



**Urban and
Municipal
Development
Fund**



The State of Urban Governance in Africa

**AfDB Sustainable Urban Development
Action Plan (SUDAP)**



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT

© 2022
All rights reserved

Disclaimer

Unless expressly stated otherwise, the findings, interpretations and conclusions expressed in this publication are those of the various authors of the publication and are not necessarily those of the Management of the African Development Bank (the “Bank”) and the African Development Fund (the “Fund”), Boards of Directors, Boards of Governors or the countries they represent.

The content of this publication is provided without warranty of any kind, either expressed or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement of third-party rights. The Bank specifically does not make any warranties or representations as to the accuracy, completeness, reliability or current validity of any information contained in the publication.

By making any designation of, or reference to, a particular territory or geographic area, or by using the term “country” in this document, the AfDB does not make any judgments as to the legal or other status of any territory or area. The AfDB encourages printing or copying information exclusively for personal and non-commercial use with proper acknowledgment of the AfDB. Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the express, written consent of the AfDB.

All reasonable precautions have been taken by the authors to verify the information contained in this publication. However, the published material is being distributed without warranty of any kind, either expressed or implied. The responsibility for the interpretation and use of the material lies with the reader.

The AfDB encourages printing or copying information exclusively for personal and non-commercial use with proper acknowledgment of the AfDB. Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the express, written consent of the AfDB.

This report may be cited as follows: Richard Slater and Euan Crispin - The State of Urban Governance in Africa . African Development Bank 2022.

Acknowledgment

The African Development Banks would like to thank the authors, Richard Slater and Euan Crispin, our partner Cities Alliance, as well as Julian Baskin, Dr N Miles, Alice Nabalamba, Cheikou Balde, Marcus Mayr, Charly Andral and Hamad Massa for their contributions.

For more information:
African Development Bank Website: www.afdb.org

CONTENT

1	INTRODUCTION	4
2	URBAN GOVERNANCE ISSUES AND CHALLENGES	5
a)	Decentralization frameworks	7
b)	Urban finance	11
c)	Human resources and capacity development	14
d)	Urban planning	17
e)	Land administration	19
f)	Managing service delivery	20
3	URBAN GOVERNANCE REFORMS AND BEST PRACTICES	23
a)	Decentralisation frameworks	23
b)	Urban finance	26
c)	Human resources and capacity development	35
d)	Urban planning	37
e)	Land administration	40
f)	Managing service delivery	42
4	THEORY OF CHANGE AND RECOMMENDATIONS	45
	Theory of constructive change	45
5	RECOMMENDATIONS	48
	Cross-cutting principles	48
	Decentralization frameworks and collaborative governance	48
	Human resources and capacity development	49
	Planning and land administration	50
	Management of services	51

1. INTRODUCTION

As the pace of urbanisation in Africa accelerates there is an urgent need for cities and towns to increase their coverage, quantity and quality of infrastructure and services. This is all the more significant in a context where African cities and towns already account for around 55% of total GDP and are projected to have the fastest population growth rate in the world. By 2050, for example, it is estimated that Africa's urban population will have increased by an additional 950 million¹, with Nigeria alone reaching around 190 million representing the third highest urban population growth in the world after India and China.

The scale and pace of urban growth has major implications for urban governance which is instrumental in the planning, financing and managing of urban infrastructure and service delivery. Whilst much of this growth is in small and medium towns (home to almost 50% of the urban population in sub-Saharan Africa²) which typically have the least financial, human and technical resources and weakest capacities to plan, finance and deliver services, almost all countries are characterised by an asymmetric pattern of growth with large capital cities dominating others in demographic and economic terms. Managing urban growth is even more

challenging in the context of rapid climate change where cities and towns will have to assume a lead role in planning, designing and delivering climate mitigation and adaptation strategies and actions to avert potentially catastrophic climate events. Cities suffer from poor urban governance manifest in weak functional and fiscal devolution frameworks, inadequate human resources and capacities, insufficient finances, ineffective planning and management.

This paper sets out some of the main issues and challenges in urban governance as well as emerging reforms and good practices which articulate with a Theory of Change to provide an enabling governance environment for future investment in infrastructure and services by the African Development Bank and other international finance institutions. It concludes with a set of recommendations designed to promote transformative change in urban governance as a menu of technical assistance support required to ensure that infrastructure loans and grants are well managed and utilised to address critical climate resilient infrastructure and service provision.

¹ OECD. (2020). Africa's Urbanisation Dynamics 2020.

² UN-Habitat. (2020). Analysis of Multiple Deprivations in Secondary Cities in Sub-Saharan Africa.

https://unhabitat.org/sites/default/files/2021/04/analysis_of_multiple_deprivations_in_secondary_cities_-_analysis_report.pdf

2. URBAN GOVERNANCE ISSUES AND CHALLENGES

Urban governance refers to how government (local, regional and national) and stakeholders such as community actors and leaders, the private sector and civil society organizations (CSOs) decide how to plan, finance and manage urban areas. This is necessarily political, influenced by the operation of political institutions, capacity to make and implement decisions and the extent to which these decisions recognize and respond to the needs of the people, especially the most vulnerable. Hence, urban governance is central to the way in which cities function helping to shape the planning and layout of cities, the quality and quantity of infrastructure and access to services and the sharing of costs and distribution of resources among different groups³.

Good urban governance tends to involve three interrelated attributes: decentralization that promotes progressive and inclusive decision making and service delivery; entrepreneurialism that encourages the efficient use of resources and supports the livelihoods of the urban population, especially the poor; and democratization that leads to transparent and accountable government⁴. Most cities in Africa are

overburdened by rapidly increasing population and the lack of physical and financial resources and thus not able to realise the fundamental attributes of urban governance. This results in an expansion of informal settlements and informal economy, increased social tensions and urban sprawl, with neighbourhoods disconnected from transport and basic infrastructure. These problems are further exacerbated by the direct and indirect affects of climate change as people, assets and economic activity concentrate in areas of high climate vulnerability. Importantly for Development Finance Institutions (DFIs) such as the African Development Bank (AfDB) looking to expand lending portfolios in cities to address climate resilient infrastructure needs, weak urban governance frameworks, poor urban management and inadequate municipal finances are major barriers to lending. There are relatively few local governments with the scale and autonomy to directly take on loans and the capacity to implement them given limited devolution of powers and authority, lack of own source revenues, poor staffing, education and skills gaps⁵.

Table 1
The Pillars, Sub-Pillars and Enablers of the AfDB's Strategy for Economic Governance in Africa (SEGA) 2021 - 2025⁶

PILLAR	SUB-PILLARS	ENABLERS
1. Public Sector Effectiveness at the National and Subnational Levels	1.1 Domestic Resource Mobilization 1.2 Public Expenditure Management 1.3 Debt Management and Transparency 1.4 Sustainable Performance of State-Owned Enterprises	1. Policy Research 2. Political Economy Analysis 3. Data and Statistics 4. Transformational Leadership
2. Governance for Structural Transformation	2.1 Competitiveness, Investment, and Business Climate 2.2 Infrastructure Governance 2.3 Natural Resource Governance	
3. Inclusive Governance and Accountability	3.1 Combatting Corruption 3.2 Transparency and E-Government 3.3 Demand-Side Governance and Social Accountability	

³ <https://gsdrc.org/topic-guides/urban-governance/concepts-and-debates/what-is-urban-governance/>

⁴ Cities Alliance (2017). *Urban Governance and Services in Ghana: Institutional, financial and functional constraints to effective service delivery*.

⁵ A coalition of partners is slowly coming in to support cities in this area, e.g., UNCDF, AfDB among others

⁶ AfDB. (2021). Strategy for economic governance in Africa. <https://www.afdb.org/en/documents/strategy-economic-governance-africa>

In line with the AfDB's latest Strategy for Economic Governance in Africa (SEGA) 2021 – 2025 (Table 1) and Guidelines on Subnational Finance, this paper seeks to examine some of the underlying challenges in municipal governance and key reforms that would help to create a more enabling environment for investment in climate resilient infrastructure and inclusive growth. These are:

1. **Decentralization frameworks** – Pillars 2 & 3 of SEGA
2. **Urban finance** – Pillar 1 of SEGA
3. **Human resources and administrative capacity** – Pillars 1 & 2 of SEGA
4. **Urban planning** – Pillars 2 and 3 of SEGA
5. **Land administration** - Pillars 2 and 3 of SEGA
6. **Managing service delivery** – Pillars 1, 2 and 3 of SEGA

While each will be considered separately, all are interrelated to some degree and require complementary action to be successful. Poorly designed and implemented decentralization frameworks prevent cities from undertaking effective planning, land administration, infrastructure development and service delivery. At the same time, weak fiscal devolution prevents urban local governments (ULGs) from achieving financial viability and creditworthiness for future sub-sovereign lending. Even in cases where such frameworks are more robust, limited staffing and inadequate technical capacities create significant problems in terms of the management of resources and the design, procurement, contracting and operation of services.

There are important distinctions that need to be made in terms of the analysis of urban governance in Africa depending on region, country and city size since there are substantial differences between cities depending on prevailing geographical, demographic, historical and political context, economic growth trajectory, culture, language and ethnicity. Secondary or

intermediate cities in Africa (which are defined by UN-Habitat as towns or cities with a population range of 100,000 to 500,000 persons), face particularly severe challenges due to weaker institutional and financial structures and higher rates of population growth⁷. While North Africa is the most urbanized region, East Africa has the highest annual rate of population growth.

'Refugee cities' that host a high proportion of displaced population arising from conflict and persecution or natural disasters have additional urban governance challenges. UNHCR estimates that around 60 percent of all refugees globally are located in towns and cities. These groups tend to operate outside local planning and governance frameworks and are often reliant on the voluntary sector for shelter and basic services. In Arua Municipality in Uganda, for example, refugees comprise 24% of the total population. In North Africa, many small and medium sized towns have undergone large demographic shifts due to the Syrian conflict⁸. Most local governments lack the technical and financial capacity to respond to migration, yet both are vital for more targeted and responsive policies to deliver climate resilient and inclusive growth.

This paper will summarize the key governance challenges listed above, considering the state of each across different city sizes and AfDB regions, before identifying existing donor and member country approaches to urban governance reforms, and providing a number of examples on how these have been applied in practice, often within donor supported urban governance programmes. The main lessons learned from these interventions will feed into an emerging theory of change that will throw light on the type of incentives that can shape the behavior and resource allocation of urban officials and city operators. It concludes with some important recommendations on how the AfDB could address governance issues within their future urban lending portfolio.

⁷ UN-Habitat. (2020). Analysis of Multiple Deprivations in Secondary Cities in Sub-Saharan Africa. https://unhabitat.org/sites/default/files/2021/04/analysis_of_multiple_deprivations_in_secondary_cities_-_analysis_report.pdf

⁸ <https://reliefweb.int/report/world/bringing-urban-refugees-local-planning>

A) DECENTRALIZATION FRAMEWORKS

Decentralization involves the transfer of functions and responsibilities, including revenue-generating and decision-making powers, to local government. It is an effective means of rebalancing relations between cities and national government, making service delivery more accessible and effective due to greater responsiveness to local contexts and actors. However, in practice it is frequently hampered by mistrust between central, regional and local government over accountability and political capture. There are generally three types of decentralization.

- *Political decentralization* involves the transfer of policy and legislative power to locally elected assemblies and representatives to enhance citizens' engagement in and access to local decision making⁹.
- *Administrative decentralization* involves redistributing authority, responsibility and financial resources for public services from national government to sub national government or semi-autonomous public authorities that may take the form of: *deconcentration*, where central government transfers functional responsibilities to its staff working at the local level; *delegation*, involving the transfer of prescribed authority and functional responsibility to local government, which remains accountable to the central government.
- *Fiscal decentralization* involves the transfer of financial responsibility to sub-national government to raise revenues and make decisions on expenditure.

Devolution is a more extensive form of decentralization with a transfer of decision-making, finance and management to units of local government that are able to exercise discretion over all local public policy, decision

and management. The depth and breadth of decentralization directly and indirectly impacts on the quality of urban governance and service delivery.

Decentralisation is based on economic and political arguments that support the efficiency, effectiveness and desirability of more grassroots decision-making and local accountability where sub-national authorities are seen to be better able to respond to local needs than central governments. At the same time, linking sub-national expenditure and revenues enhances accountability and transparency and reinforces the principle of subsidiarity. Political decentralization in Africa is the result of a long process which, in some cases, started just after independence and has grown significantly since the 1980s and 1990s in line with democratization at the national level. However, there is rarely the administrative and fiscal decentralization to match¹⁰. For example, despite the growing powers of governors and mayors of large cities, decisions regarding large projects are still made at the ministerial or cabinet level and funding for local improvement projects must be secured from central government¹¹.

Many councils lack authority, credibility and independence, with legacies of colonialism and patronage that exert central control over who is elected. In Ghana, for example, the President nominates one third of all assembly members and the direct appointment of mayors by central government¹² whilst in Uganda, the authority of the city council and elected mayor was replaced by a new Kampala Capital City Authority under national government control in 2009. Meanwhile in Kenya, the 2010 Constitution has had a strong centralizing character.

In federal countries such as Ethiopia and Nigeria, cities and/or capitals often have special status with power sharing agreements that reflect their multi-ethnic composition, and city managers or mayors appointed by the central government. As a consequence, they have relatively little

⁹ Note that this is only ever partial, the central government never transfers all political and legislative powers.

¹⁰ Resnick, D. (2021). The politics of urban governance in sub-Saharan Africa. *Regional and Federal Studies*. <https://www.tandfonline.com/doi/abs/10.1080/13597566.2020.1774371>

¹¹ UN-Habitat. (2010). The State of African Cities 2010 Governance, Inequalities and Urban Land Markets. <https://unhabitat.org/state-of-african-cities-2010-governance-inequalities-and-urban-land-markets-2>

¹² Ahwoi, K. (2010). Local government & decentralisation in Ghana.

autonomy from the federal government and ruling party¹³. Often there is fear of opposition strongholds developing in the cities or concern that local decisions may undermine central policy aims, known as ‘vertically divided authority’, where a major city is held by an opposing party to the national government¹⁴.

These issues act as a deterrent from central government relinquishing its control, leading to incomplete decentralization and the inability of local governments to set their own agenda, with local government treated as executing agencies rather than autonomous entities. This can have significant consequences for donor lending and budget support which necessarily tends to focus at the central or regional government level. Even in cases where there has been substantial political decentralization, weak functional and fiscal devolution frameworks severely hamper the operation of urban government. For example, metropolitan Lagos is composed of 16 local government areas but many of its responsibilities for management lie with 11 different state agencies¹⁵. While in Ghana, over half of the Unit Committees (the lowest level of Metropolitan and Municipal Assemblies or MMDAs) are not functional due to a lack of clearly defined responsibilities, limited budgets and voluntarism of elected and appointed members¹⁶.

These issues are particularly apparent within metropolitan areas where the pace of growth is faster than the enactment of any changes to prevailing institutional frameworks. Not only does this hamper the operation of many cities but also serves to aggravate issues such as boundary and budgetary disputes between municipalities which can result in large populations (especially those on the peri-urban fringe) falling through the cracks of service delivery and participation. Excessive fragmentation and the creation of new local governments makes it difficult to realize economies of scale and the efficient use of physical, financial and human resources and common infrastructure. For example, in

Ghana, the Greater Accra Metropolitan Area was fragmented from just three MMAs in 2003 to as many as 12 by 2012, with funds spread more thinly across a larger number of political and administrative units. Metropolitan governance is particularly strong in South Africa due to a consolidation of administrative regions under a single tier system that overcomes some of the challenges of fragmented local government and creates a unified tax base for service provision¹⁷, but this has meant in many cases they may have greater budgets than surrounding provinces.

In most francophone countries, local government frameworks in the form of ascribed commune functions are very generally defined and implicitly ‘concurrent’. This means there is a lack of clarity as to who is responsible for what between the central government and the local government. For example, in the Republic of Guinea, local governments operate under the supervision of the state and alongside deconcentrated central government departments which both deliver services on their own account and provide local government with technical and other support¹⁸. Whilst Senegal, Rwanda and Cameroon stand out in Francophone Africa as having a more effective devolution framework, many other Francophone countries such as Burkino Faso, Benin, Chad, Cote d’Ivoire, Congo Brazzaville and the DRC are characterised by weak decentralization systems with a high degree of fiscal centralization and unpredictable transfers. Regulatory frameworks are also often incomplete where laws are passed, but without the implementing decrees necessary to facilitate their implementation, making it difficult to implement reforms where competencies between local and central governments are ill defined.

The relationships between elected councilors within city governments is also shaped by partisan dynamics and electoral rules that can constrain or provide greater autonomy over policy and budgeting decisions. In cases where mayors are elected directly, they have more power than in

¹³ Resnick, D. (2021). The politics of urban governance in sub-Saharan Africa. *Regional and Federal Studies*. <https://www.tandfonline.com/doi/abs/10.1080/13597566.2020.1774371>

¹⁴ Resnick, D. (2014). Urban Governance and Service Delivery in African Cities: The Role of Politics and Policies. *Development Policy Review*, 32(S1)

¹⁶ Obeng-Odoom, F. (2013). Governance for Pro-Poor Urban Development, Lessons from Ghana.

¹⁷ Resnick, D. (2021). The politics of urban governance in sub-Saharan Africa. *Regional and Federal Studies*. <https://www.tandfonline.com/doi/abs/10.1080/13597566.2020.1774371>

¹⁸ World Bank. (2019). Republic of Guinea. Planning, Connecting, Financing in Conakry. <https://openknowledge.worldbank.org/bitstream/handle/10986/31757/Guinea-Urban-Sector-Review-Planning-Connecting-Financing-in-Conakry.pdf?sequence=1>

cases where they are indirectly elected by other councilors and have to tow the party line. Many politicians, mayors and traditional authorities often use their position within city councils as a way to further their personal and party interests. Even in formally non-partisan local assemblies such as Ghana and Uganda, local politicians often maintain close ties to political parties and use their personal networks, making promises to certain communities or individuals in return for their backing¹⁹. These are forms of informal authority or governance that rest on “socially shared rules, usually unwritten, that are created, communicated and enforced outside of officially sanctioned channels”²⁰, and are often an important method by which the poorest and

those living in informal settlements hold leaders to account outside formal elections.

However, the deepening of political *clientelism* (which in many cases continues despite increased decentralization and democratization) can undermine calls for structural change, decreasing accountability and preserving the status quo, ensuring those with the greatest connections stand the most to gain. In other cases, it may provide meaning and legitimacy to formal politics and challenge unequal or repressive policies. A balance is therefore required that builds formal democratic institutions and frameworks onto pre-existing social relations while creating mechanisms for these to adapt and change over time²¹.

Box 1

Municipal governance support initiatives in Mozambique – a cautionary tale of an overly technical approach

Many early municipal governance support initiatives were technical in nature and failed to account for the changing socio-economic context and politics. In Mozambique, the World Bank supported the **Local Government Reform Programme (PROL)** from 1994 to 1999. This contained a series of pilot urban and environmental management components including structure plans, urban neighborhood upgrading project and upgrading of the land cadastre in Maputo city, alongside the preparation of a series of laws and regulations for decentralization and development of systems for financial management within local government. However, most cities suffered from a severe lack of technical capacity to implement a project of this nature given historically low prioritization for development strategies and a decade of structural adjustment in which many of the better qualified staff left the public sector. The capacity building component was therefore limited as basically trained personnel were not available. The slow process of political decentralization, due to fears from the ruling party of a loss of power at local level to the opposition, also meant pilot projects began before new local governments were in place, meaning effective participation was minimal²². Subsequent World Bank supported decentralized planning and finance initiatives such as the **National Decentralized Planning and Finance Program (PNPFD) and Municipal Development Programme (PRODEM)**, adopted many of the components of good governance and local participation including participatory planning and budgeting and enhancing implementation and management capacity. However, these ran into similar obstacles as before with the government seeking to affirm its sovereignty and political power, while maintaining the technical and financial support, occasionally resulting in conflict between the government and cooperation partners²⁴. Important institutional constraints including strong executive power, lack of genuine participation (serving the interests of the party over the voters), poor capacity of the state and unitary nature of the state, have weakened the potential of decentralization to improve public services and democracy, which has become captured by party political interests²⁴. This reveals how, despite continued donor presence over the past 20 years, little has changed due to a narrow technical and economic focus rather than securing the political will and buy in from government to bring about wider institutional change.

