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Dynamic cities?

The role of urban
local governments
in improving urban
service delivery
performance in
Africa and Asia



Jamie Boex
Ammar A. Malik
Devanne Brookins
Ben Edwards

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Jamie Boex
Ammar A. Malik
Devanne Brookins
Ben Edwards

March 2016

Jamie Boex is a Senior Fellow with the Duke Center for International Development at the Sanford School of Public Policy, Duke University. Ammar A. Malik and Ben Edwards are Research Associates at the Center on International Development and Governance at The Urban Institute in Washington, DC. Devanne Brookins is a Doctoral Candidate with the Department of Urban Studies and Planning at the Massachusetts Institute of Technology (MIT). Corresponding author: Ammar A. Malik (amalik@urban.org).

Executive summary

In developed countries, urban areas are the engines of economic growth and provide spaces for social transformation and political inclusion. This is the case because dynamic and prosperous cities are able to attract and retain both the talent and the capital investments necessary to generate economic opportunities and sustain high productivity levels by offering not only agglomeration economies but also high quality urban services and infrastructure. The delivery of widely accessible and efficiently functioning basic urban services is thus essential for urban areas to realize their full economic growth potential. As a result, the degree of success with which a country harnesses the power of urbanization serves as an important bellwether for inclusive and sustainable development.

As rapid urbanization has become a common feature of many cities in the global South, governments are seeking to leverage the potential of rising urban populations, into sustained economic growth. The pace of urbanization has posed significant challenges, including the increasing demands of rising populations in terms of access to land, housing and urban services. Local government officials struggle to keep pace with the rapid and often unplanned expansion of urban centers. The global community, recognizing these challenges, has placed significant emphasis on localizing development in the context of the global Sustainable Development Agenda. Particular among the challenges faced is the issue of urban service delivery in urban environments that are characterized with high levels of poverty and informality. Universal access to sanitation, for example, is one of the 17 Sustainable Development Goals, to be achieved by the year 2030.

In order to ensure that the urban transformation occurring in the developing world translates into sustainable economic and social development, there is recognition that the appropriate intergovernmental and local institutional mechanisms must be in place to facilitate improved urban service delivery. While much of the decentralization literature (often implicitly) assumes that urban local governments are the key decision-makers and key service delivery providers in their jurisdictions and are largely autonomous when it comes to urban service provision, this assumption seems to be contradicted by emerging evidence in the decentralization literature that the institutional decision-making space of local governments is often quite limited (e.g., Boex and Simatupang 2015).

Our analysis focuses on five institutional dimensions of local governance systems including (i) the effectiveness with which functional assignments are made for urban services; (ii) the availability of local political ‘space’ and the dynamism of the local political leadership; (iii) the degree of local control over administrative mechanisms (such as local human resource management and procurement); (iv) the degree of local fiscal autonomy and the quality of local financial management; and (v) the strength of local participation and accountability mechanisms. For each of these five institutional dimensions, Boex et al. (2015) constructed a set of assessment indicators (based on a five-point scale), allowing us to quantify the degree to which urban local governments have—and efficiently deploy—the necessary decision-making

space and institutional safeguards to deliver key urban services in an effective, inclusive and accountable manner.

In order to better understand the roles, discretion and accountability mechanisms faced by urban local governments in developing countries as they seek to facilitate the provision of three key urban services (solid waste management, water supply and sanitation services), we collected these comparative indicators for the institutional arrangements around urban service delivery for 42 cities across 14 different countries across Africa and Asia.

The results of our analysis of the institutional space provided to urban local governments in the delivery of local services in developing countries suggest considerable institutional variations with respect to urban service delivery arrangements among different types of services as well as between countries, and to some extent, within countries. The role played by urban local governments in delivering urban services is considerably smaller in some countries—such as Pakistan and Kenya—when compared to other countries—such as Indonesia, the Philippines and Ethiopia. Similarly, urban local governments tend to have more control over Solid Waste Management (SWM) as compared to the provision of water and sanitation.

Overall, our analysis finds that urban local governments in Africa and Asia are quite constrained with respect to their authority and discretion to deliver urban services. Out of a total possible score of 25 points on the urban service delivery institutional assessment, the average score obtained by urban areas (over all 42 cities and three services) is 12.88, only slightly more than half the possible points. Despite the perception that the presence of a dynamic mayor or dynamic local government leadership is a key ingredient in effective urban services (and in the wider success of an urban area), our results suggests that cities often are inadequately empowered to have a major impact the quality of urban services within their jurisdiction. As a result, in pursuing more effective urban policies, much greater attention should be paid to the intergovernmental (political, administrative and fiscal) institutional context within which urban local governments are expected to operate.

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1. Introduction

Cities are widely recognized as the primary drivers of economic development due to their ability to facilitate agglomeration economies that induce sustained growth (Glaeser 2011). While urban populations in the industrialized world have largely stagnated or are in decline, much of Africa and Asia are witnessing a momentous transformation toward highly urbanized societies with distinct political economies as well as spatial forms (Henderson et al. 2014). As rapid urbanization has become a common feature of many cities in the global South, governments are seeking to catalyze the potential of urbanization into sustained economic growth. Urbanization is not without its challenges, including the increasing demands of rising populations in terms of access to land, housing and urban services. Local government officials often struggle to keep pace with the rapid and often unplanned expansion of cities, while national officials attempt to harness this potential to bolster economic activity and attract foreign investment.

In recent years, a range of academic and policy oriented studies have provided detailed empirical analysis of the causes and consequences of urbanization (Sassen 2001; Glaeser 2011; Angel 2012). They conclude that urbanization has created both opportunities such as the growth of the industrial sector, and potential challenges including the rise of informal economic activity and settlements. Yet, the role of urban local governments in improving public services towards sustainable development, including the nature of institutional arrangements and multi-level governance, remains understudied. As noted by Jones et al. (2014), despite the large volume of studies being produced on global urbanization, there is a lack of rigorous comparative or empirical analysis of subnational service delivery efforts, particularly those focusing on rapidly growing cities in Asia and Africa. While a positive correlation between city size and productivity is widely reported (e.g., Rosenthal and Strange 2004), it inevitably assumes that cities are able to maintain adequate quality and coverage of basic public services despite rising population density. But as we discuss later, most developing countries are struggling to meet even the basic standards of urban service delivery to support human development and economic productivity (Prud'homme 2004).

