocated to it by the government of the Federal District. Each delegation has a 'delegate' directly elected by the people and neighbourhood committees which are also directly elected.

All of these different levels of government, each with its own responsibilities and functions, make the governability of the metropolitan area very difficult. The need for cooperation and coordination among the different units of government to resolve the many problems the region faces is an urgent task of the region's residents.[10] Even though the Constitution (Art. 115) allows municipalities — with the approval of their assemblies — to coordinate and associate with each other to better deliver services or to solve common problems, not much has been done. Agreements with municipalities from different states are also allowed (in this case with the approval of the State Assembly), as well as agreements between and with agencies of the federal government. Legally, there are not many limitations to the possibility of some sort of metropolitan coordination.

In practice, and even though Mexican municipalities have many responsibilities (zoning, urban planning, land management, public service delivery including water, sewage, public lighting, waste management, markets, cemeteries, pavement maintenance, parks and recreation, public safety and transportation) these municipalities are quite limited by the power that state governments have over them (especially on issues of funding) and by their historical administrative and financial weaknesses.

There have been some efforts made towards creating metropolitan coordination through commissions and committees for the delivery of certain public services, most notably in the area of pollution control. However, these efforts have not been very successful and have not reflected the coordination of the governments. In real terms, the metropolitan area is most influenced by what the government of the state of Mexico and the government of the Federal District do or do not do in the region.

2.5 Conclusion

As this brief review suggests, the problems of metropolitan governance in Latin America are both very pressing and very widespread. The region is one which has witnessed the development of many large metropolitan areas. In almost every instance, very severe problems of area-wide governance profoundly affect these communities. In almost no instance has it been possible to overcome the complexities of multiple jurisdictions, high levels of inequality and extensive political conflict to address these matters through united governmental action. In this regard the decentralization process has made the problem even more complex. To the difficult task of delegating and decentralizing service delivery and

responsibilities, it now adds the difficulty of, at the same time, trying to coordinate the actions of many different local, regional and national authorities and agencies.

In part, this situation is the product of the considerable efforts that have gone into the various attempts at strengthening local governance. Municipalities that for decades had little or no real authority, and whose citizens often felt that they had no real impact on shaping the policies that governed their communities, have during the course of the past two decades begun to slowly acquire some measure of independent policy-making capacity. In addition they have in many instances for the first time begun to be able to choose their own local officials. Given these circumstances, it is not surprising that such communities frequently are very reluctant to cede even modest authority to either comprehensive or highly specific area-wide governing bodies.

Even though each metropolitan area is different and their experiences differ according to their own national history and values, some aspects are common to all. They include: a historically very centralized and omnipresent national government; lack of an adequate regulatory framework; lack of resources; weak mechanisms of citizen participation; lack of transparency; and weak administrations with human resources not trained to face the challenges posed by the decentralization process. To this we need to add serious social, environmental and economic problems (poverty, exclusion, marginalization, unemployment) in a context of globalization. None of these complex problems can be solved by one individual level of government. Their solution requires the cooperation and coordination among all governments involved.

In the face of this situation, many of the region's metropolitan areas have slowly begun to experiment with the development of various forms of voluntary cooperative efforts to address regional problems. In most cases, these efforts are relatively limited and in their early stages. Consequently, it is difficult to assess the likelihood of their ultimate success. However, the fact that these efforts are being initiated represents in many instances a significant step forward for a region that has struggled for many years with issues of governance reform and innovation.

Some metropolitan areas have used methods of strategic planning to address some of the concerns related to the governance of metropolitan areas. Metropolitan areas such as Curitiba, São Paulo and Rio de Janeiro in Brazil, Santiago in Chile, Montevideo in Uruguay and Bogotá in Colombia have implemented them for many years and some quite successfully (Cuadrado-Roura in Rojas et al, 2005, pp. 63–24 and 529–55). They are aimed at achieving a long-term vision for the economic, social and

environmental development of the metropolitan areas. Many other metropolitan areas of Latin America have also tried or are trying different aspects of this approach, but the lack of political commitment, lack of resources and/or a clear legal framework, as well as failures in their participatory approach, have often made these experiences less than fully successful.

2.6 Notes

1. In a number of instances (for example, Asuncion, Paraguay; Buenos Aires, Argentina; Santiago, Chile; Mexico City, Mexico; and Managua, Nicaragua) the capital city mayoralty has become a base for opposition parties and civil society organizations to mobilize political campaigns to unseat the government in power at the national level (Rosenbaum, 1998).
2. These are: Almirante Brown, Avellaneda, Berazategui, Esteban Echeverría, Florencio Varela, General San Martín, General Sarmiento, La Matanza, Lanús, Lomas de Zamora, Merlo, Moreno, Morón, Quilmes, San Fernando, San Isidro, Tigre, Tres de Febrero, Vicente López.
3. An attempt is being made to re-create the experience of the Northern consortium by the municipalities to the south of the City of Buenos Aires (Florencio Varela, Berazategui, Avellaneda, Almirante Brown, Lomas de Zamora and Quilmes), but this is a very recent experience (it was created in July, 2004).
4. Municipalities of Diadema, Sao Caetano do Sul, Sao Bernardo do Campo, Santo Andre, Maua, Ribeirao Pires, Rio Grande da Serra.
5. While the President and the executive branch of government are located in Santiago, the Chilean Congress is located in the port city of Valparaiso. The Congress was moved there during the dictatorship of Augusto Pinochet, who neither listened to its members, nor cared to be bothered by them. While the Congress has begun to become a more important organ of government in recent years, it still remains in Valparaiso.
6. The Sabana of Bogota includes 18 municipalities. They are: Bojacá, Cajicá, Chía, Cota, Facatativá, Funza, Gachancipá, La Calera, Madrid, Mosquera, Sibaté, Soacha, Sopó, Subachoque, Tabio, Tenjo, Tocancipá, Zipaquirá.
7. They are: Lima, Ancón, Ate, Barranco, Bellavista, Breña, Callao, Carabayllo, Carmen de la Legua Reynosos, Chaclacayo, Chorrillos, Cieneguilla, Comas, El Agustino, Independencia, Jesús María, La Molina, La Perla, La Punta, La Victoria, Lince, Los Olivos, Lurigancho, Lurín, Los Olivos, Magdalena del Mar, Magdalena Vieja, Miraflores, Pachacamac, Pucusana, Pueblo Libre, Puente Piedra, Punta Hermosa, Punta Negra, Rimac, San Bartolo, San Borja, San Isidro, San Juan de Lurigancho, San Juan de Miraflores, San Luis, San Martín de Porres, San Miguel, Santa Anita, Santa María del Mar, Santa Rosa, Santiago de Surco, Surquillo, Ventanilla, Villa El Salvador, Villa María del Triunfo.

8. The 14 municipalities are: San Salvador, Ciudad Delgado, Mejicanos, Soyapango, Cuscatancingo, San Marcos, Ilopango, Nejapa, Apopa, San Martín, Tonacatepeque, Ayutuxtepeque, Nueva San Salvador and Antiguo Cuscatlán.
9. Presentation to the 25th Extraordinary Session of the UN General Assembly to Evaluate and Examine the Implementation of HABITAT II by the Secretary of Social Development of the Mexican Government, Ms Josefina Vasquez Mota, New York, 6 June 2001. www.un.org/ga.habitat/statements/docs/mexicoS.html
10. As recently as July of 2004, Mr. Andres Lopez Obrador — former Chief of Government of the Federal District — was quoted as citing the plurality of governments and regulations of each government as a serious impediment to an integrated policy for the administration of the metropolitan region. He remarked that 'we need to have a regional metropolitan policy' with the State of Mexico. *Diario El Universal*, Julio 29, 2004.

3
Local Governance in South Asia

M. Shamsul Haque

3.1 Introduction

In the developing world, the existence of an effective local government system remains crucial, although the traditional discourse on local government seems to have recently diminished due to the emergence of new actors or partners in governance such as private enterprises and non-government organizations. It has been repeatedly emphasized that a decentralized local government system is crucial for facilitating policy implementation, making need-based policy decisions, distributing goods and services, reducing the state's administrative burden, educating citizens in democratic practices and rights, developing political leadership, and addressing internal socio-cultural diversity (Smith, 1985; Haque, 1996). Given this multi-purpose significance of local government, it is not surprising that in the developing world, 'practically every country has experimented with some form of decentralization or local government reform with varying aims and outcomes . . .' (Parker, 1995, p. 18).

Beyond these traditional rationales for adopting decentralized local government institutions, since the 1980s the significance of local government has expanded. This has been due to the public disillusionment with centralized planning and unresponsive and inflexible bureaucracy, the greater recognition of people's participation in decision-making, and the rising trend of democratization in different parts of the world (Hye, 1985; Rondinelli, 1983). In fact, recent pro-market reform initiatives, which have replaced or reduced many public-sector services needed by low-income citizens and families, require a stronger and broader role to be played by local government (Haque, 1997).

In line with the above worldwide trend in governance, most countries in South Asia have introduced considerable reforms to expand the role of

rural and urban local governments based on greater decentralization of authority, power and resources (UNESCAP, 1999). In addition to the need for local government institutions to address the problems of poverty, unemployment and inequality in most countries in the region, such institutions are also essential for responding to extreme ethnic and religious heterogeneity that central governments cannot resolve. In this regard, although South Asian countries have a long history of local government systems — which have undergone many reforms, including those undertaken recently in favor of greater decentralization in the context of current democratization process — there are still many inherent limitations and external challenges faced by these local government systems. Beyond internal administrative and financial problems, there are critical political issues that adversely affect local institutions — even the decentralization process in South Asia 'has often led to the transfer of power from a group of elites at the central state level to a group of elites at the local level, without there being much of an improvement in transparency, accountability, participation, etc.' (Byrne and Schnyder, 2005, p. 3). The context of local governance in South Asia is complicated further due to the existence of various types of social divides based on class, caste, ethnicity, gender and religion (Nayak, 1995), which adversely affect people's representation and participation in local government institutions.

This chapter attempts to revisit and reexamine some of these internal limitations and external challenges faced by local governance in South Asia. It also briefly offers some suggestions for improving the current systems of local government. In order to explore such limits, challenges, and alternatives, it is necessary, however, to have an overview of local government systems in the region, especially in terms of their organizational and structural composition.

3.2 Patterns of local government in South Asia

There are seven countries in South Asia — Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka — which share common historical traditions and sociocultural norms, but differ significantly in terms of demographic composition, territorial size, political systems and economic conditions (Zafarullah and Huque, 1998). In line with some of these macro-contextual differences, there is also a certain cross-national divergence in the patterns of local governance in the region. This chapter covers five larger countries (Bangladesh, India, Nepal, Pakistan and Sri Lanka), and excludes smaller ones (Bhutan and Maldives), due especially to the lesser significance of local government in these small

states and a relative lack of information on their circumstances. For the five countries under study, both the rural and urban local governments are examined.

3.2.1 Major tiers of local government

In the history of local government in South Asia, most countries in the region have experienced occasional changes in the number and titles of various levels or tiers of local governance. As Byrne and Schnyder (2005, p. 7) mention in relation to Bangladesh: 'The past reforms in local governance have focused on "tier experimentation", with alteration in the tiers of local government becoming somewhat of a habit. Shifts in the nomenclature of local government have come hand in hand with the changes in administration'. Currently, the major territorial divisions in Bangladesh include *Zila* (district), *Upazila* (subdistrict), union, and *Gram* (village) — each district is divided into subdistricts, each subdistrict into unions, and each union into villages (Moscare, 2002). Concurrent with these four levels of territorial divisions there are four tiers of local government in this country, including *Zila Parishads* (district councils), *Upazila Parishads* (subdistrict councils), *Union Parishads* (union councils), and *Gram Sarkars* (village councils) (Rahman and Kundu, 2004; UNDP, 2003). In the urban sector, the smaller units of local government are *Pourashavas* (municipalities), and a few larger units of municipalities enjoy the status of city corporations.

In India, the current system of local government is largely based on the 73rd Amendment to the Constitution (1992) and the *Panchayat Raj* Act (1993), which provide for a three-tier system of elected local government. In most states, corresponding to the territorial divisions (*Gram, Block*, and *Zilla*), these three tiers of rural local government include *Zilla Parishad* (district council) at the highest level; *Panchayat Samitis* or *Block Panchayats* (block councils) at the middle; and *Gram Panchayat* (village council) at the bottom (Byrne and Schnyder, 2005, p. 8). In urban areas, the major tiers of local government include the *Nagar Panchayats* (suburban councils) for the newly urbanized areas; the municipal councils for relatively small urban areas; and the municipal corporations for very large urban areas (Montes, 2002; Commonwealth Local Government Forum, 2006b). Given the territorial and demographic size of India, the number of these elected councils is huge. It was observed in 2004 that there were about 25,000 village councils, 6500 *Panchayat Samitis* or block councils, and 500 district councils (Singh, 2004). With regard to the tiers or levels of local government, however, it is possible to notice some minor differences among various states in India.

In Nepal, the basis of the current local government system is the Local Self-Governance Act (1999) that stipulated various goals of the country's decentralization initiatives and prescribed a two-tier system of local governance (Kafle, 2004). These two tiers include the Village Development Committees (VDCs) for the lower and smaller level (village), and the District Development Committees (DDCs) at the higher and larger level (districts) (Winter, 2004). It was found in 2004 that there were nearly 4000 VDCs in 75 districts in Nepal (Kafle, 2004). For the urban areas, the local government units include Municipalities, Metropolis, and Sub-Metropolis (Shrestha, 2001).

In the case of Pakistan, there have been some considerable reforms in local governance under the recent reform initiatives undertaken since 2000, which have led to the emergence of the current three-tier local government system in the country (Byrne and Schnyder, 2005, p. 8). In particular, the Local Government Plan 2000 introduced greater devolution and prescribed this three-tier local governance, including the district council at the district level, the *tehsil*/town council at the *tehsil* level, and the union council at the union level (Ashraf, 2004). There are now about 96 district councils, 342 *tehsil* councils, and 6022 union councils (Ashraf, 2004, pp. 55–56). In terms of the territorial size, the district councils are the largest, the *tehsil* councils are medium-size, and the union councils are smaller units.

In Sri Lanka, the local government system seems to have drawn less attention from the government in terms of taking reform initiatives for changing the system. The system is largely based on the *Pradeshiya Sabhas* Act, the Urban Council Ordinance, and the Municipal Council Ordinance (Dainis, 1999). There are three tiers of local government; the *Pradeshiya Sabhas* (divisional councils), the municipal councils, and the urban councils (CLGF, 2006d). Among these local government units, the divisional councils are for rural areas, the urban councils for small towns and semi-urban areas; and the municipal councils for much larger towns and cities (CLGF, 2006d). Currently, there are 256 *Pradeshiya Sabhas*, 39 urban councils, and 14 municipal councils in Sri Lanka (De Zoysa, 2004, p. 63).

3.2.2 Structural composition of local government

In the case of Bangladesh, the village council does not have a directly elected chairman and members. It is chaired by the union council member residing in the village, and its members are selected by the government executive working at the subdistrict level (Slater and Preston, 2004). For the union council, all members as well as the chairman are

directly elected. At the subdistrict level, the local government unit has experienced frequent changes due to the changing preferences of different regimes in power. However, it began with a directly elected chairman of its own and all the union council chairmen within the subdistrict as its members. For the district council, although the composition should include a directly elected chairman and members, this council has not been put into practice (CLGF, 2006a). Each district has a District Development Co-ordination Committee with the Deputy Commissioner (the District-level government executive) as its chair and all other district-level government officials as members (Slater and Preston, 2004). There are, however, elected mayors or chairmen and elected councillors or commissioners for the municipalities and city corporations (UNESCAP, 1999; CLGF, 2006a).

In India, each village council usually has several elected *Panches* (members) as well as an elected *Sarpanch or Pradhan* (chief) and *Upa-Sarpanch or Upa-Pradhan* (vice-chief) (Chattopadhyay and Duflo, 2003). In the case of the block council, there are members elected from its constituencies as well as non-elected members (for example, members co-opted from the marketing cooperatives or societies), and all these members elect the council's chairperson (Behar and Kumar, 2002). The district council has elected members who, in turn, elect its president and vice-president (Behar and Kumar, 2002, p. 13–14). For the municipal councils and the municipal corporations, there are directly elected and nominated councillors and directly or indirectly elected mayors (UNESCAP, 1999; CLGF, 2006b).

In Nepal, the basic units of local governance at the village level are wards — there are several wards in each village, and every ward has a committee with a directly elected chair and other elected members (including one female member) (Kafle, 2004, p. 29). Now the VDC has a directly elected chairperson and vice-chairperson, and its members include all ward chairs and two other members (one female) from the village. On the other hand, the village council is composed of the VDC chairperson and vice-chairperson, the ward committee members, and six nominated members (at least one female member) (Winter, 2004, pp. 1–2). At the district level, the chair and vice-chair of the DDC are elected by the village councils and municipal councils (within the district), the members of national legislature from the district, and two members (at least one female) nominated from the district council. The membership of the district council, on the other hand, includes several categories of people within the district — the chairpersons and vice-chairpersons of VDCs, mayors and vice-mayors of municipalities,

members of the national legislature (ex-officio members), and another six members nominated from the general public (Winter, 2004, pp. 1–2). With regard to urban local government, for each municipal council the mayor and deputy mayor are elected through direct votes and the councillors are usually elected through the ward-level election (Shrestha, 2001).

In the case of Pakistan, each union council has an elected *Nazim* (mayor) and *Naib Nazim* (deputy mayor) and another 19 elected members from various groups, including 12 Muslim members (four female), one member from minority groups, and six from peasants and workers (two female) (Ashraf, 2004; Reyes and Azizah, 2002). At the *tehsil* (subdistrict) level, for each *tehsil*/town council, there are more than 30 members, including the deputy mayors of union councils within the *tehsil* as well as the members of reserved seats (for women, minorities, and peasants and workers) who are elected by all union council members within the *tehsil* (Reyes and Azizah, 2002; CLGF, 2006c). The mayor and deputy mayor of the *tehsil*/town councils are elected by these union council members. Finally, the *zila* or district council represents the highest tier of Pakistan's local government system, and its members include the mayors of the union councils in the district, and the members of reserved seats (for women, minorities, and peasants and workers) who are elected by all union council members within the district (Ashraf, 2004: 56; CLGF, 2006c: 182). Similar to the *tehsil*/town council, the mayor and deputy mayor of a district council are also elected by all the union council members within the district (CLGF, 2006c, p. 182).

Finally, in the case of Sri Lanka, at all three tiers of local government — including the municipal council, the urban council and the divisional council — the councils are elected for four years based on proportional representation (De Zoysa, 2004, p. 63). While each urban council and divisional council has a chairperson and vice-chairperson, the municipal council has a mayor and deputy mayor. An interesting feature of Sri Lankan local government system is that local government elections are held according to the political-party line. Various political parties, groups and coalitions submit nominations, and people's choice of votes is largely based on the candidates' political affiliation (CLGF, 2006d, p. 225). Due to such party-based local elections, the mayor and deputy mayor of each divisional council and the chairperson and vice-chairperson of each urban council and municipal council are selected from the elected councillors representing the majority in each of these councils.

It can be observed from the above analysis of the structure and composition of local government systems in South Asian countries

(Bangladesh, India, Nepal, Pakistan and Sri Lanka) that these countries have made some progress in moving towards a more decentralized mode of local governance based on election and representation. However, there is considerable divergence among these countries in pursuing this local-level decentralization. Some countries (such as Bangladesh and Pakistan) have experimented with various structural reforms to ensure greater effectiveness of local government. But the trend has not been consistent in terms of reducing bureaucratic dominance and increasing public representation due to the varying preferences and interests of regimes. In some cases, especially Sri Lanka, the local government system has remained quite politicized due to the party-affiliated nature of local-level elections. In most of these countries, the top positions in local government at the higher echelons of local government hierarchy (such as chairpersons and mayors) are not directly elected, which may represent a certain distance between the local government system and the public.

3.3 Current challenges to local governance

It has been explained above that the local government systems in South Asia have moved towards greater decentralization in recent years, although there are controversies over the nature, extent and effect of such a transition. In fact, the critics have continued to point out diverse limits and challenges facing local governance in the region, including concerns such as the dominance of central government and its bureaucracy, scarcity of financial and human resources, lack of responsiveness, influence of rural elites, existence of social divides based on caste and race, unequal power structure, and so on (Smith, 1985; Westergaard, 2000; UNESCAP, 1997). In this section, some of these major limits and challenges to local governance in South Asia are examined under two broad categories — internal limits and external challenges.

3.3.1 Internal limits of local government

First, despite the emerging trend of elected local government entities in South Asia, in some cases, there is direct bureaucratic dominance within their structural composition. For example, in Bangladesh, although there has often been government provision to have an elected district council and chairman, in reality this has hardly been realized. There are instead district-level government officials who dominate the system. At the level of subdistrict, which is an essential tier of the local government

system, the dominance of state bureaucracy never went away completely. Even when there is no bureaucratic component in local government bodies, they are often powerless due to the approval of their projects and activities required by government officials. With regard to Indian local government units (*panchayats*), Singh (2004, p. 16) mentions the following: 'A review of the provisions in the states' laws on *panchayats* reveals continuing strong bureaucratic control over the village councils. Even where direct bureaucratic control is not visible, the *panchayats* are placed in such a position that they need bureaucratic approvals.' In addition, according to Rai (2004, p. 25), in India, there is a government tendency 'to promote/establish parallel institutions/delivery systems for the implementation of government programs and schemes that undermine the role of *Panchayati Raj* institutions.' Similar trends of bureaucratic dominance or co-existence can be observed in Pakistan, Nepal and Sri Lanka.

Second, in South Asia, the relationship between the local government and central government is largely based on the former's dependence on the latter, which often makes the local government system relatively ineffective. This dependency in central–local relations can be observed in almost all countries in the region. In the case of Bangladesh, the local government system is heavily dependent on the state for resources and guidance (Rahman and Kundu, 2004, p. 9). In Nepal, local government institutions are treated as subordinate agents rather than autonomous units (FAO, 2004, p. 5). With regard to the situation in Sri Lanka, it is mentioned that there is 'insufficient delegation of powers from the centre to the provinces and from the provinces to local authorities' (FAO, 2004, p. 5).

Third, in most South Asian cases, there are serious financial resource constraints. In Bangladesh, for instance, the needs of local governments for financial and other resources usually exceed the availability of such resources from tax, income and grants (Rahman and Kundu, 2004, p. 9). Due to such lack of adequate resources, these local governments cannot function effectively to develop rural infrastructure and carry out essential tasks (FAO, 2004, p. 4). In the case of India, local government institutions 'face impediments to discharging their responsibilities, the primary being an inadequate resource base' (FAO, 2004, p. 4). Also in Nepal, the local government system suffers from financial difficulty due to lack of revenue generation and a declining share of the national budget (less than 4 per cent) (Kafle, 2004, p. 33). Similarly, in Pakistan, it has become quite difficult to sustain the continuity and capacity of local governments due to lack of resources (FAO, 2004, p. 5).

3.3.2 External challenges to local government

In addition to the internal limitations (structural, managerial, and financial) of local governance discussed above, there are certain external conditions or realities that pose serious challenges to the realization of local government objectives in South Asia. The major external challenges include: a) economic inequality and elitism; b) gender gaps and biases; and c) social segregation and discrimination.

First, economic inequality and elitism in society can seriously affect the outcomes of local government. It is emphasized by Smith (1985, p. 25) that 'the holders of economic power at the local level will dominate local political institutions to perpetuate privilege, hierarchy and conservatism ...' In this regard, it should be pointed out that there are huge income gaps or economic inequalities in South Asian countries. According to the UNDP (2002), there are serious levels of poverty and inequality in the region. It is reported that the proportion of the population living below the poverty line (below US$2 per day) is 50.7 per cent in Sri Lanka, 65.6 per cent in Pakistan, 79.9 per cent in India, 82.5 per cent in Nepal, and 82.8 per cent in Bangladesh (UNDP, 2005, pp. 227–8). In terms of income inequality, the shares of national income for the poorest 10 per cent and the richest 10 per cent are respectively 3.5 and 33.5 per cent in India, 4.1 and 27.6 per cent in Pakistan, 3.9 and 28.6 per cent in Bangladesh, 3.5 and 28 per cent in Sri Lanka, and 3.2 and 29.8 per cent in Nepal (UNDP, 2002, pp. 195–6). In this agriculture-based region, the extent of economic inequality is also evident in the pattern of land ownership and landlessness. In India, according to Sainath (1999) about 85 per cent of the population is landless or near-landless.

Under such a condition of severe economic inequality, the composition of local government is often dominated by the economic elite. In Bangladesh, for example, while the poor hardly participate in local government activities, the rich usually get elected or appointed to local government institutions (Moscare, 2002). In India, the top positions in local government institutions — such as the chairpersons and members of village councils and block councils — are mostly occupied by rich locals (Dreze and Sen, 2002). Similarly in Nepal and Sri Lanka, there is overrepresentation of the rich and underrepresentation of the poor in local government units, which is usually due to the fact that while the poor are busy satisfying their basic needs, the rich can afford to spend time and money on election campaigns (Timsina, 2002; UNESCAP, 1999). This tendency of elite dominance over local government is also likely to diminish the poor's access to local government services.

Second, there is a considerable degree of gender inequality in South Asia, which constrains the scope of women's representation in local governance. The degree of gender gap can be understood in terms of the male–female income ratio, female representation in political and administrative positions, and so on. It is reported that in South Asia, the average female income as a percentage of male income is about 26 per cent in Pakistan, 30 per cent in Bangladesh, 34 per cent in India, 50 per cent in Nepal, and 55 per cent in Sri Lanka (SURF, 2001; UNDP, 2002). The 'gender empowerment score' published by the United Nations Development Program also shows that the status of women's empowerment in each South Asian case is much lower than the average score of the developing world as a whole (UNDP, 2002). The sociocultural norms in the region are also gender-biased. It is observed that women suffer from severe discrimination and abuse in India; from poverty and poor health in Bangladesh; from illiteracy and low status in Pakistan; and from repression and confinement in Nepal and Sri Lanka (HRW, 2001; UNESCAP, 2001, p. 27). These forms of gender inequality certainly affect women's representation and access in local government institutions.

For example, in Nepal, it was found in 2004 that although the legal provisions have increased the number of female members in the VDCs and DDCs, their presence in the leadership positions (such as DDC chairpersons) was minimal (Kafle, 2004, p. 34). In Bangladesh, although some progress has been made in terms of women holding local government seats, they are hardly represented in senior management positions, and female council members are marginalized in decision-making (UNESCAP, 2001; Slater and Preston, 2004). A similar situation can be observed in Pakistan and Sri Lanka. According to Gunatilake (2001), in 2001, the female representation in Sri Lanka was very disappointing — only 2.3 per cent in municipal councils and 1.4 per cent in urban councils. In the case of India, despite the increase in the number of elected female council members in local government institutions, there remains a considerable degree of male domination as well as the marginalization of such female members (UNESCAP, 2001). This problem has persisted in South Asia despite the fact that some countries in the region have adopted the quota system to keep a certain percentage of local government seats reserved for women — for example, 20 per cent of seats in Nepal, and 33 per cent of seats in Bangladesh, India and Pakistan (UNESCAP, 2001; Shrestha, 2001; Montes, 2002, p. 60).

Third, South Asian countries are characterized by various forms of social division and segregation based on caste, race and religion, which adversely affect the role of local government in terms of people's

representation, participation and access. In particular, the caste system divides society along a rigid hierarchy of inborn caste identities from the highest to the lowest — i.e. the Brahmins, the Ksyatriyas, the Vaisyas, the Shudras and the Dalits ('untouchables') (HRW, 1999; Nayak, 1995). It categorizes people in terms of occupations, social rank, power and privileges. Since the caste system is associated with Hinduism as a religion, it is more prevalent in Hindu-dominant countries such as India, Nepal and Sri Lanka. Under this system, while the upper-caste Brahmins are privileged with wealth, power and position, the lower-caste citizens and untouchables suffer from poverty, illiteracy, exclusion and powerlessness (HRW, 2001). Byrne and Schnyder (2005, p. 8) observe that in the case of India, this rigid social structure 'makes it difficult for people from excluded groups to contest *panchayat* elections and, if elected, to participate effectively in *panchayat* meetings.'

Due to such a caste system in India, it is difficult to ensure free and fair local elections and proper representation in local government institutions — the Dalits are often threatened by the high-caste rural elite not to submit nomination papers, not to vote for their own candidates, and not to play any role even when they are elected (Mathew, 2003). There are instances where the elected Dalit members are publicly humiliated and treated with violence. In Nepal, the caste system does not allow Dalits to effectively participate in local government activities and to have adequate access to local government resources (Kafle, 2004, p. 33). This deep-rooted sociocultural and religious tradition in these South Asian countries makes it difficult for their local government systems to achieve fair representation, adequate public access and participation, and need-based service delivery.

3.4 Possibilities for effective local governance

The existence of effective local government systems remains crucial in South Asia and other developing regions. This is because in most countries in the region, the central government has been oppressive, corrupt, monopolistic and inefficient, and the business sector remains exploitative and unresponsive to the needs of the poor. Although there is a growing emphasis on non-government organizations (NGOs) as an alternative, they have increasingly become profit-oriented, and they lack proper means of public accountability. Compared to these options, local government has greater potential for ensuring public participation, group representation, need-based service delivery, public accountability and political education.

However, there are diverse internal limitations and external challenges facing the local government system that need to be overcome in order to make it effective in realizing these objectives. In South Asia, the colonial and postcolonial legacy of bureaucratic domination remains influential, and this often affects local government structure and activities, especially in Bangladesh and Pakistan. It is necessary to reduce the presence of state bureaucracy in the composition of local governance at all levels, and to change the bureaucratic mindset held by local government representatives and officials.

Second, the current structure of central–local relations based on central control and local dependency should be fundamentally changed to allow greater autonomy of local government institutions in terms of their operational matters and financial activities. It may be necessary to ensure the protection of such local government autonomy through constitutional provisions.

Third, in all South Asian countries, the local government systems encounter serious financial difficulties due to their limited sources of revenue and dismal amount of government grants. It is essential to allow local authorities to have an adequate share of tax revenue and to generate their own income through productive and commercial activities.

In South Asia, there are also some major external challenges to local government. In order to make local government fairly representative and equally responsive, it is imperative to resolve the extreme social divisions between rich and poor, between male and female, and between various castes, faiths or races. In this regard, the national governments in the region need to adopt comprehensive policies.

First, in order to reduce extreme inequality in income and ownership, it may be necessary to introduce drastic land reform, adopt progressive income tax, increase public spending on basic needs and generate employment for low-income citizens.

Second, for overcoming gender gaps, the government may adopt appropriate legal provisions to ensure women's safety or security, introduce expanded affirmative action in favor of the female workforce (beyond the existing programmes), and delineate gender-related education programmes at various levels to change biased gender perceptions.

Third, to address the challenge to local government posed by the caste system, the top policy makers themselves have to overcome their discriminatory prejudices. It may require effective remedial measures (this should be more comprehensive than the existing quota system), legal provisions, educational programmes, and enforcement strategies to stop all forms of caste-based discrimination, neutralize caste-biased

norms and beliefs, and take tough action or impose heavy penalties against those who commit caste-related offences.

The above observations and suggestions, however, should be complemented by other initiatives depending on the careful study of the unique circumstances that prevail in each South Asian country.

4
Metropoles in Africa

P.S. Reddy

4.1 Introduction

A growing number of people in the developing world live in metropolitan areas. 'Metropolization' and unrelenting urban growth, particularly in developing countries, has resulted in urban problems such as poverty, lack of basic needs, infrastructural deficiencies and backlogs, and lack of human and financial resources which have had a negative impact on the metropolitan municipality's capacity to perform their mandated functions. This is in direct contrast to the major metropoles of the developed world that often have the required resources and capacity to manage the process of metropolitization.

Given the above, it is generally accepted that nowhere is improved local governance more critical than in the metropolitan areas of the developing world. However, on a global level, there is no single or generally preferred model for metropolitan governance. It is even questionable whether seeking the solution for the severe problems facing metropolitan areas is to be sought in the structure of metropolitan government. The options for structuring metropolitan governance range from the voluntary association of municipalities with minimal authority to formal statutory structures with wide powers of compulsion. In this context, four distinct models of metropolitan governance have been identified (Steytler, 2005, pp. 214–15):

- *Layered government* consists of two levels where local authorities are joined in an overarching structure, but without sacrificing the existence or powers of the constituent members. Provision has been made for these structures in state constitutions, statutes or voluntary associations. The first system in South Africa was a layered model

where the major urban areas were unified into single metropolitan areas; this was then divided into a number of sub-councils with effective powers. These nominated members to the metropolitan council had weak coordinating and fiscal redistribution powers. The assignment of functions to the two levels can be a complex task and a good working relationship between the two levels cannot be guaranteed (Barlow, 1991, p. 22; Boraine, 1997, p. 146).

- *Sector government* is a single-purpose structure and is a variant of the multipurpose layered model. It has been criticized for fragmenting the governmental structure, for being inherently undemocratic and dominated politically by customers. A satisfactory level of coherence and consistency among state and local priorities and programmes is difficult to achieve as a result of proliferation (Barlow, 1991, p. 23).
- Consolidation of metropolitan areas into *unified multipurpose political structures,* thereby eliminating fragmentation. Metropolitan government in South Africa has, for example, been consolidated, and six unicities have been established. They have the same powers as the district and local municipalities combined and they can create sub-councils and delegate powers to them. Institutional consolidation can result in structures that are too large and can also destroy the accessibility, closeness and intimacy which is the very essence of local government (Barlow, 1991, p. 22; Boraine, 1997, p. 144).
- *State-run metropolitan areas* in which metropolitan areas are balkanized and state/provincial governments assume responsibility for them. It acts as the de facto metropolitan government and asserts its authority given the economic importance of the area; a genuine metropolitan structure with a diversity of functions may well prove to be politically stronger than the state.

This chapter addresses the problems of metropolitan areas and the solutions sought for metropolitan governance in South Africa. In particular it describes the arguments for and against multilayer and unicity government and disputes that structural change as such can solve the wide range of problems existing inside metropolitan areas.

The increase in metropolitan areas results in structural problems and other challenges. The solution sought on a global level is the creation of unified metropolitan governments. The reasons for this trend are ensuring economies of scale, and equity in terms of sharing the costs of infrastructure, and the need to integrate, coordinate and redistribute funds and services (Boraine, 1997, p. 147).

This chapter illustrates the problems of this approach by presenting the South African case and especially two local case-studies, one of Johannesburg and the other of Durban, in which the problems in creating such unified metropolitan government are highlighted. In these cases the choice was between a two-tier system with sub-councils, and a one-tier metropolitan government system.

4.2 Governance and metropolis: defining the terms

A metropolis refers to a mother city and has of late denoted a very large urban area with a population in excess of one million people. The entire urban area surrounding a metropolis is referred to as a 'metropolitan region' or 'metropolitan area' and it generally extends beyond the political boundaries of a single city (United Nations/Tokyo Metropolitan Government, 1993, p. 4).

Governance denotes more than the local municipality as it includes a complex set of relationships between all three spheres of government; the private sector, the non-governmental sector and the community. There has been a distinct shift away from a state-centered perspective to include civic associations, private-sector organizations, community groups and social movements (Beall et al, 2002). Effective local governance in this context involves a variety of local agents in the sharing of power, with municipal government having a coordinating rather than a monopolistic and controlling role (South African Cities Network, 2006, pp. 3–52). Governance has five fundamental dimensions, namely political, contextual, constitutional, legal and administrative/managerial, which provide a basis to examine its performance (United Nations/Tokyo Metropolitan Government, 1993, p. 5). It can be seen that governance is more than government management and administration. It encompasses a more inclusive and comprehensive view of the governmental decision-making process, embracing a variety of ideas and intergovernmental relationships such as negotiations, agreements and cooperative ventures among public and private stakeholders. Consequently, it implies bottom-up decision-making, ensuring that all the relevant role-players and stakeholders in both the governmental and non-governmental sector participate at every level (United Nations/Tokyo Metropolitan Government, 1993, p. 5). At the local level, it is viewed as all those mechanisms through which individuals and institutions (public and private) plan and manage their common affairs. It includes formal institutions and informal arrangements, as well as the social capital of citizens (South African Cities Network, 2004, p. 134).

Metropolitan governance denotes regional management and implies that the required authority, funding and power are available to attain the goals of local governance. It emphasizes especially the effectiveness of institutional arrangements, decision-making processes, policy formulation, implementation capacity, information flows and the nature of the relationship between the rulers and the ruled (United Nations/Tokyo Metropolitan Government, 1993, p. 5). It has three distinct potential roles, according to Barlow (1991, p. 155); a functional role, a strategic role and a role related to resource allocation. The functional role refers to the provision of services that display economies of scale or require 'area-wide performance', the strategic role denotes participation in land-use planning and economic development to facilitate and coordinate metropolitan growth. The resource allocation role refers to the development of a policy and planning framework for the functioning of lower-level governments and the relevant distribution of financial resources. A managerial role has also been proposed; this involves directing the various components of the public sector into an overall system of metropolitan management. The strategic and managerial role constitute the basis for metropolitan government as it requires actions and mandates that are quite broad-based from an urban perspective and which can only be undertaken by a body of this nature; it would not be an ideal arrangement if these functions were undertaken by a higher governmental authority (Khan and Maharaj, 1997, p. 155). In this context, Barlow (1991, p. 303) points out that the strategic role will determine the appropriate extent of the metropolitan government (corresponding to the city region) and within this area it might be necessary to vary the strength and composition of the managerial roles, with some services confined to the continuous built-up area.

4.3 Problems and challenges of metropolitan areas

The rise of metropolitan areas has created a number of problems. The problems as they relate to South Africa are presented in this section. These problems are structural and not unique to South Africa. They are seen in many metropolitan areas. The challenge is: how should such problems be solved and will a change in the metropolitan governmental structure help in solving them?