¹⁹ <https://www.africaresearchinstitute.org/newsite/publications/who-really-governs-urban-ghana/>

²⁰ Helmke, G. and Levitsky, S., “Informal Institutions and Comparative Politics: A Research Agenda”, *Perspectives on Politics*, 2 (4), 2004, pp. 725–40.

²¹ Goodfellow, T. (2019). Political Informality: Deals, Trust Networks, and the Negotiation of Value in the Urban Realm, *The Journal of Development Studies*.

²² Jenkins, P. (2000). Urban management, urban poverty and urban governance: planning and land management in Maputo. <https://journals.sagepub.com/doi/pdf/10.1177/095624780001200110>

²³ Forquilha, S. (2020). Decentralization reforms in Mozambique: The role of institutions in the definition of results. WIDER Working Paper 2020/132. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2020-132.pdf>

²⁴ Forquilha, S. (2020). Decentralization reforms in Mozambique: The role of institutions in the definition of results. WIDER Working Paper 2020/132. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2020-132.pdf>

Fiscal devolution frameworks

Weak fiscal devolution frameworks in Africa have resulted in most cities suffering from limited fiscal resources to meet the growing demand for infrastructure and services. Often there is insufficient clarity in the functional as well as revenue assignments of different tiers of government which contributes to inefficient or under provision of services. The separation of spending responsibility for capital and operations and maintenance is another problem that ends up reducing expenditure on both capital and O&M as each level of government expects the other to replace or renovate assets.

Another issue relates to the fact that fiscal frameworks often lack an effective mechanism to address imbalances in the fiscal equation of different municipalities. Such imbalances typically manifest as either ‘vertical imbalances’ referring to the differences between the expenditure mandates and revenue assignments of the different tiers of government or ‘horizontal imbalances’ referring to the differences between expenditure mandates and revenue assignments for same levels of government covering different jurisdictions. An effective fiscal framework will include provision for a fiscal equalisation grant which can balance expenditure requirements for service delivery and the total revenue sources.

Most frameworks are based on inter-governmental transfers (IGTs) to cities and towns, supplemented by the granting of own source revenues (OSR) from local taxes and user charges. Inter-Governmental Transfers (IGTs) usually fall into two categories namely: a) general purpose grants that are unconditional transfers where sub-national governments have the freedom to exercise discretion on the use of such funds; b) tied grants that are earmarked for specific purposes determined by higher tiers of government. IGTs in Francophone countries are largely conditional as the state representative at the local level (usually a Prefect or Governor) exercises ex-post control over all acts taken by local authorities. Where public revenue is constrained, unconditional transfers are less

common although some donors such as UNCDF have a long history of demonstrating that unconditional grants result in better targeted and implemented infrastructure thereby representing greater more effective use of public funds in countries such as Uganda, Tanzania, Ethiopia and Mali. Another issue is that most central transfers remain formula driven and provide no real incentive for local governments to improve performance or increase revenues. Transfers, or at least a component of them, need to be more focused on improving local government performance in areas such as own revenue mobilisation.

Fiscal decentralisation reforms gained momentum in sub-Saharan Africa in the early 1990s and is most advanced in Ethiopia, Nigeria and South Africa, where spending at the sub-national government level represents about half of total general government spending²⁵. Only a handful of other sub-Saharan African countries have significant sub-national government spending, notably Kenya, Rwanda, Tanzania and Uganda, where it amounts to 15-20 percent of central government spending . Francophone countries show lower levels of fiscal devolution, primarily due to the ‘principles of the unified treasury’ where national Ministries of Finance hold resources that cities collect and then reallocate accordingly. This is intended to keep the duties of authorizing and accounting officers separated, but practically it reduces the expenditure autonomy of local governments²⁶ . Directives from international organisations such as the West African Economic and Monetary Union (WAEMU or UEMOA) however, are encouraging states to increase the share of public spending by local authorities.

The assignment of tax sources and the degree of tax authority provided to local governments will usually form part of the fiscal framework. In countries with a unitary system (such as Kenya, or Morocco), the tax base is defined by the central government. In federal countries revenue assignment authority is shared between the federal and the state governments. In general, local governments have authority to establish

²⁵ Hobdari, N, Nguyen, V, Dell’Erba, S, and Ruggiero, E. (2018). Lessons for Effective Fiscal Decentralization in Sub-Saharan Africa. IMF.

²⁶ Resnick, D. (2021). The politics of urban governance in sub-Saharan Africa. *Regional and Federal Studies*. <https://www.tandfonline.com/doi/abs/10.1080/13597566.2020.1774371>

non-tax sources such as user charges, fees, licenses, permits and to set, to some extent, their local taxes and the valuation of the tax base. The authority over setting the tax rate varies among countries. Where this is central government, cities may be given choice over a range of values. Local taxes are generally collected directly by local government, although collection may be outsourced to the private sector, as in Kampala or to a higher-level government entity such as a larger city as in the case of Amman which collects property tax on behalf of four neighbouring cities. Revenue collection is usually the responsibility of the city, although in cases where a federal tax is shared with a local government, collection normally be undertaken by the federal agency.

However, most policy and legal frameworks do not provide for complete and synchronised functional and fiscal devolution. For example, in Ethiopia, responsibility for revenue enhancement was given to the Revenue and Customs Agency (ERCA) who only have legal responsibility for state and regional revenue and customs. This results in a lack of systematic support and complete decentralisation to enable local governments to increase their OSR. Cities need to have new tax rates and revenue sources approved by the regional government, while smaller cities struggle to raise greater taxes and fees on land. As cities are unable to exploit their full OSR potential, they are heavily dependent on IGTs from central and regional government for planning and budgeting purposes over which they have little control. They may be earmarked for specific purposes and/or not delivered on a predictable and regular basis. Lack of clarity on spending assignments also contributes to the inefficient provision or under provision of services, typically seen in the separation between responsibility for maintenance and operation of infrastructure facilities to the subnational governments and the assignment of responsibility for capital investment to the central government. This reduces the expenditures for both maintenance and capital infrastructure, because each level of government can blame the other for not doing its part, and each level expects that the other will ultimately replace or renovate and maintain the infrastructure²⁷.

Fiscal decentralisation also requires that they are politically, managerially and/ or technically prepared to use the financial resources provided to them. If too many functions are decentralised too rapidly and sub-national governments do not have adequate capacity to handle these, they are likely to perform poorly. This is further limited by high staff turnover rates and lack of appropriately qualified and experienced staff, poor administrative capacity, lack of expertise in issues of compliance with national and international regulations and contracting procedures, which will be considered in Section C.

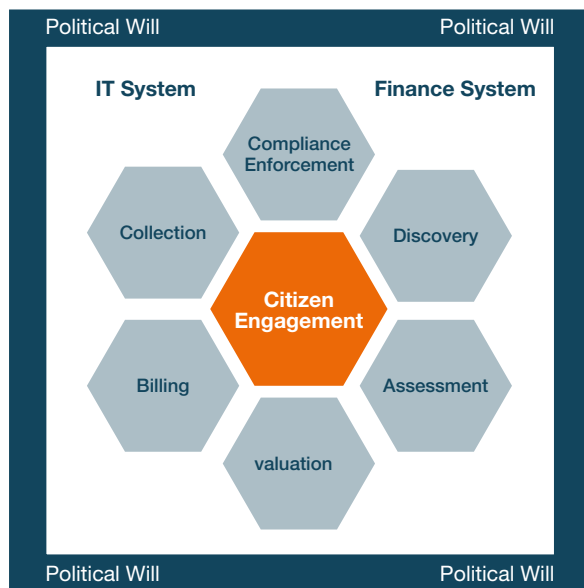
B) URBAN FINANCE

Revenue mobilisation and property tax reform

Estimates put African cities annual financing needs beyond 90 billion US dollars, of which an estimated 45 billion can be mobilized from domestic sources. Current figures show that a mere 2% of the total domestic revenue mobilized comes from domestic sources. With such a significant financing gap, local governments need to find new ways to put themselves into a position where they can better use their own resources for development. Improving property tax management is a key part of the process of enhancing municipal revenue mobilisation and strengthening financial accountability. Taxing land and properties allows local authorities and cities to capture revenues that are generated by the onset rapid urbanisation and use it for the public good. Annual taxes on physical property still represent a large source of untapped municipal revenue in developing countries, but this crucially depends on the level of fiscal autonomy given to local authorities to control the base of taxpayers and taxable land properties. There are six key stages to the property tax cycle comprising: discovery, assessment, valuation, billing, collection and enforcement (see Figure 1) where reforms to address underlying issues and opportunities are at each stage of the cycle.

²⁷ Hobdari, N, Nguyen, V, Dell'Erba, S, and Ruggiero, E. (2018). *Lessons for Effective Fiscal Decentralization in Sub-Saharan Africa*. IMF.

Figure 1
Stages in Municipal Property Tax Reform



The discovery stage relates to the creation, updating and expanding of the property tax base reflected in the tax register. The assessment and valuation stages are interlinked and will determine how the tax burden is apportioned and the degree to which it is progressive so that higher value properties pay a higher portion of tax. The valuation stage refers to how values are determined. This can be market based (capital or monthly rental value) or area based with or without additional criteria such as location, construction materials, access to utilities and other property feature that impact on value. Tax rates are mostly determined locally to increase accountability. Whilst a flat rate is simple to administer, variable rates reflecting differentiation enhances equity and transparency. The billing and collection stages refer to the creation and distribution of a legible rate demand notice and the modality of payments, whilst the compliance and enforcement stage refer to the types of penalties and degree of enforcement that is exercised.

Despite ongoing tax initiatives that clearly illustrate the advantages of having a fair and efficient form(s) of tax, many tax reform implementations encounter poorly designed and implemented systems as well as a significant amount of political resistance. This contributes to the fact that property tax reform implementations are sluggish and have gained limited traction in

developing cities. Most cities in Africa continue to run a manual property tax system based on 3–5-year tax update cycle. In most cases, once the valuation roll has been processed, updates are rarely carried out. Ineffective tax base discovery means that many properties are either are not captured in the register or that changes to the property are not recorded in the register. Such errors and omissions can result in as many as 60% of properties being non assessed or under assessed. More effective tax discovery based on the mapping, identifying and updating of property details could result in significant revenue mobilisation.

Another problem in most cities in Africa relates to the dominant market-based system of assessment, often inherited from former colonial regimes. This system uses either capital value or monthly rental value as the base assessment criteria. However, determining market value has been a challenge in most cities where there is a lack of a formal property market where transactions are not recorded. Moreover, there are very few professional valuers to carry out such assessments. Hence, market-based assessments tend to reflect outdated and inaccurate values and become complicated to update without empirical data to establish the norm for setting values.

Tax billing and collection is another problematic function in many municipalities. Billing involves the creation of a legible, formal bill or invoice that is then delivered to the taxpayer and the effectiveness of the billing function depends on the medium used to produce the demand notice, the structure of the notice and the mode of delivery. Many systems continue to operate on poorly structured, paper-based demand notices issued in triplicate. Annual rate and receipt books are often misplaced and there are few checks in place to validate final aggregate figures. Here the management process is weak and scaling the approach is cumbersome and complex. Traditional approaches to collection vary from payments by owners or tenants to municipal tax collectors, or at municipal offices or payment kiosks. These systems entail the direct handling of money and thus present opportunities for the misuse of funds and corrupt practices. Finally, most urban local governments have weak systems of tax enforcement arising from inefficient identification, processing and follow up

of late taxpayers and defaulters and the absence of fines, penalties and legal action resulting in poor compliance and high levels of default. In some cases, defaults are simply written off after a period of time, in some cases with the collusion of tax officials and no further action is taken.

Municipal accounting and budgeting

Municipal budgeting represents a series of steps that link municipal policies and preferences to financial planning and implementation and as such plays a critical role in the overall cost control of a municipality. In practice, most municipalities have adopted incremental line-item budgeting of funds related to establishment (wages and salaries), operations, supplies and equipment linked to the main accounting heads reflected in the Municipal Chart of Accounts. Whilst the budget provides a mechanism to allocate and manage funds spent on salaries, equipment and supplies it does not provide information on how much is being spent by departments or programme. In order to determine the costs of service delivery, there would need to be a restructuring of the Chart of Accounts with expenditures re-arranged by function or programme. Whilst the line-item budget helps to allocate monitor and control expenditure under the respective budget heads, it provides little or no information on the achievement of broader municipal policies and objectives nor does it provide financial information on the performance of municipality in terms of infrastructure provision or service delivery. Moreover, the budget timeframe based on an annual rather than multi-year cycle further constraints the reporting on performance, results and outcomes aligned to municipal goals and strategies.

A related problem with municipal budgeting is the lack of accountability. Given the prevailing service delivery pressures on municipalities, there is a lot of emphasis placed on ensuring that budgets are passed in a timely manner with minimum delays. This tends to preclude opportunities for introducing consultative elements into the budget process for fear that wider stakeholder participation and debate will delay the budget approval process which will in turn have serious consequences for council operation and service

delivery. Where some elements of consultation have been included in the budget process these are usually programmed at the early stage of budget preparation with inputs from such exercises being gradually diluted as preparation progresses. Mechanisms to monitor the use of funds or evaluate the impact of programs have proven to be generally weak or non-existent.

The main impetus for change has often come from a realisation that a robust accounting system is an important pre requisite for achieving municipal creditworthiness and leveraging investment capital, either from IFIs or market borrowing since the adoption of accrual based double entry accounting will add reliability and credibility to the annual financial statements whilst simultaneously translating financial results into a format and language with which lenders are conversant and comfortable. Reforms alone will not change its financial position, but it will pave the way for improving the financial position through better budgeting and financial management.

Accounting and budgeting reforms often begin with improvements in the structure of the Chart of Accounts to better reflect expenditure by each of the respective service delivery functions of the municipality. The Chart of Accounts (CoA) (known as the SYSCOHADA in Francophone Africa for states which have signed the OHADA Treaty), plays a key role in municipal financial management, reporting and accountability as the central mechanism through which financial information is collected, processed and reported on. Specifically, the CoA provides the structure for the classification and coding for all accounting transactions and budget classification. It determines the structure of the general ledger and subsidiary ledgers. In many cities the CoA is poorly structured around aggregate budget and accounting heads which provide little or no information on the costs and revenues related to different departments, functions or programmes. This has a major impact on the municipality's ability to manage capital works and service delivery including operations and maintenance as departments and spending units do not have an accurate picture of related costs and revenues. A well-designed CoA will help to improve budget management and control, promote accountability of spending entities by tracking transactions, generate useful management information on cost monitoring, internal control and decision making

and financial reporting based on the preparation of financial statements, general purpose reports to inform decision making on the allocation and use of resources and statistical reports to facilitate operational research and analysis.

The accounts provide a chronological log of transactions and events measured in monetary terms and classified and summarized under key heads. Whilst the CoA is designed to ensure that the general ledger balance can be proven against the details in the subsidiary ledgers, in practice, transactions are often reported in a variety of systems that do not conform to the control accounts of the general ledger. This fragmentation creates a number of problems in financial reporting and decision making. The classification structure should not only meet the legal and administrative requirements for budget management and financial reporting but should also meet the needs of key stakeholders including municipal functionaries and citizens. In practice, however, the CoA is often not structured around key municipal services as outputs but instead is structured around municipal inputs such as staffing, establishment and equipment.

For budget management purposes, the CoA should meet the requirements of planning, controlling and reporting of budgetary allocations and appropriations as well as the internal management needs of budget units or cost centres. Any shortcomings in the design of the CoA will have a lasting impact on the ability of the system to manage the delivery of municipal infrastructure and service outputs rather than inputs. In countries where budget classifications are not well integrated with the CoA there is risk of loss of important information undermining the effectiveness of budget control and reporting as it may be difficult to identify the accounting implications of a given budgetary operation, and reciprocally, identical accounting transactions may not reflect systematically equivalent budgetary operations.

Many cities in Africa have a long history of operating single entry cash-based accounting. Legacy accounting systems that are based on manual processes are generally inefficient, inaccurate, and time consuming and do not automatically support the timely production of reliable annual financial statements. This has extracted considerable costs in terms

of operating efficiency, transparency and expenditure control resulting in many instances of financial mismanagement and wasted expenditure. Outdated and inefficient budgeting and accounting systems and practices are characterised by a range of problems related to the capture, classification, recording and communication of financial information. This leads to a host of problems in terms of the accuracy, reliability and comparability of financial information which undermines financial reporting and decision making.

A critical limitation with such systems is that they do not generate the type of financial information required for effective financial reporting, preparation of annual financial statements, and establishing opening and closing balances. Prevailing municipal accounting systems and practices rarely include provision for the production and/ or updating of a comprehensive asset inventory. In the absence of a well-structured budget and set of accounts, including the annual financial statement and valuation of assets, it is difficult to assess the overall financial health of a municipality. This creates a serious obstacle for generating creditworthiness and undermines the ability of the municipality to leverage finance, either from the private sector or from lending institutions, subject to prevailing regulations on municipal borrowing. Another important issue relates to whether the transaction processing system is centralized or decentralized. Where payments are centralized, the main service departments are usually responsible for authorization of commitments and the issuing of payment orders. Often where this is the case the authorizations and payment orders are not well integrated into the central system and hence there is poor tracking of transactions across the budget cycle.

C) HUMAN RESOURCES AND CAPACITY DEVELOPMENT

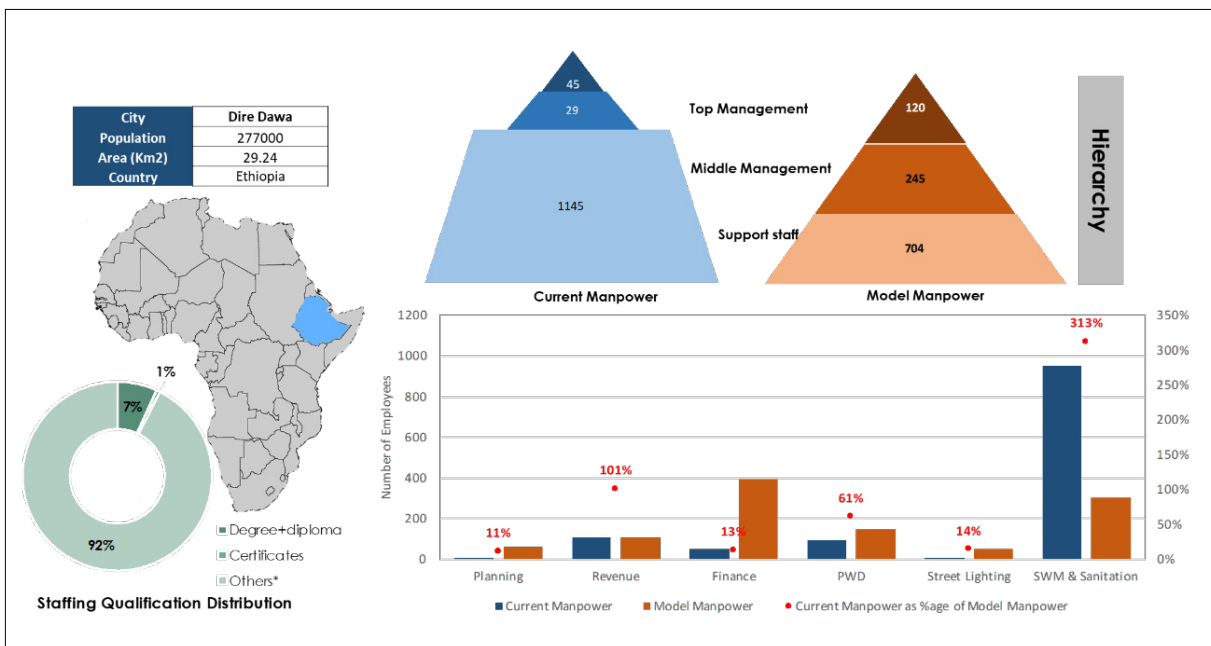
There is an increasing realization that human resource capacity in terms of both the number and qualifications of staff, is a critical requirement for effective planning and delivery of infrastructure and services in cities. It is vital that each level of

government has sufficient HR capacity to carry out the functions that have been transferred or delegated to municipalities. In many countries, executive and technical staff are deputed to local authorities by a higher tier of provincial, regional or national government which limits the extent of administrative decentralisation. However, local governments in Africa face severe capacity gaps in relation to staffing numbers, qualifications and remuneration. Retention of qualified staff is a further challenge, with fewer career prospects and low salaries which are not attractive for qualified technical personnel compared to central government and the private sector. An estimated 70,000 skilled professionals also emigrate from Africa each year, a significant loss of talent and skills to industrialized countries. There is no framework for defining qualifications and skills in many countries including Angola, Benin, Botswana, Cote d'Ivoire, Central African Republic, Congo Brazzaville, DRC, Ethiopia, Equatorial Guinea, Guinea-Conakry, Kenya, Mozambique, Namibia, Nigeria, Sierra Leone, Sudan and Togo. Secondary and small cities face particularly severe challenges given their smaller economies and weaker local governments.

