



## VIII. IMPROVING SERVICE DELIVERY TO THE POOR

This session included description of a unique approach to improving municipal services and the results of a survey that highlights the delivery problems in two cities.

Dr. Naved Hamid described the process and achievements of the ADB Benchmarking Project, which was launched in mid-1998 to pilot test the use of benchmarking and continuous improvement in selected Asian municipalities to improve the delivery of six services.

The project has demonstrated that benchmarking can be successfully applied to identify improvement potential and help drive change. However, governments are quite often reluctant to introduce objectivity into the system, document processes as they exist, and measure performance. The prerequisite for benchmarking to succeed, as in all other municipal practices, is the political will and commitment of the city managers.

Mr. Rabial Mallick described the results of a Report Card survey for assessing municipal performance, carried out in New Delhi and Calcutta. The findings reflect the inability of municipal bodies to cope with poverty and its various manifestations. The weak financial position of municipal institutions and the inefficient manner in which finances are managed were highlighted as a major impediment to effective governance.

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*Two change strategies that have been successfully used in the private sector and by many local governments are benchmarking and continuous improvement.*

Providing affordable, comprehensive, and good-quality municipal services to increasing numbers of urban residents is a major challenge faced by most city managers today. Most often, cities do not have the commensurate resources to deliver these services, which used to be the responsibility of central governments. Cities also face the problems of squalor, congested traffic, deteriorating infrastructure facilities, disillusioned communities, and often, political unrest.

All these challenges drive municipalities to reinvent their systems and processes. In doing so, they are borrowing change strategies that have proven successful in the private sector and increasingly have been picked up by the public sector. Two change strategies that have been successfully used in the private sector and by many local governments in the USA, Australia, and other OECD countries are benchmarking and continuous improvement.

Since these techniques have not been used in developing countries, ADB decided to pilot-test their application in selected Asian cities as tools for improving the delivery of municipal services.

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<sup>1</sup> An earlier draft of this paper was presented at the East Asia Urban and City Management Course, 1-14 May 2000, Singapore, organized by the World Bank Development Institute and National University of Singapore. The paper is based on the experience of ADB's regional technical assistance (RETA) on Enhancing Municipal Service Delivery Capability. The inputs from RETA consultants Bob Hood, Bryn Campbell, and Mildred Villareal in the preparation of this paper are gratefully acknowledged.

## What are Benchmarking and Continuous Improvement?

Benchmarking may be described as a process that aims to stimulate improvement through comparisons of services, processes, and performance between organizations. The comparison is made on the basis of key performance indicators that cover, for example, the timeliness of the service, the quality of the service, customer satisfaction, and cost or price of the service.

There are two types<sup>2</sup> of benchmarking that can be applied in the public sector. The first is *internal* benchmarking, which involves comparison of similar operations or functions within the same organization, with the objective of sharing knowledge from one successful part of the organization to another. It is commonly used by multinationals or multisite organizations because it allows them to determine their internal performance, identify their best internal procedures, and then transfer them to other sections of the organization. The second type is *process* or *generic* benchmarking, which involves a comparison of specific processes with those in the "best" organizations, in order to identify innovations. Customer service is particularly suited to this type of benchmarking, as well as general processes like payroll, accounts payable, personnel management, and computer operations.

Benchmarking requires trained staff to conduct the necessary analyses of existing practices, identify performance indicators to assess service performance, and develop proposals for change. Service staff must be involved in the benchmarking process so that they develop the commitment to

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<sup>2</sup> Elmuti and Kathawala. 1997. An Overview of Benchmarking: A Tool for Continuous Improvement and Competitive Advantage. *Benchmarking for Quality Management and Technology* 4(4). <http://www.mcb.co.uk>

*Continuous improvement describes an organization's operating culture, in which it is always seeking ways of improving its products, services, and performance of management and staff.*

change and improve on the existing practices. It also achieves greater success if it is conducted within the context of a continuous improvement strategy rather than a once-only initiative.