With a focus on cities, there is increasing emphasis on the needs of local governments and policy makers to gain a deeper understanding of how they can enable the improvement of urban service delivery. Our study contributes to the literature by problematizing the assumptions regarding the role of urban local governments in providing urban services. Specifically, we explore whether the vertical or intergovernmental arrangements and local governance systems provide cities with the authority and autonomy to provide urban services, or are cities constrained in different aspects of urban service delivery? The study also adds analysis on effective urban governance systems that facilitate improved urban service delivery, and ultimately more sustainable urban growth. We therefore offer an evaluation of the fiscal, political and administrative determinants of variations in urban service delivery quality in

otherwise comparable urban jurisdictions. We attempt to provide a theoretically grounded, methodologically rigorous and yet hands-on diagnosis of the institutions, and multi-level governance systems enabling public service delivery in cities across Africa and Asia. We seek to draw conclusions about the ways in which countries can reform or strengthen local and intergovernmental institutions to ensure improved services to their urban residents.¹

Following this introductory section, Section 2 presents a review of the relevant literature on the topic of decentralization and urban service delivery. We build on the findings and perspectives in the existing literature to motivate our methodological approach. In Section 3, we provide details on our empirical strategy and methodology. In order to better understand the roles, discretion and accountability mechanisms faced by urban local governments as they seek to provide three key urban services (SWM, water supply and sanitation services), we collected comparative indicators for the institutional arrangements for 42 cities across 14 different countries in Africa and Asia. Section 4 offers comparative analyses of the fiscal, political and administrative systems supporting service delivery at the local level. We analyze the intergovernmental institutional contexts across services and geographical contexts by correlating governance structures and other factors with service delivery outcomes. In Section 5, we offer concluding thoughts, discussing both the policy implications of our analysis and future research ambitions.

2. Background and literature review

In this section, we further situate our study within the core decentralization literature to better understand potential impacts on urban service delivery in an attempt to identify how our research might address existing gaps between theory, policy and practice.

2.1 Improved public sector effectiveness through decentralization

The first decades of the global development experiment in Africa and Asia constituted an era where centralized, top-down development efforts were the norm. However, as both the state-led and then the market-led approaches to development resulted in failure to achieve stable economic development, there was increasing interest in how alternate forms of governance might contribute to growth and other developmental goals. During the late 1980s into the early 1990s decentralization emerged as a key public sector governance reform, in an attempt to relocate authority and certain responsibilities from the central to local government control (World Bank 1992; Crook 2003; Prud'homme 2003; and Smoke 2003). In theory,

¹ Our initial ambition was for this study to measure differences in the quality of local governments, especially at the city level and to estimate the effect that improvements in local governance have on the delivery of public services (Moretti 2014: pp. 21). During the data collection process, however, it became clear that the inconsistent nature and general unavailability of city-level data meant that insufficient comparative information was available to estimate a “production function” of urban service delivery outcomes for different urban services.

decentralization was seen as an opportunity to improve efficiency in the delivery of services and to make government more responsive to citizens by extending powers to locally elected political representatives (Crawford 2008). Basic public services are delivered locally which supports the argument for augmenting local control. However, experiences with the actual implementation of decentralization reforms over the last two decades have been mixed, with some clear failures in terms of improving efficiency, expanding service delivery and inclusion. Despite an ambiguous record and limited empirical evidence demonstrating benefits, decentralization has been accepted and widely promoted as a key organizational reform (Smoke 2003).

Advocates argue that decentralizing the delivery of local public goods improves the efficiency and responsiveness of the public sector by promoting allocative efficiency, fostering productive efficiency and accountability, and facilitating cost recovery (Azfar et al. 2001). Regarding allocative efficiency, it is assumed that subnational governments are well positioned to ensure that service provision matches the preferences and circumstances of the local population. They are considered to be more responsive than national governments to variations in demand for public goods. In this view, decentralization increases the likelihood that local governments respond to the demands of their populations by promoting competition among sub-national governments (Tiebout 1956). Competition allows for a variety of bundles of local public goods to be produced, and individuals reveal their preferences by moving, “voting with their feet”, or choosing alternatives (Tiebout 1956; Azfar et al. 2001).

Decentralization is also argued to improve productive efficiency by fostering accountability, reducing corruption, and increasing cost-effectiveness in government (Azfar et al. 2001). New relationships of accountability are introduced through decentralization reforms between national and local government, as well as altering relationships between citizens and elected officials (Ahmad et al. 2005). Decentralization can promote local welfare and development by leveraging local elections for accountability (Seabright 1996). With this, it is argued that local governments can capitalize on households’ willingness to pay taxes for improved services. Local governments may then exert greater fiscal effort and raise more revenues if they have the authority to determine how the revenues are used.

2.2 The dangers and pitfalls of decentralization

Based on these arguments made in the (fiscal) decentralization literature, academics and policy makers typically conclude that urban local governments are well-positioned to respond to the needs of their constituents and should manage local affairs. This conclusion is often carried over from the context of cities in developed and industrialized economies to the context of developing economies. However, decentralization evokes some different issues in the context

of developing and transition countries.² Developing countries do not meet most of the explicit or implicit assumptions of the fiscal federalism model. First, the model assumes that the main difference between the various local or regional jurisdictions is their respective tastes or preferences. However, the reality of developing countries suggest the main differences are in income, whether household income or potential tax income (Bardhan 2002; Prud'Homme 2004). In most developing countries, the problem is not the difference in preferences between jurisdictions but to satisfy basic needs.

Second, it assumes that citizens in each jurisdiction will express their preferences through voting in local elections, with locally elected officials willing and capable of satisfying the preferences once revealed. Yet, the fundamental institutions of local democracy in many developing countries are weak. The political and functional mandates of local governments are often vague, inconsistent, or both (Prud'Homme 2004). In addition, local governments often struggle with low levels of technical and administrative capacity and lack adequate systems of information and accounting. Local governments often do not generate sufficient own-source revenue to finance local priorities. Finally, structures of local accountability are not in place in many developing countries, with civic groups often lacking sufficient information to hold local governments accountable for performance.

Decentralization in developing countries thus presents dilemmas that detract from the potential achievement of its objectives. Two such dilemmas, both political in nature, include the reluctance to share power and the problem of elite capture (Olowu 2003). State power and resources are often seen as a zero sum opportunity, in which local actors gain at the expense of central government (Smoke 2003). Some see decentralization reform as giving advantage to rival economic and political elites, including opposition parties, who might undermine the rule of those presently in power. While many countries have undertaken decentralization reform, the process is often incomplete or there is an explicit attempt by central government to retain or regain authority over decisions and resources (Wunsch 2001). Thus, effective local governance is often handicapped by incomplete processes of decentralization such as the devolution of authority without the appropriate amount of fiscal resources or without ability to generate such resources locally. Weak local capacity often results from inadequate support and training from higher levels of government, which is often used as a justification for the need to recentralize authority and resources. Eaton and Schroeder (2010) argue that due to national governments' inherent hesitation toward decentralization due to inevitable loss of authority, they typically only decentralize in a single dimension, e.g., in the political, administrative or fiscal realms, while preserving their centrist practices and prerogatives in the others. The consequences of this ongoing power struggle are misaligned responsibilities, policy incoherence and institutional fragmentation.

² For instance, see Boex and Edwards (forthcoming).