The number of managerial and technical staff in almost all African cities falls well what might be considered reasonable benchmark for delivering basic services in developing countries when

adjusted for population and area. An HR capacity study by Cities Alliance covering 16 cities in Ghana, Ethiopia, Uganda and Mozambique found there were severe staff shortages across all key technical functions in water supply, public works and waste as well as in planning and finance. This study measured the disparity between actual staffing number per 1,000 population and a comparative benchmark for cities in developing countries adjusted for population and area. The study found that there overall were only 0.4 managerial and technical staff per 1,000 population in sample urban local governments in Mozambique, Uganda and Ghana and around 1.4 per 1,000 in Ethiopia, In comparison to the HR benchmark for urban local governments in developing countries, it was found that the African urban local governments in the study were functioning with just 27 percent of the ideal capacity after adjusting for city population and area²⁸. Staff shortages are particularly acute in key technical and managerial functions in service delivery, finance and planning²⁹. Although cities such as Dire Dawa in Ethiopia reported a somewhat more satisfactory situation in some service areas, there were serious shortages in urban planning and finance, all of which impacts on service delivery performance (see Figure 2). This has severe consequences for service delivery performance and accounts for much of the corruption in city administrations in areas such as zoning, issuing building permits, relocation and compensation.

Figure 2: An overview of HR capacity analysis for the city of Dire Dawa, Ethiopia

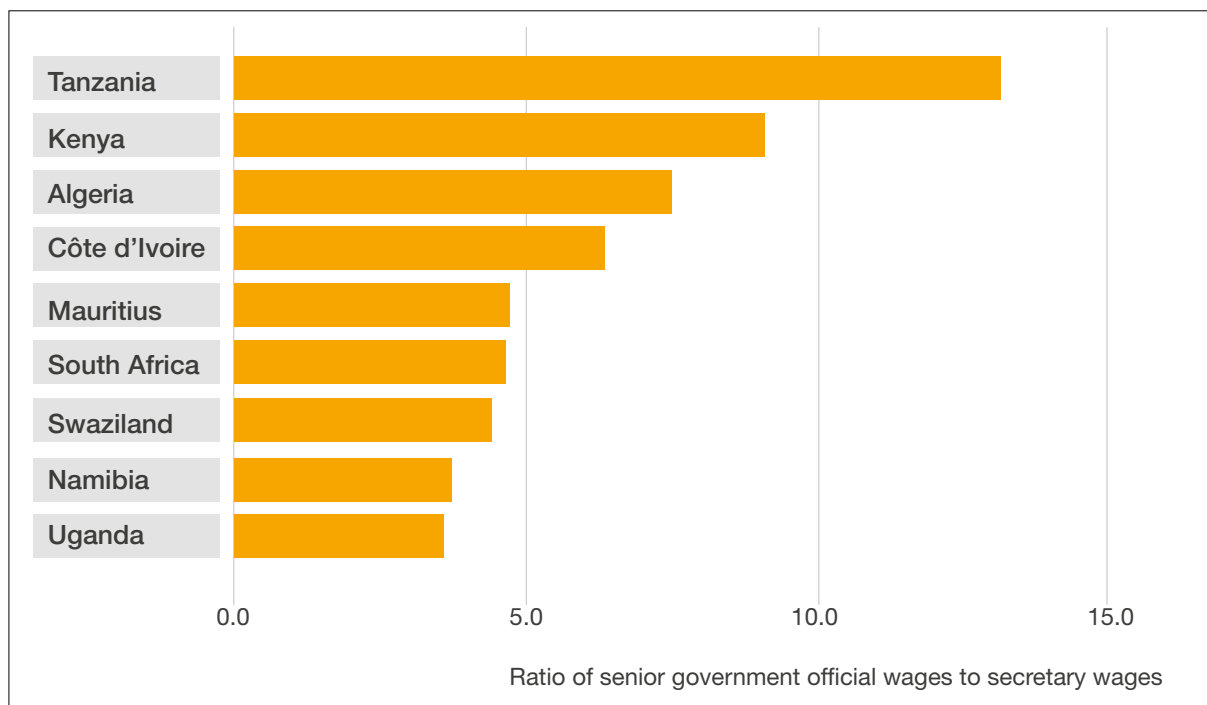


²⁸ Cities Alliance (2017). Human Resources Capacity Benchmarking: A Preliminary Toolkit for Planning and Management in Africa. Slater, Richard. https://www.citiesalliance.org/sites/default/files/Final%20Report%20on%20Municipal%20Staffing%20Toolkit_0.pdf

Another serious HR problem relates to the poor overall level of qualification and training of most staff working in urban local government. The HR study found a paucity of staff with degree and/or diploma level qualifications working in the 16 sample cities with serious implications in terms of the quality of planning, finance, procurement, implementation, operation and maintenance of infrastructure and services. Pay differentials represent yet another major HR issue for personnel working in urban local government. The study found significant pay differentials between those in local government and the local private sector in equivalent posts. This is especially the case for senior managerial and technical staff, where in almost all instances local government salaries were seen to be no more than 15-20% of the salary for a similar position in the private sector multinational counterpart. A

study of eight countries across different regions of the continent found that pay levels had declined between the 1990s and 2000s, while wage bills and decompression ratios (differential in salaries between the lowest and highest paid) also fell for most of the countries examined³⁰. The wage survey conducted by the International Comparison Program (ICP) of 2011, found that of the nine countries for which there is data, Tanzania and Kenya pay senior government officials 14 and 9.7 times more than secretaries, compared to Namibia and Uganda who give senior government officials only 4 and 3.8 times more (Figure 3). Such large pay gaps create opportunities for rent seeking, corruption and disincentivize people from taking up more senior or skilled positions, while also undermining the implementation of loans and ongoing delivery and maintenance of infrastructure.

Figure 3
Senior government official wages to secretary wages ratio for nine African countries ³¹.

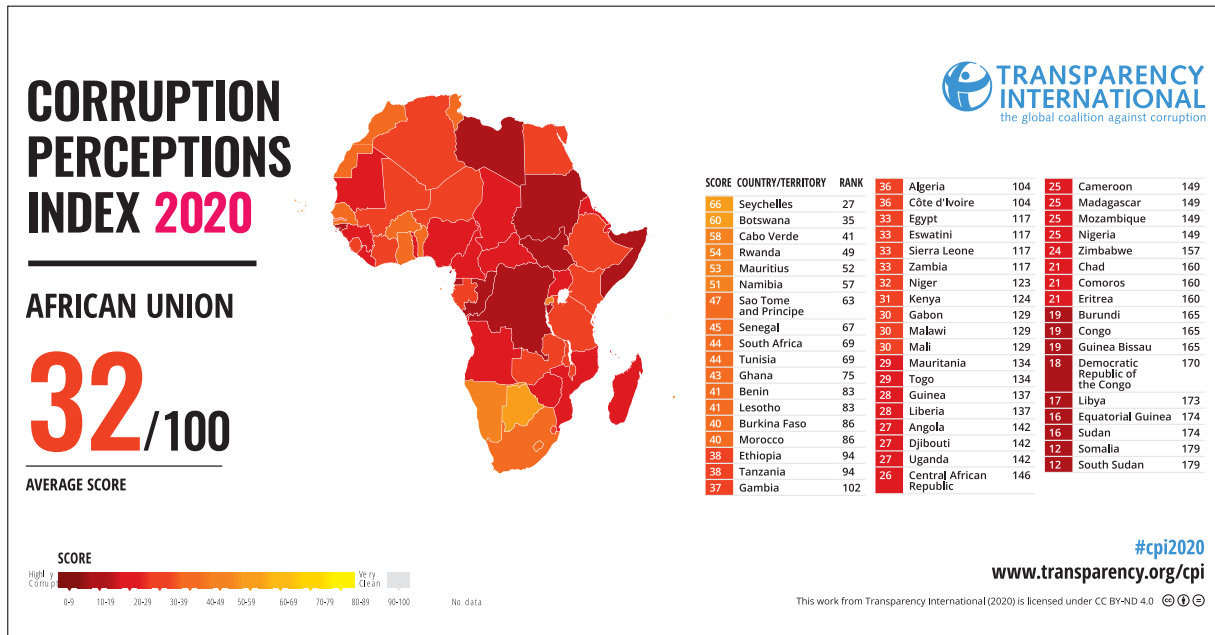


Source: World Bank

³⁰ Kiragu, K. & Mukandala, R.S. (2005). Politics and Tactics in Public Sector Reforms: The Dynamics of Public Service Pay in Africa, Dar es Salaam: Dar es Salaam University Press.

³¹ Mo Ibrahim Foundation. (2018). 2018 Ibrahim Forum Report: Public Service in Africa. <https://mo.ibrahim.foundation/sites/default/files/2019-03/2018-Forum-Report.pdf>

Figure 4



Commonly, staff are recruited on the basis of political and personal connections rather than on merit, with only Mauritius earning the maximum score on the Global Integrity Africa Integrity Indicators for appointing and evaluating civil servants on professional criteria³². This can lead to reduced motivation for public service and lower performance as well as further reducing capacity and skills. Sub-Saharan Africa is perceived as the region with the most corrupt public sector, with an average score of 32/100 in the 2020 Corruption Perception Index (CPI) conducted by Transparency International, with countries including Sudan, Somalia, Equatorial Guinea having the greatest levels (Figure 4). Public procurement often faces the highest risks of corruption, especially infrastructure due to large amounts of public resources and complex projects with multiple players and contractual links and technical capacity gaps, while there are few countries with fully competitive bidding processes.

D) URBAN PLANNING

Ineffective urban planning is a further symptom of inadequate capacity and ineffective

decentralization and is a major factor contributing to the failure of urban governance to deliver infrastructure and services at a scale to meet the challenges posed by rapid urban growth and climate change. The effect of rapid urbanisation and lack of planned infrastructure exacerbates spatial inequality as spiralling land prices in inner city areas pushes the poor to the periphery, most often without access to affordable transport. The lack of integrated urban planning, using evidence-based contextual processes that involve citizens and reflect voice and choice is a major impediment to the sustainable and inclusive growth of cities in Africa, with major development decisions such as infrastructure often made arbitrarily without the participation of those most affected. Weak development controls and enforcement powers, out-of-date and unequal planning processes and limited public knowledge of or compliance with land-use regulation, result in informal and un-serviced slums and urban sprawl with inadequate service networks. The urban poor pay high costs for informal access to land and services³³ as the expense of providing water, roads and sewerage increases in low-density, scattered settlements, while government administrations miss out on potential tax revenue³⁴.

³² Mo Ibrahim Foundation. (2018). 2018 Ibrahim Forum Report: Public Service in Africa. <https://mo.ibrahim.foundation/sites/default/files/2019-03/2018-Forum-Report.pdf>

³³ Slater, R., Jingu, J. (2016) Political Economy of Water Supply in Dar es Salaam, World Bank

³⁴ Slater, R. (2016) Urban Governance and Services in Ghana, ICF Report, Future Cities Africa.

Strong legacies of colonialism can be seen in the top-down, European-centric nature of planning and ordinances that persist to this day, with investment skewed towards the better-served urban centers, industrial hubs and capital cities, at the expense of secondary cities and less well served areas. For example, in Ghana, the orientation towards district capital cities to perform their administrative and development functions under decentralized governance has entrenched regional disparities in the northern and central regions, further compounded by old land use planning ordinances running in parallel to new legislation.

The colonial impact on urban form and landscape is still etched on the landscape and practices of Sub-Saharan towns and cities. There is a clear distinction between Anglophone and Francophone countries where French administration was heavily centralized and based on assimilation of territories with France and hence adopted a more integrated approach to planning than in former British territories where cities were characterised by separation between traditional settlement and colonial neighbourhoods. This has affected the spatial structure and planning of many African cities, with Anglophone cities today often exhibiting greater degree of sprawl and separation of neighbourhoods³⁵. For example, Kisumu in Kenya, is characterised by a low-density historic core where building regulations are more tightly enforced, surrounded by informal areas and ancestral land areas where planning and building regulations are less well enforced³⁶. The Nigerian Townships Ordinance of 1917, for example, defined a township as “an enclave outside the jurisdiction of the native authority and native courts, which are thus relieved of the difficult task (which is foreign to their functions) of controlling alien natives and employees of the government and Europeans” (Lugard, 1919, p. 419).

These spatial issues have created many problems for urban planners in cities and towns across Africa. The lack of an integrated approach to spatial planning has led to the misallocation of investment in urban infrastructure and basic

services resulting in substantial socio-economic exclusion, with weak coordination between spatial planning, transport, housing, and sanitation. In cases where urban planning does specifically target investment in under serviced settlements such plans often do not adequately reflect local issues and demands leading to poor planning outcomes. This is generally exacerbated by the paucity of relevant planning legislation and regulation reflecting current priorities such as inclusive access to basic urban services, the promotion of climate resilient buildings and infrastructure, affordable housing, sustainable, mixed use urban regeneration, local economic development and opportunities for leveraging urban land value capture.

All this requires the adoption of new, more flexible approaches to planning and greater convergence with other professions in the city such as architects, surveyors, engineers, lawyers and sociologists in order to help transform a profession that has been deeply complicit in perpetuating urban inequalities (Porter, 2010). At the same time, there is a paucity of urban planners in almost all countries. In Ghana, for example, there were only 150 accredited planners in 2011-12 relative to population of nearly 27 million, and Burkina Faso only 14 for a population of nearly 17 million. A WaterAid study in Ghana found that only 80 out of 170 Metropolitan, Municipal and District Assemblies (MMDA) have a dedicated Town and Country Planning Office³⁷. Planning officers, as central government employees, live under threat of reallocation should they step out of line and with a level of uncertainty that can undermine their commitment to the local polity. The lack of professionally trained building inspectors and a widely held perception that once a permit is obtained, applicants can put up what they want on their land³⁸, creates further issues of poor enforcement of land use and building regulations. Often this relates directly to land administration as most do not have a registered title deed since most development occurs outside formal frameworks.

³⁵ Baruah, N., Veron Henderson, J., Peng, C. (2017). Colonial Legacies: Shaping African Cities. SERC Discussion Paper 226. <http://eprints.lse.ac.uk/86574/1/sercdp0226.pdf>

³⁶ <https://journals.openedition.org/poldev/2637>

³⁷ WaterAid. (2009). A Study on Land Tenure in Urban Areas in Ghana Report.

³⁸ Mate-Kole & Kow Essuman. (2015). Complying with the building laws of Ghana. <http://citifmonline.com/2015/07/30/complying-with-the-building-laws-of-ghana/>

E) LAND ADMINISTRATION

The problems of urban planning are deeply rooted in the historical structure and development of land tenure and land administration across Africa. Land markets are constrained by the lack of functioning and transparent land markets and the local political economy that arise from this. As one of the most basic objects of urban governance in terms of who can do what where, it is also among the most complex and contested³⁹.

In pre-colonial Africa, land was regarded as an unbounded resource vested with traditional leaders, families and communities, controlled and managed through customary practices. The reverse was true under colonialism where the control of land was geared towards private property and the economic interests of settlers, leading to dualistic and hybrid land administration regimes and the concentration of land rights in the hands of a few. There now exist several, often overlapping land administration systems including formal systems of deed registries with freehold and leasehold title, officially recognized customary tenure systems and informal, extra-legal tenure in informal settlements largely in peri-urban areas, where land in customary tenure is sold without official recognition. For this reason, it remains a challenge to implement land legislation, with registration remaining too slow and expensive for poor people to access and keep up to date. Many remain unaware of their land rights and the law, meaning land grabs and seizures by the state occur without compensation, while the customary system often favours the powerful over the less powerful, enabling patriarchal attitudes over land to continue.

In North Africa, Ottoman rule anchored tenure systems in sharia law, while Western colonial rule strengthened individual property rights and established the right for foreigners to own real estate. Post-independence, land reform combined with nationalisation of large land holdings and repossession of property owned by

foreigners added to public land holdings which coincided with a huge urbanisation boom in the 1970s and 80s. Urban expansion could no longer be accommodated by government owned land, leading to the proliferation of unplanned subdivisions of privately-owned agricultural fields and rapid densification of peri-urban informal settlements, which range from 20 percent in Tunis to upwards of 60 percent in the Cairo region. Traditional rights to claim ownership of wasteland that they have improved or acquiring property rights by adverse possession has grown and facilitated the regularisation of informal settlements but has created two parallel systems of unregistered and registered titles. Local planning departments tend to handle land-use rules and regulations while state departments are responsible for surveying and establishing the land registry. Formal land registration is a lengthily and cumbersome process. In Egypt for example, it involves 71 bureaucratic procedures with 31 different offices which can take 6-14 years to complete and so as a result only about 8 percent of urban properties are formally registered⁴⁰.

Land tenure in Ghana differs from that of most other countries in Africa due to the constitutional endorsement of control of land by customary authorities. In other parts of West Africa, for example Nigeria, the colonial authorities brought ownership of all land under the Crown. Around 20 percent of land is legally owned by the state, while the remainder is held by customary owners, with several different title arrangements, including vested lands where the owner retains the customary ownership, but the land is managed by the state. With expanding land, housing and agricultural markets, greater individualization of land rights is occurring, with customary tenure being eroded in the South in urbanizing areas. Increased urbanization is leading to greater transfers to outsiders and since the majority of land transactions take place informally, allows for the bending of planning regulations to gain more from land allocation and sales. The legal framework for land administration has not progressed a great deal since colonial times, with 86 land-related legal instruments that often overlap and conflict alongside customary

³⁹ Slater, R (2016) Urban Governance and Services in Ghana, ICF Report, Future Cities Africa.

⁴⁰ UN-Habitat. (2010). The State of African Cities 2010 Governance, Inequalities and Urban Land Markets. <https://unhabitat.org/state-of-african-cities-2010-governance-inequalities-and-urban-land-markets-2>

laws (Ministry of Lands and Forestry 2003). In the absence of more effective forms of land administration that recognise the coexistence of both formal and traditional ties to land, insecurity of tenure, lack of integrated planning and the inability to generate sufficient tax and revenue will continue⁴¹.

Cadastral and land information systems provide the fundamental framework for systematic land use management, land tenure security, planning, and revenue which impacts on the level and security of investments in land and property. Within most African cities, these are frequently poor and out of date, relying on colonial era maps and land records and in some cases, especially post-conflict states such as Liberia, land records and plans are missing altogether, with multiple claims to ownership. In Ethiopia, data for all land parcels is not collected and/or available in tabular and spatial forms, land inventories are not linked with current and upcoming infrastructure plans and data on serviced land is also not updated. Critical skills within land valuation, land surveying, mapping, photogrammetry and other related disciplines such as record management and documentation are also frequently lacking at both the central and decentralised government levels.