Continuous improvement describes an organization's operating culture, in which it is always seeking ways of improving its products, services, and performance of management and staff. It involves everyone in the organization, from the CEO to the front-line operator. The focus of the organization is on meeting the needs of the customers; and regular feedback from them is a critical factor for continuously improving the organization.

### **The Benchmarking Project**

The ADB Benchmarking Project to pilot-test the use of benchmarking and continuous improvement in the delivery of public services, began in August 1998<sup>3</sup> in 10 selected municipalities. The project was also intended to create an active network of cities for exchanging information on the benchmarked services as well as urban issues that mayors and city managers were concerned about.

### **The Benchmarking Coordinators**

Traditionally, organizations attempt to achieve change by hiring consultants but this has the downside that it often fails to achieve sufficient skills transfer and change ownership. For the ADB initiative, selected municipal staff were chosen to lead the benchmarking and continuous improvement program in their respective municipalities. Given their knowledge of the

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<sup>3</sup> An introduction to the ADB Benchmarking Project, with details of municipalities and partners involved, appeared in Volume 4 of this series (Asian Cities in the 21<sup>st</sup> Century: Contemporary Approaches to Municipal Management).

municipality's scope of services, personnel, culture, problems, and systems, they would be much more effective agents of change than consultants. Moreover, their participation with other cities' coordinators would provide them with an ongoing network of professional colleagues that would enable them and their municipality to apply these techniques in the future. These persons were designated as Benchmarking Coordinators and two were chosen from each participating municipality.

### **Applying Benchmarking to City Services**

Two services were chosen for the first round (Round 1) of benchmarking and continuous improvement: resolution of customer complaints and public grievance, and solid waste management, education, and enforcement. Two other services, property tax assessment and parking regulation, were studied in Round 2. These services were selected because improvements in them would be evident to city residents and would not require much capital expenditure.

### **The Benchmarking and Continuous Improvement Cycle**

The ADB Benchmarking Project was seen as a process that consists of five steps as represented in Figure VIII.1. The first step was laying the foundations of the project. The second step entailed forming and training teams, defining and measuring processes, and fixing the problems that had obvious solutions. The third step involved comparing processes and performances with those in other cities, analyzing differences, and identifying better practices. The fourth step called for establishing causes and developing new solutions. The last step was carrying out the improvement proposals

approved by the steering committee<sup>4</sup> and sustaining these improvements. These steps are detailed below.