A second dilemma is the problem of weak local democracies and local elite capture. Decentralization is encouraged along with democratic reforms in order to facilitate the necessary accountability structures to allow for local participation and accountability. However, such democratic and accountability mechanisms are not always in place, with some key local officials being appointed, establishing upward accountability. Within decentralization reform, local elites offer resources, knowledge, influence and networks that make decentralized governance work. At the same time, local elites have vested interests and can use their economic or social standing to capture resources under decentralization reforms and use them for personal gain or patronage (Seabright 1996). This vulnerability for elite capture is exacerbated in cases where local accountability structures are weak. Bardhan (2002) asserts that the extent of capture by local elites depends on extant social hierarchies and traditions of political participation, fairness and regularity of elections, and transparency in local decision-making processes. As decentralization implies some reduction in the accountability of sub-national governments to the central government, there is an attempt to replace this with some form of local accountability. Most argue that a broadly inclusive local political process is necessary for fiscal and institutional decentralization to meet its intended goals.

Rather than merely looking at the centralization-decentralization binary, a deeper understanding is required regarding what functions of decentralized service delivery work best within what institutional conditions or environments (Prud'homme 1995). Theoretical predictions of decentralization suggest that only certain forms of decentralization, or decentralization under certain institutional arrangements, will result in better service delivery outcomes for the majority. In particular, much of the decentralization literature is focused on devolution, or the transfer of functions, decision-making authority and finances to elected state and local government bodies, based on the assumption that the local participation, responsiveness and accountability mechanisms associated with elected local governments are a prerequisite for attaining the benefits of decentralization.

2.3 Urbanization, urban local services and the role of urban local governments

The patterns of urbanization and characteristics of urban centers hold the potential to enable effective service provision, or to serve as impediments to service delivery effectiveness. One such characteristic is the relatively high population density, which indicates that demand for public services is relatively spatially concentrated. High population density can enable effective local service provision by reducing transportation costs and allowing savings from scale economies (Glaeser 2011). However, too much density—as in the case of overpopulated and poorly located informal settlements—present congestion and related service delivery challenges. Relative land scarcity is also an important dimension of urban environments that influences the available space for service infrastructure, intensifies the political and economic dimensions of land use planning and heightens competition over land ownership. These inter-related factors can multiply the externalities associated with urban services, heighten political aspects of service delivery and create intensified opportunities for rent-seeking of various kinds (Jones et al. 2014).

Urban areas are complex environments where population is growing rapidly and is heterogeneous in terms of identity groups, as well as income levels. For many African and some Asian countries, urban employment is concentrated in the low-income, informal sector; resulting in fewer urban residents that could constitute a viable tax base to fund urban service provision (Resnick 2014). This often segregates the population both physically and in terms of their ability pay for services that are, by some, considered basic needs. This leads to a diversity of providers, formal and informal, that serve the needs of varied income groups within cities. This situation can compensate for sub-optimal public services by providing choice, but the presence of many different service providers creates a challenge for policy coherence as well as oversight and monitoring.

With regard to the impact of local governance in urban service delivery outcomes, much of the urban literature (often implicitly) assumes that urban local governments are the key decision-makers and key service delivery providers in their jurisdictions. For instance, it is often assumed that the presence of a dynamic mayor is a key ingredient in effective urban services and the wider success of an urban area (e.g., Barber 2013). In reality, however, little is known about the specific impact of local governance on urban service delivery outcomes. There is growing evidence suggesting that urban local governments in many developing economies are quite constrained by multi-level governance arrangements in their ability to manage or deliver urban local services (e.g., Boex and Simatupang 2015). There are also services that have particular characteristics that might dictate the type of institutional arrangements such as the water sector, which is highly monopolistic in nature, in part due to the high degree of sunk costs and potential for economies of scale. Such a sector might require a higher degree of centralization for some aspects such as regulating water quality, while other aspects of such as transport and delivery might be more localized.

2.4 Urban Service Delivery: enabling and constraining factors

The focus of our study falls at the intersection of the urbanization literature (Section 2.3) and the decentralization literature summarized above (Sections 2.1 and 2.2). Within the broader context of decentralization in developing countries, urban jurisdictions provide the context where decentralized local governance is most likely to succeed, as cities in general benefit from more dynamic local political leadership, greater financial resources alongside improved technical capacity in comparison with their rural counterparts. However, such advantages alone may not be sufficient to ensure adequate urban service delivery, as central governments may be reluctant to provide urban local government leaders with the political space, the resources and/or the administrative control necessary to delivery urban services. Services seem to work when there are strong relationships of accountability between actors in the service delivery chain – inclusive of policy makers, providers and citizens. As such, it is crucial to gain a deeper understanding, from the perspective of researchers, policy-makers and practitioners, of multi-level governance and the political economy context in which urban local governments are expected to operate (Boex et al. 2013; Jones et al. 2014).

Overall, this brief review of the literature has highlighted gaps in our knowledge of the political economy of service provision in urban areas. This knowledge gap is becoming increasingly relevant in the global development community as Africa and Asia are urbanizing at a significant pace. In delivering programmatic interventions, the need for understanding the political economy and multi-level governance features of specific sectors, such as water, sanitation and SWM ought to receive more attention (Boex and Edwards 2014; Jones et al. 2014).

3. Research objective, strategy and methodology

3.1 Research objective

The main goal of this study is to analyze the extent to which urban local governments in Africa and Asia are effectively able to facilitate improved urban service delivery, and thereby, promote human and economic development. The study's specific objective is to quantify and analyze the intergovernmental institutional environment in which urban local governments in Africa and Asia operate. Do the vertical or intergovernmental arrangements and local governance systems provide cities with the authority and autonomy to provide urban services, or are cities constrained in different aspects of urban service delivery?

Although an empirical investigation of the relationship between urban governance institutions and urban service delivery outcomes is beyond the scope of the current study, what do the results and analysis suggest about the impact of institutions on urban service delivery outcomes? In other words, are dynamic cities that operate in a more decentralized local governance system with a greater degree of autonomy able to achieve better urban service delivery outcomes?

3.2 Research strategy

As discussed in Section 2, we find a dearth of empirically grounded studies undertaking comparative institutional analyses of urban service delivery systems in Asia and Africa. Most existing publications either describe successful case studies to derive best practices, or offer operational manuals for practitioners. We attempt to fill this gap by building data from the bottom-up, i.e. directly from municipalities and service delivery units (SDUs), thus focusing on the urban as the unit of analysis. Our analysis focuses on three services, including SWM water and sanitation, all quintessential local government functions that are essential for sustained economic growth.