F) MANAGING SERVICE DELIVERY⁴²

The lack of managerial, technical and financial capacities of urban local governments in Africa has a marked impact on the quality of management at each stage of the infrastructure and service delivery project cycle in all core functions including municipal water supply, sewerage, stormwater drainage, roads, public works and solid waste. In order to overcome staffing and skill gap shortages in core management functions responsible for the planning, implementation and delivery of infrastructure and services a number of countries, especially in Francophone Africa have established special purpose utilities such as the National Office of Water and Sanitation (ONEA) in Burkina Faso and the Société

Nationale des Eaux du Sénégal (SONES) which have a reasonable reputations for effective service delivery, especially in larger cities. In many Anglophone countries, however, services such as water have been decentralized to local jurisdictions as departments within municipalities or district governments⁴³.

The design, contracting and management of services is most often a direct outcome of the underlying political economy of African states that were encouraged by the World Bank and others to contract out to the private sector under structural adjustment programs in the 1980s. This process was often accompanied by a high degree of political control over the setting of tariffs and charges as fees to operators, in addition to political interference in appointments and decision making as well as a lack of public capital investment which all served to undermine the process of private sector involvement.

Many of these issues are highlighted in the case of *Public-private partnership (PPP)* arrangements within Ghana's municipal solid waste management sector, for example, have been beset by challenges relating to cost recovery undermined by a poor consideration of full project costs and returns. These are exclusively dependent on user charges subject to political endorsement, without any financing from the central or regional government to cover the gaps in the viability of the service, exacerbated by many households and neighborhoods opting out for cheaper methods such as informal waste collectors. With a multiplicity of operators and separate agreements covering individual areas, there is unproductive competition and the lack of an integrated system also makes it difficult to achieve economies of scale and sufficient control of the chain to maximize potential revenue from waste processing and recycling.

It is a similar situation for urban water supply in Ghana and in Dar es Salaam in Tanzania. The publicly owned Ghana Water Company Limited (GWCL) has been beset by management issues including insufficient operational autonomy to set tariffs, high incidence of illegal connections and aging infrastructure with lack

⁴¹ Slater, R (2016) *ibid*

⁴² See Slater, R. (2016) *ibid*

⁴³ Jacobsen, M., Webster, M. and Vairavanoorthy, K. (2013). The Future of Water in African Cities: Why Waste Water? <https://openknowledge.worldbank.org/bitstream/handle/10986/12274/NonAsciiFileName0.pdf?sequence=1&isAllowed=y>

of capital investment. Political interference over appointments and decision making, undermining the role of the operator, and weak coordination among the various institutions that provide the services has created overlapping institutional mandates and duplicated costs.

The poor capacity of the MMDAs has constrained their coordinating role as well as in monitoring and compliance. Entrenched political patronage systems also make it difficult to address the problem of illegal connections and the bypassing of metering, with practices of inaccurate meter reading, inefficient bill distribution and non-payment in return for informal payments that provide cash benefits to operational staff. Meanwhile, the gulf between low-income and wealthy neighborhood connections continues to grow, with residents of low-income communities typically paying three to four times that of those on the GWCL network. This is confirmed in a study by Banerjee & Foster (2010) for the World Bank on cost recovery, equity and efficiency in water tariffs in Africa. They point out that those who survived on the minimum subsistence level of 4 m³/month ended up paying US\$0.77/m³ as compared to those at the higher end using 40 m³/month, who paid just \$0.08/m³. For the more mobile populations of migrants and refugees who remain unconnected from the network, these costs are frequently even greater.

In Kenya, under the Water Act of 2002 and 2016, service provision was decentralized to 91 local Water Service Providers (WSPs) linked to 8 Water Works Development Agencies in charge of asset management through Service Provision Agreements. In Kisumu, the commercially-orientated utility company KIWASCO replaced the water and sewage department of the former municipal council, relying on a series of subcontractors to sell water to connected customers and water kiosk operators, the latter selling on to unconnected customers not covered by the formal network. This has

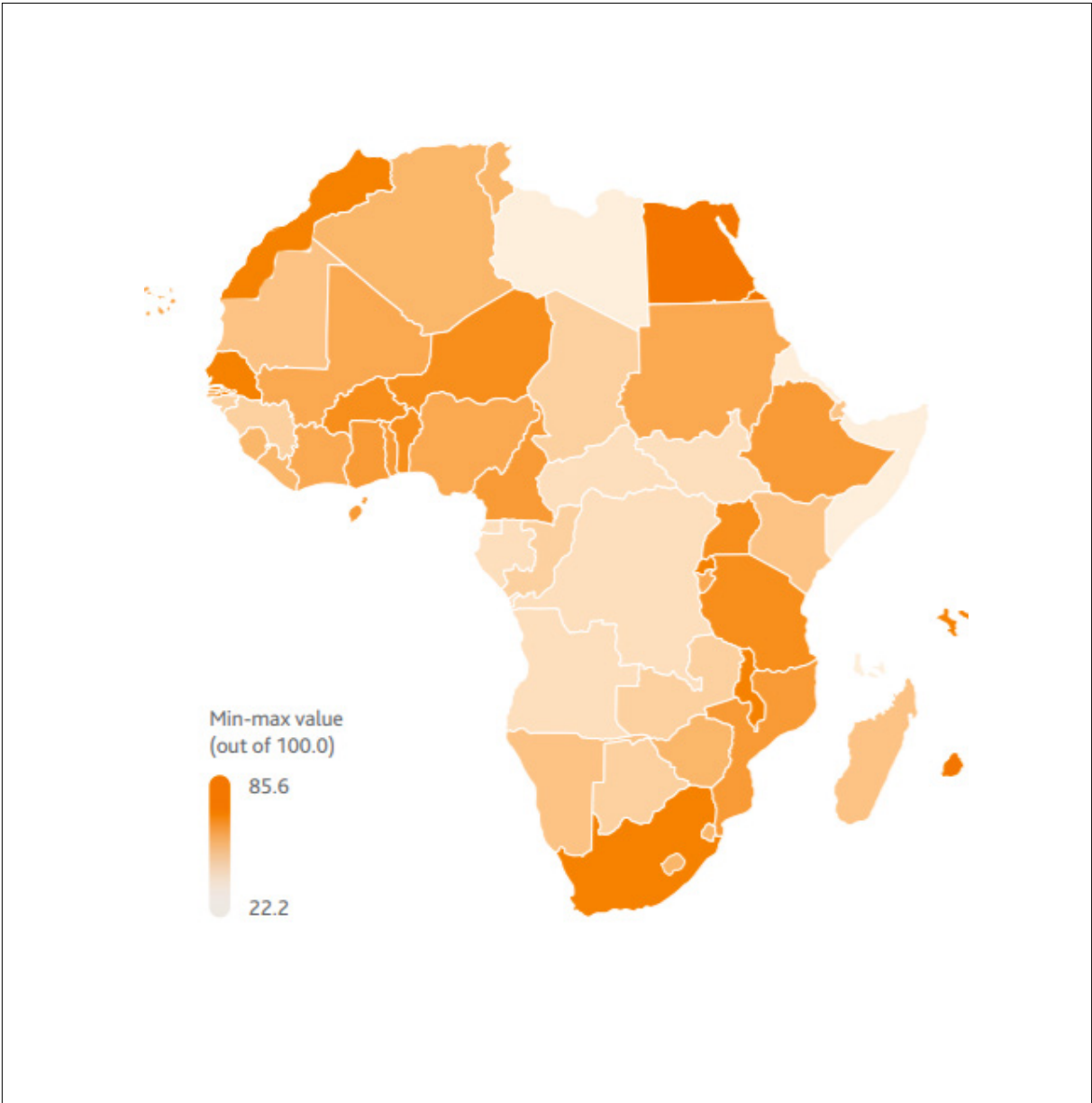
created an uneven pattern in access to piped connections and yard taps ranging from 97.6 percent of households in a high-income area to only 2.8 percent in middle-income Migosi Estate, with a large proportion dependent upon costlier vendors. The company loses about 66 percent of what is produced through Unaccounted for Water that does not reach customers or does not result in revenues due to lack of maintenance and dilapidated infrastructure, water theft and unmeasured consumption, all of which leads to inflated costs and high tariffs⁴⁴.

An essential yet overlooked component of service delivery is the availability of sufficient information and data to adapt to the needs and demand for services, the status of the infrastructure network, managing payments and complaints. According to the 2017 World Bank Statistical capacity indicator which assesses the capacity of a country's statistical system, Egypt and Mauritius have the highest capacity while Eritrea, Libya and Somalia having the weakest statistical systems (see Figure 5 below).

The availability of sub-national data and statistical capacity in urban local governments is substantially weaker than that reported at national level. The paucity of data and lack of data analysis results in poor planning and decision making across all areas of infrastructure and services. The lack of data granularity, out of date information and separate non-interoperable systems all serve to hinder the effective delivery of services. Moreover, the lack of robust financial data on expenditure and revenue undermines financial management and leads to spending inefficiencies and unrealistic budgeting with little or no tracking and monitoring of service outputs, outcomes or policy objectives. This in turn exacerbates the lack of transparency and accountability in municipal management and reduces the willingness of citizens to pay taxes and charges for municipal services.

⁴⁴ Wagah, G. et al. (2010). Accessibility of Water services in Kisumu municipality, Kenya. *Journal of Geography and Regional Planning* Vol. 3(4). https://academicjournals.org/article/article1381151719_Wagah%20et%20al.pdf

Figure 5
Statistical capacity scores for Africa in 2017.



3. URBAN GOVERNANCE REFORMS AND BEST PRACTICES

A) DECENTRALISATION FRAMEWORKS

From the mid-1980s into the 1990s, development partners including the World Bank, UNDP and UNCHS (now UN-Habitat) promoted an 'urban management' approach to urban governance (operationalized as the Urban Management Programme (UMP)). This included strengthening local government through supporting decentralization, realizing the economic potential of cities, promoting the role of markets and the private sector in infrastructure provision and coordination by a key strategic management team⁴⁵. It accompanied a wave of public sector bleeding and public-private partnerships under 'new public management' which sought to identify norms and models to embed professional practices in the public sector to make them more 'businesslike', with the African civil service being indiscriminately portrayed as over-sized, over-resourced and underperforming. This largely failed to address the reality of insufficiently developed markets, democracies and bureaucracies and aggravated the decay of public institutions with the hollowing out of the sector (see Box 1 for the example of Mozambique)⁴⁶. In the 2000s, two central themes emerged around 'good governance' and the challenge of local participation within international development. The World Bank sought to better balance the 'demand-driven' side of governance (including the public oversight of government expenditure

and greater mechanisms for public monitoring with initiatives like Citizen Report Cards), with 'supply-driven' components (including improving urban local government finance, planning, management and capacity development and training⁴⁷).

On the demand-side, a number of countries have announced major decentralization reforms, including Lesotho, Liberia, Madagascar, Mali and Zambia. These seem to reflect two driving forces, one being the political evolution towards more democratic and participatory forms of government and secondly, as efforts to increase the participation of ethnic groups or former warring factions within governance in order to increase social cohesion and reduce risks of secession⁴⁸. Local democracy is considered essential for accountability of local government leaders and the delivery of improved services, solidifying the process of decentralization, while citizen participation goes beyond this to encompass the views and concerns of civil society outside election periods. This includes processes of consultation, petitions, citizen-led referendums, participatory budgeting and planning, which must be specified and organized by laws and regulations and integrated into local government practices to be effective⁴⁹. Participatory platforms can create greater accountability of urban governments to their constituents. For example, there exist various types of citizen-based development or consultation committees such as Ward Development Committees that were introduced

⁴⁵ Jenkins, P. (2000). Urban management, urban poverty and urban governance: planning and land management in Maputo. <https://journals.sagepub.com/doi/pdf/10.1177/095624780001200110>

⁴⁶ Olowu, D. (2010). State Capacity, Improved Governance and Development: Resolving The Human Resource Management Dilemmas Confronting African Public Service, Indiana University.

⁴⁷ Stren, R. (2014). Urban Service Delivery in Africa and the Role of International Assistance. *Development Policy Review*, 32(s1)

⁴⁸ Hobdari, N., Nguyen, V., Dell'Erba, S., and Ruggiero, E. (2018). Lessons for Effective Fiscal Decentralization in Sub-Saharan Africa. IMF.

⁴⁹ UCLG. (2018). *Assessing the Institutional Environment of Local Governments in Africa*. 3rd Edition.

as part of the 2016 Local Governance Act in Zambia to strengthen community involvement in development plans, but these are often not a legal requirement within the framework of decentralization. In Benin, public accountability hearings or RDCs (*reddition de comptes*) provide the chance for direct dialogue between the municipal authorities and citizens, providing citizens with the opportunity to ask questions, raise complaints or provide recommendations.

A more recent concept of ‘open government’ has emerged that closely corresponds to citizen engagement and participation from the perspective of curbing corruption in service delivery, brought about by the rise of digital technologies and tools and the perceived failures of more ‘direct’ anti-corruption strategies of the 1990s. It is about involving citizens in the workings of government by providing relevant information, creating opportunities for citizen engagement, and implementing mechanisms that strengthen accountability⁵⁰. For instance, through open data initiatives to make data more accessible under projects like the Open Government Partnership with cities in Nigeria, Jordan, Tunisia, Ghana, South Africa and Kenya⁵¹.

In line with international agreements around the SDGs and the Paris Accords, there is movement beyond the good governance and participation agenda towards recognizing the larger role of local authorities as significant development actors in and of themselves, rather than purely managerial agents of the state through successful multi-level governance systems. These recognize that national governments need to put in place and operationalize the enabling regulatory frameworks and ensure optimal linkages between various subnational regions and nodes in a spirit of cooperative and shared governance rather than a rigid, hierarchical approach that is often pursued under current decentralization reforms⁵².

The EU has operationalized this within the Territorial Approach to Local Development (TALD), defined as ‘development that is endogenous and spatially integrated, leverages the contribution of actors operating at multiple scales and brings incremental value to national development efforts’⁵³. It is designed to create more autonomous and accountable local governments, re-establishing the link between decentralization and development under a broader territorial perspective. Here ‘local’ is not just about development that happens locally, but development that leverages the comparative and competitive advantages of localities and mobilizes their specific physical, economic, social, political, and cultural resources and institutions as shown in Figure 6 below.

Participation is not just confined to local policymaking and holding local officials accountable, but also for enhanced forms of active citizenship — including civic engagement in the co-provision and co-production of services. Importantly this cannot occur without national strategic commitment, now frequently performed by the promotion of National Urban Policies (NUPs) under a joint initiative of UN-Habitat, OECD and Cities Alliance. NUPs have been recognized as a tool for the implementation and monitoring of global urban agendas (SDGs, Paris Agreement and Sendai Framework) and coordination mechanism, converging national sectoral urban policies and helping to clarify roles and responsibilities horizontally across ministries and vertically between all levels of government⁵⁴. Importantly, they can help to advance a territorial agenda and regional governance by connecting the dynamics of urbanization, demographic dynamics and the overall process of national development, driven by local evidence, plans and investment strategies.

⁵⁰ World Bank. (2020) Enhancing Government Effectiveness and Transparency: The Fight Against Corruption.

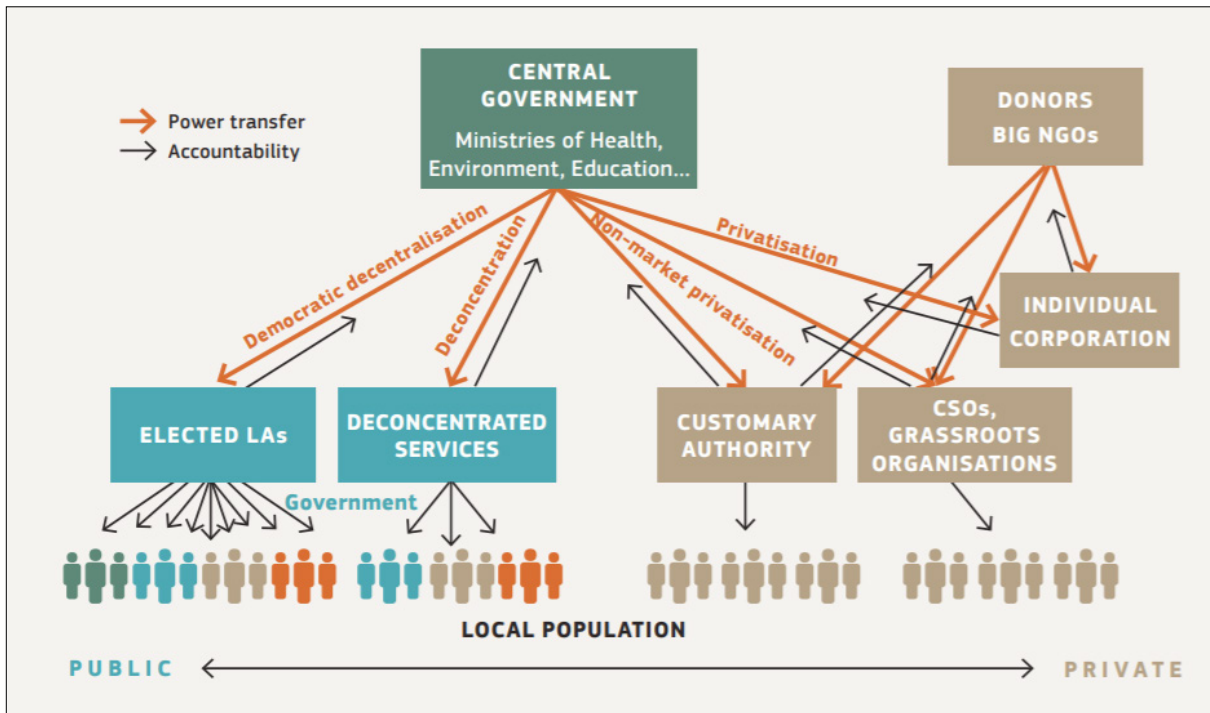
⁵¹ <https://www.opengovpartnership.org/ogp-local/>

⁵² Cities Alliance Africa Think Tank. (2018). Sustainable Urbanisation—The Key to Africa’s Future.

⁵³ European Commission. (2016). Supporting decentralisation, local governance and local development through a territorial approach.

⁵⁴ <https://unhabitat.org/programme/national-urban-policy>

Figure 6
Partnerships for successful development



Fiscal devolution frameworks

Effective fiscal devolution needs to maximise benefits and minimise risks. This requires defining clear spending assignments across different levels of government, allowing local governments to raise own revenues, ensuring that transfers encourage own revenue collection and imposing hard budget limits to ensure fiscal discipline. Fiscal devolution is most successful in cases where there are clearly specified rules regarding mandated transfers that are predictable and stable with limited attached conditions, and where local authorities have the power to determine the tax base, rates and fees and collect revenues and access financial markets. Most municipalities receive transfers either as formula-based general-purpose grants or criteria-based grants. Good practice suggests that transfers are based on a clear formula which may be linked to population, poverty, or remoteness or a combination of these alongside some form of performance condition. In South Africa transfers are based on general revenue grants, development grants, and an

equalisation factor for fiscal capacity differences. In many other countries, transfers are simply based on development grants, while taking into account general needs (measured by population and area) and infrastructure needs (measured by cost of and gap in infrastructure).

Cameroon has one of the more successful systems of financial transfers from central to local government that are linked to central government taxes such as personal income, corporate, VAT and property taxes and are paid to the Fund for Municipal Equipment and Operation (Fonds d'Équipement et d'Intervention des Communes, FEICOM), which then transfers revenue to municipalities based on transparent criteria⁵⁵. In South Africa, formula-based transfers are distributed among the three tiers of government accompanied by a series of intergovernmental consultations on a three-year budget cycle, creating greater fiscal certainty⁵⁶. Local governments have total control over their tax base, with regulated access to financial markets. As one of Africa's most developed economies,

⁵⁵ UCLG. (2018). Assessing the Institutional Environment of Local Governments in Africa. 3rd Edition.