4.3.1 Urban management and development

Rapid urbanization and the attraction of illegal immigrants to the metropolitan municipalities has resulted in 'overpopulation' which in

turn has put considerable pressure on the provision of urban services, as well as affecting the existing development backlogs. The population is expected to double in the next 30 years and 'the bright lights continue to attract fortune seekers ...' (Odendaal, 2003, p. 47). This has necessitated a strategic response to deal with the basic needs of new residents within the confines of a limited budget. The resultant effect is poverty, slums and increasing social welfare demands. There are currently approximately 1000 street children in Durban and an amount of R2.5 million was budgeted to address this issue in 2005 (*Natal Mercury*, 26 May 2005). There is an urgent need to roll out basic services and infrastructure to new households and ensure active involvement in the economy (South African Cities Network, 2004a, p. 44). There are currently 189 informal settlements in Johannesburg and Johannesburg City Council has decided to phase them out over a period of three years. A key priority is to end the mushrooming of other settlements and to contain any influx into the existing ones (*The Star*, 17 August 2004). Urban management and development involves collaboration between municipalities, other spheres of government and other key role-players and stakeholders involved with infrastructure planning, housing, transport and economic development. The City Council has introduced an urban-management strategy to address service-delivery deficiencies through a more focused and intense geographical approach to the urban environment (Johannesburg City Council, 2006, pp. 1–2).

4.3.2 Capacity

Previously, under the two-tier system, each substructure was an employer body in its own right and set about developing its own complement of senior staff, although there was spare capacity elsewhere. This resulted in significant overinvestment in staff capacity (South African Cities Network, 2004a, p. 136). However, with the ushering in of the unicity, there is still a perception that the metropolitan municipalities have large budgets, and numerous staff and considerable capacity at their disposal. This is not necessarily the case as capacity is always relative to context and problems are also being experienced at this level where the municipal functionaries lack experience and lack commitment (South African Cities Network, 2004a, p. 138; South African Cities Network, 2006, pp. 6–10; Cloete, 2002, p. 286; Mogale, 2003, p. 226). Conversely, some metropolitan councils have incorporated neighbouring structures and rural areas where the existing urban management expertise could prove to be irrelevant.

4.3.3 Service delivery

Service delivery is a critical part of the performance of any municipality. There does seem to be widely disparate performance in some services and varying costs per service delivery unit across the metropolitan municipalities (South African Cities Network, 2004a, pp. 138–40). In addition, there has been a significant lack of investment in core urban infrastructure which has had a negative impact on productivity and inclusion. For example, in Johannesburg, concern has been expressed over City Power's capacity to provide for the electricity needs of the city as poor maintenance of equipment and limited investment in new infrastructure has resulted in the power grid collapsing several times (*Business Day*, 17 August 2004 and *Sunday Times*, 8 May 2005). Urban service delivery can be transformed through, among other things, mechanisms to extend the roll-out of basic services to all residents (inner-city blocks, informal settlements and backyard rooms); alternative service delivery approaches and maintenance spending on existing infrastructure should be prioritized to preserve valuable assets and prevent excessive expenditure in the future (South African Cities Network, 2006, pp. 6–8).

4.3.4 Local economic development strategies

Long-term metropolitan economic development strategies add certainty to the perspectives that key role-players and stakeholders have on the local economy. Consequently, metropolitan municipalities need to develop a deeper understanding of their role in promoting local economic development through addressing microeconomic constraints affecting city services and basic infrastructure and facilitating economic development and municipal service partnerships. More specifically, local business competitiveness can be enhanced; local efficiency in addressing constraints on the business environment can be improved, market failures can be addressed and the capacity for new market entrants to set up and sustain new business can be accelerated (South African Cities Network, 2004a, pp. 167–8).

4.3.5 Managing social development and poverty reduction

A global trend is the increasing number of indigent people living in metropolitan areas. The growing urbanization of poverty can be attributed to the natural growth of the indigent communities, growing inequalities and the increase in the number of poor people moving to cities (Parnell, 2002; Odendaal, 2003, pp. 47–8). It is imperative that

a more critical analysis of the extent, structure and location of poverty is undertaken, ensuring that each municipality works in collaboration with the other spheres of government to develop social safety nets that provide relief and protection to indigent communities. The majority of metropolitan municipalities have introduced basic social packages of household services on a progressive basis that are within the local citizenry's financial means in historically disadvantaged parts of the municipality (South African Cities Network, 2004a, p. 168). The cost of the social package in Durban, which included rates exemption, 6 kl of free water and 50 kwh of electricity, was R 229 million in 2006 (Ethekwini Municipality, 2006, p. 7). It is accepted that service delivery backlogs will remain for some time and could possibly increase; consequently, it will have to be addressed in a creative and innovative manner that takes into account affordability issues and at the same time ensures the financial viability of municipalities. The notion of social development should be elaborated further to include creative intergovernmental partnerships across sectors and support of NGOs with rates rebates and grants-in-aid and, more importantly, the facilitation of collaborative programs (South African Cities Network, 2004, p. 168).

4.3.6 Urban renewal

The large influx of illegal immigrants, informal trading, street children, crime and the non-implementation of building and health bylaws in informal settlements has often resulted in urban decay in certain parts of the metropoles. The depreciation in value of properties has had a negative impact on the rates base of the municipality, thereby reducing revenues. A key consideration in the renewal of urban centres is the restoration of the confidence of the private sector, and the creation of a sustainable property market to restructure and diversify the local economy (South African Cities Network, undated, p. 5);

4.3.7 HIV/Aids

It has been acknowledged that the metropolitan municipalities have to, as a matter of urgency, address the issue of HIV/Aids. It is a major challenge in that it reinforces inequality through loss of household income, reduced educational prospects and the growing number of orphans (Smith, 2005, p. 29), plunging households into poverty. HIV/Aids may reduce life expectancy to about 40 years by 2010, and reduce the workforce by 20 per cent over the next six to seven years (Odendaal, 2003, p. 48). However, there are two structural barriers that are having a

negative impact on the process, namely capacity and the lack of strategic planning around the impact of HIV/Aids and the long-term consequences for communities and local government (South African Cities Network, 2004b, p. 7). Certain key strategies that can be adopted in developing a comprehensive response to the HIV/Aids pandemic are to take cognizance of the current HIV/Aids programmes functioning within the municipality; link HIV/Aids to other development aspects, notably poverty alleviation; and develop clear guidelines for the mainstreaming of HIV/Aids so that all departments can identify and prioritize activities related to their core functions and develop stronger intergovernmental relations with national and provincial counterparts to strengthen and improve the implementation of the HIV/Aids policy (South African Cities Network, 2004b, p. 7).

4.3.8 Crime

South Africa, like other developing countries, has experienced increased rates of of reported crime following the ushering in of a new democratic government (www.isandla.org.za/papers/overview.pdf). The high crime rate is responsible for the loss of skills and low levels of investment in the country (Smith, 2005, p. 41). The high levels of crime can be attributed to increasing poverty levels and unemployment. The long-term economic development strategy, Joburg 2030, singled out perceptions of crime as the single greatest constraint on local economic development in the city. Consequently, crime prevention has since become one of the five key priorities of the city (City of Johannesburg, 2006, p. 224).

4.4 Metropolitan government in South Africa

Metropolitan areas in the South African context require special consideration in any local governance system as they are generally viewed as engines of economic growth, have a high population density and multiple overlapping externalities. The Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998) and the Local Government: Municipal Structures Act, 1998 (Act 27 of 1998) defined metropolitan areas as large urban settlements with high population densities, complex and diversified economies and a high degree of functional integration across a larger geographical area than the normal jurisdiction of a municipality (www.finance.gov.za/mfma/guidelines/policy/whitepaper.pdf).

The three compelling reasons advanced for introducing metropolitan municipalities in the South African context were to create a basis for equitable and socially just local governance across the municipal

jurisdiction; to promote strategic land-use planning, and to ensure coordinated public investment in physical and social infrastructure (Republic of South Africa, 1998a, pp. 59–63). Planning takes place throughout the metropolitan area and services are shared across the metropolis to develop a metropolitan framework for economic and social development. Metropolitan structures are thought to be better equipped and positioned to enhance competitiveness and overall prosperity for their areas of jurisdiction as they are single functional entities for purposes of investment attraction and do not have to compete with other local municipalities to secure investment. (Republic of South Africa, 1998, pp. 59–60; Bekink, 2006, p. 117).

Metropolitan government as initially conceptualized was viewed as a vehicle for integrating sprawling black townships, historically white suburbs and city centres into a single municipality and tax base (Woolridge, 2002, p. 128). The 'one city one tax base' campaign largely influenced thinking in this regard. It was felt that an integrated metropolitan city and tax base would ensure a fair distribution of resources. The key considerations were to democratize local government in terms of the broad principles of redistribution, efficiency and non-racialism. In this regard, metropolitan government was seen as a mechanism to cope with the uncoordinated and fragmented growth of large, densely populated areas by providing, managing and delivering services best provided on a wider scale than could be accomplished by individual municipalities (functional role), to consolidate resources for more equitable redistribution, and to prevent and reduce duplication (strategic role) as a result of fragmented local government (Khan and Maharaj, 1997, p. 156).

In pursuance of this, it was accepted that metropolitan government had to be directly linked to an urban agenda of non-racialism, equity and redistribution. It was apparent that metropolitan policy development was shaped by the legal and constitutional framework which limits the extent to which cross-subsidization across municipal jurisdictions is possible and by the spatial distance between former black and white areas, necessitating a larger municipal jurisdiction thereby allowing for amalgamation into a single municipal area and tax base (Cameron, 1992, p. 21). The specific fiscal logic applied to metropolitan government (the 'one city, one tax base' slogan) also influenced policy debates about the most appropriate form of metropolitan governance (Woolridge, 2002, p. 130)).

Given the above-mentioned context and challenges, metropolitan municipalities in the new local government dispensation had to perform certain critical roles, namely, to ensure: city-wide spatial integration and

socially inclusive development; the promotion of equity, social justice and economic prosperity; the promotion of local democracy; and the provision of affordable and cost-efficient services (Republic of South Africa, 1998, pp. 61–3; Cameron, 1999, p. 242). Although fiscal considerations played a critical role in ushering in metropolitan government, particular emphasis was also placed on the need for spatial integration, relative to land usage, transport and bulk infrastructure planning (Woolridge, 2002, p. 131).

4.4.1 Development of metropolitan government in South Africa

The Local Government Negotiation Forum launched on 22 March 1993 was primarily responsible for introducing a new non-racial and democratic local government dispensation. The forum was representative of the key role-players and stakeholders inside and outside formal local government. The resultant effect was the ushering in of the Local Government Transition Act, 1993 (Act 209 of 1993) which introduced the two-tier metropolitan government system for the first time. This was an important development in terms of changing the inequitable pattern of urban development that had been inherited from the past (Bekink, 2006, p. 118). The Act made provision for local negotiating forms consisting of the statutory and non-statutory side, which were in turn mandated by reaching agreements on the details of the metropolitan system in each area (Khan and Maharaj, 1997, p. 157).

The initial restructuring process did not prescribe a detailed system of metropolitan government for the country as it was process-orientated. It allowed for the allocation of powers and functions between the metropolitan councils and sub-councils to be negotiated in the then six councils, namely Greater Johannesburg, Greater Pretoria, Khayalami and Lekoa Vaal, Durban and Cape Town (Woolridge, 2002, p. 131).

It was realized thereafter that the establishment of separate administrations for the metropolitan and sub-councils resulted in duplication which was wasteful and inefficient. Furthermore, both the metropolitan and sub-councils were employers in their own right and this had a negative impact on efficient and effective service delivery (Bekink, 2006, p. 118).

The Green Paper on Local Government (Republic of South Africa, 1997), came to no firm conclusions on the preferred structure for metropolitan government, setting the policy debate out as a choice between a two-tier system and a unicity (Mhoholo, 1997, p. 1). The defects of the then two-tier system highlighted the fact that that the mere existence of a metropolitan government does not guarantee the development of a

unified structure politically, administratively, physically and economically (in terms of the local economy and a single tax base) (Reddy, 2005a, p. 114). The problems were that it excluded settlements on the periphery of the metropolis which would lower the per capita tax base; separation of plan formation from implementation; an inappropriate culture of planning which neglected the negotiation of resources to enable effective plan formation; loss of political control and accountability; and loss of latitude and scope in the formation of local specific economic development strategies (Khan and Maharaj, 1997, p. 158).

Given the above, it was quite obvious that the development of a single tax base was being undermined as the powers and functions were allocated in such a manner that the metropolitan structure could not facilitate redistribution and ensure economic use of space across the metropolis (Olver, 1997, p. 1: Reddy, 2005a, p. 114). It was generally accepted that the metropolitan system in place did not support the popular notion of a 'one city one tax base' as it did not facilitate redistribution and integrated development planning (*Local Government Chronicle*, 1997, p. 10). Furthermore, the system lacked the required powers to develop and enforce metropolitan-wide spatial-development strategies (Woolridge, 2002, p. 131).

The abovementioned developments justified the need for a system with more centralized powers. The experiences of the Johannesburg City Council, both structural and financial, highlighted the defects of the then interim two-tier system. The arguments against the two-tier system and in favor of the unicity are summarized below (Woolridge, 2002, p. 134; Ferguson, 2000; *Independent on Saturday*, 22 April 2000 in Reddy, 2005a, pp. 117–18):

- a single identity and administration is cost effective as there is no duplication of metropolitan-wide issues;
- the political and administrative bureaucracy is reduced when metropolitan-wide issues are coordinated and addressed. This also encourages bold, innovative and clear policy on urban issues as opposed to 'decision-making inertia' and 'political incoherence';
- integrated development planning is facilitated and there will be greater economies of scale relative to service delivery;
- a single budgeting system ensures equitable and standard service provision and financial sustainability in the long term;
- a lack of metropolitan coordination can lead to underutilization of facilities and infrastructure which increases both capital and operational costs.

Proponents of the two-tier system argued that it was more efficient as it allowed for decentralized decision-making about the allocation of resources. It was also pointed out that the system promoted local democracy more than the unicity, which moved towards centralization and thereby undermined it (Woolridge, 2002, p. 133).

4.4.2 The process toward a metropolitan unicity

The White Paper on Local Government reduced metropolitan governance in South Africa to either a strong two-tier system or a unicity option. Metropolitan areas generated the bulk of the country's gross domestic product, but at the same time housed a significant percentage of the populace who lacked access to basic services. In this context, metropolitan areas were viewed as being important to ensure the future economic prosperity and social stability of the country (Republic of South Africa, 1998a, p. 61). The White Paper proposed strong, unified metropolitan government for the following reasons:

- it satisfies the need for equitable redistribution of resources and services given the experience of apartheid; everyone contributing to the tax base would benefit from it;
- it promotes strategic land-use planning and coordinated public investment in physical and social infrastructure;
- it develops a framework for economic and social development and 'global competitiveness';
- it provides affordable and cost-efficient services (Republic of South Africa, 1998a, pp. 58–60; Bekink, 2005, p. 117; Cameron, 1999, p. 242).

It was felt that the ushering in of stronger metropolitan governments would ensure a more enabling and facilitative environment and would ultimately assist with the economic regeneration of the major metropolitan areas and ultimately the national economy.

The Republic of South Africa Constitution Act, 1996 (Act 108 of 1996) made constitutional provision for metropolitan unicities in terms of section 55 (1) while the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) elaborated further on the three categories of municipalities identified earlier. Metropolitan government was one of them. The Demarcation Board (established in terms of the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998)) was responsible for demarcating boundaries for the December 2000 local

government elections. Provision was made for the single-tier metropolitan municipalities in terms of Section 2 of the Act.

The unicity, through securing a single tax base, responds to the extreme inequities in the country. However, the funds available to address inherited development backlogs are insufficient and, consequently, local politicians have to ensure that resources are efficiently and effectively utilized. In addition, external resources would also have to be mobilized (Woolridge, 2002, p. 136). It was also felt that the new model would ensure that the major metropolitan municipalities would be more adequately equipped to respond to the challenges of globalization.

The new model was then viewed as being highly centralized and it was felt that it negated the positive impact of decentralization proposed in the White Paper on Local Government and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). Critics pointed out several issues of concern: centralized policymaking processes that were insensitive to the needs of the local citizenry; doubt over whether the needs of marginalized and rural communities would be addressed; the fact that several institutional layers would have to be created to manage the new city and consequently the new bureaucracy would become large and unwieldy and promote centralization at the expense of the local communities (*Daily News*, 21 September 1999; Ferguson, 2000; Reddy, 2003, p. 458). Cameron (1999, p. 22), pointed out that it would also lead to remoteness and a lack of accountability which would ultimately have a negative impact on local democracy. It should be noted that the White Paper on Local Government also alluded to this 'distant form of government' and highlighted the need for 'decentralized political forums with some delegated powers' (Republic of South Africa, 1998a, p. 63).

4.4.3 Establishment of metropolitan government

No matter what the relative strengths of the arguments were, six metropolitan unicities were established in South Africa, namely eThekwini (Durban); Johannesburg; Cape Town; Ekurhuleni (East Rand); Tshwane (Pretoria) and Nelson Mandela Bay (Port Elizabeth). The main reasons were:

- efficiency is impaired when there is unnecessary duplication; economies of scale cannot be realized when there are inter-jurisdictional spillovers in public service benefits;
- effectiveness is reduced when municipal boundaries adversely affect the spheres of activity of public-service operations and when there is

no mechanism for coordinating planning and services on an area-wide basis;
- equity is not achieved when service levels in different jurisdictions are determined by differences in property-tax fiscal capacity rather than service needs (Barlow, 1991, p. 18).

The Gauteng province, which is the commercial heartland of the country, has three contiguous metropolitan municipalities, in which the majority of the province's population reside. Individually, their resources are larger than some of the provincial budgets, while collectively resources are equal to those of the provincial government. Cape Town houses 70 per cent of the population of the Western Cape while in Kwazulu Natal and the Eastern Cape, which are more rural, the metropolitan councils house one third and one sixth of the population respectively (Steytler, 2005, p. 191). Each of the councils has between 76 and 263 elected members, half drawn from the wards and the other half from party lists to ensure proportionality. The majority of the councils have executive mayors and a few of them have ward committees (Steytler, 2005, p. 191).

The Local Government Municipal Structures Act, of 1998 (Act 117 of 1998) detailed two types of internal de-concentration of power, namely at a micro level where delegated powers can be invested in a ward committee, and where a number of wards are combined to form a metropolitan sub-council which, given its size, could be delegated additional administrative and decision-making powers. Those functions involving a higher degree of interaction with the local citizenry would be suitable for delegation to sub-councils (Steytler, 2005, p. 190).

All the metropolitan councils introduced executive committees during the transitional period. The executive mayoral system was introduced for the first time in the December 2000 elections. In terms of the Republic of South Africa Constitution Act, 1996[1], municipal executive authority is vested in a municipal council and not the mayor. The executive mayor and the mayoral committee can exercise only such executive powers as are delegated to him or her by the council. Mayoral committees are not to be handled and treated differently from the other committees in local government (Bekink, 2006, p. 118).

Metropolitan government has considerable taxation and borrowing powers in relation to imposing rates on property and surcharges on fees for services provided by itself or on its behalf. However, these powers are subject to national legislation and regulations. The taxation powers are also limited in that they cannot 'unreasonably prejudice national

economic principles and activities' (www.finance.gov.za/mfma/guidelines/policy/whitepaper.pdf). Deficit budgeting in the local sphere is prohibited and in this context borrowing powers are limited by the requirement that borrowing does not fund budgets (Bekink, 2006, p. 350).

The Constitution (section 227(1)(a–b)) stipulates that municipalities receive allocations based on an equitable share of national revenue. The funds have been provided to enable municipalities to provide residents with a basic level of services, certainty of funding, financial capability, efficiency and effectiveness (Commonwealth Local Government Forum, 2006, p. 202). The Division of Revenue Act, which is modified annually to take account of the current fiscal situation, is responsible for the determination of the equitable share of revenue. It sets out the allocations for the three spheres of government which are deemed to be equitable and fair and ensures both transparency and accountability in the process (Kumar, Moodley and Reddy, 2003, p. 22). Expenditures and revenues at the local level are also regulated.[2] Municipalities are responsible for their own financial wellbeing. The Municipal Finance Management Act[3] reads: 'the primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality itself'. It also emphasizes that there is no obligation on the national government to compensate provinces or municipalities that do not raise revenue commensurate with their fiscal capacity and tax base.[4]

The metropolitan municipalities generally collect 94 per cent of their own revenue while the poorer rural municipalities derive at least 92 per cent of their income from transfers (Steytler, 2005, p. 198). There are a variety of sources of income, namely property rates, service charges, subsidies and grants. Electricity is a key source of revenue, and it can range from 20.3 per cent in Cape Town to 38 per cent in Ekurhuleni (South African Cities Network, 2006, pp. 3–53).

Metropolitan municipalities have to be creative in terms of generating additional revenue, proactively facilitating local economic development and, most importantly, enhancing credit control (Reddy et al, 2005, p. 49). Concerted action has to be taken by local politicians to address the issue of non-payment for services which has become a national problem (Reddy, 2005a, pp. 134–5). Despite a national campaign emphasizing the link between rights and responsibilities (Masakhane: Let's Build Together) and disconnections (Reddy et al, 2005, p. 49) of the water and electricity supply, the situation has not changed. This issue has to be addressed as a matter of urgency as it impacts on the financial

viability and stability of the new local government system and continued service delivery.

4.4.4 Greater Johannesburg experience reviewed

The Greater Johannesburg Negotiating Forum Agreement facilitated the ushering in of a new metropolitan council consisting initially of seven substructures established during the pre-interim phase (Woolridge, 1999, p. 18; Reddy 2005, p. 118) and thereafter transformed to five substructures following the 1995 elections.[5] There was a division of powers and functions between the metropolitan and the sub-councils and consequently it operated at two levels resulting in separate structures, with different approaches and programmes being adopted for local functional activities.

The new Metropolitan Council did not function optimally and experienced a severe financial and institutional crisis (Froneman and de Sousa Pereira, 2001, p. 12; Cameron, 1999, pp. 269–74; Reddy 2005a, p. 12). The challenges highlighted included: a lack of focus on service delivery; no distinction between commercial and other activities; gaps between policy/decisions and implementation; fragmentation leading to general inefficiency; duplication and lack of coordination; a disproportionate allocation of resources to non-core functions; bureaucratic procedures and top-heavy management structures; wastage; poor/weak management information systems and management skills; a financial crisis attributable to historical factors; backlogs; low payments levels and the costs associated with bureaucracy.[6] This manifested itself in the form of: poor infrastructure; reduced services; increased backlogs; low morale and productivity; and poor utilization of people, funds and assets.[7] A committee of 15 was appointed by the province to address financial problems. An organizational review ushered in the iGoli Plan 2002 after the highlighting of certain problems, namely: flawed organizational structures; duplication; lack of role clarification accountability, prioritization and performance management; and no uniformity in policies and procedures.[8] It was pointed out that almost half of the then Greater Johannesburg's R2 billion salary bill was spent on perks for senior employees and that the Metropolitan Council was inefficient, ineffective and unaffordable (*The Star*, 7 February 1999; Reddy 2005a, p. 12). The national and provincial governments were also quite firm and indicated that they were not prepared to assist municipalities that had overspent (*Financial Mail*, 7 November 1997; Reddy 2005a, p. 12).

A centralized approach favored by the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) signified the inevitability and

acceptability of the unicity model. It was felt that a radical new approach to service delivery was critical to the financial viability of the city. The resultant effect was that public–private partnerships were placed high on the municipal agenda and this in turn influenced the iGoli Plan 2002's thinking on utilities, agencies and corporative entities.[9]

The then Democratic Party and Inkatha Freedom Party opposed the establishment of the unicity. The latter was of the view that it 'would make the Council less efficient, deny minorities a say and would create a money-eating bureaucracy which is not accountable to the local people' (*The Citizen*, 23 September 1997; Mohohlo, 1997, p. 1; Reddy, 2005a, p. 121). A referendum organized by 23 ratepayer organizations in the province indicated that residents were not in favor of the unicity. Approximately 81,684 out of a possible 84,324 people (96.9%) voted against a unicity while only 2464 were in favor of it. The referendum was rejected in advance by the then ruling African National Congress which also indicated that the outcome would be ignored by the provincial government. The party was of the view that the unicity would facilitate redistribution and ensure cross-subsidization (*Business Day*, 23 September 1997; Reddy, 2005a, p. 121). The South African Municipal Workers Union (SAMWU) and the Independent Municipal and Allied Trade Union (IMATU) were opposed to the unicity concept. A diverse group of NGOs and left-leaning academics constituting the Anti-Privatization Forum also opposed the move. In addition, the administration was also reluctant to support the plan (City of Johannesburg Council, 2001a, pp. 63, 72, 75: De Villiers et al, 2001, p. 63).

The Gauteng province was the strongest proponent of the unicity concept. It argued that the two-tier system did not facilitate redistribution and integrated development planning as it merely introduced two parallel local tiers of government, each with its own responsibilities, powers and functions. The major benefits of a unicity include: a reduction in the number of municipal functionaries; elimination of overlap and duplication; a reduced number of municipalities and enhanced community participation and consultation (*Local Government Chronicle*, 1997, p. 10). The iGoli 2002 Plan was problematic as it had a negative impact on local democracy. Some of the concerns raised included: a loss of local political participation; a reduction of political autonomy; and the increasing involvement of the national government in planning operations and funding (Kongwa, 2001, p. 50; Cameron, 1999, p. 274; Reddy, 2005a, p. 121).

The main objectives of the iGoli 2002 Plan were enhancing service delivery, promoting accessibility and community participation, ensuring political involvement and facilitating local policymaking. It was a

three-year strategic plan that focused on the structural transformation of metropolitan functions through new political governance structures, a core administration, regional administrations, agencies, and corporatised entities (de Villiers, 2001, p. 53) In the plan the Executive Mayor assumed overall strategic and political responsibility and appointed a Mayoral Committee (similar to a local cabinet) to assist him/her. The Executive Mayor and the Mayoral Committee linked up to the administration through the Municipal Manager, while individual councillors (particularly ward councillors) related to particular regional managers on local issues. Decentralized political structures in the form of ward committees were established. There were 109 ward committees consisting of members of civil society with the ward councillor as chairperson (City of Johannesburg, 2001, pp. 2–3).

Local communities had the opportunity to raise their concerns at the 2004–5 budget, IDP and sectoral meetings with business, NGOs, CBOs, labour and the women's sector. Issues raised included street lighting, grass cutting, youth development, monitoring of contracts on completion of projects, the need for parks, sports and recreational facilities, roads, water supply, health and HIV/Aids, visible policing and bylaw enforcement (Johannesburg City Council, 2004a, pp. 7–9). A Residents Satisfaction Survey conducted in 2004 revealed that on aggregate, satisfaction levels with the council were marginally lower than they were in 2003 (City of Johannesburg, 2004a, p. 8). In 2003, 49.3 per cent of residents were of the view that the service rendered by the council was good or very good whereas this figure dropped to 45.1 per cent in 2004. Overall, residents displayed a high degree of confidence (54.5 per cent) in the city's capacity to provide them with a good quality of life in comparison to other cities. However, this was marginally down on the 57.7 per cent of the residents who felt this way in 2003 (City of Johannesburg, 2004a, p. 10).

The council decided that debts for approximately 100,000 households, totalling R1.5 billion would be written off in 2005. The council had bad debts totaling R7 billion then, which meant that the total amount still outstanding would have been R5.5 billion. The Executive Mayor, Cllr Amos Masondo, indicated that the council will continue to use persuasion to address the problem of debt recovery (*Sunday Times*, 8 May 2005). This could set a dangerous precedent as residents of other municipalities will be agitating to have their debts written off as well. It would also send the message that the council was rewarding failure. A comprehensive survey of the country's 284 municipalities revealed that the credit rating of Johannesburg was the lowest among all the

metropolitan councils. There are substantial infrastructural backlogs, not to mention comparatively high water and electricity distribution losses (*Sunday Times*, 1 October 2006).

4.4.5 The Durban experience reviewed

Previously there were 40 autonomous municipalities operational in the Durban Metropolitan Area. A two-tier metropolitan council initially consisting of four and thereafter six sub-councils was established during the pre-interim and interim phase. Following the December 2000 elections, the council was rationalized and replaced by a metropolitan unicity, Ethekwini City Council.

There was a great deal of resistance initially to the establishment of the unicity. The then Democratic Party was of the view that the unicity could never address the needs of indigent communities, particularly in rural areas (Reddy, 2003, p. 442). Detailed empirical evidence and international experiences indicated that unicity governments tend to be more costly per capita, less responsive to local communities, too bureaucratic and inflexible in terms of delivering services to the most needy areas. Besides, regional policy objectives can be achieved without amalgamation. The party also felt that the size of the metropolitan area had to be dramatically reduced (*Daily News*, 21 September 1999; Reddy, 2003, p. 442). The then New National Party believed that the incorporation of approximately 28 new areas with a population of 500,000 people would impact negatively on the financial viability of the new municipality as it would add to existing development backlogs in housing, electricity, water, roads, sanitation and other essential services (*Northglen News,* 24 September 1999). Many predominantly rural areas were incorporated into the new municipality following the demarcation process.

There was a majority view that through the ushering in of the unicity, local governance would improve as there would be one focused and dedicated administrative structure that would improve the quality of services through economies of scale (*Daily News*, 27 September 1999). Other benefits highlighted included a rationalized rating system based on market principles, a life-line system for the indigent, and a new accounting system enabling residents to pay accounts at any convenient point in the metropolitan area (Reddy, 2003, p. 442).

Tourism has been identified as a 'key economic growth sector' for the Durban beachfront in the Integrated Development Plan. It has the potential to generate additional revenues of up to R10 billion over

the next ten years (*Daily News*, 22 July 2004). Concerns have been raised about the issues of crime and grime on the beachfront. There have been measures taken to address the issues, namely, the creation of safe pedestrian zones around key tourist areas, the building of a new police station in the Point, the establishment of a shelter for street children, and urban regeneration (*Daily News*, 5 May 2004).

The council received the Vuna Award for the best performing metropolitan council in the country. The criteria used to assess the municipalities were service delivery, local economic development, financial viability and grant expenditure, institutional transformation, and good governance (*Ezasegagasini Metro*, 21 January 2005). The City has an impressive financial track record and has the highest credit rating nationally and in Africa (Ethekwini City Council, 2005a, p. 13). Ethekwini has been chosen as one of seven NEPAD cities in Africa, which are defined by the United Nations as being 'functional, economically productive, socially inclusive, environmentally sound, safe, healthy and secure' (Ethekwini City Council, 2004, p. 9).

Provision has been made in the Local Government: Municipal Structures Act, 1998 for ward committees which are an innovative and progressive approach to participatory governance at the local level. Ward committees were supposed to have been elected for all 100 wards by the end of February 2005. However, the elections were highly politicized and there was a great deal of apathy with only 2.7 per cent of the 1.5 million voters turning up to vote (*Sunday Tribune*, 13 March 2005). The Democratic Alliance, one of the opposition parties, took legal action against the council, pointing out that the elections were flawed and the process highly politicized. In addition, it also emerged that the Local Government: Municipal Structures Act, 1978 entitled only some municipalities to form ward committees and Ethekwini City Council was not one of them (*The Mercury*, 25 February 2005). The ruling was that 'fresh elections should take place following serious irregularities in the election process' (*Sunday Tribune*, 13 March 2005).

4.5 Problems of metropolitan governance

This section describes some of the problems the structural reform from a two-tier system to a unicity system could not tackle, although it refers first of all to problems directly related to governance and government, namely decentralization, service partnerships, fiscal management, intergovernmental relations, the non-implementation of bylaws and public participation.

4.5.1 Democratic decentralization and unfunded mandates

The global trend towards democratization and decentralization has implications for local governance as municipalities increasingly assume responsibility for service provision and an improved quality of life at the local level. The required capacity to respond to this challenge has to be developed particularly in relation to local institutional arrangements, funds and human resources. Furthermore, quite often services are decentralized to the local sphere without the required funding and this impacts negatively on the efficient and effective rendering of such functions (Bekink, 2006, p. 120). These 'unfunded mandates' have created intergovernmental tensions and resulted in resource constraints which have in turn raised concerns about the municipality's capacity to deliver (South African Cities Network, 2004a, p. 12). Ethekwini Municipality currently has a large number of non-core functions and services being rendered on behalf of the national and provincial government, namely libraries, health, museums, housing and hostels/townships. The reduction or non-payment of subsidies for these services has resulted in the municipality allocating its own resources to make up the shortfall, which amounted to R546.10 million in 2005 (Ethekwini Municipality, 2006;11).

4.5.2 Corporatization and municipal service partnerships

Public funding is not adequate for municipal programmes and projects. Consequently, there has been a global trend encouraging the active participation of the private sector in the provision of municipal services, particularly at the metropolitan level. This is a positive development as it ensures market competition, use of modern technology, improved operational efficiency, lower unit costs, improved quality and customer-orientated services (Bekink, 2006, p. 120). However there has to be a buy-in from the private sector in terms of ensuring the success of such key initiatives, namely the revitalization of inner cities, spatial reintegration and, most importantly, cross-subsidization. Municipalities are still experiencing difficulties mobilizing resources from the private sector as the required trust has to be developed and, furthermore, both role-players have to realize that they accept joint responsibility for growing the local economy. In this context, municipalities would have to place considerable emphasis on developing formal relationships and strategic partnerships with the private sector (South African Cities Network, 2004a, p. 161). A key challenge in this regard is managing the contract and performance management to ensure at least minimum

standards in service provision are adhered to as detailed in the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

4.5.3 Fiscal management and sustainability

Previously, the operating budgets of the metropolitan council and substructures had to balance collectively, not individually. Consequently, some substructures in some of the metropolitan municipalities assumed that their shortfall would be subsidized. There was no incentive to contain expenditure and the resultant effect was extremely poor financial management (South African Cities Network, 2004a: 136). A key consideration in any improvement is always to ensure the financial viability of municipalities. Metropolitan municipalities are under considerable financial pressure (Mogale, 2003, p. 5). Despite improvements to budgeting, accounting, borrowings, expenditure control, billings and revenue-collection systems, sound financial management is still a problem as municipalities have not been able to reach revenue targets (South African Cities Network, 2004a: Reddy et al, 2005, p. 49). For example, the increase in outstanding debts for electricity, waste water, solid waste and assessment rates in Durban is high and the total for up to February 2005 was R 259 million (Ethekwini City Council, 2005c, p. 20). In addition, a loss in the distribution of water in Durban for the period 2005–6 has been reduced from 31 to 25 per cent. Investigations are ongoing to reduce the loss further, through the installation of meters where supply has previously been free and unrecorded, the ongoing rectification of reticulated systems, billing consumers previously not billed, installation of zonal meters to identify leaks, and minimizing theft (Ethekwini City Council, 2005c, p. 20). The City of Johannesburg launched Program Phakama in 2005 to overhaul the way in which ratepayers are billed, revenue is collected and interaction with customers takes place. Consequently, rates collected exceeded 100 per cent for May and June 2005 (City of Johannesburg, 2006, p. 140).

It has been generally accepted that the fiscal capacity of municipalities to address growing responsibilities is an ongoing problem (Cloete, 2002, p. 287). However, the best financial management systems in place would not solve affordability constraints and the problems of unemployment.

Consequently, the issue of bad debts (generally written off) has an ongoing negative impact on revenue growth. Poverty levels, even in metropolitan municipalities that are financially stable, has meant that the financial pressure on municipalities remains relentless.

The municipal electricity sector is in the process of being restructured, resulting in either six wall-to-wall Regional Electricity Distributors

(REDS), each covering a metropolitan area (and surrounding municipalities) or 'six plus one' where the seventh one would be national, incorporating all the remaining local municipalities and areas (South African Cities Network, 2006, pp. 5–19). This has serious implications for the financial viability of metropolitan municipalities as the revenue generated from electricity sales is used to cross-subsidize other services (Ethekwini City Council, 2006, p. 12).

4.5.4 Intergovernmental relations and cooperative governance

Cooperative governance has been constitutionalized and strong intergovernmental coordination involving the key role-players and stakeholders, namely national and provincial government departments, state-owned entities and municipalities, is critical for good local governance. Given the strategic importance of metropolitan municipalities, it does appear that they have not been accorded the required intergovernmental attention: for example, there is an absence of a national strategy for urban centres; variable and contradictory agendas in national departments; a lack of major national investment in key urban infrastructure; and unfunded mandates which are still unresolved (South African Cities Network, 2006, pp. 4–63). Integrated development planning is a 'process through which a municipality can establish a development plan for the short, medium and long term' (Republic of South Africa, 1998, p. 29). Integrated development plans have also been produced with limited national and provincial input, despite efforts by municipalities to ensure their active participation (Davids, Theron and Maphunye, 2005, p. 144). The plans also tend to reflect the agenda of the municipality as opposed to being an intergovernmental plan for the metropolitan area. It would appear that the emphasis has been on legal compliance as opposed to content. In this regard, the Municipality of Cape Town's IDP has highlighted areas which require high levels of cooperation and coordination, namely policy alignment and legislation, strategic planning and budgeting, coordinated integrated service delivery, joint projects, joint implementation agencies and community participation (Smith, 2005, pp. 12–6). However, on a more positive note, the ushering in of the unicity has resulted in a single integrated plan for the metropolitan area.