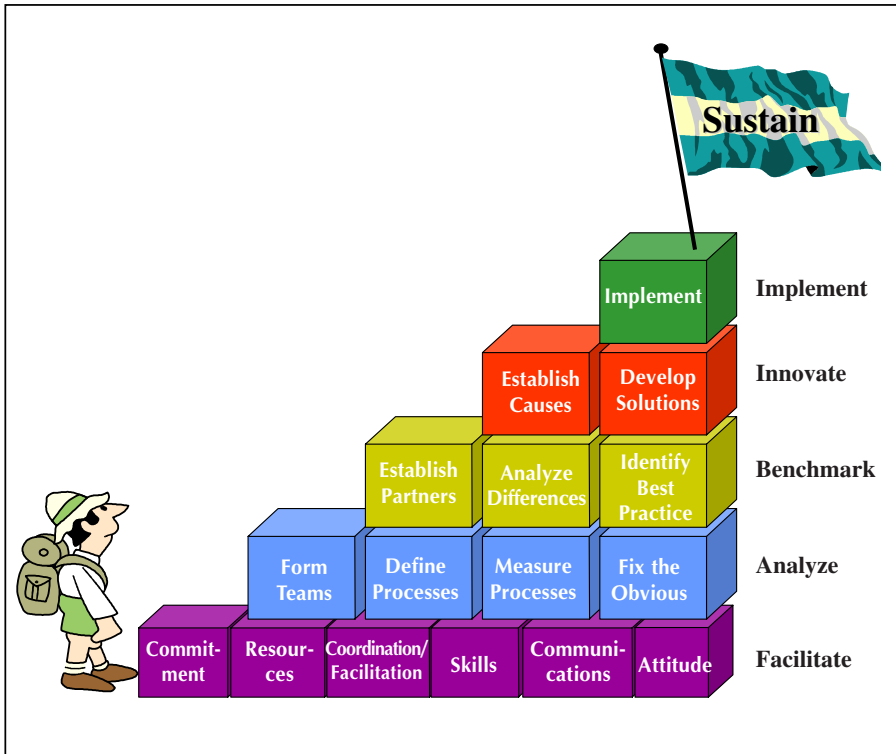


Figure VIII.1 The Benchmarking and Continuous Improvement Cycle

### Step 1: Laying the Foundations

This stage involved setting up communications with the municipalities, forming the oversight steering committee in each municipality, getting their commitment, allocating resources for the

<sup>4</sup> The steering committee was made up of several representatives from different levels of the municipality and usually chaired by the mayor, deputy mayor or the most senior municipal manager. Its authority extended to all activities and decisions concerning the project, including the resources to be allocated during project implementation.

implementation of the project, confirming the overall project plan, and a two-week training session for the Benchmarking Coordinators.

### *Step 2: Analyzing the Current Process*

After their training, the Benchmarking Coordinators recruited teams for the first two services. They trained these teams (drawn from the services concerned and not from management) on the techniques and led them to define and map the processes of selected services; collect performance data or indicators for benchmarking; and analyze data and identify areas in which the delivery of services could be improved.

- a. *Defining the Scope of the Service.* Municipalities were expected to examine similar service processes, so it was important to adopt common definitions. Reliance on a one-line service description would inevitably frustrate later comparisons. To achieve a shared view of what the services meant, the Coordinators used a service definition worksheet that provided for a general description of the service, service outputs, service customers, service goals, service standards, and current performance.
- b. *Process Mapping.* A process map is a flowchart of the activities that make up the delivery of a service. Process mapping is the first step in understanding how a service is delivered. Once a process is mapped it can be critically analyzed to identify opportunities to improve it by simplifying, error proofing, or even developing an entirely new process.

The Benchmarking Coordinators and teams prepared process maps for each service delivery. Initially, the teams found it difficult to prepare the process maps, mainly in deciding upon the level of detail to map and in extracting information on the exact activities in their current services. Too much detail makes the benchmarking process time consuming and confusing. Too little detail frustrates the task of identifying the improvement possibilities. Practice makes perfect; it was reasonable to expect that teams would gradually develop their judgement on the level of detail required for effective benchmarking. Detailed process maps for the services being examined were presented during the Regional Benchmarking Coordinators' Workshop held in Kuantan, Malaysia, in April 1999.

*For benchmarking to be effective, there has to be a right set of performance measures for all the services.*

- c. *Performance Measures.* For benchmarking to be effective, there has to be a right set of performance measures for all the services. Performance measures provide a means of comparing services across cities and indicate the success or failure of the changes implemented. Also, they can be used to recognize and reward staff achievements.

The Benchmarking Coordinators and teams collected performance measures for the first two services on the basis of timeliness, quality, cost or price of the service, and customer satisfaction for each service. It would be fair to say that the cities in this project have hardly any systems of performance indicators. They may have information on "activity levels", but not on time spent or expenditure on the activity. All the cities needed assistance in defining performance measures. Consultants provided them with definitions and methods for collecting information on performance.

### *Step 3: Making Comparisons with Partners*

The process information was regularly shared through E-mail and also during the two regional workshops for Benchmarking Coordinators, the first in Kuantan, and the other in Melbourne, Australia, in October 1999.

During the Kuantan workshop, the Benchmarking Coordinators shared data, ideas, and experiences, and compiled their assessments of best practices (Table VIII.1), which stimulated a lively discussion among the Coordinators and enabled them to analyze the weaknesses and opportunities for improvements in their own municipalities.

