

Chapter 4

Organizational Structure of Subnational and Local Government¹

“Responsibilities in government organization have to be well defined and the spheres of action delineated.”

—Ali Pasha 1871

SUBNATIONAL GOVERNMENT UNITS AND DEGREES OF AUTONOMY

Structure of Subnational Government

Below the central government in all countries are the subnational government entities with varying legal and administrative powers and resources to discharge them. These entities comprise the provinces and regions at the upper intermediate level; the counties, districts, and municipalities at the lower intermediate level; and the village councils and territorial committees in small towns at the lowest level. Subnational government can receive its mandate through the country’s constitution or through central government legislation. Clearly, in the former case the authority and powers of subnational government enjoy greater protection.

The term “local government” generally denotes the units of government that provide direct services to citizens at the lower intermediate and lowest levels. In a number of countries (as in Italy with its city-states and in many other European countries), the local government units were autonomous long before the country in its present form was constituted, and did not require authority to be devolved from higher government level. The developing countries, on the other hand, started with strong central governments after being decolonized, and the habit of local governance is usually not well rooted.

The structure of subnational government varies according to the nature of the political system. Federal constitutions confer sovereign powers on the states in certain functions, and list specific financial sources for the states to exploit. Generally, local government units are the constitutional creation and responsibility of the provinces, although some countries (e.g., Mexico, Philippines and Thailand) provide for independent national capital regions. The federal government does not normally have direct control over local governments, although, as in the United States (US), it can choose to administer programs through them.²

In some unitary systems of government, subnational entities exercise their powers by virtue of the *ultra vires* (beyond the powers) principle: their powers are specifically delegated to them by the central government, which can override their decisions.³ In other unitary systems, local governments operate under the *general competence* principle, and are in principle entitled to exercise all powers that are not reserved to the central government.

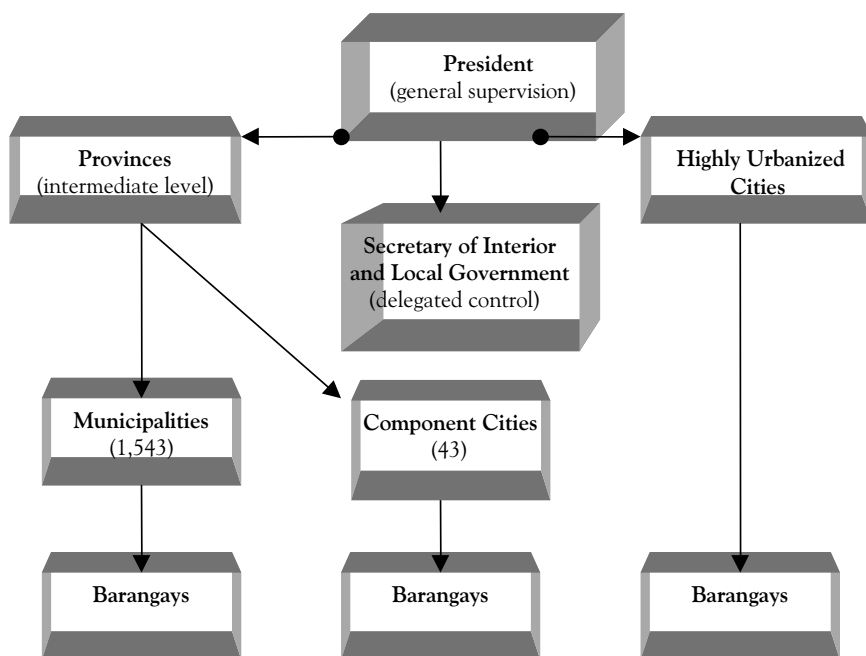
The organization and hierarchy of subnational units show considerable variety, depending on colonial traditions, customary forms of local administration, and postindependence decentralization movements. Most unitary governments have divided the country into provinces or regions, under a governor who is directly elected by the people or appointed by the head of state. The village administrations in developing countries, through elected councils or customary organizations, often survived colonial domination for centuries. Indeed, in many countries, they were essential to selective colonial control through the principle of “indirect rule.”

Subnational units vary greatly in size across countries in the same country group, and there are significant differences as well between local governments in the various countries. For instance, in Indonesia, regional government encompasses the provincial government (the first-level autonomous regions) and second-level autonomous regions. In the Philippines, however, the provinces are closer in size to the Indonesian districts. The municipalities are the basic units of government in the Philippines, and the *barangays* (villages) are the submunicipal units at the city and village levels. While the provinces have certain supervisory responsibilities over the municipalities, and the municipalities over the barangays, each level of local government performs basic services within its area of competence (see Figure 4.1).

Autonomy of Subnational Units

The degree of independence of subnational government units varies from country to country. At one end of the spectrum are autonomously functioning subnational governments, controlled by locally elected representatives. At the other end are subnational units that are mere creatures of the central government, which appoints and dismisses mayors. (In reality, subnational governments in unitary countries can never be totally independent of the national government.)

Figure 4.1
Structure of Subnational Government in the Philippines



The governor or provincial head is often a political appointee of the central government, and plays a dual role as head of the provincial administration and agent of the central government. In a number of countries, the provincial administration, composed of the field personnel of central ministries and agencies, merely channels funds from central ministries to lower entities, which it monitors. Countries display contrasting trends in political regionalization (some countries with federal constitutions

or unitary systems, such as Indonesia and the United Kingdom, grant autonomy to some regions), and administrative regionalization (such as that seen in France and Japan). In Italy, although all regions have considerable autonomy, a few have special status on linguistic and ethnic grounds.