4.5.5 Review and non-implementation of bylaws

The ushering in of the unicity has meant that there will be one set of bylaws for the entire metropolitan area. However, some of the metropolitan municipalities, notably Durban, have not changed their

bylaws to date. The council is currently one entity, but there are different sets of bylaws which have to be rationalized and reviewed (*Daily News*, 29 June 2005). It would appear that a general sense of insecurity may also be exacerbated by an environment where local communities do not abide by legislation introduced to regulate behaviours and practices that directly affect public order and health. In this context, the non-implementation of bylaws, notably in relation to street trading, health and the environment, is problematic (City of Johannesburg Metropolitan Municipality, 2006, p. 224). The situation would not have deteriorated to such a level had there been one set of bylaws for the entire metropolitan area; however this has not materialized. There should be a greater political will to ensure the implementation of bylaws, particularly in relation to health, housing, traffic and informal trading as non-implementation could ultimately lead to urban decay.

4.5.6 Deepening local governance and public participation

Considerable progress has been made in enhancing public participation and deepening local governance; however, much more needs to be done in terms of ensuring that municipalities become more vibrant, dynamic and creative in the context of developmental local government. The metropolitan municipalities and their collaborative partners have to engage more meaningfully with the local citizenry in terms of ascertaining and responding to their needs. The new political system has combined the advantages of centralized decision-making, unencumbered by the complexities of separate points of decision-making in other councils in the metropolitan council, with a strong focus on building a system and culture of participatory governance (City of Johannesburg Metropolitan Municipality, 2006, p. 254). However, on a negative note, the unicity has in fact increased the centralization of power and this has impacted negatively on local democracy, accountability and decision-making (Reddy, 2005, p. 133). A key challenge is ensuring that that there is civic and community participation in all activities of the council. The legal framework for public participation is quite detailed; however it has not yet resulted in a sustainable process of public participation. In this regard, De Visser (2005, p. 106) points out that the success of public participation will not depend on regulating the system but rather on inculcating a culture of community participation and ensuring innovation and creativity in relation to its policies and bylaws. At present the ward committees are the only vehicles for direct participation at the local level. Some metropolitan municipalities have ward committees that are functioning well, while in others they are not

that effective (South African Cities Network, 2006, pp. 4, 59). In other instances, ward committees have not been established at all. The members are not remunerated and consequently are not that committed. The establishment of ward committees has been problematic as many of them have become highly politicized and this has led to conflict and widened the gap between councillors and local communities. Political parties have also secured representation on them under the aegis of civic organizations.

4.6 Effective decision-making and political efficacy

The metropolitan municipalities have established different political systems in terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998); for example, the City of Johannesburg has an executive mayor and wards, Cape Town has an executive committee and sub-councils and Ethekwini has an executive committee. Consequently, there are some variations in the policymaking processes. The executive system of government was introduced to expedite decision-making and ensure accountability (South African Cities Network, 2004, p. 145). Some councils have introduced mayoral committees to provide strategic oversight where the municipal managers and heads of departments have delegated responsibilities for policy interpretation, strategic implementation and resource allocation. Others have introduced mayoral committees similar to those of the provincial executive where members have a portfolio and are located in departments and lead daily management processes. However, there is no guarantee that the new system will ensure speedy and effective decision-making.

4.7 Conclusion

The agenda of non-racialism, equity and redistribution was directly linked to the ushering in of metropolitan government in South Africa. It was viewed as an important institutional mechanism to address the inequitable pattern of socioeconomic development that characterized the major urban areas. The two-tier metropolitan government system was initially introduced during the transitional period before the unicity was ushered in in December 2000. The move to a unicity has been driven largely by the global trend towards the idea that less government is better government, with particular emphasis on the need for equity, redistribution, financial viability, efficiency, effectiveness and savings.

The South African cases presented, Johannesburg and Ethekwini, are more powerful than some of the provincial governments in terms of budgets. Given the amalgamation processes and the implementation of new legislative and strategic initiatives, it is still too early to determine whether the councils are functioning efficiently and effectively in relation to service delivery or whether there have been any savings arising from the amalgamation. However, it is imperative that the executive leaderships, both political and management, ensure that they remain vigilant and practice sound financial management, as financial viability is critical to the success of the new democratic local government.

In reviewing metropolitan governance more broadly, it appears that considerable progress has been made in addressing issues of equity and redistribution. However, the challenge of service delivery is quite daunting given the fact that the demand for services exceeds the resources available. There are other pressing challenges that are high on the municipal agenda, namely, the development of a financially viable and sustainable metropolitan government system, deepening local democracy and public participation, managing social development and poverty alleviation, improving urban management and development, facilitating capacity development, ensuring efficient and effective service delivery, enhancing democratic decentralization, and resolving the issue of 'unfunded mandates', improving revenue management and addressing the culture of non-payment, addressing inner-city decay, facilitating local economic development and reviewing and ensuring the implementation of bylaws, and addressing the HIV/Aids pandemic and crime. There has been centralization of power and in the final analysis, this has had a negative impact on public participation and access to the local bureaucracy. Given the rationale for ushering in the unicity, it is quite obvious that structural change alone cannot necessarily be seen to be the panacea for all metropolitan problems, particularly in the South African context.

In the case of South Africa, major structural reform and demarcation of boundaries on two occasions and the ushering in of developmental local government have all been introduced in the broader context of democratization. Perhaps a more incremental approach to local government restructuring and transformation rather than 'the big-bang rationalist type of approach would have been advisable' (Cameron, 2005, p. 337).

4.8 Notes

1. Act 108 of 1996.
2. Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Municipal Property Rates Act , 2004 (Act 6 of 2004).
3. Section 135 (1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003).
4. Section 227.
5. Greater Johannesburg Metropolitan Council (1998, p. 1).
6. Greater Johannesburg Metropolitan Council, 1998, p. 1; Johannesburg City Council, 2001, p. 22–32 ; De Villiers, 2001, pp. 22–32 and Cameron, 1999, p. 273).
7. Greater Johannesburg Metropolitan Council, 1999a: 6 in Reddy, 2005, p. 119.
8. Woolridge, 1999, p. 19 and Froneman and De Sousa Pereira, 2001, p. 12.
9. A UAC is a municipal business enterprise, defined in the Local Goviernment: Municipal Systems Act, 2000 (Act 32 of 2000) as a company under the ownership and control of a municipality, which has the financial and operational authority to function in accordance with business principles.

5
Using Indigenous Knowledge

Geoffrey I. Nwaka

5.1 Introduction

Indigenous knowledge is now celebrated by many of its advocates as 'the single largest knowledge resource not yet mobilized in the development enterprise' (Richards, cited in Warren, Slikkerveer and Brokensha, 1995, p. 476) Recent titles such as *Tradition as a Modern Strategy, Modern Dilemmas and Traditional Insights The Indigenization of Modernity* and reflect the growing prominence accorded to culture and tradition in current development thinking and research. For a long time, African customs and traditions were misperceived as irrational and incompatible with the conventional strategies for economic development, or at any rate as ineffective in coping with present-day needs and challenges. But with the development crisis of the 1980s and 1990s, and the policy failures associated with the formal government system, there is increasing loss of faith in the Western, 'external-agency' model of development imposed from the top by national governments and international development agencies. The undue emphasis which this pattern of development places on purely economic and quantitative growth is now blamed for the worsening problems of environmental degradation, widespread poverty, inequality and the undermining of those values and institutions which hold these negative forces in check.

The problems of poverty, neglect and exclusion are most pronounced at the local community level, in the villages and urban slums, where these communities ought to be encouraged to participate in, and bring their own agendas to bear on, governance and development. This study considers how indigenous knowledge and practice can be put to good use in support of local government and public administration in Nigeria, especially in some of those spheres of activity in which local

governments have exclusive or concurrent constitutional responsibility: agriculture and health care, environmental protection and sanitation, land and natural resource management, basic education, rural finance, law reform and conflict resolution, poverty reduction, and the provision of essential services. How can development programmes in these areas be made to reflect local priorities and to build upon and strengthen local knowledge, organization and capacity?

The renewed interest in indigenous knowledge and institutions is in line with the current advocacy of the minimalist state and the 'enabling approach' as conditions for good governance in a period of structural adjustment and public-sector reform. Governments are urged — in fact obliged — by donor agencies to reduce their role to what their dwindling resources and capacities permit, and to decentralize the structure of governance, promote genuine partnership, and enlist the broad participation of non-state actors and stakeholders, including traditional institutions and other civil society/community-based organizations. This trend has been reinforced by the UNESCO sponsored World Decade for Cultural Development (1988–1997), the Earth Summit in Rio on Environment and Development (1992), and other global initiatives and debates which have stressed the cultural dimension of development and the need to take local knowledge and practice fully into account in the development process (UNESCO, 1995; UNCHS-Habitat, 1998)

This chapter questions the uniform, single-tier structure of local government introduced in Nigeria in 1976 for both the rural and urban areas (Federal Republic of Nigeria, 1976; Igbuzor, 2003). This arrangement, now under critical review, overlooks the country's cultural pluralism and diverse local practices. We shall revisit the Dasuki and Political Bureau Reports of the late 1980s which tried to address these concerns, and also highlight the provisions of the laws establishing the Directorate for Food, Roads and Rural Infrastructure (DFRRI) and MAMSER (Mass Mobilization for Social and Economic Recovery) which sought to create the framework for reconciling indigenous institutions with the formal state machinery. These programmes were meant to link Town Unions and other informal-sector groups structurally to formal government institutions as agencies for community development. This chapter considers: the pattern of local governments that would make governance less distant from the people, less bureaucratic, more accountable and more responsive to local needs; how the village or community to which most citizens hold moral allegiance could constitute the primary unit of a multi-tier local government system, as was attempted in some form in the immediate post-civil-war period in

parts of the former Eastern Region (Odenigwe, 1972); how certain positive traditional attributes and values can be harnessed to bolster the moral tenor and performance of government and public-sector management; how to adapt modern ideas and techniques of governance and development to local conditions and organization; and how to adjust indigenous institutions appropriately to come to terms with contemporary realities. In Nigerian towns and cities, the distinction between indigenes and strangers is still strong, and is even recognized by the Constitution.

This study will consider how we can classify the urban centres, and design an appropriate form of municipal government for the various categories of large, medium and small towns. It will also look at how to enlist traditionally based institutions and the associational life of urban neighborhoods and the informal sector in the effort to ameliorate the adverse impact of rapid urban growth, especially in the critical areas of housing, environmental health, infrastructure provision and services delivery. It will for instance, consider the value of local building materials, informal land transactions, and appropriate laws, codes and standards that are compatible with local conditions and flexible enough to accommodate the urban poor and disadvantaged groups. There are already hopeful pointers in this direction: for example, how the principles of traditional rotational credit systems and traditional apprenticeship practices have been deployed in the establishment of community and people's banks, and in the programmes of the National Directorate for Employment (Halfani, 1996; Dike, 1997). A few lessons on decentralization and local government reforms from the recent experiences of other developing countries such as South Africa, Ghana, India and Brazil will be explored briefly for comparative insights.

The chapter concludes with some general reflections on the indigenous knowledge movement as an appropriate local response to globalization and Western knowledge dominance, and as a means to promote intercultural dialogue and reaffirm Africa's historic contribution to the larger body of international knowledge. It will also consider the implications of the indigenous knowledge idea for applied research, for development policy makers, and for international development assistance.

5.2 Research and policy issues

The indigenous knowledge agenda faces two broad sets of problems: the scientific questions of concepts and method, and the practical ones of

applying this knowledge and its lessons appropriately to development policy and practice. These issues continue to feature in the various conferences, edited volumes, international networks and newsletters that are devoted to the many dimensions of the subject. When is knowledge indigenous and how does traditional knowledge (also referred to as local knowledge, ethno-science and the like) differ from or relate to scientific or Western-based written knowledge? Definitions vary and are often imprecise, with only general agreement on the main characteristics of indigenous knowledge (See Agarawal, 1995; Sillitoe, 1998). The World Bank, the IDRC, UNESCO-MOST/CIRAN and other organizations and networks that promote indigenous knowledge use the term to refer to the vast and largely undocumented body of knowledge, wisdom, skills and expertise that a given community has developed over time and continues to develop as it grapples with the challenges of its environment, with outside ideas, and with constantly changing conditions. It represents the heritage of creative thought and practical everyday life-skills which is passed on orally or through experience from one generation to the next. It is usually tacit knowledge, stored in people's individual or collective memories, and often guarded jealously, hence the saying that each time an elder dies, it is as if a library had burned down (Easton in World Bank, 2002; SCESSAL/LIASA, 2002). This explains the current anxiety about the threat which modernization poses to indigenous knowledge, and the need to systematically collect, analyze, validate, disseminate and protect it from extinction, abuse or piracy, and ensure that the original owners of this knowledge are fully acknowledged and equitably compensated.

There is also little consensus on methods and approaches among the various groups of researchers with an interest in the subject: social scientists in anthropology, human geography, oral history and development studies, as well as those in the natural and life sciences, in agronomy, soil science, forestry, and human and veterinary sciences. The subject obviously does not lend itself to the narrow discipline-based approach, as very many related issues are involved in the research and application of indigenous knowledge. While some researchers approach the subject from the purely cultural, antiquarian or epistemological angle, others with a more practical orientation seek to use indigenous knowledge as a model to introduce a locally informed and endogenous perspective in development policy and practice (Easton, in World Bank, 1998). Indigenous knowledge is seen not only as a means of rethinking and redirecting development in agriculture, healthcare, natural resource management and the like but also as a way to involve and enable local

actors to participate in their own development. It is in this sense that the participatory/interdisciplinary approach to the subject has a special appeal. Another challenge in the search for an appropriate method is to identify 'best practices' in various cultural contexts, and explore what policy lessons or implications can be drawn from them for a given area or development programme.

How does indigenous knowledge relate to modern science and written knowledge? It is really not very helpful to overemphasize how indigenous knowledge compares or contrasts with modern science, as if the two systems of knowledge were in conflict or in competition. Indigenous knowledge differs from place to place, and scientific knowledge changes all the time; hence there are similarities and some overlap between the indigenous and the scientific knowledge systems. Very few if any serious scholars consider indigenous knowledge to be an alternative to modern science and technology; nor is the exclusive use of modern science enough for the complex task of achieving sustainable development in diverse cultural and ecological contexts. The real challenge is how not to romanticize indigenous knowledge or over-idealize modern science, as both have their strengths and limitations, and should complement and not confront or undermine each other (Haverkort et al, 2002) The UNESCO/World Commission for Cultural Development (WCCD) urges the active recognition and exploitation of cultural pluralism and 'Our Creative Diversity'; and even the International Council of Science (ICSU) has recently urged 'governments to support cooperation between holders of traditional knowledge and scientists to explore the relationships between different knowledge systems and to foster interlinkages of mutual benefit' (UNESCO, 1995; Haverkort et al, 2002) How does all this relate to the policy and practice of development?

5.3 Indigenous knowledge and good governance

The Secretary General of the UN has recently identified good governance as 'perhaps the single most important factor in eradicating poverty and promoting development'. How does indigenous knowledge promote good governance? Much of the current thinking on good governance derives from the recommendations and plans of action of the United Nations-sponsored conferences of the 1990s; on environment and development, combatting poverty and inequality, human settlement improvement, and gender and health-related issues. The policy prescriptions of these congresses have been reinforced by the work of the World Bank, the UNDP and the UN-Habitat, all of which have endorsed the

principles of *enablement, democratic decentralization, participation* and *partnership*, in addition of course, to the other main elements of good governance such as accountability, transparency and pluralism. (Schechter, 2001).

In implementing these principles, however, many African governments and donor agencies have tended to focus attention at the national and state levels in their programmes for institution-building, anti-corruption and human-rights crusades and reform of the civil service and electoral and judicial systems. The major gap in the good governance agenda appears to be at the local level where the major issues of poverty reduction, popular participation and support for an active civil society remain largely under-researched and unaddressed.

It is also at the local grassroots level that indigenous knowledge appears to have the greatest potential to contribute to sustainable development. For most of his distinguished scholarly career, the late Professor Claude Ake stressed the need for a home-grown model of self-reliant development which can only come about if we learn to 'build on the indigenous'.

We build on the indigenous by making it determine the form and content of development strategy; by ensuring that developmental change accommodates itself to the values, interests, aspirations and/or social institutions which are important to the life of the people. It is only when developmental change comes to terms with them that it can become sustainable (Ake, 1988, p. 19).

In his influential World Bank studies, Mamodou Dia, with his group, has argued that the most promising way to overcome the shortcomings of the state system and its alien formal institutions in Africa is to recognize 'the structural and functional disconnect between the informal, indigenous institutions rooted in the region's history and culture, and formal institutions mostly transplanted from outside' (Dia, 1996; Francis, 1996). The remedy, he argues, is to ensure 'a reconnect between state and civil society', and to identify the opportunities within indigenous institutions for building a more pluralistic and participatory form of governance and development. The UN-Habitat Agenda of 1996 also highlights the need for 'partnership among countries and among all actors within countries. Good urban governance entails finding ways of engaging with the urban poor so that their needs can be reflected in the policies and programs of city governments' (UNCHS-Habitat, p. 1998).

In the various decentralization programs in Nigeria, efforts have been made, with mixed results, to transfer some responsibilities from the state to the market/private sector through privatization and deregulation.

Political decentralization has also involved the vertical transfer of authority and resources from the central to the lower state/local-government levels of governance. The weak link remains the horizontal or further decentralization within the lower levels of governance, especially from local governments to village organizations, urban neighborhoods and other interest groups (Allen, 1990). There is a need to empower and strengthen local communities and their informal institutions to participate in decision-making, resource generation and control as well as the planning and implementation of development programs.

The role of traditional rules and institutions in local governance and development has been examined in detail elsewhere, and need not detain us here (Nwaka, 1999; Ray and Reddy, 2003); let me conclude this section with the observation of the Commonwealth Local Government Forum which studied traditional organizations and leadership patterns in Sierra Leone, Zimbabwe, Kenya, Botswana and South Africa, with a view to providing practical guidance in reviewing relations with traditional leaders and institutions. While admitting that some traditional practices were authoritarian and ill-suited to present-day conditions, the forum suggested that:

> Traditional leadership, in its form before external interference, operated on the principle of community participation, consultation, consensus, and an acceptable level of transparency through the village council or open tribal consultative meetings. These principles are not too different from the ones which modern democracies prescribe as essential for democracy! It might serve the purpose, therefore, that countries of Africa which are striving to gain Good Governance should look with renewed detail to the role of traditional leaders and pay specific attention to the similarities between the principles of traditional governance and the aspirations of new democracies the world over (Venson, 1995, p. 2).

5.4 Indigenous knowledge and urban governance

Is indigenous knowledge also relevant to modern urban governance? Many Nigerian cities predate colonial rule, and still have large indigenous populations whose traditional attitudes and institutions are said to constitute a constraint to national development, especially in respect to land ownership and control. Colonial policies did not favor urban development, but many cities have developed nonetheless, and

have grown rapidly ahead of the development of appropriate institutions capable of handling the challenges of rapid growth. The country is therefore facing a worsening urban crisis. The six- to tenfold increase in urban population between Habitat 1 in 1976 and Habitat 11 in 1996 has overtaken the capacity of national and municipal authorities to cope with the problems of housing, employment, environmental sanitation and the provision of basic services. Many critics have likened this chaotic pattern of urban development to building a house from the roof down:

> ... all the institutions of modern urbanization are in place — the banks, the factories, the legal system, the unions etc.; but all these appear to be suspended over societies that have no firm connection to them, and whose indigenous institutions, even when oriented in the right direction, lack the necessary scaffolding to connect them to their modern surrogates (Mabogunje, 1995, pp. 205–6).

The laws, codes and standards that operate in the cities were inherited from the colonial period, and are now applied with little rethinking by the local elite and bureaucrats. This anomalous state of affairs has led to the poor functioning of the cities and the call for endogenizing or 'radicalizing' the institutional response to rapid urban growth, especially because there are still strong ties between urban and rural areas, and a large urban informal sector.

To explain the poor performance of public-sector management in the cities and elsewhere in Africa, Professor Ekeh has drawn a distinction between the morality of the 'civic public' associated with colonial rule and alien institutions on the one hand, and on the other the 'premodial public', associated with traditional sentiments, values and restraints in various indigenous societies and institutions. The political and administrative structures of the civic realm — the civil service, the police, the judiciary — were created by the alien colonizers, and therefore tend to elicit a negative and predatory response from the people who see government work as white man's work, and public resources as fair game. There is general apathy and cynicism towards government, and some ambivalence about accountability in governance. By contrast, the general attitude to the premodial realm (ethnic, clan or village) is much more selfless and transparent, because of the cultural norms, obligations and sanctions that come into play (Ekeh, 1975; Honey and Okafor, 1998). This partly explains the pervasiveness of ethnic and clan unions in the cities, with their strong links to home towns. The argument, then,

is that these traditional values, attitudes and institutions should be consciously harnessed and brought to bear on governance and public affairs in the cities and other spheres of public life.

In the same way, Dia's influential World Bank studies have urged synergy or 'institutional reconciliation' between state and community, through measures which increase the technical and organizational capacity of community institutions, and also create a more responsive and accountable public sector. Both formal and informal institutions are here to stay, and need to be more flexible in their relationship to each other. The formal sector and its institutions need to adapt to local conditions for greater legitimacy and enforceability; informal-sector institutions in some cases also need to be renovated and adjusted in order to remain relevant. Local institutions which are sometimes handicapped by limited skills and resources need support links to the budgetary and technical resources available in government and its numerous agencies (Dia, 1996).

This concept of institutional reconciliation can be given practical support in urban governance by consciously trying to integrate the vast urban informal sector into the economic and administrative mainstream, and by encouraging and utilizing informal urban neighbourhood associations, not only for the well-known functions of local security and solidarity, but also as active agents for governance and development. For instance, the South African Local Government: Municipal Structures Act 1998 requires all municipal councils to develop mechanisms to consult and involve the community and community organizations through ward committees and other structures for consultation and collaboration (IDASA Local Government Briefs, 2002). We have referred earlier to how the traditional system of rotational credit has influenced the establishment of community banks and peoples' banks in Nigeria. The first of these banks was opened in December 1990, and by 1992 the number had grown to 401. Together they had built up assets of more than 981 million naira, mobilized over 640 million naira in savings or deposits, and disbursed some 150 million naira as loans and advances to small informal-sector producers (Mabogunje, 1995; Halfani, 1996). Unfortunately, recent studies of the informal sector in Nigeria suggest that only a small percentage of informal-sector operators take advantage of these new opportunities. Only about 10 per cent were aware of how to avail themselves of the services offered by community banks and the apprenticeship programs of the National Directorate of Employment (NDE). There appears to be general apathy and cynicism toward government and the public sector, perhaps because 'the informal sector

lacks the institutional base to link up effectively with debate on public policy' and ensure effective engagement with public policy issues (Dike, 1997). The challenge is, therefore, in how best to build active institutional channels to mobilize and link up individuals and groups in the informal sector to the mainstream of urban government and development.

5.5 The potential role of indigenous knowledge in Nigeria

This section addresses the various dimensions of decentralization and the major shortcomings of local-government reforms in Nigeria and the potential for using indigenous knowledge.

Many Nigerians were disappointed that the nationwide local government elections originally scheduled to take place in May 2002 were postponed, first to August, then to December 2002, and yet again to June 2003. But rather than conduct the election as agreed upon by the Forum of State Independent Electoral Commissions, the federal government, under pressure from the state governors, set up the Ndayako Technical Committee to Review the Structure of Local Government Councils in Nigeria. Ostensibly, the committee was to examine how the system of local government, introduced in 1976, could be modified to ensure greater efficiency and cost-effectiveness; to revisit the idea of local government as a third tier of the federal system; and to consider the excessive cost of electioneering by political parties and individual competitors (Igbuzor, 2003). What, from past experience, are the prospects for an improved local government system in Nigeria in the years ahead? What can indigenous knowledge contribute to the reforms?

5.5.1 Local governance before 1976

There is a vast amount of published material on the precolonial period of indigenous self-rule in Nigeria under various forms of traditional kingdoms, chiefdoms and village republics. What is clear from the literature is that even in those areas of pre-British Nigeria where Emirs, Shehus or Obas enjoyed kingly status and wielded considerable influence, they were still subject to established checks and balances such that 'the ruler had authority but shared power' through a wide range of customary mechanisms for consultations, participation, accountability and consensus-building (Soyinka, 1993). The British colonial 'law and order' administration tried to associate traditional rulers and institutions with local governance in a system of indirect rule and native administration. But the traditional rulers and leaders who worked under that system faced the dilemma of representing their

people while serving as appointees or agents of an oppressive alien regime. This discredited many of them and eroded their traditional legitimacy.

After the Second World War, there was a policy shift as the British tried in the 1950s to introduce a limited system of democratic decentralization in the form of district councils, with elected and appointed representatives. The prospects for evolving a stable system of local governance looked promising; but the early nationalists and independence leaders were impatient both with tradition and with local government, preferring instead the strong and centralized state system as a surer way to forge national unity and to promote rapid economic growth. Local governments consequently suffered neglect in the 1960s, and their fortunes were further undermined by the civil war and the centralizing influence of military rule in the early 1970s.

5.5.2 The 1976 local government reforms

After ten years of military rule, a bold initiative was taken in 1976 'to stabilize and rationalize government at the local level' and to decentralize some significant functions of the state governments to the local level in order to harness local resources for rapid development. *The Guidelines for Local Government Reform*, issued in 1976, and backed by the provisions of the 1979 Constitution, created a uniform, multipurpose single-tier pattern of local government for the whole country, and raised the status of local governments by making them the third tier of the federal system. By this provision the local governments would enjoy a reasonable degree of autonomy as elected *governments*, and not mere appendages of the state governments. To be viable, local governments were to be created for populations of between 150,000 and 800,000. A set of exclusive functions was assigned to them, in addition to other responsibilities which they shared with the other tiers of government; generous provisions were made for funding them, and the *Guidelines* appeared to offer the ideal conditions for local governments to initiate and direct the provision of services, to determine and implement projects of local priority and ensure the active participation of the people and their traditional institutions in responding to local needs and conditions.

Unfortunately, the constitutional provisions in respect of the relationship between the state governments and local governments has remained ambiguous, and a source of potential conflict. State governments maintain that as the federating units of the Nigerian federal system, they have the constitutional jurisdiction over the creation and

general supervision of local governments in their states. For their part the local governments have complained consistently about the arbitrary, discriminatory and high-handed attitude of many state governments, and have on several occasions resorted to the law courts to arbitrate on the matter.

In practice, the large size of local government (some with as many as 800,000 people), has had the adverse effect of creating physical and social distance between the local government and the communities they are meant to serve. Some analysts have established that the traditional organization of individual communities, especially in southern Nigeria — Town Development Unions, Age Grades, Social Clubs, etc. — account for most of the development programmes in their areas. The formal local government agencies account for only a few of the development activities, as they expend most of the local government budget on recurrent expenditure items and projects of doubtful priority (Olowo et al, 1991).

Although General Buhari's regime, which overthrew the Second Republic, abolished the 600 or so additional local governments created randomly by the ousted civilian state governors, the tension between state and local governments persisted. This continued even in the Babangida era (1984–92) which is generally considered to have been the most favourable period of local government consolidation in the country. During this period, efforts were made to protect local governments from the arbitrary interference of state governments. The state ministries of local government were abolished, and the responsibility for local government oversight was moved to the office of the Chief of General Staff in the Presidency. The local governments adopted the presidential system that established their executive and legislative arms. Direct financial allocation to the local governments was raised from 15 per cent to 20 per cent of national revenue, up from a mere 3 per cent in 1976 (See Olowo, 1996; 2001; Osaghae, 1991; Gboyega, 1999). With these measures there were definite improvements in the quality of political and administrative leadership at local government level, and some advance in the social-service sector — in health, education, rural roads and water supply. But the tension in state–local government relations persisted, and so did the gap between local government and local communities. Besides, 'the heavy hand of uniformity failed to allow for cultural and economic diversity, e.g. between the urban and rural areas; and there was an almost total dependence on external funding, mainly federal transfers for the work of the local governments' (Olowo, 1991).

Two of the major reviews of the local government system in this period deserve special attention for this study — the Report of the Dasuki Committee on the Review of Local Government Administration in Nigeria (1985), and the work of the Political Bureau set up to advise on the programmes for the return to civil rule (1987).

The Dasuki Committee report endorsed the local government structure established by the 1976 reform — for at least the next ten years — but observed that the system was marred by operational problems and the military context in which it operated. The committee sought to strengthen the revenue base of the local government councils, but more importantly recommended that seven or so Development Area Committees, each of between 25,000 and 50,000 people, should be established within each of the 301 local government areas in order to further decentralize the delivery of services and promote broad grassroots participation (Federal Republic of Nigeria, 1985). These recommendations were, however, not implemented, but the Political Bureau which was set up a few years later upheld the ideas of the Dasuki report, and went even further to suggest a multi-tier, pyramidal structure for local governments, with villages and neighbourhood organizations forming the primary units and building blocks of the restructured local government system. Village/neighbourhood Committees would coordinate the work of the various village organizations, monitor the work of local government officials, and nominate their leaders or chairmen to serve at the next level of local governance — the Area Divisional Councils. These councils, with administrative officials appointed or seconded by government as secretary, would play a higher coordination role (Federal Republic of Nigeria, 1987) The idea expressed is that government is best when power is shared and brought close to the grassroots. Again, for various reasons, mainly to do with the crowded programmes of the planned transition to civil rule, these recommendations, though accepted in principle, were held in abeyance. Some elements of the report were to be implemented in a modified form by the new and well-funded Directorate for Food, Roads and Rural Infrastructure (DFRRI).

Among other things this directorate was to 'encourage communities to form their own village, community or town-improvement or development unions or associations, under their own democratically elected leaders to serve as the apex organization for mobilizing their communities for the successful participatory implementation of all rural development programs initiated by the Directorate, each tier of government, or by the communities themselves' (Federal Republic of Nigeria, 1987b).

Government would provide matching grants to encourage communities to invest their labour and resources in the development of their local communities. It was hoped that in this way the more than 100,000 or so communities identified in Nigeria would be structurally linked to the formal organs of government as agencies for community and neighbourhood development. Again, for various reasons associated with the frequent changes of government and policy direction, DFRRI was short-lived, and its programmes were transferred to the State Directorates for Rural Development (SDRD).

5.6 Conclusion

More work and space would be needed to address in detail all the issues raised earlier, but this chapter has argued that the conventional model of development, which has sought to transform African societies into a Western image, has not only failed, but has tended to alienate the people from their roots and to undermine local capacity-building and self-confidence. It has also tried to show that local governments are better placed than distant central and state bureaucracies to promote development and poverty reduction, especially if the citizens are given a sense of involvement in making decisions about policies and programmes that affect them. Also, the nearer government is brought to the people, the more likely it is that positive traditional norms, values and institutions will be brought to bear on development action. It is in this sense that decentralization broadens participation, and helps to build democracy from the grassroots (Inter-American Foundation, 2001)

Unfortunately, the record of decentralization and local governance in Nigeria has been rather disappointing, in spite of the political rhetoric about power-sharing and popular empowerment. With the economic crisis of the 1980s and 1990s, and the poor functioning of the state system, more and more functions have been offloaded to the lower levels of government without the resources and the institutional support needed to ensure effective performance. Indigenous knowledge may not be the panacea for the multifarious problems of governance and development in Nigeria, but it is certainly a useful but sadly overlooked resource which, with appropriate support, can strengthen local governance and promote a more self-reliant, endogenous and sustainable form of development.

The challenges to and opportunities of integrating this knowledge in the process of governance and development are enormous; we can only

highlight here some of the policy implications for national planners and the international development community, which must provide the enabling and supporting environment for indigenous knowledge to realize its potential. First, the local people themselves who are the custodians and practitioners of indigenous knowledge must overcome doubts and diffidence about the merits of their ideas, skills and practices. While they should not idealize or romanticize the merits of their cultural practices and traditions, they must be encouraged to appreciate the strong and weak points of their knowledge and seek, through experimentation, to improve and modify them appropriately in the light of change and new ideas, especially in the vital areas of agriculture and food security, human and animal healthcare, education, and natural resource conservation/management. Marshal Sahlins has rightly emphasized the need for peoples in the developing world 'to indigenize the forces of global modernity, and turn them to their own ends', since the real impact of globalization depends on the response developed at the local grassroots level (Sahlins in Hooper, 2000; Haverkort et al, 2002). They should also actively engage government and its agencies in genuine dialogue and partnership to ensure that the interests of all stakeholders are served. For its part, government at the national and sub-regional levels should create the appropriate legal and regulatory framework to facilitate decentralization and broad-based civic participation. Part of the rethinking needed in this regard would imply a policy shift from the top-down centralist model to a bottom-up grassroots approach that would rely not solely on the state or on market forces, but also on genuine partnership with the organizations of civil society — with renewed emphasis on indigenous moral and material resources in all spheres and sectors of national life.

The indigenous-knowledge movement has important implications for development assistance as well. Hitherto, donor agencies have tended to engage numerous outside consultants and experts who sometimes work on preconceived assumptions and solutions. When technical assistance underrates and overlooks local knowledge and expertise, it reinforces the problems of dependency and underdevelopment instead of reinforcing and building upon existing local capacity. Aid agencies that seek to alleviate poverty must focus more clearly on assisting people, not states and governments, and explore more actively the mechanisms for decentralized cooperation. They also need to adjust the ways they operate so that they can more effectively support and strengthen local institutions which relate more closely to the needs and priorities of the intended beneficiaries.

With the increasing tempo of globalization, Africa cannot now opt for an insular and entirely home-grown approach to its development, but must follow a pattern of development which recognizes the merits and limitations of local knowledge and global science, and explores the interface between the two. Like the Japanese and the rapidly developing countries of Asia, Africa must aspire to achieve endogenous development which has a distinct African cultural fingerprint.

6
The Crux of Intergovernmental Relations

Abie J. Geldenhuys

6.1 Introduction

The crux of effective intergovernmental relations in democracies worldwide is the achievement of service excellence in government spheres. The nature and extent of intergovernmental relations in a country directly affect applicable operational activities. On the operational level actions and contributions of specific role-players and government institutions in democratic environments form the foundation for the promotion and facilitation of intergovernmental relations in challenging circumstances. In this regard, local governments across the world are always identified as the most direct sphere of government, influencing the everyday lives of all citizens. Intergovernmental structures and relations involving higher spheres of government are therefore of paramount importance for any kind of service excellence demanded and expected by citizens in a democratic dispensation. This is an expectation shared by citizens worldwide and one of the key issues in reform proposals in countries such as the United States, England and European nations and for that matter also other democratic countries (Hodge, 2000). This is why achieving effective intergovernmental relations is constantly under scrutiny; the key is to create a climate conducive to service excellence and by doing so try to restore faith and trust in government in general.

To illustrate intergovernmental relations on the local government level in practice, an example of the South African experience is examined in this chapter. Typical actions designed to achieve local government excellence in the environment of intergovernmental relations are therefore identified and analyzed. The South African perspective reflects common challenges that can be experienced by democratic countries in

their efforts to establish sound intergovernmental relations among their different structures and spheres of government and indeed emphasizes the crucial importance of appropriate measures in this regard.

To put the South African experience into perspective the nature of global intergovernmental relations is contextualized in the next section. The chapter concludes with a generic exposition of the importance of sound intergovernmental relations for countries aiming to solve their local government problems and therefore to achieve service excellence. In the final analysis, this study exposes the need for comprehensive and extensive theory-based research in the areas of intergovernmental relations to enable the particular role-players in government activities to recommend effective policy changes and to provide advice and expertise in this field.

6.2 Conceptualizing intergovernmental relations

Governments in all countries establish, in terms of specific legislation, appropriate institutions to deliver goods and services to their communities. These institutions are usually involved in their own and in combined efforts to achieve the national development policy goals. No matter what the political dispensation of the country, the particular government has to utilize its own unique structures and institutions to achieve these policy goals. To be able to achieve the goals effectively, inter-institutional harmony is of the utmost importance. Countries, specifically those with democratic systems of government, have implemented certain initiatives and structures to establish environments conducive to the harmonization of intergovernmental relations. It is, however, not the purpose of this section to explain the different models in the world or to reflect on comparisons of intergovernmental relations in different countries, but rather to identify a mutual foundation as a contextualization of the operational crux of the nature of this 'nerve system' of governments.

The point of departure is then to identify the foundation of relations between typical government structures, originating from the delivery of goods and services in an intergovernmental environment in terms of any political dispensation. Venter (2001, pp. 191–2) argues that it entails the conduct of affairs between different public-sector institutions and, depending on the particular political dispensation of the country, these relations can occur vertically between possible spheres of government and also horizontally across institutions within the same sphere. The crux is therefore the real nature of intergovernmental relations and its

influence on service delivery as such and what can be done in general terms to improve these relations in the public sector. The example of the South African local government experience indicates what can go wrong and what should be done to improve the situation.

Intergovernmental relations in a democratic environment originate from the different levels of government in a country and the relationships between these levels. It is, however, not the aim here to argue the pros and cons of centralization or decentralization and how that influences or establishes intergovernmental relations as such. It is, rather, all about effective intergovernmental relations in existing circumstances involving given structures and role-players and the influence on service excellence, irrespective of the degree of centralization and decentralization implemented in a country in terms of the particular political dispensation.

The issue is what is happening on the operational level of intergovernmental relations and how that can improve between structures and institutions with reference to the local government environment. In this regard, the German model of 'cooperative government' can be considered to support effective intergovernmental relations (Rapoo, 1995, p. 17). If, for instance, a three-tier government comprising a national, regional and local level of government and cooperative government is nurtured, certain borders have to be respected as a norm for sound intergovernmental relations. This can include maintaining national unity and the indivisibility of the country, prohibiting the levels of government from assuming any other power or function except those conferred on them in terms of the possible applicable legislation of the country, and respecting the geographical, functional or institutional integrity of other implicated spheres of government. Intergovernmental relations in this cooperative atmosphere results in the three levels supporting and assisting one another, informing one another of, and consulting each other on, activities and actions of common interest, coordinating appropriate actions and legislation, respecting agreed procedures, and avoiding any possible legal proceedings against any level of government (Venter, 2001, p. 192).