In the Melbourne Workshop, the Benchmarking Coordinators presented the recommendations and changes for Round 1 subjects, and the findings and best practice features for Round 2 subjects. They visited several Melbourne municipalities to witness practices and meet practitioners of benchmarking and continuous improvement.

### *Step 4: Generating Better Services*

Observing a practice in one municipality triggered the process of change in other municipalities. In addition, the comparisons between municipalities served as the basis for the teams to review all the available information, investigate the potential root causes of their problems, and identify improvements that could be made in the existing services. In some cases, improvement proposals by teams were drawn from the best practices identified in the Kuantan workshop rather than a fully developed critical analysis including measurement comparisons. In such cases, the Coordinators were advised to look beyond the best practice comparisons and to use the full information available. The improvement proposals made by the teams were presented to their steering committee for approval and support.

**Table VIII.1. Best Practices of Cities in Two Municipal Services**

Cities	Customer Complaints Resolution	Solid Waste Management	
		Education	Enforcement
Bangalore, India	<ul style="list-style-type: none"> <li>• Access through zone offices</li> </ul>	<ul style="list-style-type: none"> <li>• Training for waste handlers</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals and CBOs deputized to enforce the law and issue citation tickets</li> </ul>
Cebu City, Philippines	<ul style="list-style-type: none"> <li>• Daily radio program</li> </ul>	<ul style="list-style-type: none"> <li>• Education programs in schools</li> </ul>	
Colombo, Sri Lanka	<ul style="list-style-type: none"> <li>• Public Day</li> </ul>	<ul style="list-style-type: none"> <li>• Street and TV dramas</li> </ul>	
Kuantan, Malaysia	<ul style="list-style-type: none"> <li>• Weekly report to the CEO</li> <li>• Radio feedback to the public</li> </ul>	<ul style="list-style-type: none"> <li>• Health education as prerequisite for issuance of health license</li> </ul>	
Shanghai, PRC	<ul style="list-style-type: none"> <li>• United action</li> <li>• One-call solution</li> <li>• 110 hotline</li> </ul>	<ul style="list-style-type: none"> <li>• Waste separation at source</li> <li>• Recycling</li> <li>• Solid waste education leaflets</li> </ul>	<ul style="list-style-type: none"> <li>• Annual refresher training courses</li> </ul>
Bandung, Semarang, and Surabaya, Indonesia	<ul style="list-style-type: none"> <li>• <i>Satu Atap</i> (One-roof, one-stop shop) for permit processing</li> </ul>	<ul style="list-style-type: none"> <li>• Adipura Awards as a national incentive</li> <li>• Education leaflets in Surabaya</li> <li>• "K-3" program in Semarang</li> </ul>	<ul style="list-style-type: none"> <li>• Neighborhood watch</li> </ul>

*Step 5: Bringing About Change*

Once the steering committee approved the improvement proposals, the teams committed themselves to a timetable, assigned responsibilities, and implemented the plans. They also presented the plans to concerned employees in order to build enthusiasm and support for the new goals. However,

several municipalities were not able to implement improvement proposals as planned due to various problems, discussed in the next section.

The successful municipalities implemented changes that increased customer orientation, improved quality and coverage of services, and enhanced revenues; customer complaints resolution has dramatically improved by such measures as public assistance centers, telephone hotlines for complaint lodgment, training customer complaint staff, daily radio programs to air complaints and provide feedback, and monitoring complaints all the way to their resolution.

In solid waste education and enforcement, the innovative practices adopted included development of education programs for school children; waste separation by residents; daily collection of domestic solid waste with supporting information, education, and communication campaigns; and deputizing individuals and CBOs to issue citation tickets and impose on-the-spot fines on offenders. Some municipalities have started to use vacant lots as paid parking spaces, erected new parking signs to ease the flow of traffic, and revised parking regulations. Also, significant opportunities for increasing revenues from property tax emerged.