⁵⁶ UCLG. (2018). Assessing the Institutional Environment of Local Governments in Africa. 3rd Edition.

this means that cities have a larger tax base on which to draw, especially Cape Town where 15% of the budget originates from government grants⁵⁷. Elsewhere in Africa and especially in smaller municipalities cities have a much more property tax base.

The institutional architecture for fiscal devolution varies from country to country. In some cases, national governments assume responsibility of the design of the transfer arrangements whilst in other cases this may be delegated to an independent entity. Such a body may have decision-making authority or may be purely advisory. The practice of designating an independent finance commission as a responsible agency is quite prevalent. Such a finance commission can be permanent, as in Australia or South Africa, or can convene periodically, as in India, where independent grants commissions in the states provide fiscal advice on state-local government relations. Since Indian fiscal commissions are advisory, their recommendations may not always be adopted. In one case, in Kerala, nearly all fiscal commission recommendations have been embraced by the state government (see Shah, 1994). Other forms include intergovernmental forums or federal-provincial joint committees that negotiate the design of the fiscal transfer system. Yet another option is the use of intergovernmental-cum-civil-society committees, with equal representation from all constituent units, chaired by the federal government, to negotiate changes in federal- provincial and local fiscal relations. In Pakistan, for example, provincial-level finance commissions design and allocate provincial-local fiscal transfers. The provincial finance commission awards in Pakistan are based on a revenue sharing rule between the federal government and the provincial governments.

B) URBAN FINANCE

Municipal tax and revenue mobilisation

There is no single best practice for property tax reform but rather a number of incremental improvements in the operation of each stage of the municipal tax and revenue management

cycle using the local context to build logical and sustainable approaches. Experience shows that political will is critical to drive reform and this may shift at each stage of the tax and revenue cycle. Change management during implementation is crucial and a subject that warrants a paper of its own. Emerging good practice highlights the value of an incremental transition process that incorporates digital technology and tools to increase efficiency, coverage, accuracy and transparency of the property tax system. Evidence shows that the introduction of automation across the stages of the property tax cycle as set out below can have a significant impact on increasing municipal revenue by as much as 100% within a single tax cycle⁵⁸. The section below sets out examples of good practice at each stage of the municipal tax and revenue cycle

Discovery stage

The most critical step in creating an effective property tax system is the ability to uniquely identify properties in the field. Once they have been incorporated into the list of taxable properties, local government staff are able to easily locate, identify and assess each property. There are a variety of spatial methods and tools that have been adopted for the purposes of mapping, geo tagging and assigning a unique identification code to each property in the city. Spatial tools such as satellite imagery and GIS software provide a quick way to identify properties, segment pilot areas to capture low hanging fruit and wider catchment areas, and assign identification tags. A number of GIS tools are freely available, and many sources exist offering free access to underlying maps (QGIS, GeoServer). Mapping data can be then used to assign field data collectors to zones and streets. Although some initiatives have deployed more sophisticated approaches such as rooftop recognition, 3D modelling, and other GIS automation, these tend to be more cost and difficult to sustain.

Where digital capacity is low cities may need to find alternative ways to physically identify properties along primary, secondary and feeder roads. In Mzuzu Malawi, the municipal council opted to combine technology and physical marking of streets and buildings (see Figure 7).

⁵⁷ Resnick, D. (2014). Urban Governance and Service Delivery in African Cities: The Role of Politics and Policies. *Development Policy Review*,32(S1)

⁵⁸ CIGM (2021) Report on Municipal Revenue Mobilisation, Cities, Infrastructure and Growth Myanmar FCDO



Figure 7: Mzuzu satellite image of street indexing

The majority of the city streets did not have a formal name hence the city was zoned using natural boundaries with each zone being assigned a unique index number. Streets within each zone were digitised and assigned a sub-index and status (primary, secondary, feeder).

Once streets were identified the local council marked each property with a unique index number simply by stencilling numbers to the outside wall

of each building. The tax base quadrupled within the first year generating a positive impact on billing and collection rates and overall compliance. Once properties have been mapped and identified survey teams will need to collect property data based on the prevailing method of assessment and valuation. This process can either be manual or automated. Once completed, the data form is linked to the property unique identification and geotag.

Figure 8
Survey sample used by councils in Sierra Leone

Owner Name: _____ Owner Address: _____ Phone #: _____

Tenant Name _____ Phone # _____

GPS: X: 0 _____ m Y: 8 _____ m GPS Code: W _ _ N _ _ C _ _ S _ _ H _ _

Land Features

Road Surface: Tar Gravel Earth **Road Type:** Primary Secondary Minor

Expansion potential: Large potential for expansion Some Potential No expansion – very tight

Landscape / Site Finishing: Well Groomed Average None Parking on site: Yes No

Fence: None Iron Bars Wire Mesh Brick Rendered Water Tank Yes No

Building Features

Type of Structure: Industrial <input type="checkbox"/> Office <input type="checkbox"/> Shop <input type="checkbox"/> Full Service Hotel <input type="checkbox"/> Lodging <input type="checkbox"/> Supermarket <input type="checkbox"/> Filling Station <input type="checkbox"/> Bank <input type="checkbox"/> Hospital <input type="checkbox"/> Clinic <input type="checkbox"/> Private School <input type="checkbox"/> Car Dealership <input type="checkbox"/> Government Office <input type="checkbox"/>

Grade of Structure (Function). Highest grade usually modern and to latest specification and design
 Average
 Poor design and function for the intended use of the building

Building Condition: Class A Class B Class C **Air conditioning:** Yes No

Transformer Yes No **Generator** Yes No **Ancillary Buildings** Yes No

#	Business name	Business Owner Name	Business Type

The advantage of the manual form is that it is easy to create, simple to amend, does not require power or connectivity, is low cost with a shallow learning curve. However, forms can be damaged and are time consuming to process requiring manual data entry. Some cities have adopted partial automation of the data collection process using GPS devices and electronic survey tools and laser measures to determine location and accurate plot and/or property dimensions. These solutions provide more accuracy within their functional area and allow for a more detailed dataset but still require manual recording of

the results into a single electronic file (tablet or smartphone) or paper. Increasingly projects are starting to implement this approach by using and combining existing technologies such as: digital survey forms; integrated image recording; GPS and location tracking; navigation and maps; barcode scanning; synchronisation with the database; user authentication.

Once data has been collected it will need to be entered into a central listing or register. Most African cities either maintain a physical property list, a spreadsheet or an automated using a locally

developed software that is either deprecated or no longer being supported. Manual transfer of data to a central record base, be it physical or digital is time-consuming and will not scale as cities grow. As collection and billing are time critical stages, the less time spent entering data through use of technology, the more gains in the overall process. There is a major positive impact on the remaining stages of the revenue mobilisation model when data input are efficiently processed into a digitised property register. This step should be considered a critical point for automated processing.

Freetown in Sierra Leone provides an excellent example of effective reforms across the respective stages of the tax and revenue cycle. The discovery process was automated using on/offline smartphone data collection with data synchronisation to the cloud as a single data collection solution. Once this was completed the initial tax base was validated and the number of properties recorded in the register quadrupled within the first year. Statistical backchecking and revisits revealed a reasonably low margin of error once the electronic data collection practices had become institutionalised. The current digital property register list comprises 106,000 commercial and domestic properties and 10,500 registered businesses.

Assessment and valuation reforms

Property tax reforms have often encompassed changes in the assessment and valuation method with cities adopting a points-based valuation systems as currently used in Malawi, and in 11 councils in Sierra Leone. As a number of other countries/jurisdictions continue to battle the challenges associated with a market-based approach, several variants to the points based method have been springing up. These variants include 'calibrated' or 'adjusted area-based systems which are being used in India and Israel or the flat rate taxes used in Ghana and

Tanzania⁵⁹. Each variant relates the area of a property to one or more coefficients such as land use, building features, or location, to determine value. The end result is to create a simple system based on a method that is easily consumed by property tax administrators, valuers and the tax paying public.

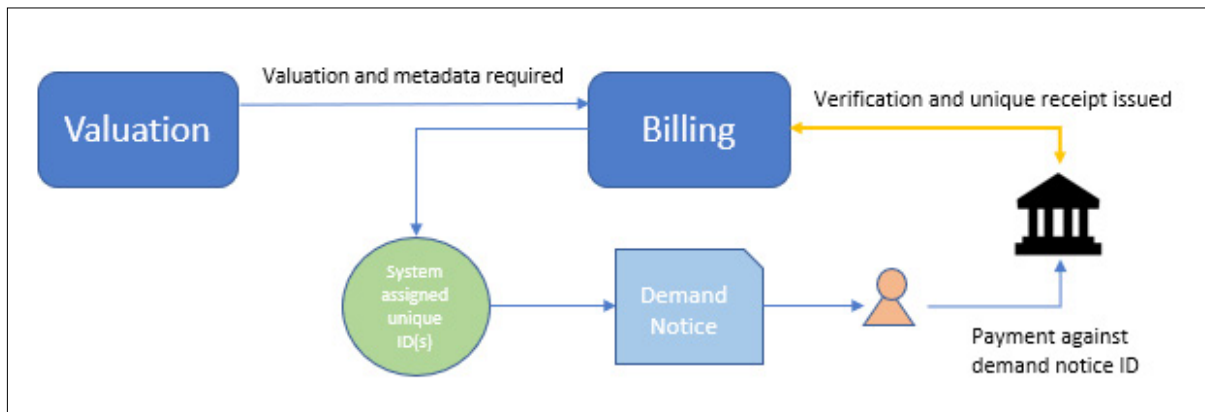
Once it is clear which method of valuation will be used, the question arises, who will set the tax rates. Having the tax rates set locally usually increases accountability. In most cases where local authorities are responsible for setting tax rates (Uganda, Botswana, South Africa) there is a level of oversight by central government. In some countries tax rates are centrally determined. Although this does have a level of simplicity it may ignore the local context that applies. The majority of municipalities in Africa apply tax rate differentiation through exemptions or discounts for certain types of properties or ownership categories (church, mosque, reserve etc.). Residential and newly built properties often receive preferential treatment (common in Francophone countries). Having differentiation enhances transparency and fairness but adds complexity to the tax administration process.

Billing and collection reforms

Due to the high level of accuracy and traceability required during the billing stage, most reforms have automated the entire billing process to ensure no compromise in functionality. Here, the key is to automate the production of the demand notices where the source system manages all aspects of billing including issuing each unique demand notice and receipt IDs. The billing workflow can then be managed using the non-editable demand notice numbers making validation, aggregation of figures (potential vs actual revenue), and auditing the billing process scalable and manageable. Creating ghost or counterfeit notices becomes difficult especially when cash transactions are removed from the equation in a closed billing cycle.

⁵⁹ McCluskey, B et al 'Challenges, Prospects and Recommendations', 575-576

Figure 9
Closed billing cycle



Equally important is the structure of the rate demand notice. The International Centre for Tax and Development (ICTD) is currently researching the impact of demand notice formatting in various African countries. Weak tax administration and low transparency results in a lack of trust

on the part of citizens which reduces overall compliance. A well-structured rate demand notice should provide citizens with information on how taxes are spent and how to appeal. The Freetown demand notice below indicates the main attributes of a rate demand notice.

Figure 10
Demand notice attributes

Government or Municipal logo: Points to the Freetown City Council logo.

Image of property: Points to the photo of the property at Mamba Ridge 14672.

Generic title: Points to the title 'PROPERTY RATE DEMAND NOTICE 2021'.

Formal introduction: Points to the introductory text explaining the purpose of the notice.

Unique notice ID: Points to the 'PROPERTY ID' field.

Plus code: Points to the 'Plus Code [G]' field.

Detailed value and tax calculation: Points to the table showing property details and tax amounts.

Official digital signatures of authorities: Points to the signatures of the Mayor and Chief Administrator.

Production date: Points to the footer date 'Printed 01-Feb-2021 08:06:21'.

Property ID	FCC0000003	Address	-
Ward	419	Plus Code [G]	6CW8FQ8R+GP
Property Class:	Domestic		
Roof Line Measure (sq ft):	627.85		
Number of Floors:	1.0		
Total Rateable Surface Area:	627.85		
Surface Area Value (square root of rateable surface area) [A]:	25		
Base Value [B]:	231,859.13		
Initial Assessed Value [C] = [A] x [B]:	5,809.679		
Total Adjustments [D]:	-70.79%		
Assessed Annual Value [E] = [C] + [D]:	1,697.051		
Mill Rate [F]:	2.5%		
Property Rate Calculated* [E] x [F]:	Le. 100,000		
Add: Penalties**	Le. 0		
Add: Early Payment Incentive (5%)	Le. 0.00		
Less: Concession for Age / Disability:	Le. 0.00		
FY2021 Balance Payable***	Le. 100,000		

Increasingly, municipal tax reform initiatives include a communications component designed to inform tax payers on how tax revenues are spent across the city as a whole and/ or in their particular ward as well as information on discounts for early payments, penalties for defaulters and tax appeal procedures.

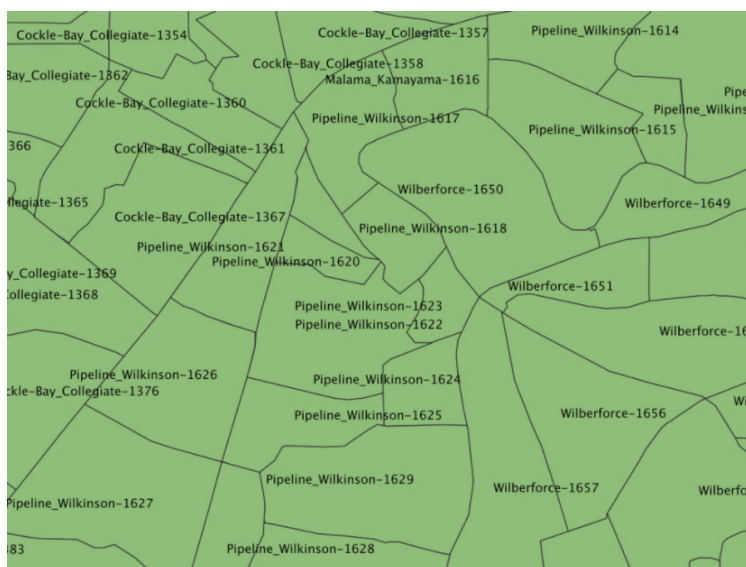
Another important aspect of good practice relates to the distribution of demand notices and the collection of payments. In cities where there is good digital penetration, municipalities have started to introduce electronic billing and payments. South Africa has recently gone one step further in giving legal status to eDemand notices. There is an interesting case that has recently arisen in South Africa that may pave the way forward for Africa when it comes to legally serving citizens with eDemand (Figure 10)⁶⁰. In Ghana, Senegal, Sierra Leone and Malawi and a majority of other African cities, demand notice delivery is either outsourced or internally coordinated using temporary hires. The temporary hires are supervised by local government officials. Outsourcing this activity is recommended as delivery is timebound and requires a sudden spike in resources over a short period.

One approach in Freetown has been to use internal resources to create micro delivery zones across the city based on the average number of

properties in each zone. Freetown has created 2,200 micro zones using GIS tools. On average each zone contained a range of 100-350 properties. Zones were named based on their ward and given a sequential number. All property coordinates were layered over the zone map and loaded on to a mobile delivery application on smartphones. The application was configured to assign teams to a group of zones and within the group individual field delivery officers were assigned to a micro zone. The application managed the process of synchronising data from the property tax system at the city council and distributing the records to the various teams and team members. Each team member went into the field with their respective supervisor and delivered the required demand notices. Although the majority of the process is automated and centrally managed through system configuration, the physical notices needed to be printed and sorted per micro zone, team and individual. This meant that every demand notice that was electronically produced had the associated micro zone in its file name as well as on the physical specimen. Training field staff in delivery and starting small and incrementally increasing the pace is the best measure to success. This activity remains challenging as it involves relatively high costs, time constraints, expectation management and other field challenges.

Once demand notices have been served the next challenge relates to tax collection and payment. Many cities have introduced incremental changes

Figure 11
Micro zones in Freetown, Sierra Leone



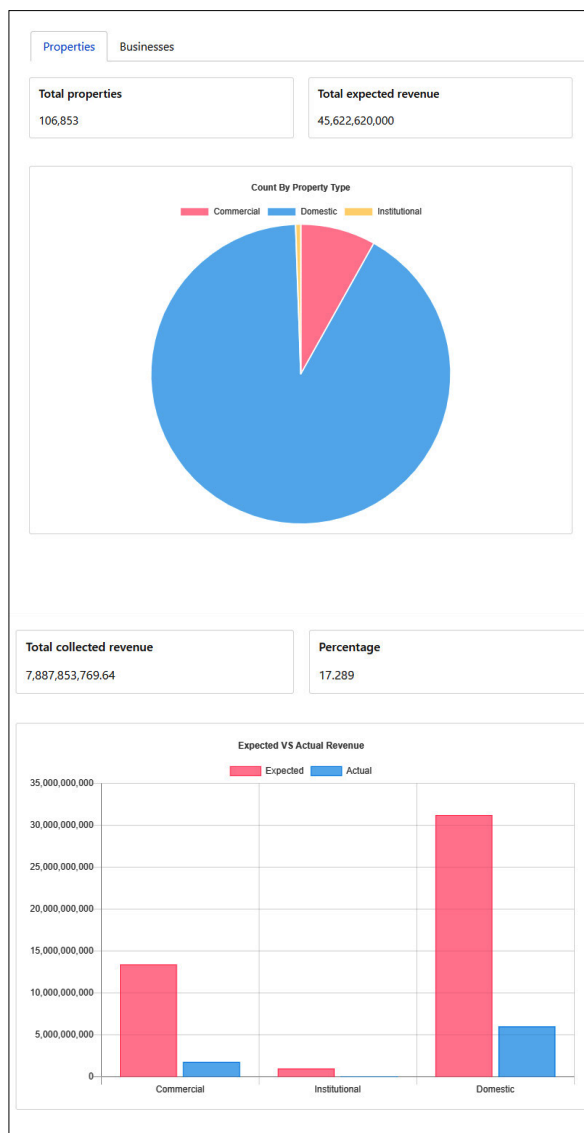
to facilitate revenue collection and payment by installing payment counters in municipal offices at zonal or ward level or by integrating municipal revenue payments into regional or central government one stop shops. Payment of taxes through a local bank or financial institution is highly recommended as this reduces misuse of funds and security risks for taxpayers holding large sums of cash.

In Ghana taxes can be paid through various local mobile money providers allowing citizens to pay directly into local government accounts. In Malawi councils partner

⁶⁰ <https://www.iol.co.za/pretoria-news/>. 'Letter of demand can now be sent digitally'

with local banks where citizens can physically pay their taxes due. In Freetown they have taken it one step further and allowed banks to offer their services on-site by allowing the setup of branded bank kiosks and tellers to process payments. Additionally, Freetown launched an API that allows third party software to integrate with the payment module. As of April 2021, the API has been integrated into Standard Chartered Bank’s internal payment processing system. Payments are automatically verified within the property tax system and transactions recorded in real time whilst improving the reconciliation process. Linking demand notice features to payments allows systems to take on monitoring tasks in the form of visualisations (see dashboard visualisation in Figure 12 below).

Figure 12
Baloosoft payment dashboard



Enforcement

For citizens enforcement comes in the form of penalties applied on late payers and defaulters. In some cases, this can result in legal action and/or seizure of property. The threat of action drives a certain level of compliance. At the same time, citizens must be given the opportunity to appeal local authority decisions and have the appeals taken seriously. Administrative systems must allow for an appeal process where citizens can gauge the status of their request and verify the reason for the appeal outcome. If the appeals process warrants a change then this change must be applied, either in the current tax year or reconciled in the next tax cycle. Appeals processes also help the local authorities gauge the accuracy of their various stages as an analysis over the appeal reasons will pinpoint weaknesses in the administration process. Admin systems must have adequate audit logs to measure local authority user behaviour and highlight any administrative irregularities.