In the final instance, the question to ask is what ignites intergovernmental relations on the operational level of activities and what is the foundation that contextualizes a global perspective. Carstens and Mathebula (2007, pp. 10–11) point out that intergovernmental relations are nothing other than actions between and among organs of state. To put this into perspective it means that intergovernmental relations begin with these actions and that relations *per se* are actually the nerve system

in government activities. If the nerve system is not working properly, effectiveness cannot be achieved and the result is ineffective service delivery at the specific government level.

It is important to note that these actions between and among the applicable organs of state in countries are executed in accordance with specific domestic and international laws. With this in mind, intergovernmental relationships are premised on a legal source. As further stated by Carstens and Mathebula (2007, p. 10) pure relationships on the other hand will always have a qualitative nature that can be 'good' or 'bad', and that determines the kind of services delivered by institutions. Another important reality is that values and ethical considerations as well as performance expectations of organs of state will directly influence the qualitative nature of intergovernmental relations and therefore the service quality. The deciding factor for effective intergovernmental relations in any government institution will therefore be directly influenced by the interactive behavior of participating role-players.

The improvement of local government in any country relies conclusively on sound intergovernmental relations, determined by the way organs of state interact with one another. The South African experience of intergovernmental relations in the sphere of interaction between provincial and local government serves as an example.

6.3 A South African local government example

Political reform in South Africa in general and the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) in particular can be seen as the foundation of the democratization of institutions and the facilitation of decentralization in the public sector. To vindicate and cultivate the democratization of institutions and to explore decentralization effectively, the promotion and facilitation of intergovernmental relations and the resolution of intergovernmental disputes in South Africa is of vital importance.

Since South Africa's first democratic elections on 27 April 1994, the country made a political transition to a democratic state while adapting its national, provincial and local spheres of government. Although these spheres of government have their own structures and jurisdictions at different levels, they are still interdependent (Gildenhuys and Knipe, 2000, p. 285). The state performs its concerted powers and functions through a process of intergovernmental relations, according to Chapter 3 of the Constitution. Other non-government organs of state listed in the

Schedules to the Public Finance Management Act, 1999 (Act 1 of 1999) are also part of this environment.

The source of intergovernmental relations (IGR) in South Africa therefore originates from the Constitution. To give effect to the stipulations of the Constitution, the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005) has been implemented. The importance of intergovernmental relations as a determining factor in enhancing local government democratization in South Africa cannot be stressed enough. The Intergovernmental Relations Framework Act therefore signifies the government's earnest approach to developing intergovernmental relations further. It is an approach also shared by other governments abroad, such as in Canada (Reddy 2005, p. 12).

The process of local government democratization in South Africa is first founded in the Constitution and is further exploited by conclusive Acts, analysed in this section. It is illuminating that the operational activities arising from these Acts is actually the instigator or even the cause of intergovernmental relations. The manner of the execution of these activities also has a significant influence on the effectiveness of intergovernmental relations. As an example, a case-scenario of the Integrated Development Plan (IDP) in general and the assessment process in particular explains the influence of the IDP activities on intergovernmental relations in South Africa. Examples of the South African experience in this section serve as a generic exposition of possible similar circumstances elsewhere in the world and should be analysed in perspective.

6.4 Local government democratization

The Constitution and other legislation mentioned in this chapter recognize the involvement of local government in embracing democracy in South Africa and the role of municipalities in development and nation-building. To achieve this, municipalities have to respect the democratic principles and developmental stipulations in legislation. The test at local government level lays in the manner that the democratization process progresses, despite the historical role of local government in South Africa (Parnell, Pieterse, Swilling & Wooldridge, 2000). It is required that local government in South Africa bases its democratization process on the democratic values and principles enshrined in section 195 (1) of the Constitution.

Apart from the Constitution, with reference to Chapters 3 and 7 specifically, a number of significant and important Acts in South Africa

implemented since 1994 serve as mechanisms in the democratization process. In analysing this specific legislation, it is noteworthy how the acts support and measure up to the required values and principles of democracy. A pioneering effort in democratizing local government in South Africa since 1994 is expressed in the following Acts, classified as the 'big three'. This legislation forms the cornerstone of the new democratic local government in South Africa, directly influencing the nature and extent of intergovernmental relations:

Local Government Municipal Systems Act, 2000 (Act 32 of 2000): This Act describes the core principles, mechanisms and processes that are necessary for municipalities to achieve their goals in the public sector. It therefore gives effect to the new system of local government, nurturing effectiveness and transparency in the spirit of being fundamentally developmental in an environment of non-racial democracy.

Local Government Municipal Structures Act, 1998 (Act 117 of 1998): The process of democratizing local government in South Africa requires the establishment of new and legitimate democratic structures with a developmental vision. The establishment of municipalities, division of functions and powers, regulation of internal systems, structures and office-bearers and the provision for appropriate electoral systems is stipulated in this Act.

Municipal Finance Management Act, 2003 (Act 56 of 2003): Accountability is the cornerstone of democracy. The principles enshrined in this Act and the significant reforms resulting from them pave the way for effective and efficient financial management and accountable local government actions. This Act explains the Treasury norms and standards for the local sphere of government. As well as municipalities, the MFMA also applies to national and provincial governments, departments and public entities. It applies to the extent that they have dealings with municipalities with a direct influence on intergovernmental relations as a result.

Section 40(1–2) in Chapter 3 of the Constitution determines that government in South Africa be constituted as national, provincial and local spheres of government that form the basis for the existence of intergovernmental relations between the three levels of government. These three spheres are distinctive, interdependent and interrelated. In their specific environments, they must observe and adhere to the principles in Chapter 3. It is required from them that they conduct their activities within the provided parameters according to the principles of

cooperative government and intergovernmental relations as reflected in Section 41(1–4).

Worldwide local government operates in a milieu of cooperation and the nature and extent of the specific roles of the three spheres of government in South Africa result in the existence of intergovernmental relations. Although the democratization process of local government is firmly on track with sound legislation as a mechanism, this alone will not assure that democracy will triumph. The nerve system of triumphant democracy is intergovernmental relations and attached to that are the ability, actions, attitudes and behavior of every relevant role-player. The status of the relationship between the three tiers of government will ultimately decide the success of democracy at government level in South Africa.

This is why Chapter 3 of the Constitution is so important for the cause of democracy in South Africa and also why the consequent Intergovernmental Relations Framework Act, dealing with the promotion and facilitation of intergovernmental relations, is of paramount interest for democratic governance there. It really guides intergovernmental relations as the nerve system of the operational actions of the three levels of government. Local government democratization can only succeed in a climate of sound intergovernmental relations. This calls for specific actions to achieve excellence in intergovernmental relations in South Africa. Positive actions are required involving everybody as role-players in the public sector, as well as research and knowledge backup and support from other competent institutions.

6.5 Intergovernmental relations in practice

Figure 6.1 below is a graphic and compact exposition of intergovernmental relations in South Africa in practice.

Intergovernmental relations refer to relations between the three tiers of government at the national (central), provincial and local level. The nature and extent of these relations leads to a form of power-independence. In this regard, Rhodes (1986, p. 17) indicates that the different structures are therefore dependent on other applicable structures for resources. For instance, for a municipality to achieve specific goals, it depends on resources from provincial and national government.

Public policies require the direct and indirect involvement or explicit involvement of the three tiers of government. Coordination of these policies is required through mechanisms such as programming, grants-in-aid, planning and budgeting and communication actions. The IDP

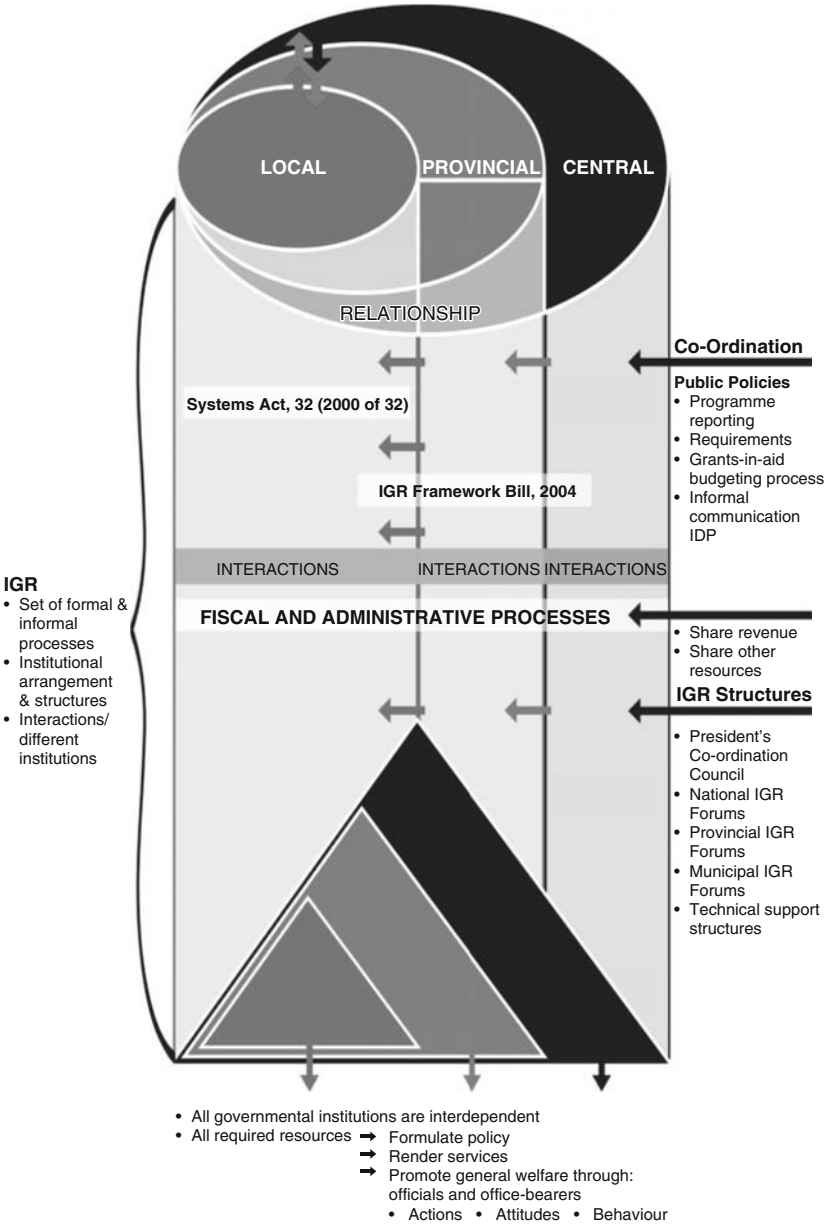

Figure 6.1: Intergovernmental relations in practice

process in terms of the Systems Act and the Intergovernmental Relations Framework Act analysed later in this section serves as an appropriate example.

Fiscal and administrative processes also instigate intergovernmental relations. This in general refers to processes through which the different levels of government share revenue and other resources, accompanied by special conditions that must be satisfied as prerequisites for assistance. Gildenhuys and Knipe (2000, pp. 291–2) confirm the dominant influence of fiscal relations between the applicable government structures through the allocation of sources of income and the approval of budgets. Subsidizing of various government institutions as well as the lending and borrowing of money to finance capital expenditure also reflect the importance of fiscal relations in this environment.

Intergovernmental relations are therefore inspired by a set of formal and informal processes and institutional arrangements and structures. This creates bilateral and multilateral cooperation within and among the three tiers of government. The IDP action and the assessment process, in particular in the milieu of local government democratization in South Africa, are viewed in this section as the instigators of intergovernmental relations.

IGR therefore reflects important interactions between different governmental institutions in all spheres of government. At the local government level the IDP action and the assessment process serve as examples of these interactions.

Intergovernmental relations have distinctive features that suggest an increase in complexity and interdependency of political systems. This is distinctively reflected in the South African legislation analysed in this section.

These complex and interdependent systems originate and develop from: the large number and growth of governmental institutions; the number and variety of public officials involved in IGR; the intensity and regularity of contacts among those officials; the importance of the actions, attitudes and behavior of officials; and the preoccupation with financial policy issues.

In Chapter 2 of the Intergovernmental Relations Framework Act, the establishment of intergovernmental structures is required on the three levels of government in South Africa. These IGR structures are forums for intergovernmental consultation and discussion. They include: the President's Coordinating Council; national intergovernmental forums; provincial intergovernmental forums; municipal intergovernmental forums; and other bodies such as technical support structures. Thornhill

et al (2002, p. 105) are of the opinion that these kinds of structures are important in ensuring that each sphere of government operates effectively and efficiently.

It is a fact that the nature and extent of interaction between the different tiers of government in South Africa vary continuously in terms of the specific degree of cooperation. It also depends on the dynamics of the system and the distinctive role-players, and the accommodation and managing of interdependence and geographical and social diversity.

From a local government perspective municipalities in South Africa are dependent upon external institutions and role-players in the other two spheres of government for appropriate resources. These resources enable them to formulate applicable policy and to render required services through the actions of role-players, influenced by their attitudes and behaviour (Chapmen 1993, p. 3). It also applies for the relationships between municipalities on a trans-frontier, district or general inter-municipality level. The IDP action is a reflection of this perspective.

Intergovernmental relations as viewed by Venter (2001, p. 191) occur vertically and horizontally. The vertical relations are between the spheres of government and the horizontal relations occur across institutions within the same sphere, for instance between different municipalities.

An urgent need exists for actions and positive reactions in the public sector to achieve the required excellence in IGR and, on the local government level, to foster the democratization process (Ranson et al, 1985, pp. 24–7). That is why section 41(2) of the Constitution requires an specific Act of Parliament; to establish or provide structures and institutions for the promotion and facilitation of intergovernmental relations and also to provide for appropriate mechanisms and procedures to address intergovernmental disputes effectively.

The Intergovernmental Relations Framework Act, 2005 therefore deals with this requirement to create the necessary institutional framework for the three tiers of government for the promotion and facilitation of IGR in South Africa. On the local government level, Chapter 2 of this Act makes provision for the establishment of municipal intergovernmental forums, including district intergovernmental forums, the composition, role and meetings of these forums, and inter-municipality forums.

At local government level, Chapter 3 of the Act deals with the conduct of intergovernmental relations, including provincial policies and legislation affecting local government and the responsibility for coordinating intergovernmental relations of district municipalities.

Chapter 4 reflects on the resolution of intergovernmental disputes and the role of assistance by the Minister or MEC for local government in the local government sphere. This Act is a further significant mechanism in the democratization process of local government in South Africa, directed at achieving excellence in intergovernmental relations. The successful promotion and facilitation of intergovernmental relations in South Africa in terms of this legislation, at local government level in particular, is now possible.

The role of these new structures in dealing with intergovernmental relations and the operational actions of municipalities in terms of other applicable legislation, such as the Systems Act, that instigate intergovernmental relations, holds the key for sound democratization at local government level.

6.6 Relationships in government: IDP as a case-scenario

The implementation of the integrated development plan (IDP) in the local government sphere has brought a new approach to the activities of municipalities in South Africa. This new approach demands a fresh developmental orientation from municipalities (Parnell et al, 2002, pp. 79–91). The IDP process requires municipalities to work closely with provincial and national spheres of government, as Chipkin (2002, pp. 57–8) also argues. To elucidate the importance of this IDP document, section 36 of the Local Government Municipal Systems Act demands from all municipalities that they conduct their affairs in a manner which is consistent with its integrated development plan. The nature and extent of the IDP is dealt with in Chapter 5 of this Act where the authoritative concept of this document becomes evident. Section 35(1) of this Act confirms the status of the IDP approach by identifying what the plan demands and how it actually conducts the activities of local government, for example:

- The IDP is the strategic planning instrument of a municipality in South Africa; it guides and informs all the planning and development of a municipality. What is especially significant is that the IDP directly guides all decisions with regard to the planning, management and development in a municipality. These decisions must therefore be based on what the IDP stipulates for the actions of the particular municipality.
- The IDP binds municipalities in the exercise of their executive authority. In terms of the powers bestowed on the executive authority

of a municipality, this is further proof of the directing and authoritative status of the IDP.
- A by-law approves resulting actions of the IDP when it imposes duties or affects the rights of specific role-players in a South African municipality.

In the preceding evaluation of the IDP it is evident that it is also the major foundation of intergovernmental relations. These affairs should be developmentally orientated and, according to Davids, et al (2005, p. 135), the IDP process should guide them. Any problems or challenges experienced in the execution of the IDP can therefore have a particular impact on intergovernmental relations. That is why the struggle municipalities experience to get the cooperation and assistance of government departments in the IDP assessment process is a reason for concern, because it has a direct impact on the effectiveness of intergovernmental relations (South African Local Government Research Centre, 2005, p. 8).

In this case-scenario, the South African Local Government Research Centre (2005, p. 8) evaluates a CSIR report that analyses the status quo of the MEC and IDP assessment processes in terms of the requirements of sections 31 and 32 of the Systems Act. A critical aspect of this report is the conclusion that provincial reviews of IDPs reflect specific intergovernmental weaknesses. This serves as an example of the importance of proactive actions to achieve excellence in intergovernmental relations in the local sphere of government, instigated by the IDP. In this regard, the CSIR report indicated that the Department of Local Government (DPLG) and most provinces in South Africa embarked on actions to improve the IDP process (South African Local Government Research Centre, 2005, p. 9).

To put the case-scenario in context, however, it is necessary to refer to sections 31 and 32 of the Systems Act, highlighting the role of the provinces and the MECs in the IDP process. In this regard, section 31 deals with provincial monitoring and support to South African municipalities in the IDP process, including the following:

- The MEC for local government in a province may monitor the IDP process of municipalities.
- It can assist a municipality with the planning, drafting, adoption and review of the IDP.
- It can facilitate the coordination and alignment of the IDP of applicable municipalities.

- It can coordinate and align the IDP of a municipality with the plans, strategies and programmes of national and provincial organs of state.
- It can take steps to resolve disputes and differences in the IDP process between role-players.

Section 32 further reflects the requirement that a copy of the appropriate IDP should be submitted to the MEC for local government in the specific province of South Africa.

- The municipal manager of the municipality must submit a copy of the IDP to the MEC after adoption by the council of the municipality.
- The MEC may request the municipality (approved by the minister), to adjust or amend the IDP of that municipality for the reasons indicated in this section. The reasons can include the possibility that the IDP does not comply with the requirements. It can be, for instance, in conflict with, not aligned with, or negating any other applicable plans of affected municipalities or organs of state.
- It is required that a municipal council consider the proposals of the MEC, and if in agreement with the proposals, to adjust or amend the IDP accordingly. If not, the municipality can object in writing to the MEC and an ad hoc committee can be appointed by the MEC to deal with the objection. The decision of the ad hoc committee is then final and the municipality should react accordingly.

With these two sections of the Systems Act as the foundation for the provinces and the MEC and IDP assessment processes, appropriate and significant examples from the CSIR report indicate the challenges the IDP process creates in the milieu of intergovernmental relations (South African Local Government Research Centre, 2005, pp. 8–14). The importance of effective IGR is apparent from the examples mentioned below and illustrates that the IDP process of municipalities should receive the highest priority, as the pillar of all local government activities in South Africa.

6.6.1 Provincial scenario: IDP actions and assessment processes

The direct and operational relationship between municipalities and provinces arising from the IDP process is determined by the specific stipulations in sections 31 and 32 of the Local Government Municipal Systems Act. IDP actions and the approaches of a municipality and the applicable province will have a significant and even conclusive influence

on the effectiveness of intergovernmental relations. That is why provinces must approach IDP actions and assessment processes not just in a rigid legalistic manner but rather from a holistic perspective, as indicated by the following questions:

- Are the IDP support units of the provinces able to assist municipalities in the IDP process as required in the Local Government Municipal Systems Act? The CSIR report confirms that most provinces have only small support units.
- Are the resources sufficient and is there enough authority and capacity to provide the necessary support to municipalities, specifically to handle problems related to intergovernmental and inter-institutional collaborations and coordination?
- Is the approach in the IDP assessment process appropriate? Do the provinces and therefore the process focus only on municipal activities of minor significance left out in the IDP, instead of focusing on systematic and structured engagement?
- Does a province in the IDP assessment process support the objective of bringing about the realignment and redistribution of resources between the different local areas in a municipality, and between different areas between municipalities?

Provinces should concentrate on assisting municipalities to focus their IDP process on real strategic issues instead of non-strategic aims. As Rauch (2003, p. 26) rightly mentions, the IDP is far from being a real strategic process. For instance, a direct link between the IDP and the budget process of a municipality is missing.

To conduct the IDP process successfully, municipalities have to depend on positive links, collaboration and cooperation between all the applicable government structures. The question is then whether provinces really support municipalities in initiating and maintaining cooperation in the IDP process. The CSIR investigation unfortunately found that municipalities struggle to get the cooperation and assistance of other government departments, including provincial and national departments.

The quality, nature and extent of the feedback from MECs is also very important. Is the feedback to a municipality mainly a critical reflection of identified gaps in the IDP? Are the reasons for 'negative' feedback clear and are specific solutions with viable options available?

The Local Government Municipal Systems Act requires continuous consultation with municipalities throughout the different stages in the IDP process and the question remains of whether provinces indeed

consult. As a matter of organizational reality, consultation about IDP actions at all levels of government should take place in a permanent and continuous manner.

A continuous and consistent engagement from the provinces is required and an on-off assessment action is not conducive to sound intergovernmental relations. Continuous and consistent engagement from IDP officials and coordinators can result in the improvement of intergovernmental relations in general (Davids et al, 2005, pp. 145–6).

Sustainable relationships between local and district municipalities, and specifically between municipalities and provincial structures, are of the utmost importance in the IDP process, but is this happening?

If there is a lack of effective collaboration, it is highly unlikely that provinces and national departments will deliver their services in alignment with local priorities and needs as required by the Local Government Municipal Systems Act. This definitely does not create a positive climate for excellence in intergovernmental relations in South Africa. Rauch (2003, p. 23) indicates that effective alignment is indeed lacking.

To fulfill the required and expected role in the IDP process, and therefore to support municipalities in this regard, the infrastructure and capacity of provinces must be developed accordingly.

6.6.2 Municipal milieu: IDP actions and assessment processes

Intergovernmental relations in South Africa are really a multidimensional action involving all the role-players and structures that have a direct and even indirect influence on relations. In the IDP process, this also puts municipalities in the same responsibility sphere as all other government structures. Therefore, municipalities have to do their own soul searching to establish what they can do and contribute to an effective IDP process. The following needs appropriate attention:

- In the light of the authoritative nature of the IDP process, municipalities have to use or employ adequate and qualified staff for the job (Brown, 1997, pp. 68–80).
- It is important to convince and motivate all the role-players in a municipality to regard the IDP process as the most important mechanism to achieve the developmental mandate of local government. Municipalities must comply with the individual procedures in the Systems Act in the IDP process.

In the above scenario, it will then be possible for a municipality to honour the requirements of the Local Government Municipal Systems

Act and to execute all the procedures accordingly, including the timely submission of the IDP document.

The Local Government Municipal Systems Act determines in section 29(1)(b) that the local community should participate in the drafting of the IDP. Khan and Cranko (2002, pp. 262–75), however, confirm the lack of general participation by the community.

In terms of the Local Government Municipal Systems Act, all municipalities must submit an IDP document. If for whatever reason they do not comply, they violate a law and therefore do not support the democratization process.

6.6.3 IGR excellence: an anomaly without IDP validity

As has been argued throughout this section, the IDP process is an authoritative mechanism in local government, one of the cornerstones in the local government democratization process and the operational instigator of intergovernmental relations in South Africa (Mhone and Edigheji, 2003). With this in mind, the provincial IDP assessment process and the effects it has on intergovernmental relations should be under continuous scrutiny:

- A successful IDP assessment process will strengthen intergovernmental relations and promote positive cooperative governance.
- Calculated, proper actions and engagement in conducting the IDP process will make the interaction between provinces and municipalities a natural and continuous occurrence during the financial cycle. Stoker (2002, pp. 31–6) declares that this will also empower municipalities to address the challenges of managing environments in a sustainable manner.
- The IDP process in general creates an excellent opportunity to strengthen intergovernmental ties across the three tiers of government. This is another reason, therefore, for the entire spectrum of role-players involved to do their utmost to develop the IDP process according to the real essence of the Local Government Municipal Systems Act.
- Research has found that the IDP process indeed contributes to the promotion of intergovernmental relations (South African Local Government Research Centre, 2005, pp. 8–14). This is one of the major aims of the new Intergovernmental Relations Framework Act.

Although the correct approach to the IDP process and the applicable assessment cycle should be in terms of the Local Government Municipal Systems Act, a balancing act is still required from role-players in the

provinces. This means that provinces should not just concentrate on 'correct' IDP documentation and actions but must also support municipalities in their general and specific efforts to achieve integrated development success for the benefit of the entire community. Putting this developing planning into appropriate action is not an easy task but is achievable and will be beneficial to sound intergovernmental relations in South Africa.

6.7 Development of intergovernmental relations

Intergovernmental relations in the world, as argued in this chapter, originate from the way in which different levels of government interact with one another. How they should interact with one another is determined by constitutions, where applicable, and other related legislation. In terms of their constitutions and appropriate legislation, the political dispensation and the various accompanying structures and institutions of countries become evident. It does not matter how legislation, levels of government, structures and institutions of countries in the world differ; the fact remains that their relationships, and more specifically the intergovernmental relations in interaction processes, are vitally important to achieve service excellence. Evaluation of the South African local government experience indicates how interaction, or even a lack of interaction, between the local and provincial spheres of government determines the effectiveness of intergovernmental relations.

The dynamics of intergovernmental relations in any government environment in the world requires the necessary attention and measures for improvement to support service excellence. It will therefore remain a challenge for all governments to develop their intergovernmental relations accordingly. Because of the vast differences in constitutions, legislation, levels of government, structures and institutions, as well as all kinds of procedures, only general suggestions are listed here as guidelines to develop intergovernmental relations on the local levels of countries in the world. In no particular order, the following can be suggested:

- Role-players should constantly identify intergovernmental issues, trends and turning points in interactions between the levels of government, organs, structures or institutions.
- The agenda and thoughts about intergovernmental relationships have to be stimulated and kept alive.

- Intergovernmental reforms should be an ongoing process and all the political role-players, leaders and the public have to be educated in this regard.
- Intergovernmental communication, cooperation and coordination form the foundation for any government system and demand constant development.
- The successes of existing intergovernmental organizations in the specific country should be promoted and those examples used as benchmarks to improve intergovernmental relations.
- Intergovernmental organizations and all the leading role-players should be constantly engaged in studies of and investigations into intergovernmental relations.
- Improved relations among local governments and the particular other levels of government in the country should be fostered by all role-players involved.
- The involvement in appropriate studies and research on intergovernmental relations by institutions such as universities and state and local governments should be promoted and encouraged.
- Critical and even sensitive intergovernmental policy matters should be identified by leading role-players and appropriate structures in intergovernmental relations for discussion and deliberation.
- Leading role-players at local government level and other levels of government in a country should provide members of the appropriate council or the particular legislative assembly with accurate and timely information to facilitate rational policy-making for the development of sound intergovernmental relations.

6.8 Conclusion

Effective intergovernmental relations on the local level of government in the world are determined by the way operational actions and interactions materialize. These relationships in a particular country are founded in the applicable domestic and international laws in terms of which actions are carried out. In most cases, the appropriate constitution is the primary source that regulates intergovernmental relationships. The secondary sources include the directive legislation, regulations, and policy and departmental directives. Those actions between and among organs of state of individual countries therefore take place in accordance with domestic primary and secondary law. In the South African context the most comprehensive challenge in this regard manifests itself in the operational milieu of intergovernmental relations as reflected at the

local government level. With all these operational challenges considered, local government in the world can only improve if the necessary will and dedication exists in the particular country to develop sound intergovernmental relations. Although the political systems, structures and procedures in countries may differ significantly, the fact remains that without successful and ever improving intergovernmental relations, service excellence will only be a figment of the imagination and the real essence of democracy will dwindle away.

7
Improving Local Management

Hendri Kroukamp and Liezel Lues

7.1 Introduction

From time to time the right of existence of local government is questioned and reasons are given why its institutions cannot be justified. However, if the arguments for and against the right of existence are carefully analysed and compared with the objectives of such institutions, it becomes clear that such arguments should not be about the pros and cons of the existence of local government, but about the management and rationalization of the system. It is therefore important to determine how the components of the system have adapted to the changing environment in which they are found and how, through modernization, more efficient and effective services can be rendered through improved local management to enhance the general welfare of the citizens. In this chapter attention will be paid to global initiatives to improve local management. The discussion will first deal with the concepts: 'improving', 'local management' and 'modernization'. Next, the position of new public management, namely that of the state and citizen-centered programme delivery, will be discussed. Several examples of the improvement of local management in practice will then steer the chapter to conclude with a more practical approach. It will also stress the importance of the implementation of policy as a source of progress.

7.2 Dimensions of the crucial concepts

It is imperative to correctly define the three concepts: 'improving', 'local' and 'management' respectively in the context of the subject matter. According to the Merriam Webster Dictionary, 'improving' means 'to enhance in value or quality; . . . to increase the value of (land or property)

by making it more useful for humans . . .' (Merriam Webster Dictionary, 2006, online). Synonyms for 'improving' point to 'making something more acceptable' or to 'bring it nearer a standard' and, in the case of the 'subject matter', to improve the quality of the current standards with regard to managing local government. The concept 'local' is 'characterized by or relating to position; . . . having a definite spatial form or location, . . . and relates to, or is applicable to part of a whole . . .' (Merriam Webster Dictionary, 2006, online). The concept 'local government' signifies that it is part of a central government sphere. The final concept, 'management', could be defined as 'the act or art of managing; . . . conducting or supervising of something (as a business)' (Merriam Webster Dictionary, 2006, online). Schultz et al (2006, p. 9) define management as the performance of specific activities to achieve certain objectives with and through people. These activities (planning, organizing, leading and controlling) are predominantly carried out by managers. Management always involves individuals who are vitally important for the effective operation of an institution. These individuals, especially when they act in a managerial capacity, should motivate subordinates to achieve organizational goals in the most effective and efficient manner (Schultz et al, 2006, p. 53).

It may be concluded that management assumes an authoritative and responsible position, which refers to the control that a manager exerts over subordinates which can, for example, be applied to direct an institution's strategic plan, work-plan and outcomes. Authority also takes into account the utilization of resources such as money, material, machinery and information in the context of the environment. In addition, management entails a group of functions with the main purpose of directing and leading the activities of an institution towards the achievement of identified objectives (Schultz et al, 2006, p. 9). This process is guided in compliance with legislation, as well as the availability of capital and other resources.

In terms of the above exposition, management therefore aims at the effective and efficient performance of functional activities (line functions). The proper accomplishment of these functions, in turn, depends on whether provision was made through the enabling functions for their execution. In other words, the administrative functions enable the effective and efficient implementation of the functional activities. Management, therefore, refers to a specialized process that can only be performed by specialized people: not everyone in an institution can be a manager, or be responsible for executing managerial functions (Schultz et al, 2006, p. 10).

For the purpose of this chapter, the concept 'improving' will be defined as 'an enabling activity taking place on a continuous basis', while 'management' is regarded as a 'continuing activity'. In practice, local management empowers managers in local government institutions to perform their managerial functions. The managerial functions of the local sector manager are therefore a continuation or extension of public administration for the provision of goods and services to the community within a modernized democracy.

7.3 Effectiveness, renovation and modernization

All countries today, whatever their level of development, are facing calls for administrative reforms and the improvement of local management. One of the most important developments of the past two decades in terms of government modernization and democratization has been a worldwide movement towards the building and strengthening of local governments. Demands for increased governmental responsiveness and accountability have played a significant role in this development. Further factors that have contributed to the creation of a modern democratic government include the insurance of accountability through the existence of an open and unbiased judicial system that upholds a general respect for the rule of law and human rights within a country and the building and sustaining of a vigorous civil society, as well as ensuring that governmental and political power are dispersed to prevent governments from being too powerful (Devenish, Govender and Hulme, 2001, p. 45). Therefore, those who are concerned with the building of a democracy have increasingly turned their attention to the establishment of strong and viable local governments as an important means of ensuring the dispersion of political power and government authority, which is essential to the maintenance of democratic governance. Previous theories on local management did not sufficiently address the abovementioned issues.

Consequently a dramatic growth has taken place with regard to the establishment of democratically elected local governments throughout the world. In 1980, only 10 of the 48 largest countries in the world had elected local government officials, whereas 34 of those 48 countries had elected local officials in 2002. The percentage of countries spending at least one quarter of their total public expenditure at local level grew from 45 per cent in 1990 to 57 per cent in 1997 (Booysen, 2003, p. 10). In 1998, 63 of the 75 developing and transitional countries with a population of more than five million indicated that they were

undertaking some form of decentralization. Most significant, perhaps, is the fact that 95 per cent of the world's democracies had elected subnational governments in 2003, to which, to differing degrees, political, administrative and fiscal powers had been devolved (Rosenbaum and Gajdosova, 2003, p. 34).

It is, however, not only issues of democracy that are driving the strengthening of local government as part of the process of governmental modernization, but economic factors as well. Governments increasingly realize that the existence of viable, effective local governance is an important contributing factor in rapid economic development. An indication of this is the strong relationship between the percentage of the total population of a country living in urban areas and its per capita gross domestic product (GDP). According to the World Bank, urban areas in economically developed countries are responsible for 85 per cent of their GDP (Westcott, 2003, p. 5). Other indications are: the level of economic development of a region and the percentage of government funds and employment at local governance level (developed countries such as Japan and North America spend between 40 per cent and 60 per cent of all government expenditure on local governance); the failure of central planning and the lack of economic success of governments that have relied extensively on such planning; and the realization that economic growth requires creative entrepreneurs, a skilled labour force, an adequate infrastructure and a facilitating environment in terms of technical support, laws and regulations (Rosenbaum and Gajdosova, 2003, p. 35).

One of the reasons for the realization of the importance of local governance for economic development is that local governments, due to the time, the knowledge and the inclination to pay attention to the needs of smaller entrepreneurs, create an environment that is highly supportive of small business development, an ever-increasing generator of jobs and thus a stimulus of economic development. In 1999 the SMME (small, medium and micro-enterprise) sector in South Africa absorbed nearly 57 per cent of people employed in the private sector and contributed 42 per cent to the GDP (*Sunday Times Business Times*, 25 March 2001, p. 1). In a similar vein the Bureau for Latin America and the Caribbean (LAC) continues to promote long-term economic growth and political stability for the western hemisphere. It supports the development of regulatory frameworks and innovative approaches to widen and deepen financial intermediation in the small- and micro-enterprise sector in order to provide greater access to capital for marginalized business people. With the aid of the US it plans to train an additional

10,000 people across the region in trade-related areas in 2006 and support cutting-edge efforts to increase the developmental impact of remittances, which were estimated at $38 billion in 2003 (Franco, 2005, p. 1). Modernization, however, does not automatically guarantee effective and responsive local government and focus should be made on the following issues.

Complexity of local governance: Modernization paved the way for the demarcation of the physical boundaries of local government and improving local management. The complexity of demarcation management is that large municipal areas can, according to Venter and Landsberg (2006, p. 136), have unreasonable boundaries, resulting in difficulties in distance management. The challenges that face such a local government are that it distances itself from its constituents, with the result that the management of service delivery becomes complex. This situation is further aggravated by the fact that the majority of local governments lack adequate resources to deliver effective services and lack the skills to utilize new and complex technology (Craythorne, 2003, p. 130).

Vulnerability of the modernization process: In developed countries, modernization goes hand in hand with negotiation among established interests with strong needs and/or desires to maintain existing practices, while in developing countries, institutions of government are not 'strong' enough to implement modernization processes, thereby pressurizing its government to revert to old practices. Furthermore, the process is complicated by political and economic circumstances and it is therefore crucial that those involved in the process recognize the fact that success requires patience and a long-term commitment.

Sustainable economic growth: Regional economies that are not expanding rapidly enough to generate sufficient jobs to keep up with the population growth, let alone address high poverty rates, remain alarming. The essence is that real, long-term economic growth and political stability are only possible if central governments intentionally expand their political power and economic opportunity to include/embrace/involve citizens, especially the underprivileged (Franco, 2005, p. 1). The challenge ahead for improving local management is to produce more sustainable, equitable growth and develop diversified, broad-based economies.

Changing role of the local government manager: It is evident that governments utilize more than just state departments to achieve their objectives; several role-players, among whom is the municipal manager

in the local sphere of government, play a key role/part. To regard the municipal manager as a politically neutral force in government activities, mainly responsible for executing policies set in place by political rulers, is no longer applicable. The reason for this is that the task of the contemporary municipal manager involves more than the mere execution of legislation — he/she plays an active role in policy-making, implementation, analysis, evaluation and management (Venter and Landsberg, 2006, p. 137).

Strengthening management capacity: According to Rosenbaum and Gajdosova (2003, p. 38) local governments lack the capacity to gather the necessary information to address residents' needs effectively. The implementation of various kinds of measurement and quality management systems is of critical importance for performance, but in many communities basic financial management practices, both in terms of budgeting and accounting, are woefully inadequate. The reasons for the financial disposition of local governments in South Africa, for example, are firstly the political and administrative inability of local governments to deal with a culture of non-payment for services; secondly, the lack of appointed knowledgeable treasury officials, leaving a void of financial expertise; and thirdly, the lack of legal measures to enforce accountability (Venter and Landsberg, 2006, p. 149). The effective implementation of these systems is critical to retain public confidence and trust in the government. Therefore it is essential that local governments' management capacity be strengthened.