*Customer complaints resolution has dramatically improved.*

## **Implementation Issues and Challenges**

Only a few municipalities were able to achieve significant improvements in service delivery due to various issues that affected implementation. Most of these issues were common across municipalities and also occur in other public organizations and often in the private sector. In summary, they were as follows.

*Significant opportunities for increasing revenues from property tax emerged.*

*Lack of Commitment.* Most Benchmarking Coordinators experienced difficulty in getting the commitment of their teams because of such factors

as workload, other priority work as demanded by the immediate supervisor, and absence of tangible benefits for the team members.

*Resistance to Change.* Any effort to change is met with some form of resistance or adverse reaction from those who are directly affected by the change. For instance, the affected municipal staff did not want to cooperate in implementing the change for fear that they would be displaced in their jobs, or worse, lose their jobs.

*In a number of cities the support provided by the mayor/steering committee was inadequate.*

*Lack of Top Management Support.* To ensure the support of the mayor and the steering committee, letters were sent to the mayors regularly, informing them about the project's progress and achievements, and mayors were invited to the annual Asian mayors' forums. However, in a number of cities the support provided by the mayor/steering committee was inadequate.

*Coordinator Incapacity and Discontinuity.* Since the Coordinators and work-based teams were not familiar with technical subjects in the project, particularly process mapping and performance measurements, the consultants conducted follow-up training for the teams during a second round of city visits. They also worked with the Coordinators to capture the correct data and define relevant performance measures. However, the Coordinators' lack of experience in the subject severely limited their capacity and confidence to get their teams to document all the improvement opportunities available. Also, several cities did not sustain continuity in Coordinators.

*Inadequate Information.* Information systems varied significantly across cities. Some cities did not have information about individual services; if they had them, they were not updated and difficult to

measure. The issue of defining and acquiring performance measures was an ongoing challenge that required extensive support by the consultants during their various city visits.

*Weak Communications Across Cities.* Language differences between the cities, and between the cities and the consultants caused difficulties, especially during the training, sharing of experiences in the regional workshops, and cross communications. As the process called for comparison between cities and regular consultation with consultants, more time had to be allowed than planned for cities to make their comparisons before the regional workshops, and in the discussion of experiences and best practices during the workshops. Also, key training materials were translated into Bahasa Indonesia and Mandarin through the initiatives of Indonesian cities and Shanghai.

*Differences in City Size and Service Standards.* Differences in scale and standards of the services resulting from the different sizes of the project cities prevented some cities from adopting or adapting various practices that worked well in other cities. This is a factor that will have to be taken into consideration in establishing future benchmarking partnerships.

## **Networking**

An important by-product of the project was the establishment of networks focused on driving change and improving quality of urban services. Apart from electronic exchanges and participation of the Benchmarking Coordinators in the regional workshops, the mayors had the opportunity to meet and exchange information through the Asian mayors' forums. The project also brought together

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several donor agencies that are active in the urban areas of Asia. The partners included the Urban Management Programme of UNDP/UNCHS, which sponsored Lahore (in Pakistan), and the German Agency for Technical Cooperation (GTZ), which sponsored Bandung and Surabaya (in Indonesia). The ADB Institute actively supported the project by organizing the Mayors' forums, and funding their World Wide Web (WWW) site, the production of training manuals, and publication of project materials.

The project's WWW site (<http://asiancities.benchmarking.acig.com.au/>) contains the latest information on all services being benchmarked and links to all participating municipalities and project partners.

## Conclusion

The pilot work with municipalities has proven that benchmarking can be successfully applied to identify areas of potential improvement and help drive change. Benchmarking and continuous improvement foster self-help, rather than a continuance of relying on experts to diagnose problems and propose solutions. Although the project was not intended to provide funds for improving infrastructure facilities, it has, in fact, helped the cities increase their revenues—for example, in Bangalore by improving its performance in levying and collecting property taxes, and in Cebu and Colombo by levying higher parking fees as part of their process of improving parking availability and traffic flow.