As summarized in Table 3.1 below, our selection includes three countries from West Africa (Ghana, Nigeria and Senegal), five from South and Eastern Africa (Ethiopia, Kenya, Mozambique, Tanzania and Zambia), four from South Asia (Bangladesh, India, Pakistan and Sri Lanka) and two from Southeast Asia (Indonesia and the Philippines). The choice of these 14 countries allowed us to capture a broad range of governance systems (e.g., federations and

centralized systems), historical and administrative experiences (i.e., British Commonwealth and French administrative traditions). Working with local researchers in each country, we selected three cities across the urban spectrum, typically including one each of small, medium and large cities across three different states, provinces or regions. Thus, we capture differences attributable to city size as another variable in the analysis, especially as some countries may legally treat larger cities differently from smaller urban areas.

| Country | City | Population | Country | City | Population |
|-------------------|-------------|-------------------|--------------------|--------------|-------------------|
| Bangladesh | Shailkupa | 35,271 | Pakistan | Lahore | 7,130,000 |
| | Bakergonj | 29,890 | | Matta | 100,000 |
| | Khulna | 663,342 | | Sukkur | 1,000,000 |
| Ethiopia | Bishoftu | 171,115 | Philippines | Quezon City | 457,209 |
| | Hawassa | 165,275 | | San Fernando | 114,963 |
| | Dire-Dawa | 607,321 | | Iloilo | 424,619 |
| Ghana | Tema | 161,612 | Rwanda | Kigali | 859,332 |
| | Tarkwa | 34,941 | | Huye | 52,768 |
| | Abu Dunkwa | 117,185 | | Rubavu | 149,209 |
| India | Pune | 3,124,458 | Senegal | Velingara | 268,110 |
| | Jalandhar | 873,725 | | Louga | 107,000 |
| | Hospet | 206,159 | | Guediawaye | 317,464 |
| Indonesia | Surabaya | 2,853,661 | Sri Lanka | Colombo | 555,031 |
| | Palembang | 1,535,900 | | Galle | 112,252 |
| | Parepare | 135,200 | | Alumnae | 120,000 |
| Kenya | Eldoret | 289,380 | Tanzania | Lindi | 41,549 |
| | Machakos | 150,041 | | Tanga | 187,455 |
| | Mtwapa | 62,680 | | Temeke | 1,368,881 |
| Mozambique | Beira | 431,583 | Zambia | Lusaka | 202,914 |
| | Matola | 675,422 | | Kabwe | 522,092 |
| | Pemba | 208,600 | | Kitwe | 1,742,979 |

3.3 Methodology: The Urban Service Delivery Assessment Framework

The Urban Service Delivery Assessment Framework, developed by The Urban Institute as part of the Local Public Sector Initiative, captures the institutional features of the local governance system within which cities operate using a five-part diagnostic instrument (Boex et al. 2014). The framework was designed to provide municipal managers the option of undertaking self-assessments, and provides the ability to rank their institutional environment and performance vis-à-vis other cities, whether in their own countries or across the world. Applying this tool enables us to both collect useful data to help enhance our understanding of the gaps and

successes in urban service delivery, and provides a practical tool to guide the improvement of relevant institutional environments. The inherent appeal of international benchmarking drives this approach, which is informed by both theoretical and empirical literature on public service delivery in cities. Appendix A provides an overview of the assessment indicators, consisting of 31 questions spread across five dimensions. Each indicator seeks to assess the functioning of a key element of urban service delivery systems based on an ordinal indicator ranging from zero points to one point. In some cases, the maximum score for an indicator is half a point. For some indicators, fractions of points can be awarded.

This methodology is based on five institutional dimensions of local governance systems including: (i) the effectiveness with which functional assignments are made for urban services; (ii) the availability of local political ‘space’ and the dynamism of the local political leadership; (iii) the degree of local control over administrative mechanisms (such as local human resource management and procurement); (iv) the degree of local fiscal autonomy and the quality of local financial management; and (v) the strength of local participation and accountability mechanisms.

Additionally, the assessment framework provides a set of basic, standard measures for the quality and access to key urban services within an urban local government. For instance, the basic measure for SWM quality is the number of tons of solid waste collected weekly. Likewise, access to drinking water is measured by two indicators: the level of piped water access (as a percent of the city’s total population) and the share of non-piped water access. Similarly, the assessment framework seeks to collect information on the share of the population that has access to improved, sewerage sanitation infrastructure as well as non-sewerage sanitation.

The implicit hypothesis that forms the foundation for our analysis is that more effective framework for urban services—and therefore, better urban services—are achieved when each of these five institutional dimensions are effective, well-structured, and coordinated. As such, if one of the five dimensions of the urban service delivery system is weaker than the other dimensions, this may have ramifications for the system as a whole. For instance, even if all other dimensions of the urban service delivery system function well, if the local political and electoral systems fail to give local political leaders the necessary political space and incentives to identify and respond to the needs of its residents and the local business community, then the system as a whole may become less effective as a mechanism for the improved delivery of localized services.

The set of performance indicators is focused on the basic performance of the urban service delivery systems based on existing good international practices, rather than on setting standards based on ‘cutting-edge’ innovation in decentralized service delivery. Guidance has been developed on what performance would meet each score, for each of the indicators. The highest score (typically one) is warranted for an individual indicator if the criterion meets the relevant objective in a complete manner, whereas the lowest score indicates that an urban area has failed to meet the criteria.

A brief synopsis of the five dimensions of an effective urban service delivery system follows:

First, the effective assignment of functional responsibilities to the local level measures the extent to which the legal multi-level governance system allows local governments to plan and execute capital investments, appoint the leadership of the service delivery unit, and whether there is a match between its *de facto* functional responsibility and its legal authority. The scoring for this institutional dimension is informed by the idea that the urban local government should be responsible for providing or delivering the service in accordance with the subsidiarity principle, and that the local government's functional responsibilities should be matched with the appropriate legal authorities, without which service quality is likely to suffer. In other words, when local governments are not allocated appropriate powers commensurate with their service delivery role, this inevitably hampers their ability to provide effective local services.

The second dimension, dynamic local political leadership, captures the extent to which local government leadership is directly elected by its constituents; the quality of electoral processes; the degree of support that local political leaders receive from both the local legislature as well as from the local bureaucratic apparatus; the degree of authority that the local political leadership has over key administrative appointments, and finally; the responsiveness of political leaders toward the citizens priorities. The scoring of this dimension seeks to capture the level of political space available to local political leadership—and the dynamism and responsiveness displayed by local political leaders—in responding to the needs of residents and local economic actors. We expect that if local political systems do not encourage city leaders to respond to the needs of their constituents—but rather, focus on political incentives from the top—it is less likely that effective urban services are delivered.

The third dimension of the assessment framework, local control over administration and service delivery, quantifies the extent to which local governments have complete powers to appoint heads of urban service delivery units; whether they approve their own budgets; have the power to determine their own organizational structure; manage the human resource decisions for these departments; and maintain powers over procurement and capital investments. As such, this dimension considers the extent to which local governments are allowed appropriate controls over the units that are responsible for delivering urban services within their jurisdiction. In cases where higher levels of government directly control local service delivery units—rather than locally elected officials—it is expected that urban services become less responsive.