Adequate revenue base: Due to limited revenue-raising capacity, local governments become dependent upon national government to provide funding through regular transfers or by specific appropriations, thereby limiting their capacity to provide services. As such, the authority and capacity to raise revenue, whether through imposing taxes and fees, or incurring reasonable debt, are essential to the development of strong local governments. This is not just because revenue is a prerequisite for the provision of effective and adequate public services, but also because the imposition of taxes forces local public officials to act more responsibly (compare Pauw, et al, 2002, p. 253).

Citizen empowerment: As only a part of the people being governed is involved in or in a position to influence local governance, initiatives to empower the poor and the marginalized through adequate information to enable them understand both the opportunities for and the responsibilities inherent in local governance should be encouraged to

prevent increasing financial burdens and a declining infrastructure (Kroukamp, 2002, p. 42).

Strengthening the partnerships between central and local government and civil society: Central governments, on the one hand, through legislation and their fiscal policies, shape the environment in which local governments operate and can limit or support their capacity to act effectively. Consequently, it is of critical importance to the future of local government that national and local officials, as well as civil society, work together. Civil societies, on the other hand, through independent activities and, increasingly, through their ability to influence other institutions, are beginning to shape the policies and actions of both local and national governments. It is therefore crucial that civil-society organizations and local governments form partnerships to explore the most effective means for delivering services to residents of a given community (Prabhu, Robson and Mitchell, 2002, p. 38). In order for these relationships to be effective, Trafford and Proctor (2006, p. 120) identified five key elements, namely good communication, openness, effective planning, ethos and direction.

Planning for responsive local governance: Local government planning activities should involve a wide spectrum of the community. As such, community-based planning that reflects the needs of the entire community is the single most effective means to develop priorities that truly reflect the needs of the community. Consequently, the implementation of participatory strategic planning techniques become increasingly important for the development of effective local government and the linking of the outcomes of such processes to the development of the budget. This is supported by Thabo Mbeki (2006, p. 12), who is of the opinion that a particular focus of the government and its pursuit of modernization and improved service delivery is the tool of policy implementation.

Accountability and transparency to ensure trust: Citizens are increasingly demanding that government be both accountable and transparent in its actions. On a local level citizen confidence in government is directly related both to the responsiveness of the government to the needs of citizens and its susceptibility to their participation and involvement. For citizens to participate effectively in government, they must be able both to understand and have confidence in it. Local governments have the opportunity to set a new standard of excellence in terms of accountability and transparency and, in doing so, help to reverse the growing trend of citizen disillusionment with government institutions (Charlesworth, Cook and Crozier, 2003, p. 13). According to Veldsman

(2004, p. 31) the trust level determines the true sense of accepting co-responsibility for the actions of government, as well as the success of their service delivery efforts.

Combatting corruption: Corruption is not only a consequence of weak governance, but also an obstacle to economic development and the growth of strong democratic societies. A corrupt or ineffective government sector can slow down economic development, undermine the strength and credibility of democratic institutions and erode the social capital necessary for increased human wellbeing and the development of human potential. Research done by the World Bank shows that those countries that effectively address corruption and improve the rule of law can increase their national income four-fold in the long run (Franco, 2005, p. 2). The persistent nature of high-level corruption across the spectrum of local management makes prosecution and punishment imperative.

Taking the abovementioned variables into consideration will ultimately contribute to making the efforts of government modernization more effective. The modernization process, furthermore, goes hand in hand with the introduction of phenomena such as globalization and information and communication technologies (ICTs), which provide additional incentives to modernize the role of the state and carry further market-related solutions in order to maintain the international competitiveness of the economy and create conditions to benefit fully from the trends of these phenomena. For these purposes, attention needs to focus on new public management (NPM), the role of the state, citizen-centered programme delivery, and setting up an efficient administration through the introduction of a new governing framework.

7.3.1 New public management

One of the major consequences of the modernization process is a decrease in administrative disparities and less divergence in models due to the development of the principle of standardization and uniformity of management rules. This takes a number of inevitable routes that can be summed up by the term new public management (NPM).

Common (1998, p. 445) and Minogue (1998, p. 27) observed that fiscal crises of governments, the poor performance of the public sector in different arenas, imperious bureaucracy, a lack of accountability, corruption, changes in the expectations of people and the emergence of better alternative forms of service delivery contributed to the emergence of the NPM model. Whatever the reasons for its emergence,

the new model promised more streamlined and better government, decentralization, empowerment, customer satisfaction and better mechanisms of public accountability.

The term NPM is controversial and has many alternative names. Pollitt (1993) described it as managerialism, Lan and Rosenbloom (1992, pp. 535–7) saw it as the rise of a new market-based public administration and Osborne and Gaebler (1993) described the term as 'entrepreneurial government'. In other words, the underpinning of new public management is an emphasis on market-based mechanisms or, as Peters (1996, p. 21) observed: 'Whether administrative change is being considered in the most affluent country of Western Europe or the poorest country in Africa, the operative assumption appears to be that the best or even the only way to obtain better results from public sector organizations is to adopt some sort of market-based mechanism to replace the traditional bureaucracy.'

The term therefore challenges the classical administrative considerations about the structure and function of public services. The Wilsonian dichotomy between politics and administration, the Weberian ideal-type of bureaucracy and the Taylorian idea of the one best way have therefore been supplanted by the goals of financial efficiency and effective service delivery (Fox and Miller, 1995, p. 3). Generally speaking, this trend could be described as a transformation from public bureaucracy to a model of administration that is businesslike, but not like a business (Gray, 1998, p. 3). New public management highlights the adoption of a business outlook. This is manifested through a set of techniques and methods related to performance evaluation and measurement and reference to a set of values such as productivity, profitability, competitiveness and quality. Business logic is dominant, and underlines the core values of an administrative culture (efficiency, effectiveness and economy) without replacing the traditional values of legality, impartiality and equality (Bishop, 2000, p. 9). According to Pollitt (2001, pp. 473–4) there are a number of general elements of the new model accepted by most commentators:

- a shift in the focus of management systems and management effort from inputs and processes to outputs and outcomes
- a shift towards greater measurement, manifesting itself in the appearance of batteries of performance indicators, standards and management
- a preference for more specialized, lean, flat and autonomous organizational forms rather than large, multipurpose, hierarchical bureaucracies

- a widespread substitution of contract or contract-like relationships for hierarchical relationships
- a much wider use of market or market-like mechanisms for the delivery of public services (including privatization, contracting out and the development of internal markets)
- a broadening and blurring between the boundaries of the public and private sectors, characterized by the growth of various types of public-private partnerships and the apparent proliferation of hybrid organizations
- a shift in value priorities away from universalism, equity, security and resilience and towards efficiency and individualism.

However, criticisms can also be directed at the introduction of the NPM model, namely:

- the tendency to blur the distinction between the public and the private sectors
- treating the public sector as homogeneous in organizational terms rather than as a differentiated system of organizations with different tasks, values and relationships linked to policy networks (Gray and Jenkins, 1995, p. 88)
- a lack of sufficient conceptual coherence to provide an alternative for a theoretical construct for academic research or an approach to the management of public services
- a lack of well-established practices which might encourage non-accountability and ethical problems
- the undifferentiated application of the phenomenon, as some developing countries do not comply with some of the preconditions for effective implementation (Zafarullah and Huque, 2001, p. 1381; Sozen and Shaw, 2002, p. 78)
- difficulty in implementing the initiative where there are sociocultural obstacles to reforming administrative systems
- problematic state-civil society relations when civil society has not been able to put enough pressure on the state apparatus to implement reforms (Lodhia and Burritt, 2004, p. 352).

Despite the abovementioned criticisms, NPM aims not only to improve administrative output technically, but also to develop public-relations techniques based on communication skills, simplified administrative procedures, cooperation in public affairs, safeguarding the public

interest, developing partnership practices, transparency, fighting corruption and promoting a code of ethics, citizen participation in public affairs and consultation. The objective, therefore, was to turn administration into a tool for development and social change, imbued with a concern for performance and a greater consideration for the general interest in order to give priority to the interest of citizens by promoting moral values and civic trends (Sarker, 2006, p. 181).

7.3.2 The role of the state

The above-named modernization process calls for a redefinition of the role of the state as a vehicle of change and social ambition. Modernization offers major possibilities for overhauling management practices in response to new constraints of economic competitiveness. This is inseparable from administrative competitiveness, expanding external markets, cooperation and exchange networks; benefitting from support, aid and mechanisms of integration into the world economy; benefitting from private capital; and improving access to modern technologies (Duvenhage, 1999, p. 9). This is particularly crucial for developing countries such as South Africa.

The aim of these reforms in developing countries is to give meaning to public measures, since administration is a key component of the modernization process. Fox, Schwella and Wissink (1997, p. 2) are of the opinion that public administration in government institutions is much wider in scope and nature than management in government institutions. In this regard, management merely constitutes a facet of public administration. With the above definitions in mind, management in government institutions cannot take place if administration, as such, does not empower officials in managerial positions. If one considers examples such as the environment, poverty, social solidarity, HIV and Aids, and the movement of people, services and capital, it is easy to see what role administrations have to play in managing such crucial issues. This necessitates new mechanisms to improve public administration. Developing countries should therefore equip themselves with sound skills in developing, executing and monitoring economic policy. This is why the legitimate demand for transparency, predictability, effectiveness and efficiency is so important (Sedjari, 2000, p. 4).

Although major changes are taking place, much still remains to be done. The process is incomplete and possibilities are opening up

for linking economic and social policies. In this regard Ashour (1996, p. 292) contends that modernization and the associated phenomena identified earlier also entail the 'acceleration of sociocultural diversity'. The sociocultural dimension of modernization, particularly in the South African context, should not be dealt with arbitrarily due to the sensitivities relating to social and cultural diversities. Despite the formal abandonment of the policy of apartheid, South Africa remains a highly unequal society where public managers have been raised according to noticeably different cultures and beliefs. South Africa has unfortunately not yet reached the point where all public servants can honestly say that a mutual understanding (not merely tolerance) of one another's cultures exists, not to mention the cultures of all the recipients of their services. After 12 years of organizational interaction between civil servants, cultural diversity in the civil service and in the broader community is still an issue (Bekker, 1999, p. 16). This diversity should be exploited to the extent that the potential of each manager is utilized for the benefit of the entire society (Penceliah and Moodley, 2002, p. 23).

The introduction of modernization experiences as part of a renewal strategy therefore requires a thorough investigation into, or at least sensitivity towards, the sociocultural backgrounds of those involved in collective actions. The challenge here is to identify global renewal measures that could be implemented in a 'socioculturally friendly' manner in an environment that is characterized by cultural differences (Van der Westhuizen, 1999, p. 13).

This highlights the role of the state in conducting and guiding such possible courses of action. It is, however, imperative that the legal structure and decision-making mechanisms in all spheres of government should continuously be adapted while still remaining responsible for social and political cohesion, public order, internal security and economic policy activities.

7.3.3 Citizen-centred programme delivery

Modern administrative reforms not only cover a wide range of topics, but also challenge the role of the public sector and especially the traditional modes of service delivery. The objectives of these reforms are to establish a climate of trust fostering participation and initiative, to establish a climate of legal and economic security and to democratize administrative power. The major transformation that the reforms have brought about is the conceptualization of public administration from the citizens' point of view. This reorientation arose from a

serious democratic deficit or crisis of confidence in public services (Haque, 1998, p. 14). Although the bureaucratic organization of public services has many advantages in the newly globalized economy, public administration in this case suffered from inertia and a functional incapacity to respond to the demands of citizens. This situation has produced a trust deficit in the reciprocal relationships between citizens and public services (Wofford, Gerloff and Cummins, 1997, pp. 453–4).

This approach encouraged citizens to consider themselves as customers of the government (Barzelay, 1992, p. 59). Graham and Phillips (1997, p. 263) consider this 'customer-service revolution' as perhaps the most tangible development for public administration during the 1980s and 1990s. The customer is hereby given a special position in the assessment and evaluation of the newly emerging systems of public services. The needs and wants of citizens are supposed to be the key criteria affecting decisions by public administration. The citizen-customer of services is now typically seen as the fundamental arbitrator of the provider service. Citizens, who were viewed as playing a merely passive role when the process of administrative reform was launched, are now considered to be full-fledged social actors who are the central focus of the current thinking on the policy of administrative reform. The aim is therefore to produce a more responsible and efficient customer-focused service that is implemented through a range of management techniques, such as the introduction of purchaser-provider models to reflect market conditions and benchmarking exercises to identify 'best practices', consultation protocols, and human resource management practices, including performance-based contracts where, in some instances, effective community consultation forms part of the performance criteria. This shift clearly shows the magnitude of the changes that have taken place in the relationships between public administration and citizens.

In South Africa the government was aware of the fact that, in order to improve the delivery of public services, the imbalances of the past had to be addressed. It also called for a shift away from inward-looking bureaucratic systems, processes and attitudes, and searched for new ways of working. The needs of the public were put first and services were designed to be better, faster and more responsive to the needs of citizens. It also meant a complete change in the way in which services were delivered. A practical way to achieve this has been provided by the Batho Pele principles which recommended improvement in service standards, in providing more and better information, increased

openness and transparency, in remedying mistakes and failures, and in getting the best value for money (South Africa, 1997, pp. 16–22).

However, while community consultation practices that focus on customer/client relationships can improve those relationships, the same design and rationale applied to representative/citizen relationships do not address the political questions insofar as the relationships entail fundamentally different rights, obligations and expectations. While useful in reshaping public-service attitudes to service delivery, the metaphor of 'customer' does not adequately reflect the thrust of a public-sector reform process generated in part by the demands of a global market. The international trend towards reducing the size of government does not make a complete 'fit' with the language of markets and customers (Bishop, 2000, p. 9).

A further set of values that has captured the imagination of the international community is associated with the umbrella term 'human rights'. It is accepted that no administrative reform can succeed without first establishing an environment founded on the rule of law and submission to the principle of legality. Although many people see human rights as 'universal' in character, it has to be said that this is a very controversial point — even more so when agreement over content has to be sought (Gray, 1998, p. 69). This is, however, not as important for this discussion as the machinery by which these rights are diffused. On the one hand institutions such as the United Nations, the Inter-African and American Conventions and the Council of Europe act as public agencies for the propagation and enforcement of rights. On the other hand, human rights networks have marketed themselves as agents of civil society, claiming to be the legitimate proprietors of 'rights'. This is part of a wider development, beginning to be described in the theoretical literature in terms of governance through networks. This, though it can be seen as an undemocratic variant on the phenomenon of corporate governance, can also be justified in terms of citizen participation (Trafford and Proctor, 2006, p. 124).

The state, therefore, has a crucial role to play in protecting the individual rights and liberties of citizens. Any reforms should thus be supplemented with reforms both of justice and the education and training systems (to broaden knowledge, skills and aptitude) in order to draw the attention of public managers to new approaches towards solving social problems. In South Africa, skills development is one of the major means of improving living standards, increasing productivity levels and being more competitive in the world market. The need for this is necessitated by the fact that particular provinces (Northern Cape,

Eastern Cape, KwaZulu-Natal, Mpumalanga, and North-West Province) experience problems such as:

- comparatively low skill levels. Highly skilled personnel constitute 3 per cent of the public service (excluding teachers)
- high levels of unskilled employment in economic services and infrastructure. The said provinces comprise 65 per cent of the national population, but employ 85 per cent of all provincial employees in public works, transport, local government and agriculture. Two-thirds of these employees are unskilled
- low employment in education relative to population, but a high percentage of personnel spending in education. Historically, black schools have almost no support staff (cleaners, security and clerical workers). Non-educators make up only 11 per cent of employment
- low employment in high-level planning and regulatory functions. These include finance, economic affairs and planning, as there is an inability to attract skills to these areas. The impact of this on the effective management of departments therefore becomes increasingly costly for public services
- a low age profile. The public service (national and provincial departments, totaling 1,065,997 people) is fairly young, with 49 per cent of public servants in national departments under the age of 30 (Fraser-Moleketi, 2006, p. 2).

7.4 The need for a new governing framework

Traditionally, government programmes and services were for the most part delivered through government departmental organizations, which reported directly to a minister who was held accountable for their organization and activities. The organization was regarded as being part of the government, staffed by government officials and therefore controlled by the government. The approach had the advantage of being relatively clear about accountability, transparency and the public interest. However, this is no longer the case as governments are increasingly entering into partnerships with more independent agencies to deliver public goods and services. They go beyond outsourcing service delivery and increasingly involve other levels/spheres of government — the private and/or non-profitable sectors in policy formulation, planning and design, and decision-making. The intention of these new governance

arrangements is to deliver cheaper and more responsive services (Bennett, 1997, p. 7).

With the focus on improving local management it is imperative that certain prerequisites exist for the successful delivery of services. These are:

- motivational concerns, such as a true commitment from full-time as well as fixed-term employees, to restructure government systems, roles and relationships
- political focus, where it will probably be unwise to begin the process of restructuring in areas of high political interest where public interest and that of the media have a high profile
- agreement on the leading roles with respect to outcome evaluation, information management, quality assurance and policy audit by the parent ministry
- the dynamic interrelationships between the different stakeholders where extensive consultation with those affected should take place. Cognizance should also be taken of the impact of cultural differences, not only between people, but also between the public, private and volunteer sectors of society
- the acquisition of essential skills such as the building of relationships, contract management and policy auditing for those involved in the development and implementation of service delivery (Bourgault, Demers and Williams, 1997, p. 148).

While the goal of providing more efficient and more responsive services is laudable, there are other issues at stake when governments reach out to other governments to deliver or help deliver services. Involving others in governing raises issues that are not addressed by the traditional managing and governing frameworks.

The Organization of Economic Cooperation and Development (OECD 1999, p. 7) pointed out that 'management systems that are desegregated, decentralized and devolved need a new framework to guide behavior'. Therefore there seems to be a need for a framework to guide those making the arrangements so that issues of accountability (separated into reporting and accountability mechanisms), transparency and protection of the public interest in order to ascertain public trust are adequately dealt with. This is schematically presented in Figure 7.1.

These elements of the governing framework and their attributes are stated as general conditions and their particular application to each new governing arrangement will need to be considered in all spheres of

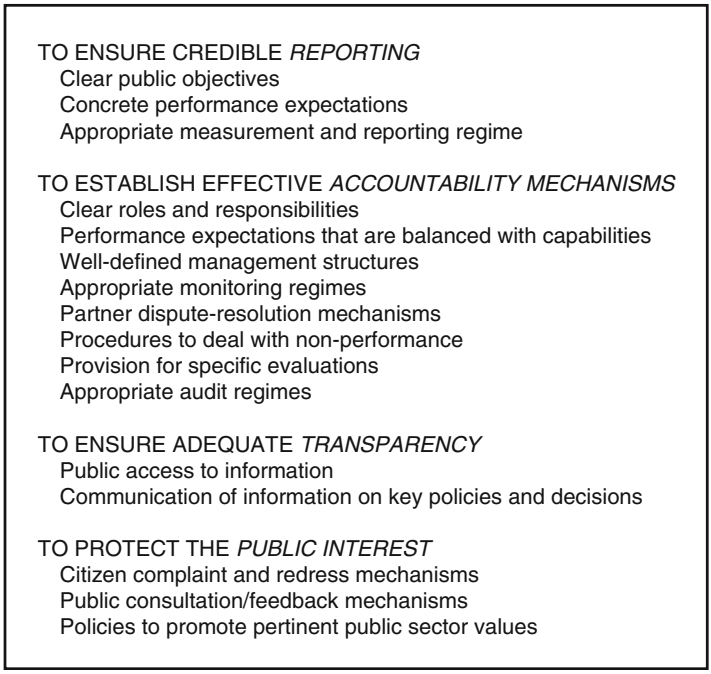

Figure 7.1: A Governing Framework for New Arrangements (Auditor General: Canada, 1999)

government. The importance of cooperative governance and intergovernmental relations should not be neglected in this framework.

7.5 Examples

On a global level the improvement of local management is being actively addressed through structured initiatives. As it would be impossible to discuss the details of all of these initiatives as well as attending to all countries, only selected samples will be mentioned. For more detailed information it is advisable that the direct reference be studied.

7.5.1 Bulgaria

After 45 years of communism the transformation of municipal governments in Bulgaria since 1989 to democratic, participatory practices has been difficult. Leaders and bureaucrats accustomed to a highly

centralized administration have found it challenging to deal with concepts such as citizen participation and public accountability. The communist system stripped local officials of their initiative and authority and, as a result, the municipalities of Bulgaria suffered from an out-of-date infrastructure and a lack of citizen participation, caused mainly by a lack of resources (Watson, 2000, p. 457).

In an effort to empower local governments in Bulgaria the United States Agency for International Development (USAID) contracted the International City-County Management Association (ICMA) in May 1997 to fund ICMA's International Resource Cities Program (IRC). The IRC was designed to introduce municipal leaders in developing and transitional countries to the best practices of American city managers by means of staff exchanges. The IRC program began with six partnerships in Asia, Africa, and Latin America and had expanded to 31 partnerships by late 1998. The ICMA and USAID identified four programme goals (Watson, 2000, p. 457):

- provide technical expertise to enable cities in developing and transitional countries to address pressing urban management issues
- establish substantial professional relationships between US municipal governments and their counterparts in developing and transitional countries
- establish new professional development opportunities for urban managers in the United States and overseas
- facilitate a greater understanding of the mutual benefits that can be attained when community leaders in the United States and their overseas partners achieve sustainable solutions that enhance the capacities of democratic local government.

By July 1999, the steering committee had completed its summary report and presented it to the municipal council the following month. The document, 'Strategic Plan for the Development of the Municipality of Blagoevgrad through 2015', was made available to the public and was assigned to a council committee for study and approval. This case study can be viewed as an extremely useful innovative initiative, providing support to the democratization of governance processes in the complex transition from a totalitarian to a civil society.

7.5.2 Norway

In 2000 the challenges facing regional development in Norway were highlighted as follows (Agdestein, 2000, p. 1): Norway did not join the

European Union after the national referendum in 1994, but continued to participate in cross-border and transnational cooperation with member states. Norway is, however, participating in several programmes to find common solutions to universal challenges.

The overall objective for existing programmes is to contribute to the improvement of services and value creation in Finland, Scotland, Sweden and Norway. These initiatives focus on the development of new knowledge about innovative and effective solutions for sustainable business activity, public and private service provision and the exchange of good practices and experiences. The main objective is promoting competitiveness among regional and locally based businesses. This directly involves municipalities that should be developed to become realistic and attractive locations both for people and businesses (Agdestein, 2000, p. 2).

Concomitant with the abovementioned initiatives, the Norwegian Minister of Regional Policy presented the governmental regional policy strategy to the parliament, which emphasized three main items of Norwegian regional policy. The first item was directed towards robust regions, where the focus is on the interrelationship between both bigger and smaller urban centres and their surroundings. The second item focused on the development of more competitive regional businesses through innovation and competence, the development of new and more competence-intensive industries, and with the development of existing industry. The third item was the renewal of the public sector with emphasis on an overall coordinated and cohesive public sector and the renewal of the overall division of labour between the national, regional and local levels (Agdestein, 2000, p. 1).

The Norwegian government clearly gives high priority to developing strong regions with optimal services and balanced labour markets throughout the country. It is further apparent that they view stronger regions as the main strategy to combat centralization.

7.5.3 South Africa

The practice of apartheid (segregational) policies in South Africa before 1994 created a society characterized by practices that undermined good local management. A new system of local government came into effect in South Africa with the local government elections of 2000. This system was the result of efforts on the part of the new government to empower municipalities to deal with numerous challenges at community level, such as eradicating poverty and improving the quality of life within communities.

In South Africa, local governments are responsible for stimulating local economic development and for providing people with basic services such as water, electricity, sanitation, affordable housing and basic healthcare. There are enormous backlogs in the extension of these services to historically disadvantaged communities for which the municipalities facing the highest backlogs have the lowest capacity to deliver (US Agency for International Development, 2004, online).

The situation was aggravated by recent local government legislation which introduced completely new local government structures, systems, procedures and a fundamentally different normative framework for local government. At the same time the number of municipalities had been reduced significantly to 284 (six metropolitan municipalities, 47 district municipalities and 231 local municipalities), creating new challenges for the management of service delivery and development (Venter and Landsberg, 2006, p. 136). Councillors and managers who often do not have any experience in municipal government are expected to implement this system successfully. Although national and provincial governments are mandated to build the capacity of and support municipalities to enable them to perform their functions, most government capacity-building initiatives are ad hoc and reactive.

Since 2000 USAID has assisted almost one-third of South Africa's 284 metropolitan, district and local municipalities to improve governance through individualized projects. New local councillors have been trained in their roles and responsibilities, municipal development plans have been produced, and public participation has been improved through training of ward committee members (US Agency for International Development, 2004, online). In the context of the improvement of local management, it should be noted that there are persistent growing interests and demands for high-calibre, innovative and proactive managers to improve organizational efficiency, effectiveness and productivity in terms of service delivery and the establishment of cooperative governance in terms of intergovernmental relations (Venter, 2001, p. 193).

7.5.4 Tanzania

Tanzania attained its independence in 1961 and embarked on creating and strengthening capacity of its human resources in support of the modernization of its public administration. This was a four-phase process, which started with the creation of institutional infrastructure through universities from 1961 to 1970. By the mid-1980s phase two was implemented; this specifically focused on making adjustments to the

current structure of administration (Mutahaba, 2003, p. 148). The reform of public administration through these structural adjustments involved reducing government's size and containing the budget during the early 1990s. Reform specifically with regard to local government concerned the strengthening of the local government system by establishing autonomous local governments in urban and rural areas (Mutahaba, 2003, p. 150). The fourth phase involved addressing procedures and systems through the Administrative Reform Program (Mutahaba, 2003, p. 151). The vision of the future local government system involves improving the delivery of services to the public; the main strategy to achieve this was through decentralization.

Local government is thus holistic; multisectoral government units with a legal status (body corporate) operating on the basis of discretionary but general powers under the legal framework constituted by national legislation. Local government has the responsibility for social development and public-service provision within its jurisdiction, facilitation of maintenance of law and order and power over issues of national importance such as education, health, water, roads and agriculture (Chale, 2004, online).

Since 1999, Tanzania has been actively pursuing reforms of the way in which the central government finances local government activities. Although local government authorities in Tanzania play a significant role in the delivery of key government services, the resources which the central government provides to the local level are tightly controlled.

7.5.5 Brazil

Brazil is one of the largest democracies in the world. It is a presidential and federal republic of 26 states with considerable decentralized functions. The system is based on a directly elected president with a national constituency and a congress elected by regional interests. Although the 1988 constitution reestablished many of the rights of the congress, the president retains considerable 'imperial' powers.

Authority is vested in the president, who is elected for a four-year term by universal suffrage. The president may be reelected once. There is a bicameral legislature consisting of an upper federal senate and a lower chamber of deputies. The 81 senators are elected for eight years and the 513 deputies are elected for four years. The president may unilaterally intervene in affairs of the states. Each state has its own governor and legislature.

Under a system of checks and balances similar to the United States system, the three branches of government operate in harmony and with mutual respect (Hudson, 1997).

State governments are responsible for maintaining state highway systems, low-cost housing programmes, public infrastructure, telephone companies and transit police. Both state and municipal governments are responsible for public primary and secondary schools and public hospitals. Municipal governments are also responsible for water, sewerage and refuse services. In October 1996, Brazil had 5,581 municipalities, of which more than 15 per cent had populations below 5,000. The municipal taxing authority is concentrated on property and service taxes (Hudson, 1997).

7.6 Policy implementation and local management

Although policy implementation is generally regarded as the conversion mainly of physical and financial resources into concrete service-delivery outputs in the form of facilities and services, or into other concrete outputs aimed at achieving policy objectives (Cloete, Wissink and De Coning, 2006, p. 183), scholars of policy implementation (Meier, 1999; O'Toole, 2000; Torenvlied and Thomson, 2003) nowadays view the division as artificial and misleading. It is argued that the relation between policy and action can be regarded as a process of interaction and negotiation in policy networks, implying a break with the more traditional multi-stage view of implementation as the transmission of policy into consequential actions. With the latter approach, 'different role-players' are of importance during the decision-making and implementation stages: the focus of attention shifts from the voting power of the decision-makers to the authority of implementation agencies to realize the political decisions (Torenvlied and Thomson, 2003, p. 66). Also of importance is the 'policy discretion' exhibited by the implementation agency, as it can compel adherence to the norm of bureaucratic loyalty by the political decision-makers, or favour their own policy preferences, regardless of the content of the political decision they should realize. However, the intention of this final section is not to contest whether the shift has yielded more insight into implementation, but to determine how effective implementation can improve local management. It is therefore imperative that the attention rests on the reasons why policies fail and how this situation can be corrected.

7.6.1 Reasons for failing policy implementation in local management

The mere existence of a policy and its impact is no guarantee that it will be translated into action. New and unexpected problems may be

encountered during implementation, as few policies stipulate exactly how the implementation should be effected, implying that the content of the policy can be substantially modified, elaborated or even negated (Anderson, 2006, p. 134). On the one hand policies are sometimes, due to a lack of time, interest, information or expertise, framed in general terms and the implementation is left to implementation agencies that might thwart the original intention of the policy. On the other hand, it might include so much detail that the actual meaning becomes vague. Other reasons for the failure of implementation are:

- overly ambitious and idealistic policy-making (Burger, 2005, p. 491)
- delayed or rapid implementation without taking changing realities into consideration
- unethical behaviour by the different role-players (Raga and Taylor, 2005, p. 24)
- the challenge of solving a particular problem might undermine or create another problem in another area (Bloomfield, 2006, p. 405)
- hidden political agendas of policy-makers and implementation agencies, especially on the local management level
- political divisions and conflicts within communities (Keen, Mahanty and Sauvage, 2006, p. 211)
- 'bureaucracy bashing', affecting policy implementation through low morale, poor recruitment and an environment of distrust towards the bureaucracy (Garrett et al, 2006, p. 235)
- inadequacy of the means at the disposal of the government to meet the ever-increasing expectations of the community
- the presence of factors such as the state of economic development, the existence of a formal market economy, the rule of law, the advanced level of administrative infrastructure and the efficiency of the state in addressing a particular social phenomenon
- non-availability of information (Sarker, 2006, p. 199) and/or technology
- dependence on the approval of other institutions or authorities if more than one institution is involved in the implementation
- a lack in capacity to manage the processes of planning, implementation and monitoring of development outputs
- limited skills, expertise and commitment among implementation agencies
- differences between the organizational and operational ethos of partners that are sometimes difficult to reconcile. This state of affairs causes many misunderstandings, divisions and mistrust in interactions and exchanges (Cranko and Khan, 1999, p. 3).

As was mentioned earlier in this chapter (Figure 7.1) a variety of variables not only plays a role in improving local management but can directly determine the success or failure of policy implementation. The main premise of public policy is that it should be in harmony with the public interest. The questions however, remain: who decides what the public interest is, how should it be served, and which section of society should be taken as representative of the public interest?

7.6.2 Remedies for overcoming policy implementation failures

According to Cloete et al, (2006, p. 207) implementation agencies should directly focus on their core competencies and functions and policy and service-delivery programs should be designed for implementation. These agencies should also be developed in the most appropriate way to fulfill the tasks being assigned to them. A new understanding about roles, responsibilities, duties and obligations should therefore be created. Moreover, output-orientated benchmarks should be included and a strong, coherent leadership and proactive political and administrative leadership are necessary to enable its implementation.

Where partnerships exist, implementation can be improved and potential conflicts lessened through agreements that are carefully drawn up at the outset, as well as by a reinforcement of the informal ties between partners. Shared values and norms of cooperation, mutual influence and support should exist. Strategic intent should be communicated in order to internalize objectives. Loyalty and trust remain the key to successful partnering and should be valued, as a lack thereof can lead to a lack of commitment on behalf of all those involved to achieve the desired objectives (Kroukamp, 2005, p. 79).

The success of policy implementation can also be enhanced through clear communication with the implementation agencies. Policies should be framed in simple, easily understood language. Edvardsson and Enquist (2006, p. 14) are of the opinion that, in order for implementation to be successful, the service concept should firstly be congruent with the target group to be served. Secondly, the service process must be understood and accepted by the implementation agency and the users/customers. If there is a gap, the organization will have an inherent quality problem. This problem will be exacerbated if there is also a lack of flexibility but, by involving customers, more flexibility can be developed. Thirdly, the norms and values that form the basis for a service culture should support the service process.

Attention should also be paid to the utilization of administrative aids and techniques which promote successful implementation: that is, programming and scheduling techniques such as the Gantt chart (measuring progress against envisaged objectives on a daily, weekly, monthly or longer basis), Program Evaluation and Review Technique (PERT), critical-path method (CPM), cost-benefit analysis (CBA) and decision trees. Furthermore, the successful implementation of policy depends on an analysis of why governments do what they do (and its consequences), and not what they should or ought to do (Anderson, 2006, p. 145). Policy implementation should, however, be seen in relation to other issues that may hinder it, such as bad governance, inadequate human resource capacities and the non-appliance of project management, planning and budgetary principles.

7.7 Conclusion

The improvement of local management is a demanding profession, in that local authorities are dynamic places that present constant challenges. Citizens, employees, elected officials and the media spend time thinking about the task of managing a local authority or what it can do to enhance its effectiveness. In this chapter and within the context of improving local management, the concept 'improving' was viewed as an continuous enabling activity, while 'management' was regarded as a continuing activity involving specific activities.

It is apparent that all countries today, whatever their level of development, are facing calls for administrative reforms and the improvement of local management. Consequently, there has been a dramatic growth in the establishment of democratically elected local governments throughout the world and therefore the need has arisen to reflect on renovation and modernization as a means of improvement. Several variables ultimately contribute towards making the efforts of government modernization more effective. Furthermore, the modernization process goes hand in hand with the introduction of new public management, the acknowledgement of the importance of the role of the state, and citizen-centred programme delivery. Modern administrative reforms also challenge the role of the public sector and especially the traditional modes of service delivery.

Currently, government programmes are moving away from long-established approaches and are increasingly focusing on entering into partnering arrangements with more independent agencies to deliver public goods and services. These programmes go beyond contracting out

the delivery of services and increasingly involve other levels/spheres of government.

Finally, there is the importance of implementation in improving local management. The success of every initiative depends largely on efficient and effective implementation. The relation between policy and action can be regarded as a process of interaction and negotiation in policy networks, implying a break with the more traditional multistage view of implementation as the transmission of policy into consequential actions.

8

The Role of Community Leadership

Lyndon du Plessis

8.1 Introduction

Modern societies depend on their governments to act in a manner that is in their best interest and thus promote the wellbeing of their citizens. The local sphere of government is, in this regard, of particular significance as it is at community level that governments can directly affect the daily lives of people. However, constant changes in the environment, combined with an ever-increasing demand for goods and services by the public, mean that governing is far more complicated than sometimes assumed.

This chapter will explore the role of leadership at community level as a prerequisite for effective and efficient local governance. The focus will firstly be upon local government's role as a basic service provider. Next, the important roles of the various leadership role-players will be discussed. Finally, an appraisal of the exact nature and requirements for local/community leadership in Latin America, Asia and South Africa will be made.

8.2 Leadership and changing public management

The issue of leadership in public organizations has recently become a critical component in public management literature. Much of the hype around leadership in this context revolves around whether public organizations possess political and managerial leaders who are capable of leading these organizations towards the attainment of their goals and objectives for the benefit of the public.

According to Minnaar and Bekker (2005, pp. 141–2) the following characteristics can be found in truly great organizational leaders:

- a special charisma, something extra that makes them different from other people
- self-belief that, according to the authors, tends to border on arrogance at times
- the ability to move out of a 'comfort zone' in order to shift traditional paradigms
- the ability to question the status quo, which makes these people good innovators
- an ability to convince others to follow them in pursuit of a new direction
- absence of fear of pursuing their ideas following a clear strategy.

Minnaar and Bekker (2005, pp. 156–7) continue to argue that the above qualities are intrinsic personal qualities that cannot be taught. This inherent leadership ability can however be developed through:

- formal and informal qualifications, education and training
- encouraging the need for self-directed and self-driven learning
- coaching to improve performance
- qualified mentoring to assist the leader with his/her career development.

The above implies that leadership revolves mainly around the personal ability to think and re-think issues and, without fear or reservation, lead subordinates towards new trends in their organizations. It could pose interesting questions about such a leader's ability to actually have a proficient understanding of the functional field he/she is working in and about whether expert knowledge of such a field is more important than intrinsic leadership ability. Scholars of public management are divided; some argue that mercurial leaders are non-negotiable assets for public organizations while other thinkers are of the opinion that many public programmes fail because of insufficient functional expertise.

Whatever the case may be, it is clear that the role of leadership, especially at community level, is a hotly debated topic and that a balance will need to be struck in order to ensure that the community benefits from whatever leadership/management model is followed.

8.3 Local government in context

Barron, Crawley and Wood (1991, p. 29) argue that local government needs to find a balance between two important reasons for existing; first, to act as a service delivery agent to improve community life by effecting

national and local policies and secondly, to provide a platform for meaningful participation by citizens.

A local authority, as described by Cloete (1995, p. 45), is an institution that is created to provide prescribed municipal services to inhabitants in cities or other urban areas, usually consisting of:

- a council with elected members to perform legislative functions on behalf of the community
- a management and/or other committees consisting of members of the council to perform governmental functions
- departments, divisions or sections staffed by officials to perform the management functions.

According to Kickert and van Vught (1995, p. 63) closeness to the citizen is one of the most important characteristics of local government. This notion implies that, because of this closeness, local government is in the best position to constructively engage with citizens and ultimately address their needs. From the above definitions, it is clear that local government's role could be regarded as that of:

- rendering services to meet the needs of local communities, whether within the framework of a higher government authority or in terms of local government powers and functions
- interacting with local communities in order to ensure that the goods and services rendered are in line with the needs of local people and thus fulfilling the concept of responsive governance.

Decentralizing powers to local governments could thus be seen as a flawless option in terms of ensuring optimal community satisfaction, although there are numerous challenges affecting this notion. In order to provide some understanding of this, one could consider the issue of decentralization from a South African perspective.