In the transitional economies of eastern Europe and the former Soviet Union, the services to be performed through decentralized units of government are still unclear, owing to the tradition of strong centralization. The laws establishing local government in eastern Europe place heavy emphasis on characteristics that distinguish the new system from the old centrally dominated system.⁴ Attitudes to provincial or regional administration remain ambivalent. On the one hand, regional government is suspected of being an agent of central control by the central government, and thus a threat to the newfound autonomy of local government. On the other hand, it is recognized that the small size of the basic municipal units makes it difficult to devolve all local functions to them, especially for those services that have a larger catchment area.

There is thus a felt need in transitional economies for an elected authority at the provincial/regional level, to bring regional administration and some of the regulatory authority within the sphere of local accountability. However, this has not materialized because of disputes over territorial boundaries, and the concern of local governments with vesting appellate powers in an elected authority that could have a different political affiliation. In most countries, the vacuum has been filled by deconcentrated units of central administration—regional governors in Bulgaria, district offices in the Czech Republic, *voivods* in Poland, regional and district administration in Slovakia, etc.

LOCAL GOVERNMENT ADMINISTRATION

Overview

While local government is understood to comprise the administrative units that provide services directly to the people, such units are not uniformly positioned in the subnational structure in all countries. The Philippines considers all subnational levels as “local” government, while Indonesia, like a majority of countries, denotes as local government only those administrative levels below the provincial. In the two-tier system in North America and many European countries, the counties occupy the upper end,

while the municipalities or communes and villages take up the lower end of territorial administration. Japan, on the other hand, follows the system of single-tier local government beneath the province or region. The two-tier system appears to have positive advantages in terms of effective administration of settlements lying outside municipal limits, and coordinated planning of infrastructure.

India, following the colonial tradition, has nearly 600 administrative districts, each reporting to the province in which it is located. These districts vary tremendously in size, from a few tens of thousands to several million people. The central and state governments have the authority to vary the territorial boundaries of districts and their subunits, and to merge the units in different ways. Generally, the subdistrict has no autonomous role although, as already noted, the villages have traditionally enjoyed autonomy.

Depending on their size and character, the municipalities could report directly to the government at the center or to the province, or could form part of the district/county administration. The submunicipal bodies, such as neighborhood committees and community councils, constitute the final links in the chain between the government and the citizens.

Administrative systems for rural areas are typically different, and are strongly influenced by cultural factors and traditions. Village organizations were identified as the building blocks of local government in many Asian and African countries, and were later built into the administrative structure for the district (a large collection of contiguous villages). At the same time, in a number of countries, a representative of central or provincial government was placed in charge of administering and coordinating the workings of agencies (in the manner of the French prefect). In a number of Asian countries, democratic decentralization, in the form of elected councils at the district and subdistrict levels, was grafted onto this model.

Establishing local government has posed special problems for countries in Africa and the Pacific, which followed customary modes even during colonial rule. Customary systems persist in many African countries, although customary traditions have been retained alongside formal systems in developed countries like the New Zealand and US, and some developing countries like India. In Africa, Uganda has made the most serious attempt to democratize native authority through local councils that cross sectarian boundaries.⁵ Tanzania has succeeded both in devolving authority to local levels and in building a national consciousness beyond tribal and local confines, one of a handful of such cases in Africa.

Constitution making in the Pacific brought out two issues: decentralization and the role of customary systems and leaders. The dispersed islands and the social makeup of the new states made decentralization and power sharing more acceptable to the people. However, the traditional role of customary leaders, which is integral to the way they are chosen, is different from their assigned role within the legislative framework for local government. In the process of induction into local government, the chiefs lose some of their traditional accountability and authority. As Hughes (1998) perceptively put it, custom codified ceases to be custom, as it loses its inherent capacity to adapt to the changed circumstances and aspirations of the community.

Rural Administration

Rural administration is important to the quality of life of millions of citizens and, for this reason, is not treated simply as a residual of provincial government in most countries. Especially in countries with vastly dispersed settlements, as well as those undertaking large poverty reduction and social services programs, administration by remote decisions and unrepresentative agencies is not conducive to efficiency or credibility. The need for effective organizational structures for rural administration reaching down to villages has been recognized in most developing countries.

The emerging model of self-government for rural areas in many Asian countries is that of a village council at the base, a second-tier subdistrict to represent a block of villages, and the top tier at the district level with indirectly elected members. This formal structure is modified by customary norms and self-governing organizations.

In India, where the system of district administration has been given constitutional backing, the district councils also prepare (together with urban representatives) the development plan for the entire district. The 1999 law on decentralization in Indonesia envisages a similar role for the elected district government. Zimbabwe amalgamated rural and district councils into 57 rural district councils in 1993. Similar efforts were seen in South Africa after the fall of apartheid, as well as in a number of African countries. In most countries, there are also examples of local communities coexisting with the formal bodies and managing schools, health services, irrigation systems, etc.

In some countries, parastatal organizations such as development agencies also function as local authorities for their clients. Townships built around large manufacturing plants have, in some cases, been allowed to provide social services. Some of these nonmunicipal local authorities are also permitted to levy taxes and service charges to defray the costs of operation.