Fourth, the urban service delivery assessment framework considers that access to adequate financial resources—as well as effective local public financial management—are important prerequisites for effective local service delivery. The local fiscal autonomy and local financial management dimension assesses whether the local government maintains an orderly and participatory annual budget process, whether urban service delivery providers receiving allocations consistent with budgets, what quality of annual financial statements are issued each

year, how are subsidies (if any) administered in service delivery systems, and whether local governments have access to financial markets for raising capital. In addition, this institutional dimension considers the balance between own source revenues and intergovernmental fiscal transfers, and the level of effective control maintained by local governments.

Fifth, appropriate local participation and accountability mechanisms are required to be in place in order for urban services to be delivered in an inclusive and responsive manner. As a result, the final dimension of the urban service delivery assessment framework measures the extent to which urban local governments are responsive to the needs of their electorate by looking into whether they have performance frameworks in place for each service, how they manage their monitoring, whether users participate in local planning financial allocations, and how urban service delivery units handle consumer complaints.

Based on this framework, we quantify the different institutional dimensions of urban service delivery and analyze the extent to which cities are in charge of the basic urban services that allow their urban economies to thrive. In other words, are cities empowered functionally, politically, administratively, as well as fiscally and do they have the mechanisms in place to act in a participatory and accountable manner? What trends and patterns do we see, if any, as we look at cities across different countries and different sizes? What are the main trends across public services, both in terms of structures and efficiency of delivery?

3.4 Data collection and quality assurance process

In order to better understand the institutional and intergovernmental nature of urban service delivery in Africa and Asia, we identified and contracted reputed country experts in each of the countries covered by this study (see Appendix B for list of country experts). Each country expert was subsequently sensitized to the purpose of the study and trained on the study's institutional assessment methodology through a series of videoconferences.³

For each assessment indicator, the assessment framework instructions provided detailed instructions and sample responses which enabled in-country researchers to complete the profile for each city spread across the three urban services mentioned earlier. The instructions were designed to be universally applicable across different local governance systems and thus

³ As part of our initial data collection efforts, we requested the country experts not only to prepare the institutional profiles for the three selected cities in their country, but also to collect information on urban service delivery outcomes and other selected city-level information for the three cities (i.e., city-level spending on key urban services). The purpose of capturing this service delivery outcome data at city-level was to try to untangle the relationship between urban service delivery institutions, urban service delivery spending, and service delivery outcomes. Despite spending considerable time and effort trying to collect basic service outcome data, we were unable to obtain outcome or coverage data related to the three services for more than half of the urban areas in our sample.

ensure consistency in scoring (alongside detailed comments justifying each score), thus enabling comparative analyses across different countries. Based on this guidance, each country expert prepared an initial assessment profile for the three cities in their respective country, including both scoring on indicators and detailed justifications explaining the underlying logic of scoring decisions.

In order to ensure consistent application of the assessment tool across different cities and countries, the research team reviewed each assessment following a detailed quality assurance protocol. Detailed written feedback was subsequently provided to each country researcher, often requesting them to provide greater details on scoring justification, posing questions related to the scoring decisions, or suggesting adjustments to allocated scores when it appears the assessment scoring was not judiciously followed. In most cases, after the country researchers reviewed the feedback, the research team undertook a videoconference with the country expert to ensure clarity on specific points. The review process underwent several rounds of clarification and inputs from each country expert before the city profiles for each country were considered final.

While the remainder of this section will discuss our analytical approach in detail, it is worth noting that in this study we face the fundamental methodological challenge of attempting to translate the descriptive characteristics of the institutional contexts or urban local governments into quantitative indicators. The quality assurance process describe above helped reduce the likelihood of having created inconsistencies through subjective judgements of individuals.

While our research creates comparable institutional indicator score for local governance and urban service delivery systems across the 42 selected cities, our data collection methodology for urban service delivery outcome data—as discussed further below—does not guarantee that data are available for all of the selected cities for the three services under consideration. As a result, we are not able to consistently draw causal inferences between the local governance system within which urban local governments operate and the quality of urban services delivery outcomes. Regardless, our systematic assessment of local governance structures across multiple services and on a variety of country contexts offers opportunities for enhancing our understanding of the role of urban local governments and intergovernmental institutions in improving urban services and urban economic growth.

4. Results and discussion

The data set resulting from our research design and data collection efforts covers 14 country profiles consisting of a total of 42 city profiles, each of which captures institutional information for three urban services across five institutional dimension or urban service delivery. While this data can be parceled in various ways, we begin by analyzing the institutional dimension scores for all services and countries combined (Table 4.1). This general analysis is then supplemented

by an analysis of average country scores (Table 4.2) and an analysis of average scores by type of service (Table 4.3).

4.1 An overview of institutional dimensions of service delivery

Table 4.1 shows descriptive statistics for the urban service delivery assessment scores across all 42 cities and for all three urban services (SWM, water, and sanitation) combined. As shown in the table, the average assessment score (across all services and countries) is 12.88 out of 25 points (or slightly more than 50 percent of the total possible points). Given that the scoring of the different indicators is based on achieving basic good practices, instead of expecting cities to engage cutting-edge practices, the data suggest that cities in our sample on average are only weakly empowered over the delivery of urban services within their jurisdiction.

| Dimension | Min. | Max. | Average |
|---|-------------|--------------|----------------|
| A. Effective assignment of functions to the local level | 0.25 | 5.00 | 3.27 |
| B. Dynamic local political leadership | 0.00 | 4.75 | 2.96 |
| C. Local control over administration and service delivery | 0.00 | 5.00 | 2.27 |
| D. Local fiscal autonomy and local financial management | 1.00 | 4.50 | 2.71 |
| E. Local participation and accountability mechanisms | 0.00 | 5.00 | 1.67 |
| Total | 3.25 | 23.00 | 12.88 |

Since the profile scores were based almost entirely on the *de facto* situation (rather than on the *de jure* circumstances), it is obvious that regardless of whether the national constitution or the legislative framework mandates a decentralized forms of government or otherwise, cities in practice tend to have limited political, administrative, and fiscal autonomy. In other words, despite being widely recognized as engines of economic growth, more often than not, urban local governments are not given the necessary powers to maintain even basic standards of public service delivery essential for greater productivity. For instance, if the city is unable to set appropriate tariff levels for water service provision, or if it is unable to authorize the firing of under-performing staff, the quality of urban service will almost inevitably come to depend not on the decisions made by local government leaders, but rather, by the decisions and actions (or inaction) of higher-level officials.

The breakdown of scoring by institutional dimensions offers further insights and helps diagnose the source of weak local decision-making space. The most obvious finding is that while urban local governments have a relatively high degree of political empowerment (average score: 2.96 out of 5), urban local governments tend to lack meaningful and effective local participation and

accountability mechanisms. For instance, most cities do not have publically disclosed and formally approved performance frameworks, and those that do seldom apply them in practice.