Municipal accounting and budgeting

Experience from a number of successful accounting and budgeting reform initiatives highlights the importance of ensuring that there is uniform coding structure for both budgeting and accounting purposes as a basis for the underlying reform. Any improvements to the budget classification should be implemented only when the corresponding changes have been made to the Chart of Accounts to ensure that budget outturn data is available for review. The harmonisation of the budget and accounts classification is a central feature of most comprehensive financial reform initiatives so that the accounting and reporting system provides the primary source of financial information for reporting on budget execution. Other important aspects of good practice concerning the CoA include adequate granularity in the segments and sub segments to facilitate numerous combinations of data necessary to meet the control and reporting needs of different stakeholders whilst ensuring that the segments and their attributes are defined in a way to make them mutually exclusive and avoid confusion in transaction recording and reporting. Experience has also shown the importance of ensuring logic and consistency in the structural hierarchy and

avoiding redundancy wherever possible. Using a consistent numbering system and structure helps to make the chart user friendly and reduces the chance of coding errors. It also ensures flexibility in design so that future additions and changes can be accommodated. as part of an ongoing PFM reform process.

Programme budgeting and citizen participation

Whilst a number of municipal accounting and budgeting reform initiatives have incorporated alternative budget formats to help with the disaggregation of costs by function or programme, there are few examples of a transition to programme or performance-based budgeting or the adoption of a multi-year framework to incorporate a longer-term perspective in order to provide more focus on results and outcomes. A programme budget identifies the anticipated results and outputs and outcomes of spending items and helps to address the local government's proper role and responsibility in addressing the needs of the community. However, introducing programme budgeting prior to the establishment of effective accounting, reporting and monitoring, runs the risk of undermining the financial management function. Without effective budget tracking tools, it would be premature to rush into programme-based budgeting. However, this does not preclude the gradual introduction of a performance orientation to budgeting based on simple performance measures. This can also be accompanied by initiatives to introduce greater downward accountability.

A number of these initiatives are linked to revenue reforms, as already discussed above, where councils have introduced mechanisms to communicate the budget to tax payers, citizens and civil society organisations. The emergence of participatory budgeting at local government level can be traced back to the participatory budgeting initiatives in Porto Alegre in Brazil in the late 1990s which emerged as part of a larger effort in Brazil to extend and deepen existing democracy. Elsewhere participatory budgeting mechanisms and processes have varied across countries and contexts. In some cases, budget analysis and consultation is mediated by NGOs or CSOs as is the case in South Africa where The Institute for Democracy in South Africa (IDASA) focuses

much attention on budget analysis and dialogue from the perspective of women (the Women's Budget) and children (the Children's Budget). In India, citizen-initiated public advocacy exercises were effective in bringing citizens' concerns about spending priorities to the attention of local officials, office holders and representatives in many local governments.

In spite of the variety of approaches, the overall results are mixed. Studies have shown that substantial consultations are required to ensure that funds are not diverted from expressed local community objectives although they do show that consultations can help to redirect resources to under serviced settlements and low-income groups thereby strengthening inclusion and improving access to basic services. Hence there is continued interest in advancing participatory processes in local government budgeting which can work in favour of excluded groups. However, for this to be effective such initiatives require a legal basis as a part of the formal budget cycle as well as an operational framework for participation with a clear definition of roles and functions and supported by capacity building for both citizens and local government staff.

Automated accounting reforms

Municipalities are gradually transitioning to automated accounting systems as part of a more general PFM improvement process. In order to incorporate the necessary functionality of municipal accounting and budgeting, standard accounting systems and packages have to be customised for use in cities and towns. Once customised, such systems help to generate more accurate, timely and reliable accounts with real-time financial information that officials can use to formulate budgets, manage resources, and administer programmes, prepare financial statements and reports. A well designed and implemented system can help a city achieve effective control over public finances and enhance transparency and accountability whilst ensuring compliance with budget laws and public finance rules.

Improvements in legacy municipal accounting systems have generally been based on an incremental transition from manual to automated accounting and, in cases where single entry accounting prevails, a further shift from single

to double entry accrual-based accounting. This journey often begins with the computerisation of the existing accounting system through the introduction of automated templates for each of the main ledgers. The process entails the migration of a substantial amount of historical data from the prevailing manual system into the automated formats with minimal data losses and or data corruption. This entails an iterative process of data entry, testing and correction to ensure that poor data does not impact on the new system. The process will include reconfiguring historical financial reports to align with the new Budget and Accounts structure.

Many unsuccessful accounting reforms have started from the premise that it is necessary to clear all pending accounts to formulate a perfect opening balance sheet. Whilst correcting past financial information is desirable it is not essential as it can simply result in a huge investment of time and effort which often ends in failure. The primary focus should be on how to best move forward by producing a reasonably accurate (rather than perfect) opening balance sheet which incorporates information on municipal assets and liabilities.

Box 2

South Africa Accounting Reforms

In recognition of the need to improve municipal financial management and promote transparency and accountability, the Government of South Africa gazetted a national accounting reform initiative into law in 2014. In 2015 the Sebata Group was awarded a 3-year contract to develop a new enterprise management solution (EMS) based on a new **Municipal Standard Chart of Accounts (mSCOA)** for all 257 municipalities as standardised accounting system covering policy formulation, budgeting, in-year reporting frameworks and statements. Prior to this the chart of accounts in most municipalities was limited to item revenue, expenditure and cost centres and there was no standard structure and classification methodology which created many inconsistencies and issues in terms of fiscal transparency and accountability. All mSCOA test submissions of budget data to National Treasury came back error free confirming alignment and integration of the municipality's mSCOA implementation with that of National Treasury. Nelson Mandela Bay Municipality was one of the first to implement the new system which has been working well to deliver more effective and transparent financial management which constitutes a critical prerequisite for achieving municipal creditworthiness.

Although few municipalities maintain an accurate inventory of assets, the information generally exists and can thus be unearthed. Good practice clearly demonstrates the importance of explaining the underlying logic of the new system since double entry accrual accounting does need any special qualification as such, just the application of common sense which is made easier by the adoption of simple accounting software. Single entry accounting systems usually include the maintenance of a secondary set of records for cross checking, but these are most often disjointed. Double entry accounting simply makes the second set a meaningful part of the accounting process. Even in manual form the migration to double entry does not double the workload, rather computerised forms will reduce and simplify the workload. In most accounts departments, shortages of staff mean secondary and final accounting processes are not carried out and accounts remain pending. Computerisation helps this rather than making staff redundant. Such changes will have a marked impact on the ability of the municipality to produce timely, accurate and reliable annual financial statements as can be seen in the example below.

Benin provides an interesting example of a low-income country with a legacy of poor financial management that initiated accounting reforms for municipalities in 2012 with support from GIZ⁶¹. This entailed the customisation of WMONEY, a computerised accounting system that had originally been developed for central government. The main purpose of the reform was to improve the production of the accounts (Compte de Gestion), thereby strengthening both the budget side and the spending side of municipal financial management through more efficient and accurate information flows on the use of the budget and greater transparency of central transfers. The municipal budget was imported and integrated into WMONEY with eventual modification at the year-end depending on budget amendments.

An important feature of the Benin case is that it represents a local accounting solution as a more effective and cheaper option developed by a team of locally trained accounting professionals and local government users with substantial training from GIZ to support system sustainability. The system was officially adopted

⁶¹ Hopper T, Lassou P, et al (2017) Participatory and incremental development in an African local government accounting reform, Financial Accountability and Management, June 2017.

in 2013 by 77 local governments and resulted 76 local governments producing accounts as opposed to just 10 prior to the reform. Moreover, the system produced budget execution reports, procurement contract reports, surplus and deficit accounts and a balance sheet. By 2016 it was reported that the system had improved local governance. Resource deployments were more traceable and transparent and there was a marked improvement in budgetary control and revenue mobilisation. The system also created a solid audit trail on all transactions which had a marked impact on instances of corruption⁶².

A key feature of the WMONEY system is that it is well suited to the local context where IT infrastructure and internet are problematic. Insufficient power is the largest constraint and cause of failure for infrastructure projects, including IT ones (Commonwealth Business Council, 2013; WB, 2010). WMONEY accommodated these deficiencies. Such reforms are dynamic in nature and can be continually developed and expanded as in the case of WMONEY to cover the issuing of parking tickets, tax demand notices and stamps legalising documents as well as externally funded procurement contracts⁶³.

Ethiopia provides another example of budget and accounting reform through the implementation of Integrated Budget and Expenditure Reform (IBEX) initiative introduced into a number of cities to strengthen the budget and accounting function. IBEX enables municipalities to record expenditure and revenue in a more accurate, systematic and reliable manner thereby generating more robust financial statements. Whilst the system has resulted in much more effective financial management with improvements in budgeting and accounting there are still opportunities for further system enhancements and developments. For example, the system is not currently structured to support activity-based budgeting which would help to address O&M requirements, nor does it reflect the balance of assets and liabilities since there is no linkage to municipal asset inventories.

C) HUMAN RESOURCES AND CAPACITY DEVELOPMENT

There are three main approaches to human resource management in most urban local governments systems in Africa⁶⁴ as follows:

- Central government appoints senior staff and local governments appoint junior staff, the center typically defining pay and employment (usually under a more delegated system, such as Botswana and the Local Government Management Service);
- Some form of Local Government Service Commission (LGSC) or Secretariat that directly or indirectly oversees the appointment of local government staff (and perhaps transfers between local governments, usually under a more deconcentrated system) as is the case in Nigeria and Ghana.
- Local governments recruit and manage all staff including the ability to set salaries, number of staff, hiring and firing (usually under a more devolved system);

Each of these approaches tends to have a differential effect on the operational efficiency and effectiveness of urban local governments as well as human resource issues relating to affirmative action, labour relations, performance management and succession planning⁶⁵. Arrangements where local governments recruit staff locally for example, may be the most optimal for direct accountability and transparency, but may not be the most practical in many countries due to the limited availability of qualified personnel. In many countries, staff are seconded by the central or regional government under various different arrangements. In Cote d'Ivoire, staff are seconded by central government although in some cases they are paid by local government using funds from central government. In Gabon, however, local authorities have to cover the salary costs of seconded staff from their own budgets which is often a problem. Whilst this may help

⁶² ibid

⁶³ ibid

⁶⁴ Green, A. (2005). Managing Human Resources in a Decentralized Context. In *East Asia Decentralizes: Making Local Government Work*. Washington DC: World Bank. Available at: <http://siteresources.worldbank.org/INTEAPDECEN/Resources/Chapter-7.pdf>

⁶⁵ Riccucci, N. (2015). Public Personnel Management.

to provide local authorities with access to more qualified staff it does not help to build a cadre of staff with experience in local government. Deputations are often for short periods of time and can lead to many problems with functional continuity as strategies and plans may change with personnel along with service level priorities which can be very disruptive to the smooth functioning of local government⁶⁶.

Ghana introduced the Local Government Service Secretariat (LGSS) as a national body that recruits and posts staff to all local authorities (including national government staff), while staffing norms prescribe the type and number of staff. This has helped to maintain staffing levels by ensuring improved pay and working conditions as they are paid on a central civil service basis, but staff are frequently moved around to fill vacancies in newly created local authorities, meaning they cannot build their experience and trust. Similarly, Nigeria also has a Local Government Service Commission, but it has increasingly become a tool for federated states to recruit management staff from local governments, meaning they lose their accountability⁶⁷. Public Service Commissions have also been introduced as independent bodies to regulate and manage human resources within the civil service and ensure that it is protected from patronage and political interference, along with performance contracts in the management of public service, which have helped improve accountability and the delivery of results in Kenya and Rwanda⁶⁸.

Many countries also have national capacity-building programmes for local governments supported by international donors, but often these lack defined responsibilities and qualifications such as Kenya. Cameroon has a frame of reference for defining qualifications and responsibilities for local government and a national strategy for capacity building (Training Centre for Municipal Administration (*Centre de Formation pour l'Administration Municipale*, CEFAM) with a set of 25 priority occupations for local government developed with support from GIZ. Angola has a Local Administration Training Institute (IFAL) but courses are limited to political appointees whilst technical training on finance,

auditing, planning and management is weak. In South Africa, powers are devolved gradually as municipalities progressively build their capacities and financial viability, rather than providing too many functions too soon, and poorer municipalities are provided with an institutional capacity building grant⁶⁹. In Ethiopia, the World Bank has supported a program to incentivize capacity building through performance-based grants (Box 3).

Box 3

Performance-based grants in Ethiopia incentivize capacity building

The World Bank supported Urban Local Government Development Project (ULGDP) began in 2008 and covers 19 secondary cities in Ethiopia, using performance-based grants and a rigorous accountability system with independent Annual Performance Assessments which have both been scaled and replicated. Grants are provided to urban local governments that meet specific performance benchmarks and institution-building indicators, providing incentives to improve management and administrative capacity. Cities made improvements in planning, budgeting, financial management, procurement, revenue mobilization and project execution. It was important to ensure funding was sufficient to incentivize behavior at the city level and offer a meaningful level of technical assistance rather than small amounts, while also providing differentiated support depending individual city needs and alignment with national government plans⁷⁰. The program was extended to a further 26 cities under ULGDP-2 which included a greater emphasis on capacity building at the local, regional and federal level with mobile capacity building teams and an Urban Good Governance Capacity Building Bureau within the Ministry of Urban Development and Housing. It was found to have improved institutional and operational capacity, enabling local governments to generate greater own source revenues and budget surpluses in a number of cities, though larger cities performed better, with smaller cities having reduced opportunities and autonomy to increase revenue, especially from land leasing. However, the sustainability of interventions beyond the program is questionable given high staff turnover rates and lack of financial incentives to continue systematic planning, budgeting, auditing and improving revenues.

⁶⁶ Cities Alliance and United Cities and Local Government of Africa (2013). *Assessing the Institutional Environment of Local Governments in Africa*.

⁶⁷ UCLG. (2018). *Assessing the Institutional Environment of Local Governments in Africa*. 3rd Edition.

⁶⁸ Mo Ibrahim Foundation. (2018). 2018 Ibrahim Forum Report: Public Service in Africa. <https://mo.ibrahim.foundation/sites/default/files/2019-03/2018-Forum-Report.pdf>

⁶⁹ UCLG. (2018). *Assessing the Institutional Environment of Local Governments in Africa*. 3rd Edition.

⁷⁰ World Bank. (2018). *Project Performance Assessment Report: Ethiopia Urban Local Government Development Project*. https://ieg.worldbankgroup.org/sites/default/files/Data/reports/ppar_ethiopiaurbanlocal.pdf

D) URBAN PLANNING

Urban planning approaches range from master planning (detailed spatial plans) to strategic and participatory planning. Detailed land use or master planning determines what development is required and where it should go, allowing planners, policy and decision makers to understand a particular context and develop a series of possible responses. In many cases, the poor capacities and resources of urban planning agencies mentioned previously, have meant the more detailed planning schemes have not been sustained, and so a shift towards more strategic urban planning with a focus on the integration of local economic development and climate resilience.

Integrated and inclusive planning approaches should be scalable and range from national or regional spatial planning to strategic masterplans and action plans at citywide, zonal or area level. The process of integrated planning must respond to the particularity of the place and should include a full understanding of the economic and environmental context including evidence based data on the stakeholders involved in the process, demographics, existing land and spatial analysis, environment and climate vulnerabilities, existing and future infrastructure needs, social and health facilities, economic opportunities, housing needs, cultural and heritage factors of importance and of course the levels of poverty and vulnerability.

South Africa adopted an integrated approach with the introduction of Integrated Development Plans (IDPs) following the end of apartheid, setting out the priorities and activities of an elected municipal authority. These include a spatial component through a Spatial Development Framework, a high-level spatial plan as opposed to a detailed land use plan with direction and guidelines for land use management. This approach focuses

on a more ‘joined up’ style of governance with the strategic documents penetrating all operational plans, staffing and budgetary resources, with local government being the principal body to deliver planning and development outcomes⁷¹.

Integrated planning has been accompanied by experiments in participatory planning. These have tended to have more success at local or neighbourhood level with the involvement of CSOs representing shack and slum dwellers. At citywide scale such efforts have met with mixed results given competing ideologies, market-led approaches and insufficient resources to support the process. Importantly, where governments have introduced deliberative spaces without undertaking the necessary democratic reforms to enhance civil society and inclusion, participatory planning remains largely symbolic and separate to formal institutional structures⁷². In Kenya for example, the new constitution in 2012 required public participation to be the basis for government planning, and cities like Nairobi have made greater efforts to engage with organized communities where success at the local level through smaller projects has boosted the confidence of local authorities, making them more willing to engage⁷³. In South Africa, citizen participation has been institutionalized at the local level through the introduction of Ward Committees as a method to promote two-way communication between municipal councils and citizens, similar to Benin (see Box 4). However, these are only advisory, with no formal legislative function, the specifics of implementation left to individual municipalities. In some cases, they have been criticized for reproducing a form of localized clientelism that flourishes in contexts of limited accountability and strong partisan interests, along with institutionalizing a ‘two-tier form of unequal citizenship’ due to the spatial and historical backdrop into which such participation mechanisms were introduced but could not challenge⁷⁴.

⁷¹ Jacobsen, M., Webster, M. and Vairavanoorthy, K. (2013). The Future of Water in African Cities: Why Waste Water? <https://openknowledge.worldbank.org/bitstream/handle/10986/12274/NonAsciiFileName0.pdf?sequence=1&isAllowed=y>

⁷² Horn, Mitlin, Bennett, Chitekwe-Biti, Makau (2018) Towards citywide participatory planning: emerging community-led practices in three African cities. GDI Working Paper 2017-034. Manchester: The University of Manchester.

⁷³ Horn, Mitlin, Bennett, Chitekwe-Biti, Makau (2018) Towards citywide participatory planning: emerging community-led practices in three African cities. GDI Working Paper 2017-034. Manchester: The University of Manchester.

⁷⁴ Lemanski, C. (2017). Unequal citizenship in unequal cities: Participatory urban governance in post-apartheid South Africa. <https://core.ac.uk/download/pdf/42340527.pdf>

Planning for a more mobile population including allowance for an increase in migration and refugees due to economic or climate factor displacement is also essential to ensure equitable access to services and housing, yet is often considered additional rather than a fundamental part of the process, and requires improved data and understanding on the part of municipal officials and the independence they have from central government to act⁷⁵. In Kampala, Uganda, the IRC partnered with the Kampala Capital City Authority (KCCA) to develop a strategy on displacement and migration recognizing the unique needs of refugees but also those that are the same as the rest of the urban population (housing, improved sanitation etc.). It established the Kampala Coordination Forum for Displacement, Migration and Urban Refugees, but the only plans to be funded are those on immediate needs rather than longer-term development, while there are competing mandates and territorialism among international agencies and the central government administration⁷⁶.

Box 4

Citizen participation in Benin – reinforces accountability

Encouraging citizen participation by working with civil society has also helped to improve local government accountability in many governance support projects, especially where there are pre-existing stakeholder consultation mechanisms that are not merely replicated by donor interventions. In Benin, municipalities hold *Reditio de Comptes* (RDC) to strengthen in the planning and service delivery process based on a multi-stakeholder and multi-level approach⁷⁷. CSOs have been provided with technical advice and training on legal provisions of the decentralization framework so that CBOs can act as effective watchdogs of local service delivery monitoring and evaluating municipal investment plans, budgets and procurement. This participatory process has strengthened gender equality in municipal planning and services and addressed issues such as disability and exclusion. RDCs were included in the performance criteria to decide the amount of performance-based financial transfer to municipalities, and in 2016 all mayors were invited to sign a charter pledging to organize public RDCs. **Longer-term commitments** (over the 14 years the programme has been active) also increased the sustainability of practices to embed into the routines of municipal administrations, civil society and citizens⁷⁸.