8.3.1 Decentralization in South Africa: a case study

With the advent of democracy in South Africa in 1994, particular emphasis was placed on the role of local government in addressing the serious service delivery and developmental needs as a result of the separate development (apartheid) policies of the previous government. The Constitution of the Republic of South Africa, 1996 (Act 108 0f 1996) directed specific responsibilities and powers to local government and as a result placed particular expectations in the minds of citizens.

Although clarity exists in terms of the policy framework for this 'new' role of local government, two immediate challenges faced by South African local governments involve:

- the sufficient allocation of resources from national and provincial government to go hand in hand with the allocation of responsibilities and powers
- the quality of leadership at the local government sphere to give effect to the policy framework.

Thus, decentralizing in the South African context seems to be the perfect solution in terms of service delivery from a theoretical perspective, although from a practical implementation perspective there are numerous challenges to be met to make local government effective and efficient.

8.4 Local government and leadership

The reference to the lack of quality leadership in the South African case could raise questions about the role of leadership in local government. According to Dunoon (2002, p. 3) 'leadership in the public sector is a topic attracting mixed reactions'. The author goes on to explain that on the one hand there is recognition of the need for improved leadership to better respond to organizational and community needs while on the other hand people are sceptical about whether leadership or issues of scarce resources are in fact the key issues in governance. Be that as it may, it is nevertheless interesting to consider the issue of leadership at community level and its impact on service delivery.

For the purpose of this chapter, it is necessary to clearly distinguish between the various levels of leadership. It goes without saying that, ultimately, the roles and contributions of these leadership figures cannot be totally separated as they ultimately aim to attain the same objective, that is, the promotion of the general welfare of local communities. Community leadership in a local government context can include political, managerial and civil leadership and these categories will be discussed in the following sections.

8.5 Political leadership

Political leaders are generally municipal councillors. These individuals serve in the municipal council to represent members of the community

who elect them and they are thus responsible for ensuring that all matters pertaining to the wellbeing of communities are decided upon in a manner that will benefit the community. Political leaders in local government are thus elected by local communities based on the perception that they will best serve those interests that the communities regard as paramount to their wellbeing. According to Craythorne (1997, p. 73), the leadership role of a municipal councillor as community representative includes:

- representing communities by ensuring that group or individual interests are represented at council meetings
- ensuring that, where decisions on policies and the allocation of resources are taken, the principles of fairness and justice do apply in the achievement of a balance between competing interests and in the consultation of the public on matters concerning them.

Craythorne's assertions imply that in fulfilling their leadership role, councillors should at all times have the best interests of the community at heart. When considering South Africa, Asia and Latin America for an examination of the role political leaders should play, one common denominator has to be considered, namely the transitional nature of these societies. Many of these societies are currently in a state of change and this naturally influences the nature of political leadership.

In addition to economic transition, political transition also influences the nature of political leadership. Questions have, for example, been raised about the quality of political leadership in South Africa. These questions are based on the perception that in a young democracy such as South Africa, voter patterns favor political parties rather than the leadership qualities and potential contributions individuals can make irrespective of party-political affiliation.

A key question regarding political leadership would thus revolve around how communities should go about ensuring that the right persons serve them in municipal councils. The answer to this question is complicated in that there is an ever-increasing participation in local politics by political parties, implying that party-political structures and policies in many instances determine representation in these councils.

8.5.1 An illustration of political leadership difficulties in Asia

According to Kim and Zirring (1977, p. 7) Asian countries are often classified as transitional societies. According to a comparative analysis of

Asian and Pacific countries by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), 'Asian economies and societies are undergoing rapid change, but government structures and systems have been slow to change and respond to the new challenges'.

A key manifestation of this lack of commitment to reforming government structures is illustrated by the uncoordinated manner in which political and administrative decision-making in some countries is undertaken. 'In India, a city may, for example, have a municipal corporation (elected local government), a development authority (responsible to the state government), a cantonment board (answerable to the Ministry of Defence) and a water and sewerage authority (responsible to the state government)' (UNESCAP Report 2006, p. 12).

The above illustration would suggest great difficulties for elected political bodies in basing decisions on first-hand experience of local conditions as well as on interaction with local communities.

However, it remains the responsibility of local communities to participate in elections and other participatory mechanisms in order to elect the best political representatives. Similarly, politicians should work responsibly to serve the community and always act with the highest amount of accountability in order to ensure that communities are kept abreast of local affairs.

In making decisions, municipal councils and political structures are often dependent on the advice of municipal managers. These managers are career officials and should be specialists in particular fields. The relationship between political office-bearers and municipal managers is thus critical in ensuring decisions are made in the best interests of the local community. It should furthermore be borne in mind that these career officials' role should form an integral part of political leaders' efforts to act in the best interest of local communities.

8.6 Managerial leadership

The management level of a municipality normally comprises the municipal manager (in some countries known as the chief executive officer) and various heads of departments (Craythorne 1997, p. 438). These employees of the municipality are dependent on the council for their job functions and share in the management of municipal organizations.

Apart from organizational functions, managerial leaders are furthermore required to ensure that governance at local level takes place according to acceptable norms and standards. To this end, Section 195 of

the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) provides for the following governing principles:

- Local government must provide high standards of professional ethics in its overall system of government and management. In practice this means that officials must not be guilty of unethical behavior, corruption or anything that enriches one person at the expense of another
- Local government must use its resources efficiently, effectively and economically. Municipalities work with public funds and should ensure that resources are utilized responsibly
- Local government must be development-oriented. This means that municipalities must be involved in development initiatives rather than merely regulating the lives of people. They should be involved in physical, human, social and economic development
- Municipalities must respond to the stated needs of the community by investigating such needs and prioritizing them within its overall policy framework
- Community participation in the decision-making processes must be encouraged and promoted for it is only through constructive participation that the relevant needs will become known
- Accountability and transparency are principles to be fostered and promoted
- Local government must promote good human-resource development.

In addition to the traditional organizational management of various municipal departments and divisions and promoting the above stated standards of good governance, managerial leaders in local government are increasingly being confronted by new initiatives. These new initiatives are mainly aimed at ensuring that municipal governments are at the forefront of economic and social development of local areas and that social and economic development do not merely remain the initiatives of central and/or regional authorities. In Latin America, according to Helmsing (2001, pp. 8–9), local governments have been taking increased responsibility for their own development in terms of initiatives as well as fostering the increased involvement of local actors. The following diagrammatical illustration (Table 8.1) of initiatives and involved actors, provided by Helmsing, seems to illustrate this tendency.

In almost all these initiatives the actors involved are: the municipal/city governments together with other spheres of government; private businesses; and non-governmental organizations (NGOs) (Helmsing, 2001, p. 10).

The example of local government's role in economic development initiatives indicates that managerial leaders in municipalities can no longer be involved in the management of departments or divisions only, but that they should be involved in the external efforts of the municipality in working with other partners in socially and economically developing local communities.

It has been determined that one commonality between Asia, Latin America and South Africa is widespread transition. With a

Table 8.1: Selected cases of local economic development initiatives in Latin America (Helmsing, 2001, pp. 7–8)

Case	Type of LED initiative
Cordoba	Locality development with mayor urban property development (telepuerto); Enterprise development (incubator and training subsidies); Community economic development through micro-enterprise support and credit.
Rafaela	Locality development (infrastructure and physical planning); Enterprise development (incubator, enterprise support services, innovation).
Araucania	Locality development and tourism promotion; Small-enterprise development in agriculture.
Medellin	Labour market and human resource development.
Antioquia	Enterprise development in four industries; Community economic development through micro-enterprise support; Small-enterprise development through productivity centres in food processing.
Provincia de Loa	Community economic development through micro-enterprise support in agriculture.
Rancagua	Labour market improvement and human resource development; Community economic development through micro-enterprise support centres; Locality development and city marketing to attract outside investors.
Ranquil	Small-enterprise development in agriculture.
Pensilvania	Small and micro-enterprise development in design furniture based on business development services, training and equipment.
Chihuahua	Enterprise development and upgrading in strategic clusters (light industry, food processing and services).
Jalisco	Enterprise development through clusters in leather, textiles and clothing.
Ilo	Locality development — general economic infrastructure, industrial trade, training and development.

transformational policy framework for local government, as seen in South Africa, widespread uncertainty over the responsibility for functional activities emphasizes the necessity for strong and effective managerial leadership. The changing nature of the local government environment would logically imply that subordinates, responsible for the operational implementation of policies, execute their tasks in the very same transitional environment. Change more often than not brings about uncertainties, and managerial leaders are therefore tasked with the additional challenges of allaying the insecurities and fears of their subordinates.

To this end, Zacharatos, Barling and Kelloway (2000, p. 212) are of the opinion that in an environment where major transformation is prevalent, the managerial leader should:

- build subordinates' respect and trust by behaving in a fair manner and doing what is right rather than what is expedient
- bring about motivational inspiration by increasing followers' awareness of the mission or vision towards which they are working and raise followers' expectations of what they can achieve, thereby motivating them to pursue group goals.

According to Dunoon (2002, p. 7) leadership in a transformational environment requires one of two approaches:

- charismatic transformation in which the individual leader acts as the primary agent of change
- learning-centered leadership, that is a more collective view of leadership where dialogue is emphasized and a shared understanding of the changing requirements of an organization is built.

It would seem that the learning-centered approach would be of greater value to changing circumstances in local government since it is vital that there is a collective idea shared by managerial leaders and their subordinates as to what direction the organization is taking. This will ultimately determine the extent to which services are rendered and local social and economic development is effected.

Dunoon (2002, p. 11) emphasizes four dimensions to this learning-centered or collective approach to leadership.

Firstly, there is strategic leadership, requiring both leaders and followers to understand the changing external and internal environments, clarify a preferred future and develop alliances internally and externally.

Secondly, there is leadership for knowledge creation where people of diverse perspectives or backgrounds integrate what they know in order to generate the best strategies for the organization. In South Africa this dimension of leadership was especially important in the aftermath of the transition to a democratic system of local government, finalized in December 2000. Local governments had to contemplate how to continue delivering basic services while meeting the much-needed development objectives.

The third dimension is values-based leadership. This dimension requires changing organizations to develop a value system aimed at attaining the organizational objectives, taking into consideration various ethical dilemmas that may arise out of the newly established organization.

Finally, there is developmental leadership, which involves working with individuals and groups to strengthen their capacity for effective action.

8.7 Civil leadership

The role of leadership in civil society is the third important dimension to community leadership. In South Africa, civil society organizations such as the South African National Civics Organization (SANCO) played an important role in pressurizing government to reassess policies when racial segregation policies were firmly in place. It could be argued that in the South African case the role of civil intervention in local government has changed. Whereas the intent in the past was largely confrontational, due to people's resistance to apartheid, civil leadership today needs to be of a more constructive and contributory nature.

Thomas (1995, p. 1) states that it is no longer acceptable for governmental decisions to be taken by 'a few powerful leaders who purport to act on behalf of the many, but who refuse to involve the many in their deliberations'. According to Bekker (2003, p. 2) development is for people and it is therefore only fair and justifiable to undertake such efforts in collaboration with the likely beneficiaries of development endeavours. Leaders in civil society organizations therefore have a vital role to play and their interaction with political and managerial leaders is vital to the ultimate attainment of shared objectives and goals.

According to Bekker (1996, p. 48), civil leaders need to possess the following:

- planning skills, in order to adequately strategize the nature of their participation in the affairs of the municipality

- political skills, in order to effectively influence local decision-making and further the aims of societal groups through, for example, the media
- motivational skills, in order to maintain cooperation within civil groups in order to make collectively acceptable decisions.

According to McEwan (2003, p. 472), the ideas of civil leadership and citizen participation are closely related. It must, as its core objective, have the goal of empowering people, thus leading to increased societal development. There must in this regard be organized efforts to increase the control over and access to resources on the part of individual citizens or citizens' groups.

The above characterizes citizen participation as an integrated and collective effort on the part of elected political representatives, appointed managerial leaders and civil leaders to work towards the common good of local communities. It furthermore suggests that the responsibility for good governance in local government cannot be limited to one leadership domain, but should constitute a collective effort by all stakeholders. Citizen participation is a topic often under discussion, especially in developing societies such as South Africa, Asia and Latin America. It would therefore be of interest to look at a number of theoretical issues in relation to citizen participation, while also looking at their practical implementation.

8.8 Citizen participation and community leadership

Citizen participation in government processes and decision-making can be regarded as one of the cornerstones of a democratic dispensation. This is particularly important at the local level of government, because it is in local government where meaningful participation by citizens can have a direct impact on the quality of governance and service delivery.

It should be borne in mind that ultimately the governance process aims at decision-making promoting the best possible outcomes for citizens, taking into consideration the scarcity of resources in comparison to the wide range of needs that exist in communities. There have recently thus been increased calls for citizen involvement, especially in developing countries, with the argument being that governments cannot really take decisions in the best interests of their citizens without having consulted them about what they regard as their best interests.

An important issue that arises in the debate about citizen participation relates to the nature of the participatory processes and whether they

should be formally structured or whether participation should take place in a more voluntary and spontaneous manner. The following sections explore certain aspects of citizen participation in South Africa, Latin America and Asia with a view to assessing this issue.

8.8.1 South Africa

In South Africa, the local government landscape has changed dramatically, culminating in a new dispensation in 2000. One of the fundamental changes pertaining to citizen participation in local government relates to the creation of structures for such participation.

The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), sections 72 to 78, provides for the establishment of ward committees to give effect to South Africa's constitutional provision for participatory democracy in the local sphere of government. In terms of the Act, ward committees should consist of the ward councillor plus ten representatives of various sectors in the community. These can range from business bodies, church or religious organizations, and sport, recreational or cultural groups. The idea is to involve as wide a spectrum of society as possible and to assist the councillors in fulfilling their representative role in the full municipal council.

Members of ward committees serve on these bodies on a voluntary basis and receive no remuneration for their involvement. This is widely regarded as one of the weaknesses of this system as many commentators view this as one of the main reasons for ward committees not having been fully functional since their inception. While community members initially participate in these structures, their private interests at some stage take precedence over these unpaid positions.

A second important point to consider is the nature of ward committees' actual impact on local government decisions. There has been a sense that ward-committee proceedings become 'talking shops' and that ultimately council decisions do not reflect the sentiments and proposals suggested by the committees.

It could thus be deduced that although the establishment of ward committees seemed a positive step, questions could be asked about the capacity of participants to constructively affect the proceedings of the council.

Another example of a structured approach to citizen participation in South Africa revolves around the establishment of municipal strategic plans for municipalities. These Integrated Development Plans (IDPs) prescribe a process through which a municipality prepares a plan over a five-year period which is a legislative requirement in terms of the Local

Government: Municipal Systems Act, 2000 (Act 32 of 2000) [MLM Integrated Development Plan 2003/2004, p. 2]. The ultimate aim of these plans is to ensure that municipalities become more:

- strategic, allocating resources in order to ensure that as many as possible outputs (services and development) are delivered as economically as possible
- inclusive, to ensure that all relevant stakeholders — councillors, officials and civil society — are involved in decision-making processes
- responsive, emphasizing the expressed needs and expectations of the beneficiaries of municipalities' service-rendering endeavours.
- performance driven in character, providing for periodical assessment of performance as a means of quality assurance (MLM Integrated Development Plan 2003/2004, pp. 2–3).

The IDP process thus implies an extensive amount of cooperative decision-making on the part of political, managerial and civil leaders. Generally South African local governments have made credible efforts to include citizens in prioritizing needs for the purposes of the IDP process. The questions that do remain mainly revolve around the positive contribution of these participatory processes. In South Africa educational levels in local communities are relatively low and it is questionable as to whether the participatory process has meant that the will of local people has prevailed.

8.8.2 Asia

According to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) report (2006, p. 26), Asian local authorities must be empowered to establish and develop links with all actors of civil society, including non-governmental organizations, community-based organizations and the private sector. The report encourages local authorities to do everything in their power to engage people, because the notion of citizen participation will not necessarily translate into constructive contributions.

The report (2006, pp. 27–8) also suggests the following:

- direct engagement in city development through task-specific interventions by governmental organizations, as utilized in India
- symposiums or informal gatherings, regular surveys and community meetings, as initiated in Japan
- bottom-up planning mechanisms, as employed in Indonesia

- a court of governance, as instituted by Thailand, can also assist in providing citizens with mechanisms for participation.

Thus there are many examples of participation mechanisms and efforts to make these mechanisms contribute to effective citizen participation in Asia. Continued efforts to ensure that the utilization of these mechanisms actually contributes to better service-rendering remains the challenge to each local government.

8.8.3 Latin America

It was highlighted in earlier examples that Latin American local government had recently been characterized by efforts to initiate and promote economic and social development. Licha (2002, p. 1) expresses the view that in order to attain economic and social development objectives, it is imperative to get the beneficiaries of such initiatives to take part in the processes.

According to Schönwälder (1997, p. 753) issues of popular participation in Latin America have in the past been negatively affected by the longstanding obscurity of local governments, the centralist nature of many states and the relative limitations of civil society's capacity to participate. In this regard the transition to democracy and a more decentralized approach to governance have placed a new focus on the involvement of citizens in developmental initiatives.

According to Licha (2002, p. 2) local governments in Latin America have started to play an important role in terms of social management and have ensured that, through the involvement of citizens, more innovative solutions to social problem-solving can be identified. This is because:

- a constructive participatory framework promotes the establishment of rules and institutions for monitoring and involvement by citizens
- conditions whereby citizens can determine the agenda for public debate through a culture of open deliberation are established
- citizen participation ensures that communities are established as important actors in the policy process
- a sense of collective commitment for progress in local government on the part of the governance structures and communities is promoted.

It thus becomes clear that similarities exist in the manner in which South African, Asian and Latin American governments attempt to promote and foster citizen participation. It has also been established that

there are in each of these regions stumbling blocks to the participatory process that are common in transitional periods, but that need to be neutralized for improved service delivery and development.

It is furthermore clear why citizen participation can be regarded as such a vital component in the process of community leadership. Political and managerial leaders can simply not rely on their own power to make decisions and effect change without solid collaboration with the potential beneficiaries of these processes.

8.9 Conclusion

It is evident that managers and leaders in local government will need inherent personal qualities that will make it possible for them to lead their subordinates and thus organizations towards innovative problem-solving. In addition they will need relevant functional knowledge in order to have a sufficient understanding of the activities they are required to take decisions about. However, having compared South Africa, Asia and Latin America, care should be taken linking all problems or challenges to the issue of leadership. It is evident that as these regions are mainly at a developmental stage, issues such as lack of resources, political ideology and attempts to establish organizational identity should not be ignored.

It is clear that community leadership is a critical requirement for making local government management work. This is primarily because role-players, namely political, managerial and civil leaders, in most cases come from the same communities they are mandated to serve.

It is also clear that, while these regions are miles apart geographically there is much to be learnt from their various experiences.

It is therefore necessary for each leadership role-player to understand their roles and work collectively towards set goals and objectives. Only then can we aim towards the much-referred-to concept of integrated governance as a means of improving the quality of lives of local communities.

9

Involving Private Enterprise in Local Development

Korel Göymen

9.1 Introduction

In this discussion of the involvement of private enterprise in local development, the emphasis is clearly local, although linkages will be established with other levels. Development will be understood in its broadest meaning, to refer to any change or improvement which might positively reflect on the quality of life of individuals, communities or nations. Involving private enterprise in local development may take different forms (privatization, tender/contact, build-operate-transfer, leasing, concession, subsidy arrangements, regulatory and tax incentives and so on) but only public-private partnership (PPP), as the most widespread and prevalent instrument, will be dealt with in detail. Again, this topic can be approached from many angles and from the perspective of different disciplines, but in this study, the political science–public administration dimension will be dominant. Finally, the term private enterprise will also occasionally refer to non-governmental organizations (NGOs) and institutions of civil society, for the sake of convenience and simplicity.

The type, extent, and form of private-sector involvement and utilization of PPPs in any given country vary in their bases and depend to a large extent on the socioeconomic, political and administrative legacy. Some types of PPPs are more prevalent in some nations than others. Generally, strong states with weak voluntary traditions produce partnerships dominated by the public sector. Obversely, limited states with a tradition of vigorous voluntary action produce partnerships dominated by the private sector. Between these two points, hybrid types of partnerships are likely to arise (Savitch, 1998, p. 179).

9.2 Global challenges and local responses

The urban population is increasing rapidly, with more than half of the world's inhabitants now living in urban areas, creating new challenges for the management of cities. Urban problems have become so complex that it is likely they will not be solved solely by government policies in the coming years, especially those related to economic development, environmental sustainability and social inclusion, all of which are interdependent with global processes. In the nineteenth century, the first main urban explosion, associated with industrialization, also was responsible for the development of new forms of urban governance, an expansion of government involvement in public health and housing, urban planning and other public services.

The end of the Second World War was another period of major change in the sociopolitical system of cities: this seems to again be the case in the transition from the twentieth to the twenty-first century. First, there is a shift towards economic globalization, affecting economic sectors and institutions; secondly, a homogenizing global culture has developed, resulting in the development of local distinctive cultures; thirdly, national governments seem to be less able to support local economic growth; and finally, local government, forced by these circumstances, is increasingly involved in different forms of international cooperation. As a result, local government faces several major challenges, which include growing urbanization, social exclusion, economic competition between cities and unresponsive local democratic systems (Silva, 2004, p. 73).

The way to meet these challenges, according to Silva (2004, p. 74) is the creation of new concepts and instruments that articulate economic objectives along with social inclusion, environmental sustainability and public participation in local political decisions. In this respect there are three clear trends in the European Union and in other developed countries in relation to local government and urban governability. First, there is a trend towards increased functional decentralization, associated with the principles of subsidiarity and democratization. Secondly, there is the introduction of management methods imported from the private sector and the marketization and privatization of local public services. Thirdly, there is trend towards new forms of relationship between the public and private spheres in the policymaking process. All these trends are in some way responsible for the emergence of a new model of local governance.

The emergence of such a model in any single country may be attributed both to internal and external factors. Especially in developing

or transitional countries, the impact of external forces has been important. In most cases, this has involved the activities of national or multinational donor agencies. In many instances, organizations such as the World Bank, the United Nations Development Program (UNDP) and the United States Agency for International Development (USAID) have made very strong efforts to encourage the utilization of private-sector approaches and non-governmental organizations in the delivery of public services. Often, the logic behind these efforts has involved the belief, and in some cases the reality, that private sector and NGO service delivery can be done with greater efficiency, more flexibility and at a cheaper cost. In truth, most assessments of these developments suggest mixed results. In fact, the large body of literature on privatization has begun to demonstrate that in only a very few areas of service delivery are significant savings likely to be achieved as a result of the utilization of private-sector or NGO organizations. Moreover, most of those benefits are achieved as a result of reducing the salaries and benefits of already very low-paid employees (Rosenbaum, 2006, p. 46).

According to Rosenbaum (2006, p. 46) another factor which has encouraged the development of collaborative approaches has been the realization by governmental administrators that, as a consequence of established networks of relationships, various civil-society and private-sector organizations have far greater capacity to effectively deliver services throughout a country. In other instances, governments lacking adequate funding to support needed services have abandoned efforts to provide them, thus leaving the responsibility for the provision of critical services to individuals being able to purchase them from the private sector in the marketplace or to receive them through the work of NGOs.

Rosenbaum (2006, p. 46) mentions another factor encouraging government collaboration in service delivery, especially in the civil society/NGO sector, as the willingness and the ability of non-governmental organizations to act effectively in particularly complicated and difficult areas of public policy. For example, in the area of poverty reduction, one finds a range of NGOs, from local community-based self-help groups working to deal with problems of the poor to a wide array of well-established national and international charitable agencies and organizations.

Yet another frequently unexplored explanation for the growth of relationships between the public and private sectors and civil society has to do with the increasing political influence of both private-sector and civil-society-sector actors in local, national and international contexts. The reality is that as government turns over the delivery of services to the

private sector and civil society, private power (and profits) increase and NGO influence grows within the community and the society (Rosenbaum, 2006, p. 47).

Rosenbaum further draws our attention to the fact that civil society and private-sector organizations often develop strong ties to particular units or agencies within government bureaucracies. These relationships can be either very supportive or strongly adversarial. In many instances, civil-society (and sometimes private-sector) organizations serve as an important source of information and support for a government agency, while in other instances they can and will assume a watchdog or agency-critic type of role.

The reality is that effective collaboration requires effective participants — governmental, private-sector and not-for-profit. It is not a zero-sum game in which one side depends on the weakness of the other to enhance its political and organizational capacity. Consequently, without question, the single most important contributing factor in facilitating effective cooperative service delivery is the existence of a strong governmental sector, a strong private sector and a vibrant civil society. Unfortunately, especially in many transitional countries, the existence of three strong sectors is not a likely reality. The governmental sector is often short on skilled personnel, lacking in finances and, in some cases, does not have the capacity to have an impact much beyond the environs of the capital city. In other instances, the private sector is not very well developed and civil-society organizations, with the exception of a few NGOs heavily financed by international donors, may be almost non-existent (Rosenbaum, 2006, p. 48).

To the extent that they are available, local government leaders increasingly are recognizing that it is clearly in their interest to encourage the development of an energetic private sector and civil society. This has become especially pronounced in those countries where, as democratic governance has begun to take root, popularly elected mayors have come to office. These local political leaders now perceive that a strong private sector and effective locally based civil society organizations represent, at the least, important allies in their efforts to devise and implement policy and to build institutional and financial resource capacity for their communities.

This political and institutional dependence on the involvement of civil society in the process of policy implementation seems to be particularly well developed at the local level. Several factors contribute to this development. First, institutions at the local level are often 'softer' and more permeable than institutions at the national level; they control,

relatively speaking, more limited financial resources, operate more closely to policy-makers, and are probably less professionalized than institutions in the higher echelons of government. In addition, since policy-making and policy implementation are frequently executed by the same institutions, local institutions probably have bigger problems of maintaining insulation from parochial pressures than institutions at other levels of government (Heinelt, 2005, p. 3).

Secondly, the physical distance between institutions and policy targets is much smaller at the local level than at the national level. Historically speaking, local government has played two different and partially inconsistent roles. One is that of a service producer and provider, emphasizing managerial thinking and economic and administrative efficiency. The second role is that of a political arena and an instrument for enhancing local democracy and participation (Heinelt, 2005, p. 4).

The current balance between the managerial and democratic or participatory roles of local government could best be described as emphasizing citizens' choice between different service providers in a market-like fashion but under some public control. Heinelt (2005, p. 6) claims that the issue is no longer under whose auspices services are produced; instead, the main concern now is whether the services offered match the services demanded by the customers. The argument seems to be that if market criteria and public service providers are allowed to play a role in the design, production, and delivery of public services, the state as well as the private sector would be better off. To achieve this objective, new forms of public-private interaction and exchange need to be explored.

9.3 The merits of public-private partnerships

Public-private partnerships are among the key instruments in urban governance. They should be perceived not as alternative instruments but rather as complements to the traditional arsenal of political and administrative instruments available to local authorities. In a political perspective, partnership can be said to open up new channels for local government through which the local civil society can be governed, channels which also help civil society penetrate the local government apparatus and processes.

9.3.1 Generating internal and external synergy

Pierre (1998, p. 116), identifies a number of different political and administrative roles for partnerships in local economic development.

First, public-private partnerships may be assumed to create synergy in the urban political economy; both parties come out more powerful by forming a partnership than they would have been had they chosen to act alone. For local authorities, partnerships offer access to at least some of the capabilities and power bases controlled by political institutions. The leverage generated by the partnership is not confined to mutual control over the other actors in the partnership. On the contrary, by forging these coalitions, local authorities and private business increase their capabilities to influence actors outside the partnerships.

9.3.2 Facilitating and increasing public-private communication

Another important role of public-private partnerships is to increase communication between the public and the private sectors of the local community. Thus, the communication paths created by a public-private partnership are not confined to the specific actors involved in the partnership. Instead, they presumably give public actors access to networks within the business community and conversely offer private business access to political institutions and elected officials (Pierre, 1998, p. 117).

9.3.3 Legitimizing pro-growth politics

Finally, public-private partnerships presumably play an important political role in legitimizing pro-growth policies and local authority measures to this end. Policies which have been formulated and implemented in concert with private-sector actors will probably enjoy more support and legitimacy among other private actors compared to other policies (Pierre, 1998, p. 118).

PPPs have a number of defining characteristics, according to Peters (1998, pp. 12–13). First, a partnership obviously involves two or more actors, at least one of which is public. Some partnerships are essentially public-public, but may still have some characteristics of public-private interactions. For example, when one of the 'public' actors is largely autonomous from direct political control, or is an organization that has as much or more of a market role than a strictly public-sector orientation, or is itself quasi-governmental, then it may function as a private-sector organization in a partnership. A second defining characteristic of these partnerships is that each participant is a principal, meaning that each of the participants is capable of bargaining on its own behalf, rather than having to refer back to other sources of authority. Thus, to be effective, the participants in these arrangements must have a good deal of latitude for action. This autonomy will be especially

difficult to come by for the public-sector participants in a partnership, given that there are usually multiple levels of control and deliberation, and given further that if any public money is involved, it will have to be made available through the normal budgetary process. A third defining feature of partnerships is that they are an enduring relationship among these actors, with some continuing interactions. In a partnership there is a continuing relationship, the parameters of which are negotiated among the members from the outset. Fourthly, each of the participants brings something to the partnership. Therefore, for the partnership to be a genuine relationship, each will have to transfer some resources — material or non-material — to the partnership. Finally, a partnership implies some shared responsibility for outcomes. The autonomy and negotiated decisions of partnerships produce mutual shared responsibility which can make accountability for these decisions difficult to ascertain for the average citizen or even for oversight organizations.

In many instances the devolution of responsibility has led to the establishment of new institutions and agencies together with a range of centrally initiated but locally delivered programmes. This institutional proliferation, reinforced in some cases by a pursuit of special initiatives, weakens both the local capacity to deliver integrated services and the ability of the centre to control. What emerges is a planning and implementation vacuum. The difficulty in filling this vacuum allows, and often encourages, individual planning and providing agencies, central and local, to follow their own priorities; a complex battle of organizational politics occurs with everyone pursuing single and selfish goals. Well-used methods for controlling implementation begin to break down, and compliance with policy intention is more rarely observed. In such a situation the centre attempts to retain or regain control, while localities attempt to gain autonomy (Peters, 1998, p. 20).

According to Peters (1998, p. 21), the limited nature of much community participation in partnerships is evident. Agenda-setting, timing and location of meetings, conduct of business, language and discourse, gender relations, and cultural insensitivity all combine to marginalize community interests. Power is not shared but is retained by the traditional actors — politicians, professionals, academics — whose language and behaviour does little to encourage participation or support inclusiveness. There has been much emphasis on capacity-building for communities, and rightly so. Communities need skills, time, resources, experience and the confidence to enable them to participate equally in partnership working with others. The real need for capacity-building, however, lies in the larger organizations of traditional government

whose behaviour towards residents, users and communities has been to view them simply as clients of a service provider.

Also, the spatial scale at which competitiveness and exclusion have been typically addressed varies. Partnerships for inclusion are often neighbourhood-based and aim to draw in all those from communities who have hitherto been excluded. Partnerships which address competitiveness, by contrast, are most often built at the city-wide or sub-regional level and draw in the stakeholders concerned with infrastructure, with inward investment, with place marketing and with labour-market skills. Some of these initiatives have social-inclusion objectives, most notably the integration of the disadvantaged or long-term unemployed into the active labour market. But there is a challenge to city-wide partnerships and to city leadership to look both outwards to the larger picture of economic competitiveness and at the same time to look inwards to the needs of communities (Peters, 1998, p. 23).

Savitch (1998, p. 179), stresses that global conditions and economic competition accelerate the need for partnerships, but they do not determine their form and rarely do they decide their content. Rather, form and content are shaped by national ecologies. Experiences show a considerable range in partnerships — from those that are entirely between local governments (Sweden) to public-private organizations that are managed by government (Great Britain) and finally to public-private organizations that are mostly in the hands of business (United States).

For instance, in the model of strong state/weak voluntary tradition, France utilizes 'mixed corporations' and the *Etablissement Publique* (EPA) to channel development and build housing. While 'mixed corporations' have private shareholders, the majority of shares are owned by the public sector and direction is led by public-sector needs. EPAs undertake contracts with private business and allow them concessions to operate, but they are entirely run by publicly appointed managers and controlled by boards, whose appointees are often public officials. In addition, a major portion of industrial investments are gleaned from public sources and pension funds (Savitch, 1998, p. 180). The same type of 'mixed company' was quite widespread in Turkey in the 1960s and 1970s, but in most cases the worst features of both partners became prominent and most of them either went bankrupt or were disbanded.

Partnerships vary in their bases and respond differently to ecological forces. In Europe partnerships are typically in the hands of government or controlled, one way or another, by the public sector. While that

control may have waned in the past decade, it has deep historic precedent and institutional force. Most European states have a unitary form of governance and strong intergovernmental support, so that financial aid is passed easily along from central to local authorities. These characteristics enable public officials to withstand private pressure and take the lead in formulating partnership models. Given the pressures of globalization and competition, European partnerships are likely to take a corporatist form, where public officials orchestrate the action and apply the resources (Savitch, 1998, p. 182).

Obviously, those partnerships closer to the public end of the continuum are controlled by government. Their resources and membership are largely public and their policy direction is often (though not always) geared toward collective benefits (low- and moderate-income housing and employment programmes). Partnerships closer to the private end of the continuum have a mixed array of resources, membership is drawn from the business sector, and their policy direction is oriented towards the maximization of profit and possible tax revenues. Clearly, partnerships closer to the public end pose no threat to state sovereignty. What counts most is not so much the presence of private partners, but the capacity of the state to control policy direction. Private partners may in fact strengthen state capacity by embellishing public coffers with additional capital and enhancing administration with knowledge and flexibility. Those partnerships closer to the private end do pose questions for state sovereignty. Should the state cede too many functions or private partners, it could be faced with a crisis of authority. The so-called 'hollow state' is not just speculation, but has its adherents who promote a cessation of most public activities, from schools and libraries to refuse collection and the administration of justice (Savitch, 1998, p. 184).

One might suppose that, by definition, publicly dominated partnerships serve a collective constituency that benefits from its activities. Extending the logic, one might suppose that privately dominated partnerships would not produce benefits for the larger public. These conclusions are not entirely borne out. For one, even publicly dominated partnerships respond to market incentives and have resulted in considerable profits for private investors.

On the other hand, the desire to promote collective benefits does not always translate into effective public policy. Many publicly directed low- and moderate-income housing complexes have been disastrous.

Finally, it is not self-evident that privately dominated partnerships do not produce collective benefits. Many of those benefits can be seen in

rebuilt harbour areas, cultural centres and commercial development. Certainly, a larger public has been able to access these amenities and enjoy their fruits. But whether appreciable benefits are transferred to the poorest populations is still debatable (Savitch, 1998, p. 185).

Public-private partnerships will most likely become increasingly common, in the local economic development sector as well as in several other policy areas. Urban governance in most national settings will to a decreasing extent be defined by the jurisdiction of local authorities. Instead, we are likely to see urban governance be more concerned with results than with maintaining a clear boundary between the public and private spheres of the local community. Indeed, partnerships or other models of joint public-private action may well be the hallmark of urban governance in the next decade. The roles of local government in this model of urban governance will primarily be coordinating, regulating and monitoring rather than simply enforcing rules and delivering services (Pierre, 1998, p. 192).

The extent to which they enjoy such support depends on how consistent the idea of public-private partnerships is with the ideology characterizing the political, economic and social history of the country. These transcendent dimensions of values, norms and expectations are instrumental to an understanding of the development of public-private partnerships. As Savitch (1998, p. 179) points out in his comparative assessment of partnerships, the character and objectives of these organizations relate closely to the traditions typical to different national contexts. The viability of institutional mechanisms for political control and democratic accountability of public-private partnerships depends to a large extent on the strength of the public actors in the partnerships. Savitch shows that this strength is closely related to the *étatist* tradition of the country. Thus, in countries such as Germany, France, the UK and the Scandinavian nations, there tends to be a strong political presence in the partnerships which warrants at least some political control and accountability. By contrast, in the United States, partnerships have traditionally been dominated by private interests and so the mechanisms for democratic control are much more limited there. Again, this is proof of the importance of seeing partnerships as embedded in a larger political, economic and historic context.

So, states with strong *étatist* traditions tend to generate local public-private partnerships which are dominated by public actors and, conversely, in countries where there is a weak *étatist* sentiment private actors will dominate the partnership. As mentioned earlier, although it has eroded, Turkey still has a strong *étatist* tradition, impacting private-sector

involvement in local development. We now turn to a discussion of the *étatist* legacy and private sector involvement in Turkey.

9.4 Turkey: from government to governance?

It was almost a century and a half ago that the Western-type municipal administration was set up in Ottoman Turkey, although different types of local or municipal services were provided by a variety of institutions prior to this development. The fact is that Ottoman institutions such as the Kadı (judge, mayor), Lonca (guild system) and Vakıf (foundation) that provided local services ranging from provision of infrastructure to social and health matters in a limited and fragmented manner did not, in the eyes of most observers, prove convincingly the existence of a tradition of local self-government (Tekeli and Ortaylı, 1978; Heper, 1985). Even those who contested this generalization (Güler, 1992) had to concede that Ottoman experience in this field was extremely limited. Some of the basic reasons for this, according to Heper (1991, p. 3), were that in the Ottoman policy the periphery was totally subdued by the centre, that in Ottoman patrimonialism the local notables, unlike their kin in Europe, did not enjoy extensive territorial rights, and that the Ottoman system lacked free cities.