Management of Cities

Although all countries have experienced urbanization, the rate, magnitude, and character of urban concentration have differed significantly across countries. Worldwide, there are now over 300 cities with more than a million inhabitants, and 200 of these are in developing countries. In the year 2000, of the 20 largest urban agglomerations (“megacities”) with more than 10 million inhabitants, 17 are in developing countries, including 12 in Asia alone. By the year 2025, it is estimated that there will be 20 megacities in Asia, with a combined population of almost 400 million.

However, while a substantial proportion of the urban population lives in the bigger cities, the smaller urban settlements still dominate the urban scene in almost all countries. For example, more than 90 percent of the municipal and township governments in the US serve fewer than 10,000 residents, and 28,000 of France’s 36,000 communes have less than 1,000 inhabitants. Municipalization is due largely to the natural extension of city limits. It is also due to the granting of new municipal charters by governments in countries where the citizens have the right to form themselves into new urban units (as in the US and many countries of eastern Europe). Many countries, such as Japan and the United Kingdom, have deliberately amalgamated smaller municipalities to achieve a viable urban settlement structure. Recognizing the importance of secondary cities with populations of less than 300,000 and redressing their relative neglect over the years, developing countries like India and Indonesia have undertaken comprehensive infrastructure development programs in these small and medium towns.

Urban government

What urban government does, who does it, and with what resources vary from country to country, and from town to town.⁶ Generally, however, urban public services in most countries comprise

- garbage collection/waste management;
- water supply/sewerage;
- environmental services, streetlight maintenance, parks and recreation;
- primary health care and education (in some countries only, usually to complement central government services);
- some social welfare (e.g., shelters for the homeless);
- internal transport;
- urban planning and regulatory enforcement;
- local public works and housing;
- firefighting and other emergency services;
- traffic regulation;

The responsibility for police and prisons is usually not entrusted to municipal bodies, except in some countries of the Organisation for Economics Co-operation and Development (OECD) (e.g., the US). In many Asian countries the urban areas have suffered from the predominantly rural bias of political leaders, which led to the diversion of resources to nonviable rural development projects. On the other hand, fears of city services being overwhelmed by the flood of rural migrants have made urban authorities determined to stem migration to the cities, even by denying basic services to slum dwellers. The predominance of rural voters continues to nourish the bias against essential investment in municipal infrastructure in many countries, while populist policies operate against self-financing urban services.

It is useful to look at different ways in which urban functions evolved. Countries following the British tradition of local government tend to look at municipalities as service delivery agencies, and to specify functions and finances, boundaries, and central control in relation to this role. Countries in the European tradition tend instead to proceed from allocation of different functions to central and subnational government, thus allowing for wide variations in municipality size and capacity to deliver services. This difference accounts for the much smaller size of urban jurisdictions in many countries on the European continent, compared with those in the UK or countries influenced by the British tradition. Countries in the French tradition have thus been able to let deconcentration ensure state and local coordination in the performance of functions such as law enforcement. Unlike the countries in the British tradition, countries in continental Europe (as well as Japan) grant “general competence” powers to urban governments: the municipality can do anything that benefits the local residents and is not

reserved to central government. In the dual-function model, which prevails in most developing countries and eastern European nations, the municipalities, while locally self-governing, are obliged instead to discharge functions delegated to them by the provincial and central governments (the so-called agency or deconcentrated role).

Municipal systems

“Urban” is different from “municipal.” A municipal agency is an administrative entity, while urban services could be, and often are, performed by a variety of nonmunicipal agencies. Nevertheless, urban government has historically been treated as synonymous with municipal administration in many countries.

The status of municipalities in different countries varies between the statutory and the permissive. Urban government has no constitutional status in countries like the UK and the US, but has been granted such status in most Asian, African, eastern European, and Latin American countries, and in continental Europe. At the same time, there are varying traditions of local administration within many countries with dispersed settlements and disparate cultures. The issue that arises, therefore, is whether the municipalities in a country should have a uniform structure, or whether the structure should be modified to suit local traditions.

Some countries provide for the powers and resources of urban local bodies in the constitution itself, while others leave these details to be decided by the provincial or national government in the executive orders and regulations it issues. The laws often envisage different structures for large and small municipalities, and sometimes enable the formation of associations of municipalities and of district councils composed of urban and local representatives for comprehensive planning. (Separate laws are often passed for metropolitan cities.) In a revival of local self-government, Hungary reinstalled the traditional two-tier local structure with the counties (*megyjk*) as the upper level, and the municipalities (settlements) as the pivotal lower layer. It is useful to have the legal and regulatory system recognize significant differences in the management capacities of municipalities of different sizes, through a classification of local government into different levels.

Elected municipalities are not as widespread as may be imagined. A significant proportion of municipalities are governed by bodies nominated by the central or provincial government. The reluctance to accept elected

and autonomous local bodies as the principal organ for local management is a major obstacle to responsive city management.

Within elected municipal governments, executive authority can reside in (i) an executive mayor elected directly by the people (as in central and eastern Europe, Japan, and most cities of North and South America); (ii) council committees (as in the British-based systems in Asia and Africa); (iii) council committees along with administrators appointed by the government or the council itself (as in South Asia); (iv) a mayor selected by a council, which is itself elected by the people (as in several western European countries and some Asian cities); or (v) a mayor-in-council system, whereby a group of councilors is elected along with a person to head the council.⁷

The pattern of executive leadership through a mayor or a mayor-in-council is becoming increasingly common. This is partly an answer to the fragmentation of authority within the municipal administration. Such leadership is more effective, in turn, when supported by a senior professional administrator such as a “city manager”.⁸ This arrangement is particularly advantageous in a functionally fragmented situation because of the ability of the elected mayor to represent local interests before other public agencies and levels of government, to link political leadership to the administration, and to make collaborative bargains for resource mobilization and program implementation.