⁷⁵ Blaser Mapitsa, C. and Landau, L. (2019). Measuring Municipal Capacity to Respond to Mobility. SAGE Open <https://journals.sagepub.com/doi/full/10.1177/2158244019829565>

⁷⁶ <https://www.fmreview.org/cities/saliba-silver>

⁷⁷ GIZ. (2020). Promising Practices. The human-rights based approach (HRBA) in German development cooperation: Strengthening citizen participation and local governance in Benin to leave no one behind. https://www.institut-fuer-menschenrechte.de/fileadmin/user_upload/Publikationen/EZ_Promising_Practices/prom-practice_strengthening_citizen_participation_and_local_governance_in_Benin_to_leave_no_one_behind.pdf

⁷⁸ Groß, L. (2018). Assessing the impact of governance programmes, GIZ Support to Citizen Participation in Local Governance in Benin. https://www.die-gdi.de/uploads/media/DP_16.2018.pdf

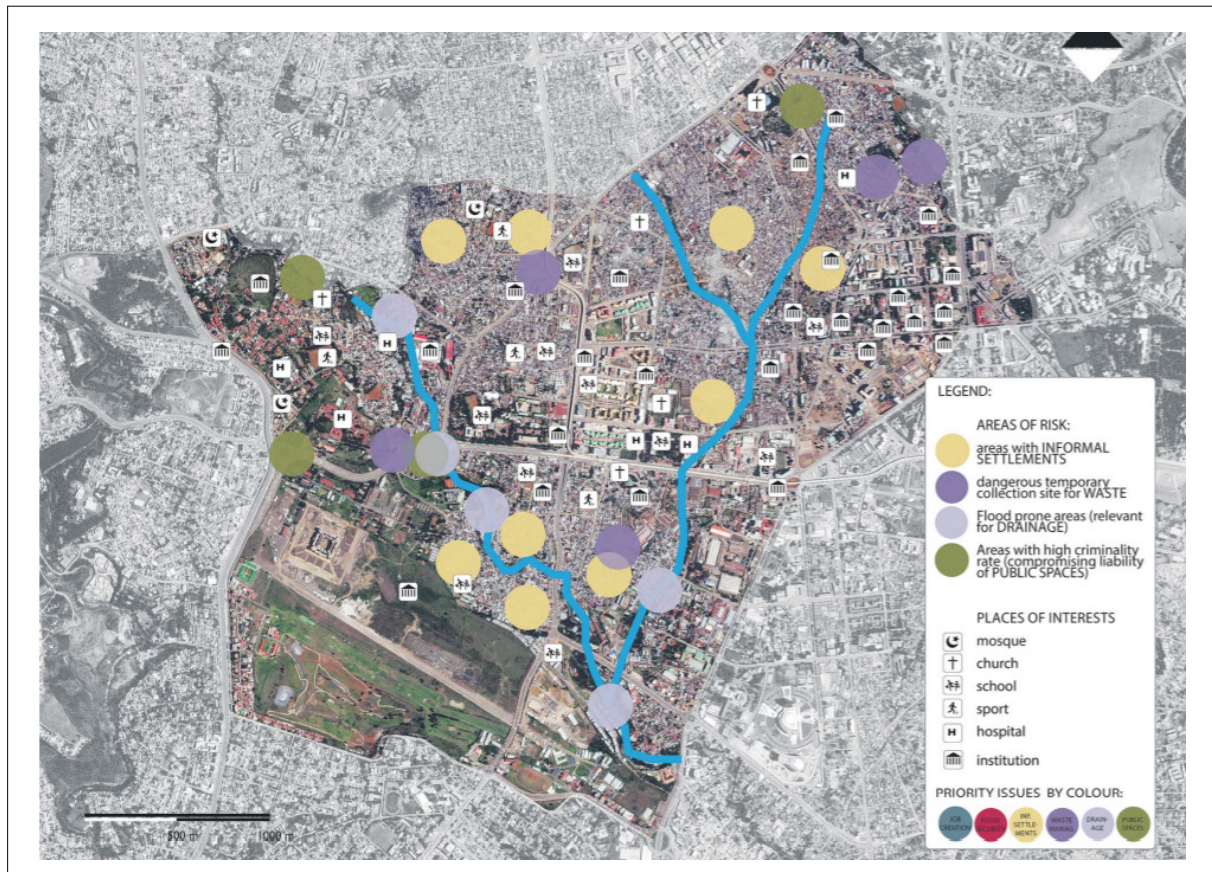


Figure 13: A participatory risk map resulting from the CityRAP process in Addis Ababa,

Planning for climate change and building *urban resilience* in the face of emerging shocks and stresses is a complex process that requires strong multi-stakeholder partnerships, the breaking down siloes between departments and agencies, and sufficient evidence-based data. As a result, city managers often rely on external expertise to design sustainable urban development strategies. This can mean city governments have limited ownership of the planning process, with tools that are too complex or require robust technical inputs ill-suited to low-capacity local governments in Africa which risk reinforcing top-down planning dynamics⁷⁹. UN-Habitat's City Resilience Action Planning (CityRAP) Tool, aims to build mechanisms for cooperation in the identification of entry points to start building city resilience with minimal external support. This culminates in the development of a 10-year city

Resilience Framework for Action including short, medium and long-term activities, and has been successfully implemented in 20 cities in 9 sub-Saharan African countries. The Resilient Cities Network is also working in several African cities including South Africa, Ethiopia and Rwanda to implement the City Water Resilience Approach through multi-stakeholder assessment, allowing city-regions to identify, quantify and locate urban water risks⁸⁰. The programme further supports *Chief Resilience Officers* who report to the city leadership being responsible for leading, coordinating, and developing the city's resilience strategy and policy⁸¹. This helps improve collaboration and communication across sectors as a starting point towards more joined-up governance.

⁷⁹ IIED. (2019). Urban resilience building in fast-growing African cities – Briefing. <https://pubs.iied.org/sites/default/files/pdfs/migrate/G04380.pdf>

⁸⁰ <https://resilientcitiesnetwork.org/programs/city-water-resilience-in-africa/>

⁸¹ Devex and C/Can. (2021). Accelerating progress towards the SDGs through city-led initiatives. https://pages.devex.com/rs/685-KBL-765/images/REPORT_Accelerating-progress-towards-the-SDGs-through-city-led-initiatives-2021.pdf

E) LAND ADMINISTRATION

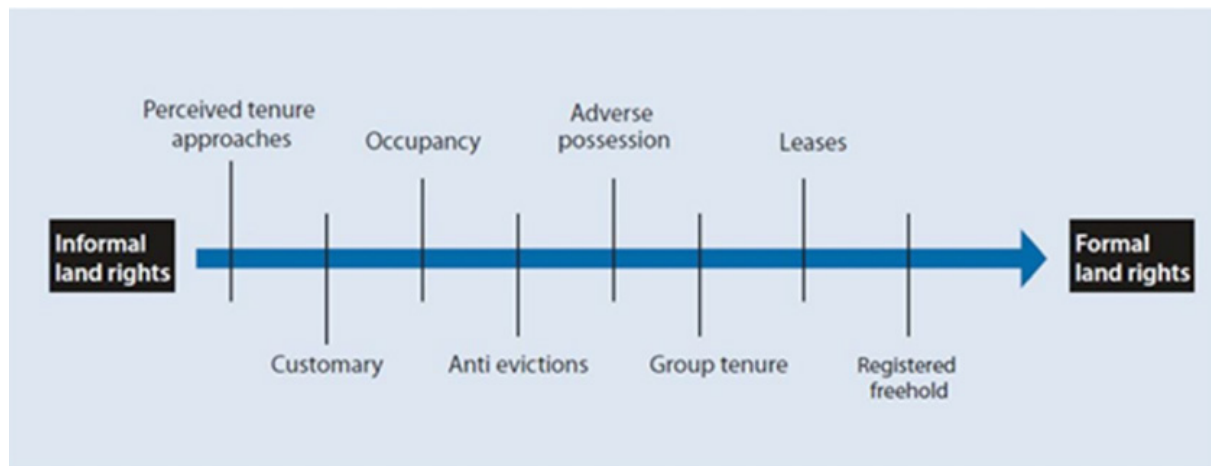
Approaches to land administration have historically been geared towards registering land to promote market development, with land titling programs by donors such as the World Bank and USAID seen as being more feasible than administratively determined land redistribution, but this has not proven to be successful. Land title regularization is a complex and time-consuming process where the transfer of land and property ownership has not been accompanied by registration and where there is an absence of an accurate land cadastre. This is a common problem in many developing countries where land cadastres are absent or have not been updated and where property transfers have not been registered to avoid stamp duties and transfer taxes and fees. In practice attempts to systematize land registration have

not proceeded at the necessary pace and scale, and there is little evidence to suggest it creates greater long-term investment in land since this relies on the proper functioning of parallel land markets⁸².

Alternative community-based land-tilting approaches such as the EU funded Systematic Land Titling and Registration (SLTR) in Nigeria, as well as a more recent focus on intermediate forms of tenure that account for perceived tenure security such as the Social Tenure Domain Model (STDM), have been quicker and cheaper to perform in Africa where most tenure is customary and informal. Supported by UN-Habitat, the STDM is based on a continuum of land rights (Figure 14) that provide different sets of rights and degrees of security that change over time, independently from the level of formalization or legal recognition, making it ideal for informal and post-conflict areas⁸³.

Figure 14

The Continuum of land rights that forms part of the social tenure domain model



Rwanda presents an interesting example of a practical and effective approach to land and property regularization in the context of widespread population displacement and the absence of land registration (see Box 5 below).

⁸² Cities Alliance (2017). Urban Governance and Services in Ghana: Institutional, financial and functional constraints to effective service delivery.

⁸³ FIG. (2013). The Social Tenure Domain Model A Pro-Poor Land Tool. <https://stdm.gltm.net/STDM - A Pro Poor Land Tool.pdf>

Box 5

Land tenure regularization in Rwanda and Ghana

Rwanda's Land Tenure Regularisation Programme (LTRSP) is widely cited as a successful case of large-scale land reform that occurred in the wake of huge displacement as a result of the 1994 genocide, with more than 90% of land being unregistered at the time⁸⁴. Using aerial photography, satellite images and locally trained para-surveyors to demarcate boundaries significantly reduced the time and cost to register each land parcel. A Land Administration Information System (LAIS) accessible through GIS, allows landowners and staff to register and update records quickly and easily, and is linked to the mortgage register and property tax system, and used for land use planning and land valuation. This has created a growing land market around Kigali and other secondary cities and led to increased confidence in buying and selling land, based on a new 3 step process as opposed to an average of 6.2 steps in sub-Saharan Africa⁸⁵. Blockchain technology is also being used to access and transfer land by recording transactions in a distributed database without a centralized administrator, thereby avoiding corruption and allowing the exchange of data among stakeholders. Ghana has begun to pilot such a system to reduce the time taken to register property and eliminate paperwork, the distributed structure allowing financial institutions to swap documentation without delay of approval from a centralized registry and can be accessed by mobile application⁸⁶.

and property, an enabling regulatory framework, a functional planning system to guide decision-making and understand where future land value increases will be, and willing landowners and developers. Efforts to ensure landowners contribute to the costs of urban development are often resisted, especially where landowners do not see the benefits of payment and there is a strong relationship between landholding elites, bureaucrats and politicians.

Land based financing is being used by some African cities but to a limited extent and is largely focused on in-kind contributions made by the developer to extend infrastructure to their project. In Addis Ababa, Ethiopia, state ownership of land and the land-leasing system is unique and accounts for around 6 percent of total revenue for the city given that value capture can only take place on serviced land which distorts the land market, Nairobi and Harare have similar models of charges and contributions from developers, but these are not ringfenced, meaning little is spent on infrastructure and more on operational expenditure. Currently, this means investments do little to serve the wider public and urban poor, and so there is a need to develop more locally driven instruments that are sensitive to urban market forces, land governance and local political economy.

With this in mind and to begin to redress the inherent imbalance in social equality and equity across the rapid urbanization that most of Africa's cities are experiencing, a new and more innovative approach to integrated development based on the creation of public/ private "Special Project Vehicles" is emerging. These are arms-length entities that can more effectively engage in land value capture based on land assembly for site and area upgrading and development or regeneration. Best practice models include working with the municipality to grant change of land use and serviced network connections alongside the development of mixed-use commercial, residential and affordable housing

Land-based financing (land-value capture, sale of development rights, land leasing, betterment levies etc) recognizes that property owners and developers benefit from rising land value as a result of agglomeration, increased demand and infrastructure investments. Local governments can capture rising land values to finance longer-term capital investment (usually in infrastructure)⁸⁷. Land based financing works well in situations where there is growing demand for urban land

⁸⁴ Hoza Ngoga, T. (2019). A quick, cost-effective approach to land tenure regularisation: the case of Rwanda. IGC Cities that Work. <https://www.theigc.org/wp-content/uploads/2019/03/Land-tenure-regularisation-the-case-of-Rwanda-March19-FINAL.pdf>

⁸⁵ Hoza Ngoga, T. (2019). A quick, cost-effective approach to land tenure regularisation: the case of Rwanda. IGC Cities that Work. <https://www.theigc.org/wp-content/uploads/2019/03/Land-tenure-regularisation-the-case-of-Rwanda-March19-FINAL.pdf>

⁸⁶ Dubrule, T. (2017). Blockchain in Ghana : Revolutionising land transfer in a complex environment. <https://www.massivesmall.org/blockchain-ghana-revolutionising-land-transfer-complex-environment/>

⁸⁷ Berrisford, S. et al. (2018). Land-based financing in sub-Saharan African Cities. *Environment and Urbanization*. <https://journals.sagepub.com/doi/10.1177/0956247817753525>

and the introduction of more innovative tenure models comprising a mix of sales, rentals and shared ownership. Such approaches promote:

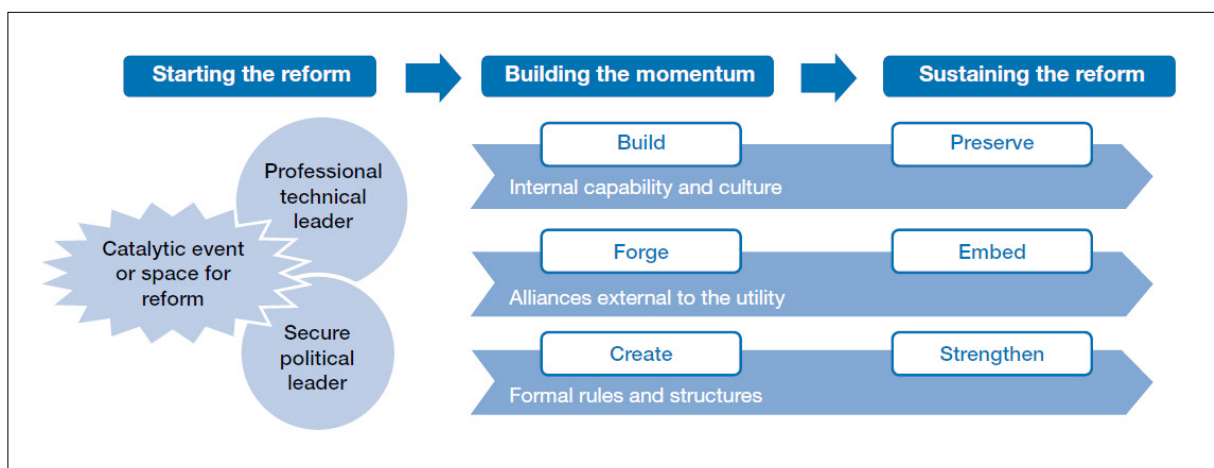
- increased and more equitable access to sustainable regeneration solutions with mixed tenure, common infrastructure and maintenance involving local residents;
- new resilient developments that take account of climate change and its implications, such as flooding, and with sustainable green drainage, as well as the opportunity to harness green energy sources in the future;
- market driven models for structuring and delivering replicable, climate resilient and sustainable projects with long term and effective management and maintenance;
- international and national investment opportunities in urban regeneration design, construction, and finance.

F) MANAGING SERVICE DELIVERY

In response to the fiscal, managerial and technical constraints faced by local governments, cities have begun to adopt various strategies to shift the emphasis from direct service delivery to indirect management, monitoring and regulation of private or community service providers through outsourcing arrangements such as management contracts or PPPs. These arrangements help to leverage the efficiency and technical capacity of the private sector and reduce the staffing burden of the municipality. Given the inherent competitiveness of most private operators arising from higher levels of operating efficiency, more effective management of staff and stronger internal accountability, such strategies can optimize staff deployment and expertise whilst reducing the overall cost of providing services where the right standards and oversight are applied.

Figure 15

Phases for successful decentralization of water service provision according to Heymans et al. (2016).



With the right enabling conditions, support for the decentralization of service provision including the use of PPPs, has helped to improve water quality and access for the urban poor. A study of five different African cities including Dakar, Durban, Kampala, and Ouagadougou and found that effective reform in each case started with improvements in the political economy of the sector and the utility brought about by three mutually reinforcing conditions. Firstly, a catalytic event or space for reform, secondly a skilled technical leader motivated to improve service and thirdly a relatively stable political leader who supported and protected the reform process. Importantly, reforms did not follow a standard footprint but often adapted and evolved over time (Figure 14).

However, as noted in Section 2 above, there are many cases where municipalities have embarked on outsourcing or PPP arrangements in the absence of any underlying reforms. In these cases, as seen in the water sector in Ghana and Tanzania there was insufficient commitment to such changes at both the operative and leadership levels as they lost access to former rent seeking opportunities. At the same time private operators were not granted sufficient autonomy to adjust tariffs and charges which remained a politically sensitive issue, whilst having to take on the burden of new capital investment to meet service coverage targets. In the waste sector such contracts are mostly formulated without any sound technical and financial modelling by the municipality to ensure adequate scale, coverage, volumes, costs and revenues. Without sound modelling projects are tendered out on non-viable terms with poor results as is the case on multiple solid waste management contracts in Ghana. Here, emerging good practice clearly shows the importance of sound project structuring in the development phase. This process needs to be supported initially through the provision of TA whilst building the capacity of municipal staff along with tools and models that can be applied in future.

Performance-based contracts and the involvement of communities and external stakeholders can ensure accountability and a good level of service. In the case of Senegal, a 10 year affermage contract with the private operator provided strong financial incentives to reduce leakage and improve billing and collection efficiency, with a built-in regulatory framework⁸⁹, while in Burkina Faso, the performance contract of the water utility ONEA is supervised by a multistakeholder committee. They monitor the performance of the utility and government under the contract, formally embedding accountability and helping mobilize support against predation. The development of new technical and institutional arrangements also helped in reaching those living in informal settlements in Ougadougou, by working with small providers and entrepreneurs to resell water at controlled prices where the network could not be formally extended (see Box6).

Importantly, there is a need to balance the provision of an efficient, inclusive and affordable service on a cost effective and sustainable basis through subsidies to address viability gaps and offset risks. Where such contracts involve a high degree of public goods and service, experience has shown the importance of the municipality having access to a viability gap financing mechanism in order to ensure an adequate response to tenders with realistic costings and revenue provisions. By improving management and cost effectiveness, utilities are able to generate surpluses to finance investment in infrastructure and service loans from development partners, instead of offloading capital and recurrent expenditure onto the private sector and/or households.

The availability of sub-national data and monitoring for effective service delivery has begun to improve through the use of citizen-generated data including rapid surveys and resident enumerators. These are particularly useful in areas of conflict or refugee cities where there is suspicion of those from outside the local community or where conditions change rapidly.

⁸⁹ World Bank (2004). Innovative Contracts, Sound Relationships: Urban Water Sector Reform in Senegal. https://ppp.worldbank.org/public-private-partnership/sites/ppp.worldbank.org/files/ppp_testdumb/documents/Innovative%20Contracts%2C%20Sound%20Relationships%20Urban%20Water%20Sector%20Reform%20in%20Senegal.pdf

Citizen Score Cards, where end-users are able to comment and give feedback on service delivery, have been widely used by the World Bank and other donors, helping to empower citizens and improve the accountability of service providers. The mayor of Freetown, Sierra Leone, recently

introduced 'Transform Freetown' in 2019 with a commitment to annually report on progress in respect to 19 targets within 11 priority sectors focused around resilience, human development, health and urban mobility using an inclusive data-driven approach⁹⁰.