There is of course, no easy solution to a city's problems. Even benchmarking and continuous improvement require effort, dedication, and persistence. They do, however, offer an exciting, cooperative way of enabling cities to have deeper understanding of their processes, to deal better with

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their problems, and to provide affordable and quality services to their residents.

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To achieve sustainable development, good governance of cities must focus on eliminating poverty, creating jobs and sustaining livelihoods, protecting and regenerating the environment, and advancing the status and position of women in society.

Estimates of urban poverty in India indicate that around 76 million people do not have access to basic urban services. Any strategy for alleviating urban poverty has to incorporate schemes for providing basic services to the urban poor who reside in slums in the inner cities and peripheral areas of large cities.

With the enactment of the 74<sup>th</sup> Constitutional Amendment, municipal bodies have been bestowed with a set of responsibilities specially designed to meet the challenges of poverty reduction and improving the conditions of the poorer sections of society living in slums and squatter settlements. With poor financial health, lack of strategic planning, and lack of a professional approach, it was indeed a difficult task. However, the amendment visualized the urban local bodies to become facilitators and guides to formation of effective democratic institutions through partnerships with the private sector and NGOs/CBOs, rather than to remain centralized controllers.

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## **Community Participation**

The participation of the community in the work of the local government no doubt improves its economic, social, and cultural perspectives. As accepted the world over, development starts at the grass-roots level and the initiative, creativity, and energies of the people can be used to improve their own cities.

NGOs and CBOs have advantages in mobilizing the community and promoting development at the grass-roots level. They are good at reaching and mobilizing the poor and remote communities. They use participatory, bottom-up, grass-roots processes in project implementation and help the poor to gain control of their lives. They are more flexible and innovative than governments in carrying out projects. They promote sustainable development. Finally, they are potentially good at organizing and representing bodies in civil society. There is acceptance of the fact that as a result of their motivation and comparatively small-scale operations, NGOs are more adaptable and sensitive to local conditions. They are more prepared to listen to and promote self-reliance in the poor.

## **Survey**

The Christian Institute for the Study of Religion and Society (CISRS) carried out a survey in Calcutta and Delhi to ascertain the views of a wide section of people. The respondents included senior municipal officials and representatives of civil society groups including NGOs/CBOs, corporate officials, academic scholars, youth leaders, etc. The survey was conducted on the basis of a questionnaire supplied by The Urban Governance Initiative of UNDP and covered the following subjects related to urban governance: participation, rule of law, transparency, responsiveness,

consensus orientation, equity, effectiveness and efficiency, and accountability.

General observations that emerged from discussions at both Calcutta and Delhi included the following.

- Municipal institutions are not able, adequately and equitably, to provide access to basic shelter, infrastructure, and services to a major segment of the population, most of whom are the poor.
- The weak financial position of municipal institutions and the inefficient manner in which their finances are managed constitute a major impediment to effective governance.
- The participation of the private sector in urban development has to be ensured.
- Excessive and misplaced regulations and systems have acted as a major barrier to proper management of the cities.
- Corruption and indifference of officials and the lack of public protest to major problems have been serious impediments.
- The process of democratic decentralization (as envisaged in the 74<sup>th</sup> Amendment) has yet to become meaningful and effective.

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One may conclude that severe infrastructure deficiencies; the highly regulated land and property markets (in both cities); the limited financial resources of the local governments; and the inadequate managerial, institutional, and technical capacities of local governments have been major constraints to the adequate handling of social and economic development. Despite the 74<sup>th</sup> Amendment, the statutory basis of the role of cities in promoting social and economic development remains unaltered as far as Calcutta and Delhi are concerned.

### *Calcutta Scenario*

In greater Calcutta, the slum population is five million or 38.5 percent of the total population of 13 million. The slums are concentrated over an area of 21.35 square kilometers; the population density is 100,000 inhabitants per square kilometer.