The experience of countries in Asia shows that the capacity of a mayor to exercise strong leadership depends on the manner of election, the length of tenure, and on whether the mayor functions in an individual or a collegial capacity. It also depends on the extent to which the higher government eschews day-to-day control over the operations of the municipal council. In the Japan, US, and a number of developing countries in Asia, Eastern Europe, and Latin America, the mayor is directly elected by the people. Executive authority is concentrated in the mayor, subject only to the supervision of the elected council in the approval of budgets, new positions, senior appointments, and major policies. The mayor cannot be removed by the council (although countries like India provide for the mayor’s removal by the provincial government, after due process). Many instances of mayors showing innovative leadership, eradicating corruption, augmenting city infrastructure, and forging partnerships with civil society have been documented. (For example, the mayor of Colombo, Sri Lanka, was able to move the municipal system to a more people-friendly system based on partnerships with business and civil society, and involving the citizens in

planning and decision making.) The mayor of La Paz, Bolivia, in the early 1990s turned a corrupt and bankrupt city into a reasonably efficient and financially stable entity.

The model of the mayor elected indirectly by the city council, which is apparently symmetrical with that of the prime minister in a parliamentary system, is followed in Asian and African countries in the British tradition, among others. This model has the advantage of avoiding conflicts between the mayor and the elected council, but makes the mayor more vulnerable to party maneuvers and the mayor's authority dependent on his or her position in the hierarchy of the ruling political party. In a number of countries in the British tradition, executive authority is often split between the standing committee and subject committees of councilors. Inherent in the committee system, even in countries like the UK, is the potential for delay and manipulative politics in local government.

A variant of the model of an indirectly elected mayor is the mayor-in-council system adopted in a number of cities such as Calcutta, India. The majority party elects a group of councilors along with a person to head the council. Each councilor is responsible for a particular department, but functions as a member of a collective executive under the leadership of the mayor. This system gives greater attention to administrative detail, and guidance to the department heads. Its success, however, depends on the ability of the mayor to deal with overlaps and conflicts. The institution is subject to the same risks as a cabinet government system, including the personal agenda of the members of the council. The Calcutta system functions effectively because the vertically controlled hierarchy of the political party dominates both the provincial and city governments, and there is less risk of internal dissension undermining collective work.

Where, as in a number of Asian and African countries, the mayors are not elected but appointed by the political executive of the national government, their authority depends on the extent to which they are allowed to function independently and carry influence with the city administration.

In any case, political authority must be supported by a strong administrative executive (city commissioner, city manager, town clerk, or whatever title). This chief executive of municipalities is appointed differently in different countries. In the British model, the chief executive is appointed by the mayor with the approval of the council and is thus answerable to both. (Such appointments are increasingly made under renewable contracts

for specified periods.) In countries in the US tradition, the strong mayor is empowered to select the chief executive, who is usually endorsed by the council. In the continental European tradition and Japan, the chief administrator can be seconded from the national bureaucracy, or appointed by the mayor under a renewable contract with the approval of the council, after a process of competitive recruitment.

In a number of developing countries that follow the British tradition of local government, the chief administrator in large cities is appointed by the provincial or national government from the generalist cadres of the civil service. Often, there is little or no consultation with the mayor and the council, and the chief administrator can be removed only by the government. If this person comes from the senior executive service, the posting in the city government is treated as a rank-related posting for which no special skills are deemed necessary. Some countries like India have started constituting specialized cadres of municipal chief executives and other senior managers for smaller councils but not for the bigger cities. The practice of the central or state government appointing the chief administrator for large cities creates divided loyalties among municipal personnel and dilutes local political control. The practice is inherited, in fact, from the deep-rooted colonial mistrust of local native administrations and the resulting wish to install a colonial functionary to guard against the possible misuse of power and wasteful expenditure. Accordingly, most mayors in Asian countries see the practice as undermining the principle of local democracy and empowered urban bodies. Provided transparency and credible selection systems are ensured, the model of the locally appointed chief administrator offers advantages because of the scope for selecting competent professionals with experience in diverse aspects of city government.

But, irrespective of the manner in which policies and operational norms are set in the different models, the appointed chief administrator needs the power and status to exercise clear managerial control, especially over department heads; agreement by political leaders to refrain from intruding into managerial functions; and reasonably long tenure. Recent studies have brought out many examples of local innovation and leadership by chief executives, who worked closely with both the political leadership and citizen groups.

Concerning other local personnel (Chapter 10), the personnel systems in urban government in developing countries follow three broad patterns:

- separate, meaning that each urban authority or municipality appoints and controls its own staff (sometimes with the help of central civil service commissions);
- unified, in the sense that the senior management posts are filled from a central cadre of service for local authorities; and
- integrated, meaning that the staff of central and local government agencies form a common cadre, and are exchanged freely between levels of government and localities according to central posting policies.⁹

Submunicipal Organizations

Establishing submunicipal organizations in a number of developed and developing countries answers the need for more responsive community services, and has significant implications for partnerships with different organizations in civil society. For most urban dwellers, the quality of life is determined by what happens in their immediate neighborhood. Submunicipal organizations contribute to four main functions: coordination of urban services, community participation in prioritizing and delivering services, community representation (voice) in city agencies, and mobilization of community resources and skills.