Box 6:

Citizens as 'end-use innovators' – decentralized service provision in informal settlements and rapidly growing peri-urban areas

In the absence of formal planning and where local governments have failed or are unable to provide services, non-state actors including citizens and community-based associations are often directly and indirectly involved in filling the gap through decentralized, community-driven service provision which can help in producing more pro-poor forms of PPPs. These are ideal for co-production between the local state, other service providers and neighborhood associations and households, helping to enhance local skill levels as people become more proficient at providing and maintaining the service while creating greater value in the community. For example, in the informal settlement of Kibera in Nairobi, Kenya, the NGO SHOFCO have pioneered an aerial piping system connecting to water kiosks to deliver clean water to residents without fear of tampering and contamination⁹¹, while in 13 peri-urban areas of Lusaka, Zambia, community-based water trusts serve around 600,000 people, operating under license from the Lusaka Water and Sewerage Company⁹². These have previously been associated with the development of monopolies or high prices alongside conflict between providers. However, in un-serviced informal settlements and rapidly growing refugee cities are often the only option and can be successful when brought into the regulatory domain and supported by intermediary organizations to develop the expertise to conceptualize and run them.

⁹⁰ <https://fcc.gov.sl/transform-freetown/>

⁹¹ <https://www.shofco.org/approach/wash/>

⁹² Jacobsen, M., Webster, M. and Vairavanoorthy, K. (2013). The Future of Water in African Cities: Why Waste Water? <https://openknowledge.worldbank.org/bitstream/handle/10986/12274/NonAsciiFileName0.pdf?sequence=1&isAllowed=y>

4. THEORY OF CHANGE AND RECOMMENDATIONS

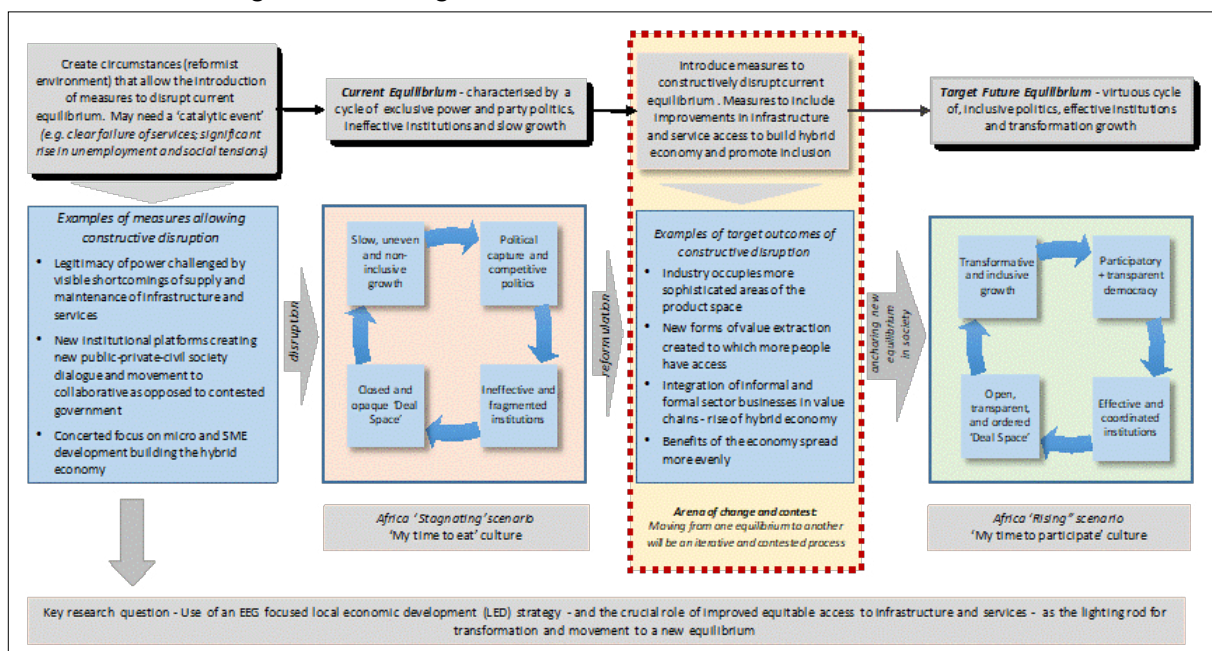
Theory of constructive change

Many previous urban governance support initiatives fail to address existing governance frameworks and the underlying political economy within which the project is located. Instead, they propose reforms based on 'good practice' blueprints and models, without a sufficient understanding as to how such models will be adopted and replicated within the existing political economy. Urban governance in many developing as well as developed economies is deeply influenced by a range of factors such as the rent seeking behaviour of elites; institutional capture by those with economic power; outright corruption; and the capture of 'deal space' that influences decision making. All these factors at best compromise and often completely undermine progressive reforms and especially those that are externally imposed without creating a political constituency for change.

Investments in infrastructure and services have to be complemented by measures that

recognize the underlying political dynamics that govern the functionality of those who operate, maintain and regulate the system. Already weak organizations are expected to perform tasks that are too complex and burdensome too soon, resulting in the continuation, and in some cases even an expansion, of corruption and clientelism operating in the guise of a new system or reform. This process is known '*isomorphic mimicry*'⁹³ and has been a feature of many urban reform initiatives in Africa. In order to address this issue, change should be introduced in an incremental manner that can constructively disrupt entrenched rent seeking practices whilst simultaneously introducing new incentives for achieving incremental reform outcomes that will encourage decision makers to support rather than subvert the process through '*isomorphic mimicry*'. A 'constructive change' theory (Figure 16) recognises that successful reform starts from an understanding of the political economy at national and local level to identify the incentives for change and hence what type of change is feasible.

Figure 16
A constructive change within local governance



⁹³ Andrews, M., Pritchett, L., and Woolcock, M. (2012). Escaping Capability Traps Through Problem Driven Iterative Adaptation (PDIA). UNU-WIDER Working Paper No. 2012/64.

Research on the political dynamics of reform in the urban sector in Africa has shown that change can emerge either as a result of a ‘catalytic event’ or an influential technical or political champion creating the space or appetite for reform⁹⁴. At the city level, this will depend significantly on the political drivers which enable or constrain the functioning of urban local government.

Constructive change appears to be emerging as a pathway to reform in a number of urban contexts in developing and transitional countries. It has gained popularity in the world of innovation as a means to enhance output, quality and growth. Here, the aim is to disrupt practices in way that enhances output. In the urban governance context this could mean, for example, constructively disrupting inefficient and ineffective municipal staffing structures, spans of control, promotion policies and discretionary decision making by introducing new structures and systems that incentivize more productive outcomes.

The rapid increase and growing sophistication of technology, including a more widespread adoption of e-Governance, are generating shifts in the operations, transparency and accountability of local governments which have accelerated in the wake of the COVID-19⁹⁵. By deploying such technologies alongside a more collaborative form of governance that provide agencies, NGOs, business and community groups with common access to information and data, many of the entrenched practices can be ‘disrupted’. Automating department level operations such as property tax collection, municipal budgeting and accounting, building plan or permit approval, procurement and service delivery creates fewer opportunities for errors and corrupt practices, greater efficiency and lower staffing requirements allowing for more productive re deployment of staff as well enhanced transparency and ease of access for citizens to access and update their information.

In India, e-Governance has been a priority since the 2000s from the central to the state to the district and block level, but early initiatives failed to have the desired impact as systems were isolated and less interactive. Important lessons were learned around the functional requirements and the capacity of the end-users to absorb such solutions, which are typically much lower in secondary cities than that of the large urban areas. The need for institutional commitment and longer-term ownership, training and capacity building e.g., in GIS, creating a cadre of IT staff in municipalities to implement the systems and establishing a monitoring system were some of the main institutional changes required to make an e-Governance project successful⁹⁶. In Bhopal, a fully integrated *Municipal Administration System (MAS)* was implemented to strengthen the strategic planning and management of core municipal functions (internal and external including finance, asset management, project system, fleet management) that were previously in siloes with limited integration (see Figure 17 below).

Figure 17
Components of the Municipal Administration System (MAS) Bhopal, India



⁹⁴ See Heymans, C. op cit.

⁹⁵ Cities Alliance. (2021). Secondary Cities Post COVID-19.

⁹⁶ Municipal eGovernance Systems for Urban Local Bodies in India <https://egovernments.org/docs/casestudies/municipal-egovernance%20systems%20for%20local%20bodies.pdf>

Africa currently lags behind the rest of the world according to the UN e-Government Development Index, with only six countries with a high level of e-knowhow: Ghana, Mauritius, Morocco, the Seychelles, South Africa and Tunisia, and internet penetration estimated at 36 percent⁹⁷. There are growing success stories such as the mobile money transfer and financing service M-Pesa, while in Nigeria the government has launched the Integrated *Financial Management Information System (GIFMIS)*, but challenges of poor ICT infrastructure, lack of finance and investment and not reaching the poorest remain.

Introducing and embedding accountability within the political economy framework requires

a number of interventions. These largely rest on applying a more collaborative and socially accountable form of governance (corresponding to sub-pillar 3.3 of the AfDB governance strategy) including establishing mechanisms and platforms for public-private-civil society dialogue, introducing wider peer-review, checks and balances into state and local government decision making processes to hold individuals and leaders to account, with the right incentives based on performance rather than personal interests. Alongside this, the adoption of e-Governance practices (corresponding to sub-pillar 3.2 of the AfDB governance strategy) can help in both disrupting existing bad practices, increasing efficiency and improving citizen empowerment through access to information and data.

⁹⁷ UNDESA. (2020). E-Government Survey 2020. https://www.un.org/sites/un2.un.org/files/2020_un_e-government_survey_full_report.pdf

5. RECOMMENDATIONS

Based on the theory of change outlined above and building on the lessons learned from previous donor supported urban governance initiatives throughout Africa, the following recommendations are designed to enable the creation of an enabling environment for infrastructure investment in support of climate resilient and inclusive urban growth. These are in line with the AfDB's latest Strategy for Economic Governance in Africa (SEGA) 2021 – 2025) and 2019 Guidelines on Subnational Finance.

Cross-cutting principles

- *Country specificity* – interventions must start from individual city and country context as opposed to externally imposed models or 'best practices' from elsewhere;
- *Ownership and partnership* – country processes must form the start of interventions and be aligned with the country's development agenda;
- *Legality and legitimacy* – support should be consistent with the legal framework for decentralization to avoid parallel or competing structures being developed;
- *Flexibility and pragmatism* - interventions cannot take a linear process and must adapt to changes in the political and institutional environment;
- *Alignment and harmonization* – building strategic alliances and complementarities with other development partners to facilitate an integrated approach and increase influence and impact, alongside leveraging the comparative and competitive advantages of localities and regions consistent with the national territorial perspective and priorities;

- *Long-term and gradual process* – cannot expect to observe changes overnight. New practices and ways of operating take time to embed and become part of everyday routines meaning longer time horizons and incremental actions are required.

Decentralization frameworks and collaborative governance

- Reinforce, consolidate and align decentralization policies and existing legislation to ensure a clear assignment of functions, responsibilities and funds, involving national local government associations in this process to determine issues and support the needs and aspirations of urban local governments.
- Build the capacity of locally elected members and officials based on a progressive logic of '*deconcentration followed by devolution*'⁹⁸ so that the gradual assignment of responsibilities aligns with the capacities of local governments to exercise newly assigned functions.
- For larger, metropolitan municipalities, where there are issues of fragmented local government, uncoordinated service delivery and land use planning, consider supporting a legal or regulatory framework for metropolitan governance that allows for more unified, joint action and increased cost sharing and economies of scale. Note that there is no perfect arrangement and the most appropriate structure for a particular area needs to be designed within the national and local context.

⁹⁸ Dafflon, B. and Madies, T. (2013). The Political Economy of Decentralization in Sub-Saharan Africa. A New Implementation Model in Burkina Faso, Ghana, Kenya and Senegal. AfD and the World Bank.

- Support and optimize a well-designed system of intergovernmental transfers. These should take into account the investment requirements of subnational governments as well as the fiscal capacity and expenditure needs of respective local governments with clearly delineated spending responsibilities between the different layers of government⁹⁹.
- Inter-governmental transfers should be predictable and stable with limited attached conditions and based on transparent formula outside the control of local authorities (for example earmarked grants based on minimum standards and equalisation grants based on objective criteria).
- Establish a strong accountability framework to support the effectiveness of fiscal decentralisation and help enforce fiscal rules, especially legislative limits or administrative controls on borrowing to prevent excessive borrowing and exposure to contingent fiscal risks.
- Strengthen the capacity of local governments to raise their own-source revenues (particularly from property taxes and land-value capture mechanisms), to manage expenditures (including investment programming and monitoring, procurement, financial management and fiscal transparency) and to borrow and manage debt prudently with a view to enhance their creditworthiness and ability to contract debt on more favourable terms from access to financial and capital markets¹⁰⁰.
- Gradually build the capacity of higher tier subnational governments and/ or larger municipalities to structure transactions to issue subnational bonds by preparing the subnational governments / entities for credit ratings and facilitating the issuance process¹⁰¹.
- *Establish citizen coalitions and structured multi-stakeholder platforms for effective public-private-community dialogue and accountability, shared expertise and knowledge.* This may involve identifying local government champions that can support the process, helping facilitate communication and providing key points of contact between stakeholders.
- For cities with growing refugee and migrant populations, establish a permanent institutional mechanism focused on urban displacement e.g., annual budget line, department, dedicated staff to address current displacement and plan for future arrivals.

Human resources and capacity development

- Initiate a municipal cadre review to identify ways of addressing critical resourcing gaps and improving the alignment between available resources and functional requirements with a view to streamlining cadre positions, eliminating redundant posts and filling current vacancies in critical functions (latter may require holding an ad hoc round of local government service commission recruitment exams).
- Where practical, combine cadre review with a municipal benchmarking exercise to undertake a systematic analysis of key staffing gaps across priority functions to inform and update a municipal cadre structure. The Cities Alliance Toolkit for Human Resource Capacity Benchmarking in African Cities offers a rapid self-assessment of staffing numbers, spans of control, qualifications, job training, rotation, recruitment structure and remuneration against a set of benchmarks for 9 key municipal functions and services incorporating variance analysis linked to a dashboard with graphical representations of data to provide an at-a-glance summary of existing staffing.
- Initiate a salary review to examine options for addressing any significant disparities between equivalent roles and responsibilities in comparable public and private entities.

⁹⁹ AfDB. (2019). AfDB Guidelines on Subnational Finance. https://www.afdb.org/sites/default/files/2021/02/19/afdb_guidelines_on_subnational_finance.pdf

¹⁰⁰ Ibid

¹⁰¹ Ibid

- Promote merit-based promotions rather than seniority based to improve performance and reduce rent seeking.
- Promote and institutionalize inter-municipal partnerships at the local level through the establishment of municipal associations as well as between local, regional and central governments through working groups and forums and between local government and non-government stakeholders at all levels to leverage complementarities, reduce transaction costs and ensure better utilization of assets and resources.
- Support civil society organizations to act as effective watchdogs of public services, monitoring and evaluation of public procurement to help curb corruption through technical advice and training on laws and regulations related to decentralization and service delivery.
- Provide training in priority areas related to project identification, prioritization, technical and financial appraisal, project development and capital structuring, prioritization, PPP, procurement, transaction, contract management, O&M, planning, budgeting, accounting and revenue mobilization.
- Develop models and tools that can facilitate the process of project identification, screening, prioritization, technical and financial feasibility and capital structuring. All the stages of capital investment planning and development as well as procurement and contract management can be supported by customized models and tools which can help to automate processes, systematize analysis, increase accuracy and eliminate errors in a context where municipalities have a severe shortage of qualified staff with the requisite skill sets.
- Improve the capacity of local governments to collect data and statistics on services, infrastructure, land use, population through city-wide and community assessments accessing open-source maps and data and applying automated survey tools such as Kobo toolbox in partnership with community associations and networks.
- Bring together local administrations and community representatives for more inclusive data collection, analysis and prioritization of key issues to enhance resilience and build a city resilience strategy¹⁰².
- Support a decentralized land administration framework that builds on existing and well-developed governance structures (reflecting the coexistence of both traditional and formal systems) and reflects growing peri-urban areas with effective conflict resolution mechanisms (local land committees)
- Explore development options for land value capture for increased public benefit alongside the generation of own-source revenues including minimum provisions for affordable housing and public infrastructure on developer led greenfield schemes as well as innovative models for mixed use regeneration on SPV led brown field developments financed through mixed tenure, sales and rental options. Betterment levies are one way for the public sector to tax some or all of the private windfall gain created by the infrastructure¹⁰³.
- Adopt quick, cost effective and fit-for-purpose land tenure registration and regularisation techniques, recognising more intermediate forms of land tenure linked to an upgraded digital cadastral database (see below)
- Establish a digital cadastral database with unique lot reference numbering (ULRN) with uniformly coordinated cadastral allotment corners using open-source satellite imagery and high-resolution GIS maps. Link the cadastral database (coded and spatial) to other key datasets including buildings, titles working with multiple stakeholders.

Planning and land administration

- Identify relevant territorial scales for integrated spatial development, taking account of both socio-economic, environmental and climate vulnerabilities and land administration issues.

¹⁰² IIED. (2019). Urban resilience building in fast-growing African cities – Briefing. <https://pubs.iied.org/sites/default/files/pdfs/migrate/G04380.pdf>

¹⁰³ AfDB. (2019). AfDB Guidelines on Subnational Finance. https://www.afdb.org/sites/default/files/2021/02/19/afdb_guidelines_on_subnational_finance.pdf

- An effective cadastral system can be linked to other services such as mortgage registration systems, city planning and taxation, helping to raise municipal revenues, improve land management and facilitate land transactions, all of which will enhance creditworthiness and access to finance.
- Introduce a more progressive tariff structure including cross-subsidization using proxies for wealth to ring-fence revenue and expenditure to finance maintenance costs and construct new infrastructure. Customers are more willing to pay if there is a good standard of service.

Management of services

- Ensure senior management staff in key service delivery functions have sufficient technical knowledge and skills in project preparation and development, including technical and financial modelling, as well as in contract management and monitoring to ensure adherence to agreed service coverage and performance standards.
- Consider full lifecycle costs within infrastructure and service investments with funding and technical assistance to improve asset management, maintenance and the ongoing repair of infrastructure.
- Introduce incremental performance payments to help maximise service coverage and improve billing and collection efficiency instead of allowing functionaries to charge for privileged access and operate as gatekeepers to services.
- Make provision for viability gap funding for services with a high degree of social benefit to ensure service providers can operate on a sustainable basis.
- Establish and strengthen autonomous regulatory boards or regulatory frameworks to review pricing, quality and mediate conflicts with service providers, alongside multistakeholder committees providing oversight and accountability.
- See citizens as ‘end-use innovators’ that are directly and indirectly involved creating their own solutions to service and infrastructure deficits and work with them in rapidly urbanizing, informal and mobile contexts to deliver decentralized services and more pro-poor PPPs. This may require changes to planning legislation and frameworks to ensure that these solutions are eventually incorporated into the regulatory domain and form integrated solutions¹⁰⁴.
- Invest in e-Governance supporting infrastructure and technologies such as automated property tax and business registration systems, building plan application systems, procurement and accounting under an integrated system (MAS) to assist in restructuring and improving efficiency of staffing, greater transparency and reduced opportunities for errors and corruption.

¹⁰⁴ Andres, L. et al. (2021). Planning, temporary urbanism and citizen-led alternative-substitute place-making in the Global South. *Regional Studies*, 55(1). <https://www.tandfonline.com/doi/full/10.1080/00343404.2019.1665645>

Urban and Municipal Development Fund
African Development Bank
CCIA Building | Avenue Jean Paul II, Plateau 01
Box 01 1387 | Abidjan, Côte d'Ivoire
www.afdb.org

For more info, contact:
Marcus Mayr, UMDF coordinator
m.mayr@afdb.org



AFRICAN DEVELOPMENT BANK GROUP



Urban and
Municipal
Development
Fund

Visit our webpage