Strong political decentralization without strong local accountability could be the result of several public sector obstacles. For instance, this phenomenon may simply be caused by enthusiasm about democratic decentralization, while reality subsequently reveals that achieving local participation and accountability is in fact difficult to accomplish in the real world (Mansuri and Rao 2013). In contrast, Eaton and Schroeder (2010) suggest that central government officials seldom have a real incentive to support decentralization as long as the proposed reforms undermine the direct power, discretion, and resources of one or more entities at the central level. As such, strong political decentralization without strong local political accountability (and without strong decentralization of administrative and fiscal powers) could be an attempt by the central political elite to co-opt local political elites by giving them political status at the local level without subjecting them to accountability from below.

The scores in Table 4.1 also clearly indicate the existence of widespread central institutional capture over administrative functions such as hiring and firing of staff, and approvals for operational decisions. The vast score difference between functional assignment and administrative autonomy seems to confirm the earlier argument that cities are being asked to provide services (dimension A) without necessarily enjoying commensurate levels of administrative autonomy (dimension C). Similar differences are visible with the political and fiscal realms indicating the manifestation of the same, though average magnitudes are relatively smaller.

4.2 Urban service delivery institutions by country

In Table 4.2, we observe interesting country level variations in the five dimensions of urban service delivery institutions, as measured across all three urban services. Some countries seem to have considerably stronger institutional arrangements around urban service delivery than others. Potential drivers of these variations seem to include the impact of bureaucratic traditions, the level of economic development, the state of democracy, and other political economy factors. Top scoring countries include Indonesia and the Philippines, both of which have undergone significant decentralization reforms, although it should be noted that these reforms were primarily driven by the need for political stabilization, rather than by an explicit desire to improve service delivery. As argued in Section 2, however, improved local service delivery is often an accompanying positive externality from having empowered local governments.

Table 4.2 Institutional dimensions of urban service delivery performance: average scores by country across all urban services (42 cities)

| Country | A. Function. assignment | B. Political institutions | C. Admin. institutions | D. Fiscal institutions | E. Particip. & Account. | Total |
|----------------|-------------------------|---------------------------|------------------------|------------------------|-------------------------|--------------|
| Bangladesh | 3.94 | 3.78 | 2.39 | 2.56 | 1.64 | 14.31 |
| Ethiopia | 4.56 | 3.17 | 4.00 | 3.33 | 2.08 | 17.14 |
| Ghana | 2.67 | 2.67 | 2.50 | 3.00 | 3.64 | 14.47 |
| India | 3.72 | 3.17 | 2.06 | 3.44 | 3.69 | 16.08 |
| Indonesia | 4.50 | 3.92 | 4.67 | 3.64 | 1.78 | 18.50 |
| Kenya | 2.06 | 1.00 | 0.00 | 2.14 | 2.89 | 8.08 |
| Mozambique | 2.83 | 4.00 | 2.67 | 1.75 | 0.67 | 11.92 |
| Pakistan | 2.11 | 0.83 | 0.39 | 1.42 | 0.33 | 5.08 |
| Philippines | 4.11 | 4.67 | 3.78 | 3.97 | 2.22 | 18.75 |
| Rwanda | 2.31 | 3.42 | 1.33 | 2.25 | 1.28 | 10.58 |
| Senegal | 1.67 | 3.78 | 2.00 | 2.94 | 0.94 | 11.33 |
| Sri Lanka | 3.50 | 2.25 | 1.50 | 2.92 | 0.44 | 10.61 |
| Tanzania | 2.92 | 2.25 | 1.53 | 1.92 | 1.25 | 9.86 |
| Zambia | 4.83 | 2.58 | 3.00 | 2.67 | 0.50 | 13.58 |
| Average | 3.27 | 2.96 | 2.27 | 2.71 | 1.67 | 12.88 |

The comparison between Indonesia (18.50) and India (16.08), the two largest and among the highest scoring countries in our sample, offers interesting insights into how administrative traditions, political forces and historical contexts impact service delivery standards. While both countries attain a high assessment score, the composition of the two countries' scores differ.

The relatively low scores for India on the effectiveness of functional assignments and administrative decentralization at the local level are likely to be due in part to the unique decentralization trajectory in India, where state-to-local decentralization reforms were largely imposed in part by the central government.⁴ In addition, the limited degree of decentralization of administrative powers to urban areas shows the strength of India's traditionally centralized bureaucratic system (with its roots in the British imperial administrative system) that has not

⁴ The 73rd and 74th Amendment to the Indian Constitution—which were passed in 1993—aimed to improve the limited democratic participation below the state level by requiring states to have a system of elected local governments; by granting local governments specific powers and service delivery responsibilities; and by making local governments more accountable to citizens. Although state-to-local decentralization in India under the Panchayat Raj system is enshrined in the Constitution and promoted by the central (Union) government, the implementation was left up to the states and adoption across states in India show a high degree of variability (Boex and Simatupang, 2015).

relinquished staffing powers to local governments.⁵ However, post-independence India has remained a stable democracy since 1947 which helps explain its high score on local participation and accountability mechanisms (3.69 points).

In contrast to India's relatively gradual approach, Indonesia's 'big bang' decentralization reforms since 1999 granted unprecedented powers to local governments in an effort to eliminate the corruption, collusion and nepotism associated with excessive centralization. Whereas the big bang brought about major political, administrative and fiscal reforms, the low score on local participation and accountability in Indonesia (1.78 points out of 5) seems to be at least in part due to its recently established democratic political tradition.

On the low end of our study, are the low performers – Pakistan (5.08), Kenya (8.08), and Tanzania (9.86). Between 2007 and late 2015, Pakistan did not have elected local governments, which—despite the restoration of democracy—explains its low scores. In the absence of elected local governments, Pakistan's highest component score is in the realm of functional assignments (2.11), while the lowest dimension score fell in the participation and accountability category (0.33 out of a possible maximum of 5 points). Kenya's low score can be explained that the country eliminated its elected local government level as part of the Constitution adopted in 2010 in favor of quasi-federal system based on elected regional ("County") governments. This means that most urban services in Kenya are currently delivered by the regional level, in the absence of elected urban local governments.⁶ The other low-scoring country, Tanzania, scores high in the assignment of urban functions to the local government level (2.92), but otherwise follows a decentralization pattern that is referred to as "decentralization in name only" by Boex and Simatupang (2015: 93).

4.3 Urban service delivery institutions by service: Solid Waste Management, Water, and Sanitation

This final sub-section considers how (and ventures to answer why) institutional dimension scores vary across the three different urban services considered by this study. While SWM, water and sanitation all three are all basic urban services with a direct and positive impacts on the welfare and productivity of urban residents and economic actors, there are fundamental conceptual and practical differences between the ways in which their delivery is organized within cities.

⁵ Indonesia's urban areas scores 4.50 on a scale of 5.00 for the functional assignment dimension on average, whereas the selected urban areas in India only attain an average score of 3.72. On administrative autonomy, the selected urban areas in Indonesia score 4.67 point, whereas the urban areas in India score 2.06

⁶ The Kenyan Constitution (2010) and the Urban Areas and Cities Act (2011) do provide for the possibility of Counties to establish appointed city and municipal boards and town committees. Few if any County Governors, however, have acted on this provision, preferring to hold power and control over finances at the County level.