Citizens from all walks of life were interviewed to solicit their views on the pattern of urban governance prevailing in the city. These included senior municipal and government officials, the Mayor of Calcutta, academic scholars, representatives of NGOs/CBOs, private-sector officials, and youth leaders. The major findings are enumerated below:

*Decentralization in administrative functioning has not taken place because attitudinal change to bring about devolution of powers has not occurred.*

- Involvement of civil society organizations, specially NGOs and CBOs, in social development work has only just started and is definitely not up to desired levels.
- Decentralization in administrative functioning has not taken place because, although there may be political will, the attitudinal change to bring about devolution of powers has not occurred.
- The Calcutta Municipal Corporation has no effective planning strategy for a major section of the poor population, especially those who live in unregistered slums, squatters, and pavement dwellers.
- The functioning of the municipality is very poor because of rampant corruption, inefficiency, and lack of sincerity and willingness to carry out duties and meet responsibilities.
- Poor financial management and lack of resources for development work severely affect the poor and lower-income groups.
- There is a lack of interest in increasing the revenue base through higher property

taxation, etc., which would provide funds for social development and improvement of basic services.

- Greater participation of NGOs and CBOs and giving them specific responsibility in social development work would have a positive effect in improving the conditions of the city's poor.
- Involving the private sector in development work would be beneficial.

### *Delhi Scenario*

No other Indian city has grown so phenomenally as Delhi in the recent past. Being the capital of the country and the biggest business center of northern India, it attracts a large number of persons from all over India. It is estimated that by the turn of the century, Delhi's population will exceed 14 million. The population density in Delhi is presently around 13,464 per square kilometer.

Like in many parts of the country, mushrooming of slums has been a disturbing feature of urban Delhi for nearly five decades. There has been a tremendous proliferation of squatter settlements in Delhi from 1951, when there were some 12,700 squatter households, to 1994, when the number reached 400,000.

Many of the poor are living in *jhuggi jhompri* clusters, which are informal illegal settlements, mostly on government lands. There have been several attempts at improving these settlements: conversion into a resettlement colony in which housing conditions are much better and a minimum of civic amenities are provided on the community-level basis; provision of complexes, containing basic facilities; and resettlement to small developed plots for which affordable loans payable over 15 years have been made available by the Delhi Cooperative Housing Finance Society.

We interviewed a wide spectrum of people including senior municipal officials, officials from urban development and planning agencies, representatives of NGOs and CBOs, women activists, and the newly elected Mayor of Delhi. The major findings follow.

*Despite lofty ideas, programs, and allocation of resources, equity in governance is still distant and the poor continue to suffer.*

- The lack of financial resources has been an impediment to concentrated work in the social sector.
- Corruption and inefficiency have not been checked because of lack of sincerity and dedication of officials on the one hand, and lack of people's resistance/protest on the other.
- Despite lofty ideas, programs, and allocation of resources, equity in governance is still distant and the poor continue to suffer.
- Authorities with different political affiliations work at cross-purposes and in the process strategic planning is the casualty.

### **Conclusion**

Cities are economically crucial for most countries. In fact, the economic performance of cities will determine the economic prospects of nations. The crisis of governance in most countries can only be resolved through wider local participation at the urban and community level. The process of political decentralization, already advanced in some countries, must continue and transform the current weak governance of cities into more accountable and transparent administration and participation.

To be more specific, governing cities requires a four-part plan.

- An institutional framework that can meet the growing needs of land, infrastructure, and services must be designed. The earlier

practice of ignoring the potential of the market has no relevance today because the private sector has demonstrated its potential in spheres such as land, infrastructure, and services.

- The financial viability of city governments has to be built up by (a) reduction of reliance on public funds; (b) appropriate pricing of public goods and services, and implementation of the principle of cost recovery from beneficiaries; and (c) forging partnerships with the private sector.
- The existing legislative and regulatory instruments of cities require adjustment for effective governance. Most instruments available to city governments are outdated; it is necessary to increase the efficiency of urban markets through enabling regulations and procedures.
- Meaningful partnerships with civil society organizations, especially NGOs, must be forged for social-sector development, so that there is perceptible improvement in the conditions of the urban poor.

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