Examples are the community councils in the Netherlands, the barangays in the Philippines, and the ward committees provided for in recent Indian legislation. In countries such as Brazil and India, communities are consulted in setting budget priorities and new programs, and participate in formulating development plans. Of equal importance is the movement for citizens' charters (or service charters) in some countries, and the publication of performance indicators for municipalities and other public service providers. Meaningful participation of citizens requires a legal system that provides for full, timely, and easily accessible public disclosure of decisions related to resource allocation and budgets, and institutionalized channels for participation and monitoring. (These and related issues are discussed at length in Part III.)

In the 1960s and 1970s, national and provincial governments became more closely involved in urban services either directly or through parastatal agencies. This move was partly inspired by municipal incapacity to tackle major capital investments. The other major development was the failure to adjust municipal boundaries to accommodate urban growth. This created problems of peripheral settlements, and the unregulated development of

areas abutting large cities in all developing countries. The issue of establishing local government units of an appropriately larger size has serious political overtones, and boundary changes run up against entrenched political interests. Consequently, urban administration all over the world is characterized by varying degrees of fragmentation:

- *geographical fragmentation*, where an urban area and its periphery are divided among several jurisdictions (e.g., Calcutta with 107 local government agencies, or Metro Manila with a dozen contiguous cities forming a single unplanned conglomeration);
- *functional fragmentation*, where responsibility for urban government is divided among several agencies, including ministries, public corporations, and municipalities. This is especially problematic for functions that link together, such as water supply, sewerage, waste disposal, roads and traffic management, environmental management, etc.¹⁰

In eastern Europe, very small municipalities resulted from the virtual freedom granted to settlements to govern themselves. These countries have from 3,000 to 6,200 municipalities, with an average population of between 1,800 and 7,600.¹¹ The majority are too small to employ professional staff or operate even basic services independently. The financial costs of fragmentation are high. Since intermediate subnational units have not emerged (for the political reasons noted earlier), executive capacity can be coordinated and augmented only through cooperation between municipalities, but this is not always easy to achieve in practice.

MEGACITIES AND METROPOLITAN AREAS¹²

The metropolitan cities and national capitals have been the subject of different experiments in governance, ranging from a separate governmental structure to a regional authority supervising local councils. The growth of megacities, i.e. urban agglomerations with more than 10 million population, is the most striking feature of late 20th century urbanization. As mentioned, Asia by the year 2025 is forecast to have 20 megacities with a combined population of nearly 400 million. Megacities have grown because of the natural increase in population and migration, and are expanding to Extended Metropolitan Regions (EMRs), which often cover areas 50 to 100 kilometers from the city core.

Megacities comprise a built-up area at the city core, a metropolitan ring, and an EMR. Some EMRs,¹³ such as the JABOTABEK (Jakarta region), the Bangkok metropolitan region, and the Metro Manila region, have a formal administrative status. Such megacity regions form a significant proportion of the national urban population—Jakarta, 20 percent; Bangkok, 50 percent; Seoul, Dhaka, and Metro Manila, 33 percent.¹⁴ These and other megacities are reaching the physical limits of growth, need strategic guidance in better and integrated planning to divert future growth into areas with lower development and ecological costs, and for better and more accountable governance. The alternative is human and ecological disaster.

Metropolitan areas and megacities are economically larger than most of the counties in their respective regions, and their contribution to Gross National Product (GNP) is substantial (36 percent of gross domestic product [GDP] for Bangkok, 24 percent for Manila, and 36 percent for Tokyo). Also, these cities are increasingly forming part of a global network of knowledge, commerce and industry, and cultural exchange. Unfortunately, equally striking are the problems of urban poverty, disease, slums and squatter settlements, deprivation of basic services, lack of transport, environmental pollution, and crime and violence.

Megacities are in special need of good governance. The sheer number of people involved and the importance of these cities in the national economy argue for urgent interventions to address their governance weaknesses. The weaknesses include unclear development policies and coordination, ineffective regulations, violations of land-use rules, unresponsive and unrepresentative administration, and near-complete disregard of marginal groups.

Because a metropolitan area includes the larger urbanized area surrounding a core city, a number of municipalities and rural bodies are within its ambit (1,250 local governments and authorities in Chicago, Illinois, in the US, for example). Metropolitan governance, then, implies multiple organizational jurisdictions and responsibilities. The national capital region of Delhi in India encompasses cities and districts from three surrounding states besides the state of Delhi proper, and is governed by special legislation. Provincial status has been given to Beijing, Jakarta, Shanghai, and Tianjin; a two-tier system (a metropolitan authority and city governance) applies in Manila and Tokyo; a combination of local government and metropolitan authorities is found in Karachi, Mumbai, and New Delhi; and multimunicipal arrangements exist in the Calcutta area.