For instance, the clean urban environment produced by effective SWM is a public good (non-rival and non-excludable) and its non-provision would be clearly visible to local constituents who would readily associate ineffective SWM with ineffective local leadership. In addition to an effective management system, solid waste collection requires relatively low scale capital expenditures, indicating that this urban service is not as capital intensive or as vastly networked as pipelines providing drinking water or sewerage sanitation. It follows that solid waste collection can be provided relatively efficiently by smaller urban jurisdictions, without a need for the central government to decentralize major financial resources and without giving up administrative and fiscal powers.

In contrast, water is essentially a private good (excludable and rival) though public provision is typically justified based on two conditions. First, the supply of piped water gives rise to a natural monopoly to the largest provider, who can deliver water at a lower cost than any competitors due to the efficiency gains from economies of scale. Second, there is often a strong push to provide drinking water below cost for equity reasons, and access to drinking water is generally considered an essential human right.

The production function of piped water is quite different from SWM, as an effective water piped water system, requires major up-front investments, whereas the recurrent cost is relatively minimal. Since most municipalities in Asia and Africa are not given adequate fiscal space to raise capital without central government involvement, water delivery units mostly witness more profound involvement from higher levels of government. In fact, in many developing countries, water utilities are wholly owned by provincial or national governments. Further, in contrast to street lighting or roads, poorly provided water services are not immediately visible as a public provision failure, even though its adverse impact on human wellbeing is arguably more severe. The broader point is that the nature and scale of each service has large and direct impact on the institutional scoring presented in Table 4.3 below.

| Country | A. Function. assignment | B. Political institutions | C. Admin. institutions | D. Fiscal institutions | E. Particip. & Account. | Total |
|------------------------|-------------------------|---------------------------|------------------------|------------------------|-------------------------|--------------|
| Solid Waste Management | 4.24 | 2.98 | 2.87 | 2.64 | 1.99 | 14.73 |
| Water | 2.51 | 2.96 | 1.71 | 2.75 | 1.36 | 11.29 |
| Sanitation | 3.05 | 2.94 | 2.24 | 2.74 | 1.65 | 12.63 |
| Average | 3.27 | 2.96 | 2.27 | 2.71 | 1.67 | 12.88 |

When we compare the effectiveness of urban service delivery institutions across the three urban services being considered, we indeed find that SWM gets significantly higher total score followed by sanitation and water, indicating that cities are in general more empowered for the provision of this service. In terms of institutional dimensions, SWM's high score is largely driven by functional assignment followed by administrative autonomy, where it remains close to the average on the dynamism of local political leadership and local participation and accountability. This implies that SWM is widely accepted as a quintessential locally provided service, including

by smaller private operators in many sampled cities, likely due to the practical reasons discussed earlier.

Further, while the provision of water and sanitation services generally go hand in hand, the water sector appears to have significantly lower administrative autonomy and far less functional assignment of responsibilities than sanitation. This is likely due to the fact that the responsibility for urban water provision is typically fully assigned to an urban water authority (which is owned or substantially controlled by the central government), urban local governments often retain a somewhat greater degree of responsibility for (non-sewered) urban sanitation services.

The magnitude of these dimension scores suggests that the institutional arrangements around service provision are likely to have a significantly limiting impact on the role of urban local governments in achieving effective urban service. This is even true for solid waste management, which—Table 4.3 suggests—is the urban service that is under highest degree of local control when compared to the other urban services.

For instance, while local governments typically have a reasonable degree of autonomy in managing solid waste services, national and regional level officials still tend to exert a relatively high degree of control over the urban local government's administrative and fiscal resources, thus constraining the ability to deliver better solid waste collection services. For SWM, the average score across 14 countries for local administrative control was 2.87 whereas the degree of urban local government control over urban finances was 2.64 (out of a maximum possible dimension score of 5 points). Limited administrative control over human resources and access to financial resources by the urban local government and limited local PFM capacity has very practical implications on the ability of local governments to provide services themselves as well as their ability to finance, regulate and enforce contracts with private (and other) service providers. For instance, many of the countries in the sample are unable to hire and fire local service delivery staff without higher-level approval, and they often struggle with access to intergovernmental transfers that are often not provided in a timely manner and are typically inadequate relative to local budgetary needs for service provision.

A second element that serves to undermine urban local service delivery is the relatively ineffectiveness of local participation and accountability mechanisms. The scoring of this indicator across the 14-country sample provided the lowest average of 1.67 out of maximum score of 5. Even in the case of SWM—where this dimension score is the highest—the score does not rise above 2 points out of 5. Without necessary feedback and accountability mechanisms, it is difficult for urban residents to hold local governments accountable and for urban local government authorities to hold private sector service providers accountable for the delivery of solid waste services. This likely has significant impacts, particularly in underserved and informal areas of cities, thus having a disproportionate impact on poor communities.

5. Conclusion

Despite the heightened global importance of urbanization and the recognition of cities as the engines of economic growth and social transformation, the key finding of this study is that cities in the global South simply are not provided with the intergovernmental institutional space to deliver effective urban services. While there are variations in the effectiveness of urban service delivery institutions depending on service and city type across countries, in absolute terms the average scoring on the urban service delivery institutional dimensions is extremely low.

Whereas central governments are often keen to assign service delivery responsibilities to urban local governments, their simultaneous reluctance to transfer meaningful decision-making authority to urban local governments—particularly in the administrative realm—and the absence of effective local participation and accountability appears to negatively impact urban service delivery. It appears that political economy forces—rather than technical capacity—are a more significant determinant for whether or not urban local governments are institutionally empowered to effectively provide urban services. Whereas our initial efforts have focused on quantifying the effectiveness of urban service delivery institutions in a comparative manner, much more work needs to be done in understanding why subnational institutions are stronger in some countries than in others.

Another important policy question, one that we were unable to address in this study, deals with the relationship between urban service delivery institutions and urban service delivery outcomes: do stronger institutions contribute to better urban service delivery outcomes? Our current research is limited by the lack of real service delivery outcome data, which could have enabled causal inferences. Despite being part of the initial work plan, we found many urban local governments and service delivery units either unwilling or unaware of how much solid waste they collect every week, and their own water and sanitation coverage maps. Given recent focus on the UN's Sustainable Development Goals and accompanying indicators at the urban level, researchers must continue designing innovative approaches for obtaining useful data from the bottoms-up.

Our analysis makes clear that national governments interested in improving services for their urban residents must look beyond the traditional arguments of weak capacity and the lack of political will at the local level. Instead, national governments should focus on improving the role of urban local governments in delivering urban services in the context of a multilevel governance system. Moreover, the unique contribution of this project lies in its systematic measurement of urban service delivery institutions, and thus in the quantification of the shortcomings of these institutional structures. While still not enough to infer causality via regression analyses, our purposive sampling strategy grants greater explanatory power to our data set covering three major regions within Asia and Africa.