As Heper asserts (1991) the 'induced' modernization efforts that the centre undertook during the nineteenth century in 'defensive modernization' in the face of the Western onslaught were also motivated by a policy of strengthening the centre itself. In this context, 'local government' was no more than a new administrative agency of the central government to conduct affairs in the localities. Furthermore, Ottoman society did not undergo an industrial revolution and the economy was dominated by non-Muslim minorities, who helped the economic penetration of the empire with cheap imports of manufactured goods. So, an indigenous entrepreneurial class did not develop and whatever existed of the traditional economy was disrupted.

The Ottoman empire, in the wake of military defeats and setbacks, initiated a series of reforms which led to a kind of defensive modernization and 'westernization in spite of the West'. A coalition of military and civilian bureaucracy, joined by some intellectuals, paved the way. The ascendancy of this coalition, while introducing Western-type institutions and processes, became more and more pronounced. The particular style of centralized administration, the dedicated elitist Jacobian approach, the type of political and economic nationalism mixed with a dose of xenophobia, and eventually the secularist imprint,

all created the 'bureaucratic ruling tradition'. The same tradition lingered on with the republic because it was the same coalition that led the process culminating in the establishment of the Turkish republic. This tradition was dominant during the benevolent one-party system in Turkey during the 1923–46 period (Göymen, 2004).

During this early republican period, the 'centre' was dominant in all aspects. An internally consistent and all-encompassing reform programme and structural changes were imposed from the 'centre' over the periphery. The centralized administrative system and the bureaucracy were the main instruments in asserting this authority and programme (Mardin, 1975; Heper, 1985). This authority also extended to the economic sphere. The 'centre', after an unsuccessful attempt to encourage very limited private enterprise in the 1920s, initiated the policy of '*étatism*' (state-sponsored economic development), which constituted yet another stage of 'induced' development. *Étatism*, eventually, was instrumental in creating an indigenous entrepreneurial class and the accumulation of capital in private hands.

A number of factors, however, began to challenge this situation, eventually forcing change. This change was gradual but culminated in the eventual withering away of the bureaucratic ruling tradition. The process is by no means over, but with the recent constitutional-institutional changes and reforms also encompassing the administration, the general direction has become clearer. Furthermore, this process is not a unilinear one, and persistent political and/or economic crises may slow down or even reverse the process.

9.4.1 Factors forcing change

The number of factors gradually forcing change can be grouped under six headings. This combination of internal and external factors has become instrumental in bringing about the recent constitutional-institutional changes, paving the way for a more democratic, participatory, transparent, accountable, decentralized and people-oriented system of government and administration (Göymen, 1999).

The first of these factors is the transition from a single-party system to a multi-party regime and competitive politics in the aftermath of the Second World War. Due to this transition, representative institutions were established and, in spite of sporadic crises, have attained a degree of maturity and functionality. Recently, however, the shortcomings of representative democracy have been extensively debated, leading to mushrooming of informal participatory mechanisms as well as demands for reform in state-citizen relations and the administration.

Mechanization of farming, increased productivity on the land, a fast-increasing population and the relative 'opening' of society culminated in speedy urbanization, and the emergence of several small, medium-sized and metropolitan centres. This led to an extensive local government system, with representative organs and directly elected officials. This in turn enhanced the importance of local politics and local politicians, beginning to tip the center-periphery balance towards the latter.

As a result of the period of state-sponsored and -led economic development and pursuance of semi-autarkic and *étatist* policies, the gradual 'opening' of the Turkish economy, the adoption of neoliberal/export-oriented policies (particularly after the 1980s), and the customs union with the European Union (in 1995), a sizeable and influential entrepreneurial class supportive of reforms emerged. At first, there was a concentration of private enterprise in and around major metropolitan centres (Istanbul, Ankara, Izmir), but recently there has been a mushrooming of small and medium-sized enterprises in most parts of Turkey. The latter are taking interest in local development and have emerged as potential partners. More recently, these groups began advocating principles of good governance; a new division of societal labor between the state, private sector and NGOs, a smaller but more effective state, and an emphasis on the rule of law and extended human rights.

Social, political and economic differentiation, pluralization of society and institutions and multi-dimensional contacts with the outside world led to the emergence of a sizeable civil society and several types of non-governmental organizations (NGOs) beginning to share functions and responsibilities with the state. Many of these NGOs and structures of civil society began questioning the traditional role and status of the state. Subservience of the individual to the almost 'sacred' and paternalistic state began to be reversed and a new conception of the state 'in the service of the citizen' gained ground. Thus, civil society is becoming a potent force supportive of further democratization, decentralization and devolution, enhanced individual and collective rights, and further regional and global integration. At the same time, civil society institutions have emerged as important partners in local development processes, both related to local service delivery and to empowerment of local communities.

All these changes could not have been sufficiently disseminated and deliberated over without effective and extensive media. In Turkey, such a media exists and is extremely dynamic. Several dozen national television stations, more than 300 local and regional TV networks, and more than 1500 national, regional and local radio stations exist, most of

them utilizing the latest technology. These are joined by an extensive printed press, representing different political platforms and diverging views. In all, the existence of such a media facilitates extensive discussion, joined in by an increasing number of 'stakeholders'. It is fair to say that most of these media are generally in favour of transformations in polity and society, and extensively cover local problems and efforts to solve them.

Historically, external influence and factors have played an important role in triggering change in the Ottoman-Turkish continuum. Induced development of the Ottoman empire has already been mentioned. As well, the transition to multi-party politics had its internal and external stimuli. The latest and probably the most significant factor instigating and inducing change in Turkish society has been potential membership of the European Union (EU). The 'road map' prepared by EU and the Turkish National Programme to harmonize with EU legislation, standards and institutions has been the most important single factor in bringing about constitutional-institutional changes (Baç, 2000). Both documents emphasize principles of good governance, stress the need for efficient performance of the state and point out several areas and institutions where reform is needed.

Furthermore, EU-related principles of decentralization, devolution, subsidiarity, and emphasis on partnerships and regional development agencies have had a major impact on local development processes in Turkey. For instance, Turkey recently witnessed a major restructuring of the local government system and introduction of new tools to 'integrate' Turkish cities through local development. The main characteristics of the new local government legislation is the attempt to make the transition from 'classic' centralist, hierarchical public administration to dynamics of local and regional governance. In this context, municipalities (3216 of them) and metropolitan administrations (16 in all), are empowered to act as leaders of local 'growth coalitions' and providers of various incentives. All stakeholders in a particular region/city are encouraged to participate in the local development process. Two novel instruments to be used in the process are local strategic plans (obligatory for settlements of over 50,000); and regional development agencies (in 26 regions of Turkey).

9.4.2 Basic dimensions of local government reform

The new legislation rearranges intergovernmental relations among central government, provincial authorities and municipalities. In this context, some of the powers of the central government are devolved to

local administrative units. Articles 14 and 15 of the new Municipality Act allow public administration bodies to develop stakeholder relations with private sector and non-governmental organizations. Local administrations are given incentives to take action on local issues and allocate land either free of charge or at a low price, with the authorization of the Ministry of the Interior, to projects that aim to improve health, education, social service, and tourism-related activities. Moreover, Article 41 of the Act gives the local governments with a population above 50,000 the duty of preparing a strategic plan by taking into consideration the views of universities, private enterprise, vocational chambers, and relevant non-governmental organizations, and putting it into effect after it is ratified by the municipal assembly. In this context, the municipalities in Turkey are in the process of preparing the first generation of strategic plans for their localities with the active participation of private enterprise and other institutions of civil society. We can observe similar practices in other developing countries too. There are a certain number of relatively successful types and examples of private-enterprise involvement in provision of services and in local development in various countries, which will be briefly presented now.

9.5 Types and cases of private-enterprise involvement

9.5.1 Organized industry parks, Turkey

In the 1960s in Turkey, the prevalent economic system was referred to as a 'mixed economy', envisaging and encouraging public-private collaboration. During this period, companies with mixed capital and joint management were formed; the public 'participated' in joint-venture companies with minority capital. An offshoot of this period was organized industry parks, established on public or expropriated land, outside of settlements, with infrastructure provided by the state. The plots in these parks were allocated to would-be investors (usually medium to large-size), and they would be responsible for infrastructural services on site as well as the productive investment itself. Depending on the level of development of the region, the state would be inclined to offer further support, in the form of credits and subsidized services. These parks have joint management boards with representatives of the state (sometimes headed by the appointed governor of the province) and private enterprise. These parks proved to be popular and by the end of 2005 there were 241 parks, built on 19,587 hectares, with a further 107 under construction over 21,489 hectares of land, thus more than

doubling the existing capacity (www.sanayi.gov.tr). Furthermore, they are successful instruments of industrial relocation, decentralization of industry, and synergies created due to concentration of industry. However, they have been criticized on the grounds that no provisions were made for housing of employees in the vicinity and for a lack of environmental management plans designed to reduce possible negative impacts (Habitat National Plan, 1996).

9.5.2 Small industrial estates, Turkey

Up to the mid-1960s, small-scale production activities in Turkey mainly took place in or near city centres. This situation created problems of traffic, pollution and fire hazard. A similar demand for workplaces began to emerge also in the smaller settlements. To cater for both, small industrial estates were created on the outskirts of settlements, with public-private cooperation. The public was sometimes represented by the Ministry of Construction and sometimes by the local municipality; these institutions planned the estate and provided land. Small-scale businesses organized themselves within 'workplace building associations', and were instrumental in planning, construction and management stages. Many small-scale workshops flourished within these estates, to then move onto industrial parks. At the end of 2004, there were 386 such estates, with 86,666 workplaces; and a further 50 estates with 6260 workplaces were under construction (www.sanayi.gov.tr). Public-private collaboration on these estates did not end with the completion of the estate. Joint training programs were planned and executed. Marketing and expert support was extended by the public sector and some workplaces emerged as small 'incubators'. Health and education services, as well as social security schemes, also covered families and dependents.

9.5.3 Urban housing — the Batikent project, Ankara, Turkey

The very rapid rate of urbanization in the aftermath of the Second World War (averaging around 7 per cent per annum), besides creating severe inadequacies of infrastructure and services in cities, also led to the emergence of unplanned, irregular and illegal squatter-type housing (called '*gecekondu*' in Turkish, literally meaning 'built overnight'). This emergency situation necessitated quick and practical solutions in the form of planned mass housing. One pioneering project was the Batikent Project (meaning the 'city in the west') in Ankara. This gigantic project (targeting construction of 55,000 units) had three main components/partners; the municipality responsible for acquisition of the land and its planning; housing cooperatives to mobilize and organize the demand;

and private enterprise responsible for actual construction. In this cooperative scheme, the municipality provided legality and legitimacy; the cooperatives mobilized the savings of their members (which naturally proved to be inadequate since the project targeted low-income residents, so 'bridge-credits' were obtained from the European Resettlement Fund); and private enterprise, which provided technology and know-how. The project was successfully concluded three administrations later (approximately from 1978 to 1993), creating an integrated urban region with a population of 300,000. The union of cooperatives (Kent Koop) developed into a national structure, initiating several similar mass-housing projects in different parts of Turkey. Most of the participating private companies, based on the prestige and experience that came with Batikent, grew into the most prominent developers in the country. The role of private enterprise (construction companies), and civil society (housing cooperatives formed with the active participation of labour unions, associations and professional bodies) included participation in the decision-making processes of the project. Decisions pertaining to density, type of housing, services on-site, credit conditions and management of the site were taken jointly. Another novel aspect of the project was that housing cooperatives were transformed into management units of neighbourhoods once their members were settled in their new homes. Thus, Batikent became a successful example of public/private enterprise/civil society collaboration, which has been frequently replicated since (Göymen, 1981).

9.5.4 Dikmen Valley urban regeneration project, Ankara, Turkey

A good example of deliberative democracy and public-private collaboration has been provided by the Dikmen Valley Urban Regeneration Project, implemented in the capital city of Ankara in the 1990s. In certain parts of Ankara, a type of dualism manifested itself with irregular, unplanned, lower-quality dwellings (*gecekondu*) encroaching prestigious sections of the city. This situation not only meant lower living standards for *gecekondu* people, but serious shortages of infrastructure (no land available for new schools, hospitals, parks, child-care centres and the like) and degraded environmental standards for all. So, the metropolitan municipality initiated a participatory planning/implementation project under the concept of 'project democracy'. The then mayor, Mr. Karayalçin, described this as the 'involvement of all those to be affected by a particular project' in all aspects and stages of the project, not only in a requesting/demanding position but actually as a decision-maker

(Karayalçın, 1990). The main instrument utilized to facilitate such participation was a 'joint decision-making committee', bringing together planners, municipal officials, neighborhood muhtars (elected headmen), representatives of housing cooperatives and other civil-society organizations in the area, and private construction companies (Bademli, 1991; Karayalçın, 1990; Kuntasal, 1993). The stakeholders in this case (around 10,000 inhabitants living in the *gecekondus*, in rather primitive conditions) were represented by housing cooperatives formed for this purpose. The main idea of the project was that *gecekondu* dwellers would consent to the tearing down of their single-storey houses to be replaced by new modern semi-high-rise, larger apartments. Until the new buildings were completed, they would move away (with support from the municipality, in cash or in kind) and agree not to seek expropriation compensation. The new buildings, as well as some social and physical infrastructure, would be built by private enterprise, which would recover the cost by selling on the market the additional apartments allocated to them after all former residents of the area were settled. The project was completed in the early 2000s; former residents are settled in their new homes; private enterprise has sold most of their allocated apartments; green areas have been extended considerably, creating a 'green corridor' in the heart of Ankara; and service standards and social infrastructure have vastly improved, eradicating the social/physical duality in this part of the city. During this process, true to the spirit of deliberative democracy, all stakeholders fully participated in different phases of the project, preparing the agenda, initiating debate, contributing to plans, construction and landscaping, and managing conflicts. The success of the project led to initiation of similar projects and reinforced faith in public-private collaboration (Göymen, 2002).

9.5.5 Improved education services in Ma'n and Irbid, Jordan

This Jordanian case involves successful service provision by deconcentrated units of the Ministry of Education in the governorates of Ma'n and Irbid. Service delivery in Jordan is highly centralized, with only limited delegation of authority in decision-making on financial matters and policy-making. In many cases, the role of deconcentrated units is limited to implementation of policies and projects determined by a central ministry. Education in Jordan, however, is much more decentralized than other services, and the residents of Ma'n and Irbid perceive education to be more effectively delivered than other services. The relative success of education is attributed to the delegation of authority and responsibilities

by the Ministry of Education to the governorates, the participation of communities, and the involvement of non-governmental organizations (NGOs) and the private sector (Work, 2005, p. 8).

9.5.6 Generating local economic development in three Polish cities

Three Polish municipalities — Bilgoraj, Ilawa and Tarnovo Podgorne — used their newly acquired authority to make strategic decisions in the creation of public infrastructure investments and the support of local businesses. While these municipalities are located in different regions with diverse historical backgrounds and development conditions, some common patterns cut across the three cases. In each case, success can be attributed to strong partnerships between public authorities and the local business community and to the mobilization of financial contributions from local communities. These achievements are reflected in improvements in housing supply, employment and infrastructure provision that are above the national average. Bilgoraj, a relatively poor region, has experienced dramatic increases in the number of its private foreign and domestic enterprises. In Ilawa, sizeable investments have been made to improve pavements, sidewalks and public spaces, as well as to establish an industrial zone (Work, 2005, p. 9).

9.5.7 Improved market services in Jinja, Uganda

The Uganda case evaluates how the formation of a public-private partnership to oversee the Central Market in Jinja led to improved revenue collection, better market management, enhancements in the sanitary condition of the market, better market security and substantial increases in the level of market-user satisfaction. Improved performance can be attributed to private-sector management of the market and greater participation of vendors in decision-making about market administration and management. Also important was the enhancement of accountability through a clear delineation of duties, obligations and rights of the different stakeholders, supported by a system of checks and balances. A formal partnership between the local council, the vendors' association, and the private management firm has been a key factor in the improved performance of the Jinja market (Work, 2005, p. 10).

9.6 Factors contributing to the success of PPP

Before central or local government form PPPs, they need to refine their approach to project appraisal and selection. They first need to decide whether a project should be undertaken at all, and then make a choice

between direct public investment and public delivery of services or setting up a PPP. Once such a decision has been made, international experience suggests that, generally, trust, openness, fairness and good governance are basic foundational underpinnings. Careful groundwork, including a comprehensive feasibility study and economic evaluation of each potential partner, is a must. Political commitment on the part of the state and public partner must be clearly demonstrated. A PPP is a major commitment on the part of the private partner, and they need to be clear about the seriousness of the public partner. Critical to the sustainability of PPPs is their ability to deliver both social advantages and commercial viability. This is not easy since the private sector has to make a profit and poor and disadvantaged regions are not often attractive to private-sector investors. In such cases, the parties should be clear about their expectations (in certain cases, non-monetary rewards) from such a partnership.

Private enterprise should be able to make a shift from profit-centred values and operating principles to people-centred ones. Adequate risk transfer from the public partner to the private sector is crucial in getting the full benefit from an inflow of private capital and a change in management responsibility. The more risks that remain with the public partner, the less likely it is that a PPP can be considered a more efficient alternative to direct public investment and public provision of services. Appropriate legal backing and a clear, previously agreed-upon conflict-resolution mechanism is crucial to iron out differences before they turn into all-out conflicts. Besides these basic considerations, additional factors may have to be adduced in a country-specific context (Rosenau, 1999, pp. 26–8; United Nations, Economic Commission for Europe, 2004, pp. 12–15; Jamali, 2004, pp. 427–8; Hemming, 2006, pp. 4–7).

9.7 Conclusion

This chapter has attempted to observe and evaluate the extent and type of involvement of private enterprise in local development in a centralized country with an *étatist* legacy. It was claimed at the start that there was a good chance the role to be played by private enterprise would be impacted by the political and administrative culture and traditions of the country. True enough, Turkey, which it was suggested could be related to an 'induced' type of development, due to the presence of an external factor (first the challenge of the West, and more recently the European Union) and the bureaucratic ruling tradition, exhibited clear signs of that. And, it is an open secret that political culture and traditions

are slow to change. However, Turkey is not the only country such impacted, or with an *étatist* tradition, as asserted by Page and Goldsmith (1987), Loughlin (2004), Savitch (1998) and Rosenbaum (2006). In such a country, one would expect the dominance of the public actors, though they are not autonomous themselves, and partnerships to be closer to the public end of the continuum. This certainly is the case in Turkey, with the public jealously trying to guard its entrenched position, reluctant to relinquish its powers and authority. However, a distinction might be made between central administration and local government. In Turkey at least, municipalities, most probably due to financial difficulties and to facing the dire prospect of inaction and inactivity, tend to find private enterprises useful partners. In exchange for recognition, licences, partial sharing of urban resources and rent (such as urban land), private enterprise also finds municipalities rewarding partners. Heinelt (2005) reinforces this thesis by providing reasons for this closer cooperation and interaction at local level.

In fact, if one can talk about the partial erosion of the bureaucratic ruling tradition and *étatist* legacy in Turkey, it is at the local level that it is more visible. It was the 'periphery' as represented by local politicians, the local notables and emerging local business that challenged the 'centre' in the aftermath of the Second World War, during the transition to a multi-party political system. So, taken in this context such affinity should not be surprising. However, sometimes this relationship becomes very much parochial, and clientelist 'local alliances' emerge, as Loughlin (2004) has suggested. This phenomenon provides yet another justification for the 'centre' to keep the lid on. However, this is becoming more and more difficult in a differentiated, open, pluralistic polity and society, very much affected by dynamics of globalization (Roniger and Günes-Ayata, 1994; Kalaycioglu, 2001).

Private enterprise, initially nurtured carefully under *étatism*, with the distinct aim of creating a national bourgeoisie and entrepreneurial class, has now become so dynamic and internationally competitive that the term 'Anatolian Tigers' is used to refer to them. These 'tigers' are now ready and eager to be partners in local and national development. In a sense, the emergence of such a class is the 'success' of *étatist* policies. Now, the question is whether the state in Turkey is ready to assume a new role as enabler and as joint service provider with private enterprise and civil society. The other side of the coin is the question of whether private enterprise, rather than indulging in clientelistic relations with the state at national and local level, will transform into a responsible, transparent and accountable partner. Only

then will it be possible to assert that dynamics of local governance have taken root in Turkish polity and society. However, based on the cases included in this chapter from Turkey and elsewhere we can arrive at the following limited, tentative conclusions.

In all the cases, the public sector initiated a certain type of relationship involving private enterprise. Usually the relationship was not permanent, lacked continuity, and lasted for a particular project only. The interaction did not involve devolution or even a partial, temporary transfer of power and authority. As a result, in all the cases only the public partner was accountable to the users, voters and the public at large. In all the cases, the partners brought one or more factors into the partnership. The public partner provided legal legitimacy and planning; private enterprise brought technology, know-how and sometimes some capital. The civil society provided its partner(s) with 'trust' and familiarity with the local circumstances and consumer preferences. In all the cases, the non-public partners played a supportive role and the main actor was still the state, either at national or local level. However, in an increasing number of cases, the public felt the need to cooperate with private enterprise, due to either lack of funds and technology, to benefit from international contacts of private enterprise, or to the reputation of private enterprise for efficiency, or to legitimize pro-growth policies. Although most cases lacked an enduring relationship, nevertheless the more successful ones provided a 'demonstration effect' and led to replication elsewhere. In most of the cases, the user and community-sector interests were not neglected and marginalized, due to strong emphasis on participation and deliberation. The more successful examples of private-sector involvement might over time help build trust in such schemes, making the transition from government to governance feasible.

The overall lesson to be derived from the Turkish case may be the refutation of 'one-size-fits-all' assertions on the one hand, but also the possibility, even the opportunity, for countries to learn from each other's experience.

10
Best Practices in Local Government

Christina W. Andrews

10.1 Introduction

Best practices seem to be the most long-lived and basic technique of public administration. The *decuma,* the 10 per cent tax on the production of grain introduced by the kingdom of Syracuse in 241BC, was praised as one of the most advanced techniques of the Hellenistic world and later became a model for Roman provinces (Dudley 1991). Even long before the *decuma* the idea of best practices was already present. Eridu, in ancient Mesopotamia, is an example of possibly the first best practice; many other human settlements since then followed its basic features (Leick, 2002). Thus, it is impossible to dissociate the idea of best practice from the practices that came to be known as public administration.

Many things have happened in public administration since Eridu inaugurated a new way of living for human beings. In contemporary times, local governments are back in the limelight due to an emphasis on citizen participation in governmental decision-making. In developing countries this trend has been enhanced by the 'third wave' of democratization (Huntington 1991), while in the developed world this was a reflection of the decline of representative democracy (Dalton, 2004). This decentralization movement has, as expected, brought with it a boom in the dissemination of best practices for local governments. Before one can examine some of these practices, one should briefly discuss a few conceptual implications of the term.

10.2 What is a best practice?

As Elke Löffler (1999) has pointed out, 'best practice' is a relative concept. What is considered a best practice may vary depending on the

context and moment. The concept can be interpreted rather broadly to include a whole set of managerial practices or refer to specific public management practices, such as information technology and refuse collection. In addition, there is not a universal standard against which managers can judge whether a certain practice is actually 'the best'. Many best practices are drawn from pools of cases gathered by governmental and non-governmental organizations, which often rely either on the evaluation of award committees or from the self-assessment of the contestants. Best practices also emerge from benchmarking — that is, by comparing the performance of governments in several areas. This implies that one practice can be best in comparison to another, but this does not allow one to be sure the practice in question is actually the best. In addition, best practices are not perpetual: a practice hailed in 1970s may not be so regarded in the 2000s.

According to Alberti and Bertucci (2006), a best practice differs from an innovative practice because the former has been tested long enough to deserve being considered for use in other countries. However, the authors recognize that there is no clear-cut definition for best practice. The United Nations Conference on Human Settlements has pointed out three key characteristics of best practices: (1) 'they have a demonstrable and tangible impact on improving people's quality of life; (2) they are the result of effective partnerships between the public, private and civil society sectors; and (3) they are socially, economically and environmentally sustainable' (UN-Habitat, quoted by Alberti and Bertucci, 2006). Alberti and Bertucci argue that the term 'good practice' is more suitable than 'best practice', for it avoids dealing with the implications of the term 'best'. López (2006) and Farah (2006) prefer the term 'innovative practices' rather than 'best practices': in their view, innovation means dealing with old problems in a new way and offering strategies for dealing with new, emerging problems.

The idea of best practice also depends on what is regarded as 'good local government'. Through an analysis of two research studies carried out in the UK and Germany, Bovaird and Löffler (2002) observed that there is a mismatch between current local government reform trends and benchmarking procedures. The reformist trends of the 1980s and 1990s were focused mainly on fiscal and managerial issues. At the beginning of the twenty-first century local governments need to face new challenges: combatting crime and vandalism, attending to needs of the elderly, using new information technology, dealing with more scrutiny of the media, catching up with the global economy, and responding to demands for more democratic decision-making. In order

to properly address these emerging issues, local authorities need to go beyond managerial prescriptions that characterized the reforms driven by the New Public Management model (Pollitt, 1990) by including governance issues. Bovaird and Löffler define 'governance' at the local level as: 'the set of formal and informal rules, structures and processes which determine the ways in which individuals and organizations can exercise power over the decisions (by other stakeholders) which affect their welfare at local levels' (2002, p. 16). The authors argue that, despite being an important issue in local government reform, governance has not been used as a benchmarking criterion; the focus remains on the criteria provided by excellence models, such as the 'Common Assessment Framework' and the 'European Excellence Model'. However, due to emerging problems, there is a need to move from 'good local government' to 'good local governance'. The operationalization of this latter approach implies that, in addition to considering the managerial and efficiency aspects, local governments should also consider networks, negotiations and partnerships in the design, implementation and evaluation of public policies and services. This approach extrapolates standard benchmarking procedures, which presume only one stakeholder, mainly, the public manager. In contrast, 'good local governance' intends to assess the role of all stakeholders involved, including other levels of government, business and the voluntary sector in order to reach higher performance levels. In light of these considerations, 'best practices' should also be interpreted as strategies that can ensure good governance at the local level, not only as practices that addresses specific managerial problems.

10.3 Can a best practice be transferred?

Regardless of the emphasis given to a particular feature of a best practice, the concept carries the notion that it is a lesson that can be learned and adapted by different users (Alberti and Bertucci, 2006; Cortázar, 2006). Thus, it is important to discuss if and how a best practice can be transferred to a context different than the one from which the practice originally emerged, which includes not only different local contexts but also different national contexts. I will initially examine the limitations for replication of best practices in the same national context, and then discuss the issue of cross-national transferability.

López (2006), referring to the experience of Mexican local governments, considers that the main problem in replicating successful experiences relies not in the internal capabilities of municipalities,

but in the lack of appropriate documentation of these practices. He observes that, despite the great heterogeneity of municipalities within Mexico, all have capabilities that can be mobilized to introduce local government innovations. However, because municipalities differ in their resources, they also differ in registering and making this information available to other users. In some situations, he adds, documentation is insufficient to evaluate how an innovative practice would perform in a new context.

Farah (2006), reflecting on the experience of local government innovation in Brazil, identifies other factors that can affect the dissemination of local government innovations. She maintains that the first factor is the intrinsic characteristic of the innovative practice, that is, whether a given practice is perceived by the potential users as providing effective answers to old and new problems. Another incentive for the dissemination of an innovation is when the same problem is present in different municipalities, whether these are located in the same national context or in different countries. Moreover, innovation is likely to spread to other municipalities if the perception of the problem it addresses is regarded as an important political or social issue. This leads to another requirement: the convergence of policy agendas in different municipalities. The agendas themselves are influenced by structural factors (fiscal crisis, globalization), external agencies (World Bank, International Monetary Fund, international assistance agencies), and sociopolitical factors at the local level. Finally, the dissemination of innovations depends on the availability of information and on how policy-makers select and adopt them, given the constraints of structural and institutional factors.

Löffler (1999) reflects upon the question of whether best practices can be transferred to different countries and still yield the same results. As she observes, opinions are split between 'universalists', who argue that managerial practices are culturally neutral and thus are applicable to different contexts, and 'culturalists', who argue the opposite — that managerial practices are culturally bound and for this reason are non-transferable to other social contexts. As a middle ground approach to these two extreme positions, she proposes the application of principles drawn from the contingency approach in management theory. Following the tradition of the Aston management school, the author calls attention to the three classes of institutional factors that influence management change: *stimuli*, events that trigger change; *structural variables*, features of the administrative and political system influencing the process of change; and *implementation barriers*, factors in the

administrative and political system that inhibit the process of change. Löffler suggests that, based on these factors, decision-makers can evaluate the appropriateness of transferring a best practice to a context different from the one that originated it. This framework seems to apply to Farah's (2006) dissemination factors. For instance, the stimuli may be interpreted as the existence of the same problem in different municipalities and whether this problem is perceived as important, while the structural variables can be seen as influencing the convergence or divergence of policy agendas, and the implementation barriers may refer to the institutional and structural constraints present in the municipality.

Cortázar (2006) suggests that the management practices analysis framework, used by the Social Development Institute of the Inter-American Development Bank, can aid the process of transferring best practices. Before transferring a best practice to a new context, he argues, it is necessary to understand why it worked in its original context. This implies 'extrapolating', that is, assuming the conclusions drawn from one specific context and applying them to another setting (Bardach, quoted by Cortázar, 2006). The conclusions used for extrapolation can only be useful if the constituent parts of the process are interpreted as a causal chain of events. Thus, a management practice can be correctly interpreted only if it is analysed according to the functions it plays in the system.[1] Cortázar suggests that, while dealing with managerial practices, researchers and practitioners should focus on the following procedures: first, analysing the trajectory of the practice, that is, its progress, consolidation, crisis, stagnation or recovery, as well as the identification of its different functions; secondly, understanding the operation of the practice, that is, how it has performed the management functions related to it; and thirdly, setting the type of the investigation proposed, whether it is a 'lesson' or a research question. Lessons focus on 'practical arguments', such as asking 'Why do it?' and 'How to do it?', while research questions are more inclined to ask 'Why did it happen?' or 'How did it happen?'.

Though Cortázar's proposal for different types of investigation can be useful, selecting best practices usually involves lessons *and* research questions. Indeed, the framework he describes seeks to investigate why a practice worked and how that practice unfolded; this understanding can provide practitioners with information that would allow them to decide whether to adopt a best practice and how to do it, that is, to address the practical arguments. Considering the arguments presented by Bovaird and Löffler (2002), discussed in the preceding section, one must add that the decision whether to adopt a best practice or not involves governance

arguments as well. For example, governance issues should be included in the 'chain of events', for these have a crucial impact on the outcome of managerial practices.

Contrary to the prevalent opinion in the literature, Bretschneider, Marc-Aurele Jr. and Wu (2005) argue that it is actually possible to identify a best practice. According to the authors, the problem with many studies conducted by public administration scholars is that they fail to identify the 'true' best practice. They are not satisfied with the loose definition of the term. As they argue, a best practice should be actually the optimal option within an array of possible procedures available to decision-makers. As a consequence, best practices presume: '(1) a comparative process; (2) an action; and (3) a linkage between the action and some outcome or goal' (2005, p. 309). Like Cortázar (2000), Bretschneider et al recognize the importance of both the process and the context in the analysis of best practices. However, the later approach demands more stringent presuppositions than Cortázar's framework. In addition to the identification of the linkages between actions and outcomes, their statistical method requires the selection of cases on the basis of their potential comparability (comparing similar organizations, such as hospitals, schools and social assistance agencies) and the construction of a pool of good practices that would include the actual best practice, a requirement they call 'completeness of cases'. Bretschneider et al recognize that this is extremely difficult to attain, but their only recommendation to this end is limiting the bundle of good practices to the same temporal and geographical space. This latter requirement creates the possibility of transferring a best practice across countries. Undaunted by this problem, the authors move on and suggest the adoption of an analytical method modelled on the production function used in manufacturing in order to match the most efficient mix of inputs to a desired amount of outputs.[2]

What should concern us here is not the precision of the techniques that Bretschneider et al suggest, but the presuppositions that these techniques demand. As mentioned above, in their approach best practices do not travel. In addition to this problem, they also make the unrealistic assumption that inputs and outputs in public management can be as clearly identified and quantified as if these were nuts and bolts or automobiles in an assembly line. As much as the strength of a chain corresponds to that of its weakest link, the precision of an analysis relies not on the statistical technique itself but on the accuracy of the variables it manipulates. Thus, if the goal is to increase methodological rigour in best practice research, more could be attained by a better understanding

of the factors that lead to desirable outcomes than by applying statistical techniques to fuzzy variables.

It should also be remembered that the ambition of maximizing administrative performance was challenged long ago by Herbert Simon (1947). According to his argument, the 'administrative man' chooses the most efficient means to achieve a particular end. However, because it is not possible for one to know all possible means to achieve a particular end due to cognitive and time constraints, the decision-maker can only choose a procedure that *satisfies* his goal, not one that maximizes it. This intrinsic limitation to administrative decision-making, known as 'bounded rationality', is one of the most influential concepts in the social sciences. By assuming that researchers cannot identify all the good practices for a given context or measure all their inputs and outputs with accuracy, Bretschneider et al forget Simon's valuable lesson. Thus, identifying a 'real' best practice seems neither theoretically nor practically feasible.

Yet another approach to best practices research is the one proposed by Wolman and Page (2002). They have proposed a communications and information framework to investigate how local governments engage in policy transfer. Their concern is 'how does information get communicated, how does it get processed, how does it get assessed, and how does it get utilized?' (2002. p. 479). Their communication framework seeks to identify those among the actors involved in policy-making who are the producers, who are the senders and who are the receivers of information about good practices. In addition, their approach aims at understanding how practices are regarded as 'good' or 'best'. As the argument goes, though information may be regarded as 'neutral', the interpretation of such information and its processing is not. Following Argyris and Schön (1996), the authors consider policy transfer as an organizational learning process based on the interpretation of events that follow 'major storylines' or 'frames'. As one can note, this argument is similar to the suggestion presented by Cortázar (2006) that the analysis of best practices requires the identification of a 'plot' in order to attach meaning to the elements composing the process. In this regard, Wolman and Page observe that cross-national policy transfer is problematic because similar processes such as poverty, inequality and inflation are interpreted differently in each nation. This is not necessarily due to different economic and social contexts, but because interpretation is a complex process in itself. Thus, it is not only the best practice that embodies interpretation: the problem it addresses is also the outcome of interpretation.

Though Wolman and Page's framework is not yet a theory of best practice transfer, it can be useful in identifying some limitations of the best practice concept. In their study they included an analysis of city regeneration projects in Britain that reveals some interesting issues.[3] Only 10.7 per cent of the regeneration partnership directors said that the experiences of other local governments played a role in their decision-making process 'all the time'; 51.8 per cent said this occurred 'occasionally', while 8 per cent responded 'rarely or never'. When officials said they used information from other local governments, only 13.2 per cent admitted it had a 'big' or 'significant' effect in the projects they managed. Thus, the impact of good practices in this study was more modest than one would initially suppose. Wolman and Page concluded that 'informal contacts with peers are the most trustful and useful sources of information among urban regeneration partnership officials, while some of the more formal mechanisms — seminars and conferences and the productions of good-practice guides — are less useful' (2002, p. 497). One of the interviewees affirmed: 'I've found some of the good practice guides so simplistic that they are almost of no value' (p. 495). Practitioners were not alone in their criticism of the information on good practices. Officials at the Department of Environment, Transport and the Regions (DETR) responsible for gathering, analysing and disseminating information about regeneration projects were also far from being sanguine about the 'good practices' reported to them. The authors noted that officials who sought information from other successful local governments were largely motivated by the desire to emulate the practices that were previously financed by the DETR. Funding, rather than performance enhancement, seemed to be the motivation behind the search for 'good practices'.

Though Wolman and Page's empirical findings cannot be generalized, it is reasonable to assume that such reactions towards best practices are not exceptional. This seems to be the case regarding the reliability of the sources. Decision-makers have too much at stake to trust simple descriptions of best practices as a reference for action; they need more evidence that the practice really works. Practitioners might be getting ever more cautions about quick fixes, especially after the enthusiasm for managerial reforms begun to fade away in the 1990s. Overman and Boyd (1994) have noted that 'best practice research' (BPR), which early on was associated with the post-bureaucratic reform package (Barzelay 1992), was unable to sustain a reform agenda. BPR contained only prescriptions and lacked the support of seasoned experience or theory, being too descriptive and superficial. Unlike good

case studies, BPR was unable to challenge existing theories or to explore a situation in depth in order to develop hypotheseis that could be subsequently tested. In addition, BPR is usually moulded according to the prescription at hand: 'Best practice researchers armed with post-bureaucratic principles know what they are after even before they get there, and they quickly discover the truth of their ideas' (Overman and Boyd, 1994, p. 79). The authors were also sceptical about the transferability of best practices or, at least, of the ones made up to be carriers of post-bureaucratic prescriptions.

The pitfalls of best practices are discouraging enough. Nevertheless, as noted in the introduction to this chapter, much of the practice that we now take for granted — such as the existence of cities — were once a best practice. Another issue to keep in mind is that best practices are not neutral: they are embedded in a complex environment where values and power play a major role. Best practices are part and parcel of public administration. Before adopting a best practice, one should ask: 'Quo bono?' Who will benefit and who is likely to lose if it is implemented? In sum, researchers and practitioners do not need to steer far from best practices; they only need to be careful not to jump into the next bandwagon.

10.4 The factors approach to best practice

In this section we will select a few examples of best practices gathered from all over the world and discuss them in light of the factors presented earlier. As we will see, this approach can provide clues as to why local government best practice yields desirable outcomes. This approach has aspects in common with the procedures discussed in the preceding section, but it has the advantage of focusing on key features of local governments, simplifying the comprehension of the processes involved.