Clearly, therefore, the conventional single-municipality model has great limitations for metropolitan cities, although there are many instances of a single municipality or authority governing the entire city (as in the case of Toronto in recent times). Metropolitan regions typically contain various municipalities of different sizes. Urban growth cannot be contained within prescriptive municipal boundaries, neither can people be forced to reside within the metropolitan area. Consequently, the responsibility for services is badly fragmented, not only among municipalities, but also among functional agencies of central and state governments and privatized delivery arrangements. Some specialization is possible, however. Responsibilities like sanitation may be local in scale, while others (like transit) may involve higher levels of government.

Necessarily, then, the central and provincial governments must play a significant role in the delivery of services in metropolitan regions all over the world, as national policies on immigration and economic reform generate significant financial and organizational demands on metropolitan government. Developing countries have generally been encouraged by donor agencies to set up metropolitan-level sector authorities for water supply and sewerage, housing, transport, and area development, often patterned after similar agencies in developed countries. The local bodies were, naturally, expected to meet the maintenance responsibilities after the aid-supported schemes were completed. With very little resources from the national government and limited ability to levy user charges, the assets rapidly deteriorated.

Other solutions have focused on interagency coordination through physical and investment planning and through negotiation. The “capital folio” experiment in Manila helped ensure coherently planned investments by subjecting competing agency demands to collective decisions on the basis of agreed criteria. Curitiba in Brazil is a model city for structuring the metropolitan network around the transport system. Singapore demonstrates the huge payoff from effective traffic management, in contrast to the glaring failures in transport planning and rising volumes of vehicular pollution in other Asian megacities (Manila having now far surpassed Bangkok in scale and severity of traffic and pollution problems).

Box 4.1

**Dealing with Car Ownership and Traffic Congestion:
The Way of Singapore and Hong Kong, China**

Dealing with traffic congestion and excessive delays in the movement of goods and passengers in big cities calls for demand management and differential pricing. One important means of enhancing the efficient use of road space is the use of fiscal and regulatory measures to restrain private auto ownership and use. To be politically and popularly accepted, such measures must also provide a good alternative to private car use in the form of safe and affordable public transportation.

Hong Kong, China, used a combination of a high purchase tax and high annual vehicle license fees since 1974 to reduce the number of private cars and motorcycles on the road. This was supplemented by electronic road pricing in the 1990s (as was also introduced in Singapore in 1998) to charge road users for the external effects of vehicular traffic at a given time and location.

Singapore provides an interesting example of the application of an overt policy of containing road traffic congestion through the clear assignment of property rights (to the government) and the use of market mechanisms to re-allocate those rights to the car owners.

User charges in Singapore are complemented by motor vehicle ownership policies. From May 1990, the owner of a new vehicle must acquire a certificate of entitlement (COE) before the vehicle can be registered. The COE is valid for a 10 year period and can be obtained at a monthly closed auction held by the Land Transport Authority. Bids are submitted electronically via automated teller machines. The price of a COE fluctuates accordingly to supply and demand. For a medium-sized car (1,001 to 1,600 cubic centimeters) in October 1998 it was Singapore dollar (S\$)25,102. In addition to the COE, the owner of a new motor vehicle is required to pay an import tax that is 41 percent of the market value of the vehicle, a 3 percent goods and services tax, a registration fee of S\$140, an additional registration fee that is 140 percent of the market value of the vehicle, and annual road taxes that vary with the engine capacity of the vehicle. The motor vehicle quota system allows the motor vehicle population to grow at a fixed predetermined annual rate. In the US, where income levels are comparable with those in Singapore, nine out of 10 of all central city households owned at least one vehicle in 1990, compared with only one in four resident households in Singapore. (Car ownership is much higher in other East Asian countries.)

continued on next page

Box 4.1 (cont'd.)

Singapore's area licensing scheme, the foremost example of intelligent road pricing in the world since 1975, requires private cars and motorcycles entering the restricted zone in the central business district during the hours of operation to display a color-coded area license on their windshields, and to pay differential monthly or daily charges for peak and nonpeak hours. The scheme is enforced by traffic wardens eyeballing the traffic past the gantries. These measures help reduce pollution concentration levels during peak hours.

Besides regulating car ownership, both Singapore and Hong Kong, China, have restrained traffic by enforcing controls over parking supply, and imposing high parking charges and road pricing. Most parking in these cities is under public control. By controlling on-street parking, providing of new spaces off-street, and charging for public parking, government can restrain inefficient road use, to the benefit of the great majority. Steps to promote and subsidize public transport supplement these measures, and public transport in both Singapore and Hong Kong, China, is easily accessible and of high standard.

It should be emphasized that such measures, taken in compact city-states, are not easily transferable to other countries. Nevertheless, there is much in these practices that is worth considering in other large cities in Asia and elsewhere.

Source: Phang, Sock-Yong. 2000. Paper on Urban Transportation and Land Regulation. Singapore.

Governments have also come up with multisectoral responses in the form of planning and development authorities with regionwide jurisdiction. Examples of such authorities are to be found in Bombay, Calcutta, Colombo, Delhi, Karachi and Metro Manila. Tokyo provides the alternative response of metropolitan governments with special provincial status. The Tokyo metropolitan government exercises the authority of both city and prefecture over 17 cities, 12 towns, and other areas in the region. It controls and supervises sector authorities, with avenues for public participation. However, in general, development efforts have suffered from lack of responsiveness to local needs, and the failure to take full advantage of representative structures. Metro Manila is still searching for the right answer to balance the needs of local government and regional coordination (Box 4.2).