The data from our sample of 42 cities provides a useful picture of urban service delivery in a variety of developing country contexts that have all experimented with decentralization reform

and had varying levels of success. This study illustrates that decentralized service delivery institutions are far from not necessarily uniform, and the extent of functional responsibility over urban services varies considerably and depends to some extent on the nature of the service itself. SWM appears to be the urban service that can most readily be decentralized to the local government level, if permitted by political economy forces at the national level. Whereas water supply and sanitation services present greater potential obstacles to decentralized provision (e.g., a higher capital requirement), our results suggests that the provision of these services also tends to be more centralized that desirable.

In terms of policy implications, it is useful to recognize that the greatest progress appears to have been made in the areas where the greatest attention has been paid by the Decentralization and Local Government Community of Practice, namely in the assignment of functional responsibilities to local governments and in the introduction of democratic decentralization.

Other areas of effective local governance and urban service delivery, however, seem to be lagging behind. In particular, weak local government control over their own human resources and other administrative aspects of urban service delivery seem to be a persistent challenge. Likewise, the data for urban service delivery dimensions further signal that limited fiscal autonomy and financial management as a key constraint to effective urban service provision. To facilitate improved urban services, therefore, strategic focus should be placed on increasing the local revenue space available to urban local governments. For instance, improving access to credit for creditworthy urban local governments would allow urban local governments to take on the capital investments required to fund the up-front costs for more effect provision of urban water and sanitation. Such a strategy would be fully in line with the recently adopted Addis Abebe Action Agenda for Sustainable Development Finance.⁷

A final issue that has bearing on policy implications is the need to improve the functioning of local participation and accountability mechanisms. In fact, whereas much of conceptual argument in support of decentralization rests on the notion that “local governments are closest to the people”, transparency, participation and accountability mechanisms with respect to urban services appear to be failing. Tiebout’s (1956) core assumptions underpinning the fiscal federalism framework, that communities can express their preferences and hold local officials accountable at the ballot box—and if that fail, that they can ‘vote with their feet’—simply do not hold in many developing country contexts. Without effective local participation and accountability mechanisms, however, citizens are not empowered to ensure that their urban

⁷ We cannot assume, however, that urban local governments will provide effective urban water and sanitation services as soon as they have adequate access to financial resources. For instance, see Boex and Edwards (2014) and Edwards et al (2016) for discussions of the political economy of pro-poor urban sanitation provision in developing countries.

local governments respond to their demands for greater service coverage or improvements in service quality. Greater efforts should be taken to improve the level of engagement between citizens, communities and urban local governments to achieve their service delivery goals.

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Appendix 1: The urban service delivery performance indicator set

The table below provides an overview of the urban service delivery performance indicator set. Details for each of the individual performance indicators are provided by Boex et al (2014).

| P.I. | Performance Indicator | Max Score |
|------|--|-----------|
| A | Effective assignment of functions to the local level | |
| A1 | According to the legal framework, is the ULG responsible for providing the service? | 1 |
| A2 | In practice, is the ULG responsible for the recurrent provision of the service? | 1 |
| A3 | In practice, is the ULG responsible for planning and procuring the capital infrastructure required for providing the service? | 1 |
| A4 | Does the <i>de facto</i> assignment of functional authority match <i>de jure</i> responsibility? | 1 |
| A5 | What is the organizational status of the local service delivery unit (SDU)? | 1 |
| B | Dynamic local political leadership | |
| B1 | Is the Urban Local Government Executive directly elected? | 1 |
| B2 | Are the ULG election system and ULG elections competitive? | 1 |
| B3 | Does the ULG Executive have broad support from the ULG legislative council and ULG's administrative apparatus/staff? | 1 |
| B4 | Does the ULG Executive recruit, appoint and hold human resource authority over the core local administration team? | 1 |
| B5 | Is the ULG effective in achieving results in the service delivery areas that constituents care about? | 1 |
| C | Local control over administration and service delivery | |
| C1 | Does the ULG (Executive or Council) appoint the head of the SDU? | 1 |
| C2 | Does the ULG approve the budget of the SDU? | 1 |
| C3 | Does the ULG determine its own organizational structure and staff establishment? | 1 |
| C4 | Does the ULG have control over its human resource decisions? | 1 |
| C5 | Does the ULG plan and manage the procurement of capital investments /infrastructure required for the service? | 1 |
| D | Local fiscal autonomy and local financial management | |
| D1 | Does the ULG (or SDU) have an orderly and participatory annual budget process? | 0.5 |
| D2 | Are the ULG's (or SDU's) expenditure out-turns (for the service at hand) consistent with the original approved budget? | 0.5 |
| D3 | What is the quality and timeliness of annual financial statements? | 0.5 |
| D4 | Is the ULG free to define its own local revenue instruments (e.g., specify user fees, adopt new revenue instruments, or modify existing local revenue instruments)? | 0.5 |
| D5 | Does the ULG have the right to set the tax base or tax rate for all local revenue instruments? | 0.5 |
| D6 | Does the ULG take into account full-cost recovery (including user cost of capital) when setting user fee rates or local tax rates? | 0.5 |
| D7 | Does the ULG effectively and equitably administer the property tax? | 0.5 |
| D8 | Does the ULG have access to borrowing from financial institutions to fund local capital infrastructure expenses? | 0.5 |
| D9 | Does the ULG receive (conditional or unconditional) grants/transfers from a higher level government to support local administration and to provide services to the urban poor? | 0.5 |
| D10 | Does the ULG receive formula-based grants/transfers from the higher level government in a complete and timely manner, without unnecessary administrative impediments? | 0.5 |

| P.I. | Performance Indicator (continued) | Max |
|------|---|-----|
| E | Local participation and accountability mechanisms | |
| E1 | Is a local performance framework in place and being applied for the service? (E.g., Service Charter?) | 1 |
| E2 | Who monitors the performance of the service delivery unit? | 1 |
| E3 | Are local budgets and finances (for the service at hand) managed in a participatory and transparent manner? | 1 |
| E4 | Does the SDU have its own effective participatory planning / social accountability / oversight mechanisms? | 0.5 |
| E5 | What is the frequency of public interaction between the SDU and citizens? | 0.5 |
| E6 | Does the ULG (separate from SDU) have an effective mechanism in place to receive and resolve complaints about services? | 1 |

Appendix B: Urban service delivery experts, by country

| No. | Country | Expert Name |
|-----|-------------|-----------------------------|
| 1 | Bangladesh | Mobasser Monem |
| 2 | Ethiopia | Mearuf Nurhusien |
| 3 | Ghana | Bless Darkey |
| 4 | India | Sandeep Thakur |
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The International Growth Centre (IGC) aims to promote sustainable growth in developing countries by providing demand-led policy advice based on frontier research.

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International Growth Centre,
London School of Economic and Political Science,
Houghton Street,
London WC2A 2AE

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