The selection of examples is not easy, given the great amount of information on best practice, especially on the internet. As noted above, the accumulation of information on local government best practice has been stimulated by the decentralization trend that has emerged in the past 20 years. Thousands of local, regional, national and international organizations have created clearing houses and awards programs on best practice, making available descriptions of many thousands of best practices pertaining to diverse areas of public services and policies. In the United Nations alone, at least three divisions — UN-HABITAT, UNESCO, and UNPAN — have set up special programmes on best practices,

offering on the internet large databases on local government policies, services and managerial practices.[4] In addition to these sources, there are hundreds of books and academic articles describing best practices for local governments. The information provided by the award programmes and clearing houses is often very brief, lacking details that would allow a closer examination of best practice strengths and weaknesses. Due to this limitation, the examples discussed in this section were mostly drawn from academic articles.

10.4.1 Changing intergovernmental relations

What would be the features of best practice in intergovernmental relations? This includes procedures that would help agencies and departments from different levels of government to work together harmoniously in order to deliver public services or develop and implement policies. Here we will present a brief example of how this can be accomplished based on the case of elder-care service reform in Sweden (Johansson and Borell, 1999).

Before this reform was implemented, social services in Sweden were the responsibility of municipal councils (that is, local governments). This included services to the elderly, such as home care and other welfare services. County councils (regional governments) were responsible for healthcare for all citizens — including the elderly. This division of responsibilities between two different levels of government in relation to the elderly was the cause of significant inefficiencies. Reformers were especially concerned about elderly citizens who still needed specialized care and for this reason could not leave the hospital. However, this service could be provided through home care; there was no reason for accruing additional costs in hospital beds. The solution was to transfer medical treatment and all other services for the elderly to municipal councils, while the county councils would provide healthcare to all other citizens. This move, as expected, implied some difficulties. Municipal councils, in spite of the additional funding provided by the central government, had to diversify their services and find ways to make the best possible use of the financial resources. County councils, on the other hand, moved in the direction of rationalizing healthcare services through increased specialization.

Johansson and Borell regard this reform as the most important in the context of the decentralization process that began in Sweden in the mid-1970s. What is interesting to highlight here is that in Sweden policy-making and service delivery through centralized national bureaucracies were comparatively weaker than in other European countries. In

fact, the tradition of cooperation came from below, that is, from the municipal councils. Before the reform took place, municipalities had been working in collaborative networks among themselves and with county councils as well. The reform itself, though initiated by the central government, was made possible by practices of cooperation established at the local level. Previous cooperation made it possible for the two levels of government to understand the difficulties that each level was experiencing, allowing the reform to move on without excessive tensions. Thus, though the Swedish government had a central role in initiating and coordinating the reform, the cooperative experience that emerged from the municipalities many years before revealed itself to be an asset that served the reform well.

This example illustrates that local governments can play an active role in building the conditions that will facilitate intergovernmental relations, by working with partnerships among themselves and, when possible, moving up to other government levels. For central governments, this means that reforms are likely to move more smoothly when municipalities already have experience in intergovernmental cooperation. For local governments, this means that they should take the initiative to cooperate with their local counterparts before reform processes are initiated from the top down. However, cases of successful cooperation are not friction-free. As Johansson and Borell observe, it is not realistic to speak of intergovernmental networks as if there is no hierarchy or power relations involved. At some point, one level of government has to take the lead and act as the steering body. However, this leading role can be more effective in a political context where the actors already had learned to cooperate, especially at the local level.

10.4.2 The impact of local leadership

As is well known, leadership is a fundamental requirement of good government. Thus, it is reasonable to expect that innovations at the local level can only emerge and thrive through the actions of leaders. They are the ones who envision how to handle emerging problems or how to deal with old ones in new ways. However, leadership is not always seen in positive terms. Borins (2000) argues that critics of the New Public Management model tend to see public-sector entrepreneurs in negative terms; such leaders would be less inclined to follow due process and more likely to bend rules in order to impose their vision. Other authors, however, have a positive image of the public-sector entrepreneur: the leader who takes the initiative to help his/her agency to attain present and future goals. In order to verify which one of these two leadership

stereotypes described in the literature was in line with actual innovation in government, Borins (2000) investigated 321 practices selected as semi-finalists by the Ford Foundation–Kennedy School of Government Awards Program. The results revealed interesting aspects about local leadership.

To begin with, middle managers, front-line staffers and other public servants — not politicians — were the main initiators of innovative practices. In Borins's first sample (cases from 1990 to 1994), 48 per cent of the innovative practices were initiated by either middle managers or front-line staffers (local and state government). A similar pattern was observed in his second sample (cases from 1995 to 1998): 36 per cent of the initiators at the local level were politicians, while 58 per cent were middle managers (Borins 2000, pp. 500–1). If the data is interpreted as an ongoing process, it seems that the leadership in government innovation is gradually shifting away from politicians and to middle managers and other public servants. However, as we will see below, best practice must rely on committed political leadership to have a chance of survival.

As to the leadership style that characterized the initiators of the innovative practices, Borins argues that this resembled much more the positive rather than the negative stereotype. Innovators relied on cooperation, persuasion and problem-solving rather than on rule-breaking, self-promotion and manipulation as they sought to implement their ideas. Borins concludes that the loosening of central controls in public administration to allow more experimentation should not be seen as a threat to the traditional values of public service, such as probity, fairness and justice. Criticism of such loosening of controls will curb innovation in government, he believes.

Excessive controls might indeed inhibit public servants from pushing their innovative proposals through bureaucratic structures. However, more important than the external constraints, the ability to share power is necessary for innovation to thrive. This can be illustrated by Participatory Budgeting (PB), presently the most hailed local government best practice, which has been adopted across the world. Though the structure of PB differs considerably from city to city, it can be described as 'a mechanism (or process) through which the population decides on or contributes to decisions made on the destination of all or part of the available public resources' (United Nations Centre for Human Settlements (Habitat, 2004, p. 20). PB was first implemented in 1989 in the city of Porto Alegre, the capital of the Brazilian state of Rio Grande de Sul. It is estimated that PB has been adopted in about 130 municipalities

in Brazil and in another 300 cities throughout Latin America, Africa, Asia and Europe. This is quite an achievement for a best practice, especially because it managed to travel to several countries, in spite of very different socioeconomic and political contexts. However, as could be expected, the outcomes have not always been the same. In some municipalities, PB was an incontestable success, while in others it was a failure. One study showed that in Brazil from 1997 to 2000, PB was halted in 20 per cent of the municipalities in which it had been initially implemented (Cabannes, 2004). This indicates that there are several factors involved in best practice outcomes, and leadership has a lot to do with it.

Let us take a closer look into an investigation of three Brazilian cities where PB was implemented between the late 1980s and mid-1990s (Wampler, 2004). Porto Alegre, Recife and São Paulo are all large state capitals and share similar urban problems, especially huge contrasts between affluent and deprived neighbourhoods. The three cities also shared a similar political context at the time PB was introduced: reflecting the decentralization and participatory tones of the Constitution enacted in 1988, elected mayors were willing to allow ordinary citizens have a say on the allocation of discretionary budgetary money, either through consulting or through participation in decision-making. This willingness to share power was not only a consequence of the overall national political climate, but was also due to previous commitments that the mayors had established with the leaders of civil society organizations (CSOs), who mobilized the votes that granted the mayors their ascension to power. However, the leadership style of each mayor established the quality of the relations with stakeholders, which ultimately determined the outcomes of PB.

The administration of Olívio Dutra, elected mayor of Porto Alegre in 1988 in a coalition headed by the Workers' Party (PT), was the most successful among the three capitals in building a political environment favourable to the implementation of PB. Though PT and its allies did not have a majority in the city council, the mayor was able to attract a few centrist parties to support PB. In addition, the city administration worked to ensure that PB participants had access to clear and reliable information, which facilitated their involvement in the decision-making process. Luisa Erundina, elected mayor of São Paulo in the same year as Dutra, was not such an accomplished leader. The majority of the city council members challenged her leadership. She was also unable to unite her party and allies to present a clear proposal for PB. Debates evolved around whether PB should be a deliberative or a

consulting body, organized on a territorial or sectoral base. At the end, PB was ultimately relegated to the bottom of the administration's priority list (Wampler, 2004, p. 93).

In Recife, Jarbas Vasconcelos, elected major in 1994, was initially somewhat reluctant in delegating decision-making to citizens. His political style was personal. He favored direct contacts with CSOs, but preferred to channel their demands through the city's administrative structure instead of granting citizens decision-making power. City council members in Recife were clearly opposed to PB, for they regarded the allocation of discretionary money as their legal role. Under pressure from CSO leadership, PB was introduced in Recife, but it played a consultative role. Despite the lack of real decision-making power, this structure allowed citizens to have a direct communication channel within the administration, increasing transparency and accountability.

The brief description above cannot provide a full picture of the role of leadership in a successful implementation of PB, but it can illustrate some important factors. First, though the mayors were not in full control of all the political variables, some where more able in smoothing resistances in the city council, the political institution that held the veto power in the implementation of PB. This is illustrated by yet another Brazilian capital, Belo Horizonte, where PB was successfully implemented in the mid-1990s. In this case, the mayor played an active role in negotiating with city council members, managing to set an agreement that assigned the allocation of discretionary money to both the city council and the PB assembly (Souza, 2001).

In his study of the three capitals, Wampler (2004) observed that one weakness of PB was its dependence on the executive branch of the local government; PB would not move without the full engagement of mayors, and they tended to neglect the role of other stakeholders in the process of implementation. Nevertheless, Porto Alegre is regarded a fully successful case, because even after the defeat of the Workers' Party by a centre-right coalition in 2002, PB was not dismantled.[5] Since its introduction, several other mayors were engaged in implementing PB in Porto Alegre, 'selling' this practice to the public at large. Once established, PB was stable enough to survive changes in political leadership. When political leadership is frail or unstable, PB is unlikely to succeed. Marta Suplicy, elected mayor of São Paulo in 2000 through a coalition headed by PT, reintroduced PB after a first attempt failed during Mayor Erundina's term. This second attempt was also not to last long. The mayor managed to build a majority in the city council, but

clashed with political leaders on several matters, including PB. She became a target of criticism from the media, which emphasized her arrogance and upper-class origin. José Serra, from the Brazilian Social Democratic Party (PSDB), won the mayoral post in 2004 and terminated PB immediately after taking office, without facing public outcry. One may conclude, therefore, that leadership needs time to make an enduring mark on local governments. However, time is not enough. As Du Plessis has pointed out in Chapter 8 of this book, good local governance depends on a leadership style that is capable of building a lasting alliance with a wide array of stakeholders.

10.4.3 Improving local management

Perhaps the enduring contribution of New Public Management (NPM) to public administration is the emphasis given to improving management in government. As several critics have pointed out, NPM might have gone too far on its emphasis an managerialism (Pollitt and Bouckaert, 2004; Manning, 2001; Andrews and Kouzmin, 1999), but this is not to say that management is unimportant. As Lynn (1998) observed, one does not need to become an NPM cult believer to recognize its legacy to the art of public management. 'New Public Management will have important legacies to the extent that it is viewed as a paradigm of questions rather than of answers' (Lynn, 1998, 236). However, today performance measurement — one of the key prescriptions of the NPM model — seems to be losing importance to performance itself, which remains as a challenge to public managers and as an incentive for local government innovation.

Within this context, best practice that aims at improving local government management has deserved popularity. Among these, one is a sure front runner: one-stop shops. These are agencies where citizens can deal with several public services at the same address or the same website thus avoiding the hassle of going to different departments to obtain information and solve their problems with the government. Thus, one-stop shops represent the recent emphasis of administrative reforms on citizen-centered management practices, as Henry Kroukamp and Liezel Lues have noted Chapter 7 of this book. One-stop shops are such a simple and commonsense idea that one wonders why they became part of a public-management toolkit only recently. One possible answer, as hinted above, is that NPM enthusiasts were just too busy trying to measure performance and designing complex quasi-market mechanisms to be able to see any worth in a candid procedure. Another explanation

is that one-stop shops are not easy to implement: it requires cooperation between different organizations, technical infrastructure, adequate funding, trained human resources and political support (Kubicek and Hagen, 2000).

Descriptions in the literature of the workings of one-stop shops usually focus on ones set up by national governments, a reflection of the general bias mentioned in the introduction to this book. Nevertheless, a study conducted in 11 European countries, which included 98 one-stop shop case studies, found out that most were implemented at the local level (Kubicek and Hagen, 2000). This is quite understandable: municipalities are now the prime deliverers of public services and have more unified administrative structures. Municipalities became 'laboratories of one-stop government' due to their higher interest in experimenting with new practices, possibly triggered by a 'competitive climate among local governments' (Kubicek and Hagen, 2000, p. 21).

One should keep in mind that there are several different types of one-stop shops. Although the concept implies integrated public services delivery, the types of services, delivery channels and levels of integration (within or across jurisdictions) vary widely. Thus, under the term 'one-stop government' one may see web-delivered services and physical locations, services related to the same policy area (such as transportation or construction) and services from different policy areas. Kubicek and Hagen (2000, pp. 8–9) distinguish three basic types of 'one-stop government' projects:

- *First-stop*: corresponds to the typical information counter; because these do not deliver services, only information, the authors consider that this type is not actually 'one-stop government', 'because at least a second stop is necessary'
- *Convenience store*: the main characteristic of this type is the integration of services within one single jurisdiction; this type usually does not process complex services, which require more time or knowledge
- *True one-stop*: these correspond to integrated services that deliver most or all the services needed by specific client groups or events (families, jobs, housing, etc.); this type of one-stop shop usually includes multiple jurisdictions, integrating services from different levels of government.

In terms of management trends, one-stop shops are associated with post-New Public Management reforms. These fit in the general framework of 'joined-up government', which emerged within the

modernizing agenda of the UK's New Labour government (Pollitt, 2003). Joined-up government can be defined as:

> (. . .) a phase which denotes the aspiration to achieve horizontally and vertically coordinated thinking and action. Through this coordination it is hoped that a number of benefits can be achieved. First, situations in which different policies undermine each other can be eliminated. Second, better use can be made of scarce resources. Third, synergies may be created through the bringing together of different key stakeholders in a particular policy field or network. Fourth, it becomes possible to offer citizens seamless rather than fragmented access to a set of related services (Pollitt, 2003, p. 35).

Therefore, joined-up government has more encompassing goals than one-stop shops. In this regard, Pollitt highlights the difference between joined-up *policy-making* and joined-up *implementation*. The former approach aims at eliminating conflicts between policy areas, while the latter is concerned with coordination of service delivery, which includes one-stop shops, transport-service synchronization, and the like. Another aspect refers to *horizontal* linkages, which connect services of different agencies and departments at the same government level, and *vertical* linkages, which coordinate different levels of government. Ideally, one-stop shops would connect services from different levels of government — national, regional and local — and not only departments and agencies within a single level. However, this overarching integration may be too complex to manage and too costly to establish (Pollitt, 2003). Thus, integration should be carefully considered in the light of the benefits and costs involved.

In spite of these integration difficulties, one-stop shops can have a significant impact when adopted by local governments. For example: in Ho Chi Minh City and other districts in Vietnam, one-stop shops were able to cut red tape on business regulations and to provide better and timely information to citizens (Wescott, 2003). It is interesting to note that local governments can act as 'pilot projects' for larger, national one-stop shops. The chief executive officer of Centre, a 6.1-million-customer one-stop shop set up by the Australian government in 1997, observed that: 'The one-to-one service idea [i.e. the assignment of the same public servant to a customer throughout his or her relationship with the one-stop shop], like many of our service improvement initiatives, came from the local level — Cranbourne Customer Service Centre in Victoria'

(Vardon, 2000, p. 7). Rewriting the famous environmentalist dictum, it is possible to say: 'Act nationally, but test locally'.

10.4.4 Involving the private sector

The role of public administration would be meaningless unless one presupposes the existence of a private sector, which not only finances the public sector but also needs the state to function properly. The idea that the private sector should be more directly involved in public-services delivery became more conspicuous during the 1980s and early 1990s, when New Public Management prescriptions spread to several countries in different continents and outsourcing and market emulation became a must. The theoretical argument behind the idea was that competition was the answer to better and more efficient services provision. Though this approach has turned out to be less effective in practice than in theory, the involvement of the private sector is still an important aspect of public governance. In Chapter 9 of this book, Körel Göymen has highlighted the importance of public-private partnerships for local governments and the different roles each participant plays depending of the type of national government. He discussed the case of Turkey, which illustrates the effect of the *étatist* tradition on public-private partnerships, showing that in such cases the public sector tends to be the stronger participant. Here we will briefly discuss a case from the USA, a type of state where the private sector tends to take the lead in public-private partnerships. It is also an example of a public-private partnership involving information technology, which has received considerable attention in public administration literature in the past few years.

The bulk of the 'best practice' examples on the use of information technology focus on e-government: how local governments can improve services delivered to customers by designing user-friendly websites, providing online forms, and so forth. But one aspect is usually forgotten in these practices: before citizens can take advantage of e-government they need to have access to the technology which enables them to use online services effectively. As Gillett, Lehr and Osorio (2003, p. 3) note: '[I]nnovative productive practices in business, government, education, health care, and daily life are now critically dependent on the ability to communicate information quickly and inexpensively.' In the USA, local governments are playing a key role in making broadband technology accessible to their communities by establishing partnerships with private providers.

Gillett, Lehr and Osorio (2003) observe that there are four basic strategies that local and regional governments may adopt to expand

broadband services: increasing the demand, establishing appropriate rules, financing and subsidizing the user and provider, and developing infrastructure. Local governments in the USA have been active in using all four strategies but, due to the stronger role of the private sector, they act mainly as regulators, enforcing telecommunications norms established by the states and the federal government. In some situations, however, local governments play a much more active role. A public-private partnership may be established initially to evaluate the demand for broadband services at the local level, such as the one created in the town of LaGrange, Georgia. Local governments are also acting to expand demand, either as direct users or by training business and citizens in the use of the internet. State governments lead most often initiatives to aggregate demand in the same geographical area, negotiating volume discounts with private broadband providers. But, as the authors point out, municipalities also can create cooperatives to provide broadband services directly to the public. One requirement for successful public-private partnerships is that they should bring advantages to both sides. This is also the case when the goal is providing broadband services:

> The contract between the government and the private-sector partner needs to be worthwhile for the commercial provider, but at the same time not be so long and exclusive that the government's goal of stimulating competitive deployment is subverted by the creation of a new de facto monopoly for the government's own business (Gillett, Lehr and Osorio, 2003, pp. 11–12).

In order to attract private providers, local governments can also make use of subsidies, tax breaks and other financial incentives. However, local governments can make broadband services accessible to their communities by providing the required infrastructure. In the USA, municipal electric utilities (MEUs), which serve mostly mid-sized communities in rural areas, are moving fast, setting up broadband infrastructure and providing internet-access services. Gillett, Lehr and Osorio (2003) estimated that 25 per cent of the MEUs already have adopted one or both strategies, and the number is growing at a rate of about 5 per cent per year. For the MEUs, much of the needed investments for broadband infrastructure are already in place. Though the MEUs potentially compete with private providers, the extent of private-sector involvement in the provision of broadband services depends on contextual factors, such as demography. MEUs are likely to be the sole

providers when communities are small and isolated; in large cities local authorities are more concerned with minimizing the impact on the private infrastructure. Larger municipalities are also the ones more likely to set up infrastructure for their internal use and to sell their excess capacity to commercial users. Gillett, Lehr and Osorio (2003, p. 37) are not sure about the overall impact of local government provision of broadband services on the private sector: 'For example, do municipal efforts to provide broadband serve as a substitute for private-sector services? Does the municipal broadband 'crowd-out' private sector investment or does it serve as a spur?' They believe that local governments may serve as a catalyst at an early stage of the broadband expansion, providing the necessary infrastructure, and in later stages the private sector may become the main service provider.

One important lesson that this study provides is that the emergence and characteristics of public-private partnerships are influenced not only by the type of national state, but also by local conditions, especially demand for a particular service. The context will determine whether a given service should be delivered exclusively by the local government through a public-private partnership, or exclusively by the private sector. The criteria for deciding which case is 'best' include factors related to the local government (budget, infrastructure, technical capabilities), and to the private providers (availability, price, market demand), as well as by the features of the national and regional governments. Thus, as the example discussed in this section shows, even in countries such as the USA, where the private sector usually is the stronger partner, the leading role may shift to local governments as a result of local conditions. It is possible to say that the most important factor determining a successful public-private partnership is the adequate interplay between public needs and market demand. As seen in the broadband services case study, the public need usually is not sufficient to bring a private partner along. The private sector will join a partnership only if this would be a profitable endeavour and the local government would only consider a private partner if this would mean reduced costs for the municipality. Establishing the 'ideal' balance between these two factors is not an easy task. Once again, best practice regarding public-private partnerships should be carefully examined within the limits and possibilities offered in a given context.

10.4.5 The importance of indigenous knowledge

The literature on successful improvement of local communities is rich in examples of the importance of indigenous knowledge. This reaches back

to a vast tradition emerging from rural development (Chambers 1994; Bunch 1985). The best practice that will be briefly described below — Community-Based Coastal Resource Management in the Philippines (Pomeroy and Carlos, 1997) — demonstrates that valuing indigenous knowledge is not just a means to preserve a tradition, but it is important in the process of introducing a new technology. This is particularly true for small, local communities that live on subsistence technologies. Improvement of their conditions cannot come about through a top-down approach, for this will instill a rejection of innovation that will be difficult to remove once established.

In an island country such as the Philippines fishing is an important economic activity. From the end of Second World War to the early 1980s, the approach to fishing in the country was to develop it as an industry, which involved the use of ever larger vessels in order to increase the fishing productivity. A decrease in fish catches began to be noticeable in the 1960s, but this did not have an immediate impact on the national fishing policy. In 1975, the authoritarian regime then in power responded to the production crisis by increasing the exploitation of fisheries even further. As this strategy was perceived as leading to disaster, the government slowly began to shift its approach to programmes aimed at preserving fishing resources through small-scale coastal management. In 1991, through the Local Government Code (LGC), management of near-shore fisheries was decentralized to municipalities and local fishing communities. From this point on, hundreds of small-scale fishery projects flourished in the Philippines. At least 15 per cent of the project units implemented through Community-Based Coastal Resource Management (CBCRM) programmes were coordinated by local governments.

The main concerns of CBCRM programmes were to introduce sustainable fishing practices and other income-generating activities for local communities. The programmes moved away from unsustainable fishing practices and sought to introduce new techniques to enhance the availability of fisheries, such as artificial reefs. From the analysis of several CBCRM programs, Pomeroy and Carlos concluded that the most successful were the ones that, among other procedures, used 'indigenous materials whenever possible' and introduced new technologies that were 'simple and complementary to those used by the fishers' (1997, p. 460). Moreover, in these successful experiences, community members were involved in all phases of the project, from planning to implementation. Locals were also encouraged to participate in research and had considerable decision-making power on which activities were to be

implemented. Community involvement, therefore, was not just a way of legitimizing the decisions, but a means to make the best possible use of the resources available at the local level, including indigenous knowledge. The main lesson we can draw from these community-based projects is that, to implement an innovative practice, it is necessary to begin by valuing the traditions built by many generations.

10.5 Conclusions

It might be redundant to say that best practice is no panacea. Despite some excessive enthusiasm for a few good practices, seasoned practitioners and experienced scholars know that bestowing them with magic powers is quite risky. On the other hand, we should not discharge the idea of best practice wholesale. If we could eliminate the term 'best practice' from the vocabulary of public administration, we would still be talking about best practice (or 'good practices', or 'innovations'), no matter the name given.

We have a long way to go in understanding the processes involved in best practice and of good local government. We have seen here some approaches that deal especially with the issue of transferability of best practice. The suggestions vary widely: from providing better documentation (Lopéz, 2006) to considering contextual features (Farah 2006; Löffler, 2000); from 'extrapolation' (Cortázar 2006) to governance benchmarking (Bovaird and Löffler, 2002); from statistical models (Bretschneider et al., 2005) to communication frameworks (Wolman and Page, 2002). Most importantly, the five preceding chapters, which focus on factors at work in local governments, follow the requirement of any good theory: to explain reality in the simplest way possible.

The examples discussed here aimed at demonstrating that context matters. One should consider that word 'context' in its encompassing meaning; socioeconomic variables are part of the context, but this is not the full story. Local governments have peculiarities that affect the outcomes of policies and management practices in sometimes much more stronger ways than socioeconomic variables. Thus, macro, meso and micro-factors, that is, country, local, and organizational characteristics, all influence the outcomes of best practices. Country-specific variables include socioeconomic, cultural and political factors. Indigenous knowledge, citizen participation, town politics and social aspects are a few variables that are likely to be influencing best practice at the local level. Finally, organizational factors, such as leadership, bureau structure and staff capabilities also play a role in shaping local practices. As a

result, a best practice from Porto Alegre may perform quite differently in São Paulo, Bern or Maputo. From a methodological point of view, best practice may be seen as the dependent variable in a multivariate analysis using observational data: it is not possible to single out all the variables that are influencing outcomes and one cannot eliminate the risk of spuriousness — that is, assuming a cause-effect relation that actually does not exist. However, one still can identify meaningful patterns of contextual factors that will be helpful in adapting best practice to specific contexts. Thus, using best practice at the local level does not require adherence to a 'one-size-fits-all' perspective; it rather requires attention to context.

10.6 Notes

1. We can note, therefore, his approach adopts the insights of system theory (Bertalanffy, 1988), that profoundly influenced the administrative sciences (Neumann Jr., 1996).
2. The statistical techniques they suggest include: comparison of regression residuals substantively weighted analytical technique (SWAT), quantile regression, canonical correlation, and data envelopment analysis (DEA).
3. The study included the analysis of 293 questionnaires responded to by directors of regeneration partnerships projects and interviews with several stakeholders.
4. UNESCO's clearing house is built on UN-HABITAT's best practice database, which is, in turn, a collection more than 2,000 best practices selected among those submitted to the 'Dubai International Award for Best Practices in Improving the Living Environment'. The United Nations Online Network in Public Administration and Finance (UNPAN) has a collection of about 200 best practice cases, several of them referring to local governments.
5. The coalition led by the PT controlled the administration of Porto Alegre continuously for 15 years.

11

Conclusion: Practical Puzzles, Theoretical Explanations

M. Shamsul Haque, Michiel S. de Vries and P.S. Reddy

11.1 Introduction

It is widely recognized that the evolution of local government institutions has been a basic constituent of the democratization process in Western countries. Although the local government system in the developing world became a strategic choice for developmental purposes, its significance for the emerging democracies is increasingly being recognized. While contemporary neoliberal policy continues to stress the private sector as an alternative to interventionist state-driven management, the adverse economic implications of such policy have led to the search for a non-market and non-state options such as non-government organizations or NGOs.

However, there are certain major problems with NGOs — their lack of accountability mechanisms and their increasing involvement in profit-making business ventures — which make local government institutions more desirable in the newly emerging democracies, especially because 'local governments restrain the excesses of national governments and the anti-democratic tendencies of centralized power' (Smith, 1998, p. 86). Beyond this role of facilitating democracy, local government is also considered conducive to political education, popular participation, social cohesion, community empowerment and responsive service delivery (Watt, 2006).

However, in many countries, local governments suffer from diverse constraints, including financial difficulties, human resource problems, over-centralization, political clientelism, dependent central-local relations and local elitism (Smith, 1998, pp. 88–9). In order to overcome these multifarious constraints or challenges, various scholars and experts have offered different sets of recommendations, ranging from administrative

decentralization to political restructuring, from community-based training to attitudinal reorientation, from power sharing to drastic land reform.

11.2 Major findings on local governance

In the above context, the contributors in this book attempt to address some crucial issues, concerns and problems related to local (rural and urban) governance in certain Asian, African and Latin American cases. It is recognized in the book that there are cross-continental and cross-national differences with regard to the sets of problems and challenges experienced by local governments, including centralized state bureaucracy, inadequate financial and human resources, lack of capacity and accountability, poverty and social exclusion and political tension. Although local government reforms have been prescribed, they are not always equally effective in all cases, and there is a need for a more multi-pronged approach and multi-level initiatives to address these limits and challenges. It is also emphasized that the common solutions to local government problems externally prescribed by experts are often ineffective, and it is essential to recognize the importance of local or indigenous knowledge and capacity in this regard.

One crucial analytical component addressed in the book is the use of so-called 'best practice' for ensuring local-level good governance. Such practice, largely based on management principles and techniques borrowed from the private sector, include the devolution of central authority and responsibilities; outsourcing of service provisions; multi-layered collaboration with stakeholders (such as NGOs and the private sector); development of effective local leadership based on community priorities and involvement of stakeholders; customer or client satisfaction; and greater accountability and transparency. It is, however, emphasized that such best practice is not effective in all circumstances and appropriate for all contexts.

The central thrust of most chapters is that prescribed solutions (including 'best practice') based on the one-size-fits-all assumption are not the panacea for all local government problems. On the other hand, the rejection of all solutions as contextually inappropriate may lead to complete inaction. In this situation of a 'practical-level' impasse, one may need to explore the 'theoretical-level' explanations offered by major intellectual traditions or perspectives related to local governance. This is because, in all fields of study, including local governance, theories are essential to consolidate or articulate diverse experiences and puzzles,

explain past and present conditions, delineate future trends or directions, and ultimately make sense of realities.

11.3 Theoretical views on local government

In local government studies, nothing much has been offered in terms of its own set of theories or models, although its literature is expansive in terms of local government concepts, typologies and structures. For example, there are ample studies on the types of local government as well as its major traditions (Muttalib and Khan, 1982; Humes and Martin, 1961). There also has been much discussion about the major forms of local government decentralization and their merits and limits (Smith, 1985; Uphoff, 1985; Rondinelli, 1983). But these are not theories. There are nonetheless some major theoretical frameworks largely drawn from 'generic' political and economic theories. In this regard, authors who have contributed directly to such theoretical discourse include B.C. Smith (1985), John Alder (2000), Inga Vilka (2004), Peter Watt (2006), and Chris Collinge (1992). Some of these theoretical works on local government are discussed below, followed by an analysis of their limitations and some recommendations for a more comprehensive theoretical alternative.

First, in explaining the theoretical foundations of local government and its decentralization, B.C. Smith (1985) identifies 'liberal democratic theory', 'public choice theory', and 'neo-Marxian theory'. Under the liberal democratic view, a decentralized mode of local government is considered crucial at both the national and local levels to enhance people's political education and training (following de Tocqueville and John Stuart Mill); to maintain political stability and public trust; to facilitate political equality and policy participation; to guarantee the realization of group identities and rights; and to ensure responsiveness to local needs (Smith, 1985, pp. 20–9). The public choice perspective, on the other hand, assumes that the diversity in the choices or preferences of rational individuals requires diversity in goods and services, which can be ensured by many local government units, and that they can choose their residence by comparing their preferences with the packages of goods and services delivered by such local units (Smith, 1985, p. 30). A similar explanation of public choice theory is presented by Watt (2006, p. 8). The third theoretical category for Smith (1985, pp. 37–8) is the neo-Marxist view of local government in which it serves private capital by reproducing 'the conditions and means for capital accumulation', such as maintaining social order through local police, and supplying an

educated and trained labour force through education, housing and other services. In fact, the local government system has become increasingly dependent on central government and its bureaucracy. These Marxist and neo-Marxist views on local government are also shared by Collinge (1992, p. 61).

Second, according to Vilka (2004), the major theories related to local government include the 'theory of free community', 'public and economic theory', and the 'state theory of local government'. It is highlighted that the theory of free community is founded upon the idea that the community emerged before the state, and it has the natural right to govern its everyday life (Vilka, 2004). Public and economic theory, on the other hand, does not stress the natural rights of the community; it rather emphasizes the economic origin of local government institutions. As for the state theory of local government, local authorities should basically be the agents of the state; they do not have a separate independent existence and their primary duty is to assist the state in carrying out its tasks in an efficient manner (Vilka, 2004).

Third, John Alder (2000) presents a more comprehensive analysis of political and philosophical traditions in relation to local government, including perspectives such as 'negative liberty', 'positive liberty', 'republicanism', 'instrumental perspective', and 'corporatism'. The negative liberty perspective considers local-level autonomy to be the right of individuals and groups to pursue actions that affect them and such liberty should not be interfered with (Alder, 2000). For Alder, the positive liberty perspective is closely linked with democracy, and it stresses 'democratic self-governance' and the importance of 'collective participation' in government.

A modified version of this positive liberty view is the so-called republican political theory that also emphasizes the significance of participation in government, but it requires citizenship based on civic virtues for effective participation in governance. Another of Alder's theoretical categories is the instrumental or utilitarian perspective, based on the centrality of economic efficiency (as opposed to autonomy) in justifying local government; for this perspective, local government has no 'intrinsic' value, but it has instrumental value in contributing to greater efficiency in terms of cost and benefit and in maximizing the public interest. In line with Bentham's utilitarianism, this instrumental-efficiency perspective suggests that local government does not have any inherent legitimacy, that it requires strong central supervision, and that it should be subordinated to the centre (Alder, 2000). Such a utilitarian view and instrumental-efficiency perspective is used in a more articulate

theoretical model known as the corporate model for which local government cooperation is an instrumental means of the state (especially due to its dependent status) (Alder, 2000).

There are considerable overlaps between the theoretical categories presented above. First, the theory of free community (Vilka) and the negative liberty perspective (Alder) are almost the same — both emphasize the natural right of a community to pursue its own activities, which implies an inherent legitimacy for local autonomy. Second, the corporatism perspective (Alder) is quite similar to the state theory of local government (Vilka) since both deny any inherent legitimacy of local government, signify the primacy of the state, and prescribe a subordinate role for local government to assist the state. Third, the positive liberty perspective and republican theory (Alder) are similar to liberal democratic theory (Smith) as all of them highlight, to various degrees, the significance of democratic self-government and collective participation in governance. Fourth, the utilitarian view or instrumental-efficiency perspective is similar to public choice theory (Smith, Watt), because both underline utility and efficiency, individual preference or customer choice.

11.4 Major limits of local government theories

The above, certainly confusing, categories of local government theories require further simplification and reclassification. All the above theories offered by various scholars can be placed under five broad theoretical categories:

- community-centred theories (covering the theory of free community and the negative liberty perspective);
- state-centred theories (covering the corporatist perspective and the state theory of local government);
- community-state-interface theories (covering the positive liberty view, republican theory and liberal democratic theory);
- market-centred theories (covering the public choice theory and the instrumental-efficiency perspective); and
- radical theories (covering the Marxian and neo-Marxian perspectives).

Beyond making sense of local government theories by putting them under a more systematic theoretical taxonomy, one needs to re-examine these theories in terms of their major strengths and limitations, and if possible, propose an alternative theoretical framework. In terms of these theoretical limitations, the main drawbacks of the community-centred

theories are that they overemphasize the primacy of local government's inherent legitimacy, which may lead to extreme divergence among local communities to the extent that it could pose a challenge to the state in governing the nation. In addition, there are many serious socio-structural problems within the local community in many countries — including inequality and repression based on gender, caste and religion — which need to be addressed by the state. On the other hand, the state-centred theories hold another extreme position that puts too much emphasis on the state and treats local government as a mere subordinate agent of the state. This may not only encourage the hegemony of the state over local communities, it may also lead to the unresponsiveness of state bureaucracy to diverse local needs. Although a more balanced view is pursued by the state-community-interface theories, they tend to privilege state sovereignty and still treat local government in terms of its instrumental value.

The market-centred theories of local government are relatively different from the above categories — the proponents of these theories tend to overstress the importance of utilitarian individual preferences at the expense of collective public interest and consider local government a mere object to maximize the realization of individual choices. In opposition to the assumptions of these theories, Smith (1985, pp. 34–7) suggests that not all local units can maintain diverse packages of goods and services; that poorer citizens are dependent on public services and they cannot afford to move to new localities with attractive packages of services and taxes; that information about these services is not equally available to all citizens; and that there could be conflicting individual preferences within the same family. As for radical theories of local government, while they have a point in highlighting the role of local government in serving the vested interest of private capital and the state, they are too dismissive of its useful role in meeting the needs of the poor at the local level, and educating people in responsible modes of politics.

11.5 The need for new theory and practice

In the above context, it is necessary to construct a more comprehensive theoretical framework that contains the strengths of existing theories, overcomes their drawbacks, and provides a stronger analytical capacity to explain issues and problems related to local government. In this regard, we would like to propose a new theoretical option, entitled the

Multi-Centred Theory of local government, which has the following tenets:

- it recognizes the inherent legitimacy of local government but within the overall framework of its accountability to the local community and to the state
- it puts emphasis on a more balanced approach to reconcile the need for local autonomy vis-à-vis central control, depending on the issues and sectors concerned (for example, education, health, security, finance)
- it values the importance of individual choices, but without compromising the institutional interests of local government and the significance of taking into account all group interests (including those of the poor)
- it accommodates all relevant stakeholders related to local government (elected local officials, local interest groups, consumers and national policy-makers)
- it pays special attention to various contextual factors unique to specific societies or countries, which should be carefully studied and taken into account in determining other concerns (for example, community vs state, autonomy vs control).

This reformulated theoretical framework could be operationalized into useful practical policies to resolve major problems and challenges faced by local governments in different parts of the world. Under such a framework, these policy measures are likely to be responsive to diverse local-level problems and challenges. For example, a more balanced policy approach to local government autonomy and legitimacy vis-à-vis its accountability and control is likely to allow local authorities to exercise managerial autonomy and financial discretion to generate revenue, but without compromising their accountability and responsiveness to the state and to citizens.

Similarly, policies should be undertaken to address the needs and interests of diverse groups in local communities in order to avoid the domination of local elites and overcome the structure of poverty and social exclusion. Finally, all these policy measures must be based on or adjusted to the unique local contexts that exist within each region and country. The configuration of policy recommendations should be contingent upon specific local conditions, local needs and expectations, as well as local knowledge and capacity, and this has been the major common theme in this book.

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