Box 4.2

Metropolitanization: The Metro Manila Experience

The evolution of 17 local governments into what is now known as Metropolitan Manila occurred in three different time frames. The first took place during the Marcos regime from 1975 to 1986; the second during the term of President Aquino from 1986 to 1992; and the third during the regime of President Ramos from 1992 to 1998.

Metro Manila was created in 1975 during the Marcos regime as a geopolitical entity, and it was governed by a national agency called the Metropolitan Manila Commission headed by Marcos' wife Imelda. The lawmaking powers of the 17 local governments in the metro region were concentrated in the new commission. All legislative and executive powers were vested in a single governing board with five members. The commission was responsible for all the metropolitan services, the levy of taxes and charges, and comprehensive planning. However, it acted in practice as a rent-seeking device for the regime.

After the fall of the Marcos regime, the commission went into limbo. Legislative councils were elected for the local governments. The governing board of the commission consisted of an interim council of 17 mayors from local governments. The commission enjoyed no taxing powers, and its planning and coordination authority was very limited. The bigger municipal units demanded a breakaway from the commission.

In 1995, the Congress passed a law setting up the Metro Manila Development Authority, and designating Metro Manila as a special development and administrative region. Decision-making and policy-making powers were vested in an expanded Metro Manila Council, consisting of mayors, government officials, and the chief of police. The commission was given the powers of development planning, transport and traffic management, solid waste disposal and management, urban renewal, zoning and land use planning, health and sanitation, pollution control, and public safety. The commission could pass ordinances in matters covered by these functions, but this authority conflicted with the legal powers of the municipal councils.

Although the citizens recognize the need for a coordinating body to deal with regional issues, which transcend municipal boundaries, the government has not been able to find the right institutional mix to balance the competing demands of coordination and the autonomy of municipal councils.

Source: Bunye (1999).

Megacity management problems include

- inability to augment public expenditure, particularly capital expenditure, at rates commensurate with the rising need for facilities;
- inadequate skills and manpower to deal with the vast job of managing a rapidly growing and complex city;
- absence of a supportive legal framework and facilitating mechanisms from higher government to ensure the cooperative working of all service and regulatory agencies;
- inadequate time frame for urban planning, budgeting, financing, and decision making;
- lack of sound and well-enforced policies for land use and management;
- deficient political procedures through which metropolitan institutions can secure public access and the people can participate and get information at the neighborhood level;
- unclear institutional responsibilities; and
- tendency of metropolitan authorities to wander into project execution and land development, instead of attending to their main role of metropolitan-level advocacy, information systems, regional planning, and institutional coordination.¹⁵

The electoral constituencies of large cities are often so large that a single councilor is unable to represent the views of diverse groups, and needs the help of submunicipal structures reaching down to small neighborhoods. Metropolitan governments, to a greater extent, need to develop democratic interaction with the informal sector and the marginal groups, excluded from access to services, or entry into economic activities, or meaningful political participation. In some cities (e.g., Mumbai), however, one begins to see a growing web of business, local communities, environmental management, and other interests.

Globalization, information and communication technology, and environmental concerns have major effects on the spatial spread and management of megacities. To enhance their competitiveness, megacities need to build and improve transportation and communication facilities, and facilities to attract foreign investors. However, those competitiveness needs must be balanced with the social priorities of the poor and environmental sustainability.

While some new towns in developing countries have succeeded, governments generally cannot shift populations and activities to low-density

enclaves. Attention should be focused, therefore, on the strategic selection of activities and on intrametropolitan cooperation. Such cooperation is particularly needed in crime control, transportation, waste disposal, pollution control, water resources, and similar network systems. Interdependence has made collaborative leadership the watchword for metropolitan governance.

As grave and complex as the problems of megacities are, solutions do exist and have been found. Unfortunately, it is far easier to apply them with foresight at the start of the problem (as Curitiba, Singapore, and, to some extent, Seoul have done) than to remedy a disastrous situation after it has been allowed to worsen for decades (as in Jakarta or Manila). Once again, the crucial importance of good governance comes to the fore.

KEY POINTS AND DIRECTIONS OF IMPROVEMENT

Key Points

Every country has levels of government below the central national government. Subnational government entities have different powers, resources, and organizational structure, depending on whether the country has a unitary or federal political system, as well as its colonial experience, persistence of customary forms of local administration, and the character of the independence movements. Generally, however, subnational government is subdivided between an intermediate level ("regions," "provinces," or "districts") and local government (at the municipal and village level). In some administrative systems, subnational entities have only the powers specifically delegated to them by the central government; in other systems, they operate on the "general competence" principle, by which they can exercise all powers not expressly reserved to central government.

In many countries, the rights and powers of local government are explicit in the constitution or in national legislation; in other countries, they remain unspecified, and hence are generally dependent on the attitude of the central government of the day. Moreover, in most developing countries, the functioning in practice of local administrative systems is strongly influenced by cultural norms and customs. Especially in Africa and the Pacific, formal structures have been grafted onto traditional modes of local administration. Therefore, when assessing possible improvements in the effectiveness of local government administration (including those suggested below), it is important to look beyond these formal structures to the role of customary systems and traditional leaders.

There are major differences between local administration in rural areas, in cities, and in “megacities” with over 10 million inhabitants. In rural areas, the frequent structure of government in developing countries is that of a village council with elected members at the base, a second-tier level of government to represent a group of villages, and a top tier of government at district level with indirectly elected members. In cities, the organization of municipal government is largely a function of the services it provides.

City government is normally organized to deliver services (such as waste disposal, water supply, internal transport, firefighting, parks, and similar services) for the direct benefit of the local population. In a minority of cases, municipal governments are appointed by central or provincial authorities—a system that in developing countries partly reflects a central distrust of local authority inherited from the former colonial administration. In appointed municipal governments, management is typically much less responsive and personnel loyalties are divided. Within elected municipal governments, the more frequent problem is fragmentation of authority, especially when the executive head (the mayor) is elected by and from among the members of the municipal council. The main alternatives are separate direct election of both the mayor and the council, and the mayor-in-council model, whereby the majority party elects a slate of councilors along with a person to head the group. In the direct election model (resembling the presidential political system), the mayor has the strongest degree of authority, derived from the personal electoral mandate. In the mayor-in-council model (resembling the cabinet system described in Chapter 2), councilors are responsible for their departments but also function as members of a collective executive under the leadership of the mayor. Whatever the manner of election of the mayor, the local political authority can benefit from the support of a strong administrative executive (city manager or similar role).

The expansion of megacities (urban agglomerations with more than 10 million people) is the most striking feature of late 20th century urbanization. By 2025, megacities such as Jakarta, Bangkok, Manila, Seoul, and Calcutta will account for some 400 million people in Asia alone. A megacity typically comprises a core area, a metropolitan ring, and an extended metropolitan region. Therefore, the conventional single-municipality model is clearly inadequate, as responsibility for services in megacities is badly fragmented and cannot be associated with specific municipal boundaries. Megacities are in special need of good governance

and strong coordination and planning, to deal with environmental degradation and extreme human poverty. Interagency coordination is essential and the central and intermediate levels of government must necessarily play a major role.

Directions of Improvement

Because a first requirement for accountability is a clear assignment of responsibility, it is advisable to specify by law the powers of each level of subnational government, in those cases where they remain ambiguous. It is highly inadvisable, however, to codify administrative customs or other informal modes of behavior, as custom when codified loses its natural capacity to adapt to change.

Weak capacity of subnational government to exercise certain functions should be an indication of the need to strengthen such capacity, and not an excuse for withholding legal sanction for the responsibilities it is expected to exercise. Central and intermediate levels of government can strengthen both the powers and the capacity of local government by

- entrusting to elected local bodies the government of urban and rural areas, with clear functions and commensurate resources;
- avoiding the central appointment of local leaders and resisting the temptation to intervene except when local governance is violated or at risk;
- fostering the creation of mechanisms for accountability and responsiveness of local government to the citizens and for appropriate public participation;
- enabling local governments to appoint qualified staff and providing such technical and managerial assistance as local government may require to function effectively; and
- assuring the effective audit of local government activity and an appeals channel for the redress of citizens' grievances.

Considering the growing importance of large urban centers and megacities, and especially the large numbers of marginal and poor people residing in those agglomerations in developing countries, central and provincial governments have a special responsibility to

- help devise integrated region-wide solutions for land-use, transport, and environmental problems, as well as for the provision of a

minimum level of services to the poorer groups, primarily shelter, clean water, and waste disposal;

- assure that megacity governance responds to the same basic requirements as good governance in general—particularly participation;
- prevent particularistic interests of individual municipalities or of privileged groups from exploiting the unplanned expansion of megacities to their own advantage; and
- help address the issues of internal migration, along with measures to assist the recovery of impoverished inner cities.

It is much easier to anticipate and prevent the problems of megacities (as was done in Seoul) than to remedy them after they have surfaced in their most severe form (as in Jakarta and Manila). Nevertheless, improvements in megacity governance and resolute action by all levels of government are essential to prevent those problems from becoming worse still, and can succeed if they are well coordinated and sustained.

NOTES

¹ This section draws heavily on OECD (1997a); ADB (1995, 1998b, and 1999b); Davey (1993); Fesler and Kettl (1991); Commonwealth Secretariat (1995a); and Hyden (1999).

² The US offers a striking example of the variety and profusion of local authorities, all delivering local services. In 1987, there were 83,186 local government units—3,042 counties, 19,200 municipalities, 19,200 townships, 14,721 school districts, and 29,532 special districts.

³ New Zealand has organized its local authorities into three categories: regional, territorial, and special-purpose or ad hoc authorities. The regional councils set the regulatory environment for managing the natural resources, while the territorial councils provide local services within the regulatory framework defined for them.

⁴ Davey (1993).

⁵ Hyden (1999).

⁶ This section has been drawn largely from Davey (1993); Dillinger (1994); ADB (1998b and 1999b); Svava (1994); and Campbell (1997).

⁷ A variation, popular in some cities like Calcutta, is the mayor-in-council, similar to the cabinet system. The mayor is elected from the members of the majority party in the council.

⁸ Svava (1994).

⁹ Davey (1993).

¹⁰ Oakerson, in Perry (1989); Davey (1993).

¹¹ Davey (1993).

¹² This section has drawn on Sivaramakrishnan and Green (1986); UN (1993); ADB (1995a and 1998b); and Bunye (1999).

¹³ The extended metroregions have few clear boundaries between urban and rural settlements, agricultural activities focused on the urban market, dispersed manufacturing plants, and some commercial functions, as well as a haphazard pattern of new formal housing developments and individual construction.

¹⁴ ADB (1999b).

¹⁵ Sivaramakrishnan and Green (1986).

