



Middle East and North Africa Urbanization Knowledge Platform

Sustainable Development and Inclusive Growth for MENA Cities at the Crossroads
September 17-18, 2012
Detailed Agenda

I. Panel Discussion #1: Empowering Local Governments – Local Governance - Administratively and Technically

The panel discussion will focus on urban management challenges faced by cities in the MENA region from the city management, and city leadership perspectives. Added to the ongoing political and socioeconomic transformations that lay the ground for a strong empowerment of the local authorities in the Mediterranean region, the urban development challenges are conditioned by three key changes in urbanization trends put forward by the newly released UN-Habitat State of the Arab Cities report:

- “Several primary cities have become extended metropolitan regions and some are actual or emerging mega-urban regions. These new regional urbanization patterns tend to bring complex issues of region-wide urban governance, authority conflicts and governance voids.
- The currently highly-centralized governance modalities tend to undermine Arab State’s local authority efficiency, obstruct urban political participation and erode the relationships between the citizenry and the level of government closest to them.
- Arab countries will need to better coordinate the complementary roles of central and local governments and increase the participation of the private sector in urban development.”

The panel will include peer to peer discussion on challenges that MENA cities are facing from an administrative and technical perspective to address urban challenges. The discussion will focus on the approaches that MENA cities (of different sizes and scales) are developing to address these challenges, emphasizing differences, similarities and lessons learnt. Of particular interest and importance are:

- Do the legal and regulatory frameworks in MENA countries give sufficient mandate and empowerment to local authorities to exercise effective authority on matters that concern the city and the citizens? When decentralization is legally institutionalized, is it effectively enacted?
- Are primary cities in the region benefiting from a specific status that enables local authorities to grapple efficiently with complex issues of region-wide urban governance? Are they authority conflicts with decentralized representatives of central government (governors)? How are they solved?
- Are the existing functions and responsibilities that are vested to local governments in MENA countries adapted to the city’s mandate and its urbanization challenges? What can we learn from the Latin American cities experiences?
- Are local governments delivering according to their mandates? What are the some of the hindrances – examine issues related to lack of clear jurisdictions (overlapping mandates), planning tools, or human capacities.

- Are local governments entitled to develop policies and, if so, in what range and how these policies are developed? Are they initiated at the national level or at the local level? What is the decision-making process? Is there an efficient coordination between these different administrative levels?
- What are the tools and resources (including human capacities) available for local governments to fulfill their functions and responsibilities, and the challenges encountered when using these tools to efficiently manage urban development? Is there a planning process in place? Who makes decisions on key infrastructure activities? Is there an existing investment framework –for example are existing 5 year investments plans coordinated with national level comprehensive planning efforts–, city master plans, city development strategy, automated management systems for city governments, other ICT related tools, etc?
- Does the existing organizational framework/structure at city level enable or obstruct MENA cities from fulfilling this mandate? Who determines staffing at the local level? What kind of skill sets exist within a municipal council/governorate council? Are city mayors/governors empowered to be leaders with decision making powers? Within the decentralization process context ongoing in some MENA countries, are the municipal human resources empowered to manage the delegated responsibilities? What criteria are followed for the staffing of the local government, how are the young talent attracted and retained (if applicable)?
- Does the de-concentration of line ministries and their resources at the local level impact local autonomy to manage urbanization?
- Are local authorities organized in associations of mayors/cities? Have these associations contributed to empower local authorities and give them added negotiation power with central government,

The panelists are encouraged to provide examples from MENA cities, where obstacles and challenges were faced, and accomplishments made in the following areas: rationalizing mandates and responsibilities, using appropriate planning tools, functioning within an adequate organizational structure, and engage proactively to address issues at the city level. Panelists are also encouraged to give a sense of the trends that their countries are going through towards achieving larger decentralization and local empowerment, especially during the last few years/months.

II. Panel Discussion # 2: Empowering Local Governments – Financially

The panel will discuss the resources available for local governments to fulfill their functions and responsibilities including paying for operational and maintenance expenses and investing in development projects within their jurisdictions.

Local level resources are typically raised from various sources including: (i) own revenues; (ii) funds transferred from the central government through the exiting intergovernmental fiscal transfers system; (iii) funds raised through the leveraging of locally owned assets such as land; and (iv) borrowing on the market. The inter-governmental fiscal transfer system is usually very hard to control at the local level but local governments have sufficient control on (i) improving own revenues; (ii) leveraging local asset base including land; and (iii) borrowing from the market.

When discussing local finances, it is useful to distinguish between two aspects: (a) the ability to raise/obtain an adequate volume of resources; and (b) the ability to spend these resources efficiently, and in line with local development objectives and targets. Therefore, the content of this panel is tightly linked to the discussions held in panel 1, but focus more extensively on the ability to obtain and/or raise an adequate volume of resources, rather than the tools to manage available resources which would be the focus of session 1.

Discussions held in this panel would focus on experiences where MENA cities were challenged, and/or made accomplishments related to mobilizing and/or obtaining revenue through each of these channels, more specifically:

- a. Are the existing mechanisms for raising own revenue adequate? What level of legal authority MENA cities have on local taxation, fees and user charges? How do MENA cities overcome potential challenges related to efficient profiling of the tax base including identification of economic base? How can the efficiency of the tax collection system be improved? What are some of the innovative ways that local governments are using to improve revenue collection (automation – one stop shop services, GIS maps, data bases, linking solid waste fees to electricity bills etc.)? Facing local urbanization challenges entails the elaboration and implementation of adequate urban development strategies, is there a strong financial commitment of the national level to support the city's urban development strategy/policies on a long term perspective including the allocation of adequate resources to fund follow –up investments?
- b. What role do national transfers play in determining local level expenditures? Are they coordinated at the local level? Are they incentives that correlate/adequate national transfers to efforts made by cities (e.g. improvement of fiscal efficiency, broadened fiscal assets, etc.)? What are the challenges faced by Local Governments vis-à-vis national governments in terms of fiscal resources and how does that impact their local policies?
- c. Are MENA cities leveraging their available assets? In terms of leveraging available assets, cities often use land to finance public infrastructure. The advantage offered by land-based financing is its ability to generate cash up-front. However, pre-requisites for using land-based financing include: (i) rules to assign and protect property rights, (ii) institutions for the valuation and public dissemination of land values across various uses, and (iii) a strong legal framework, with a

healthy judicial system to handle disputes and oversee the land-based financing process¹. To what extent do MENA cities satisfy these pre-requisites, and is this seen as a realistic option to finance urban development.

- d. What are cities doing to attract private sector investment? Is the national legal framework adapted to facilitate the access to private sources of funding? Is there an investment promotion policy in place? Do cities have a vision to promote urban development that integrates private sector investment? Are PPPs a successful instrument to attract the private sector for potential partnerships in urban development and regeneration projects, through Public Private Partnerships (PPPs) (and the various incentives mechanisms used in the framework of PPPs through tax abatements, dedicated on-site infrastructure provision, city marketing and branding etc...)? Does the public sector have capacity to determine and mitigate risks related to PPPs?
- e. Finally the session will also explore the possibilities on whether cities in MENA are ready to be credit worthy? Is there any scope for such an approach? Or will they remain dependant on national governments for guarantees?

Panelists and participants will be encouraged to develop their views in direction of the potential support that could be extended by international financing institutions and cooperation agencies to fund their development projects.

¹ The paragraph is extracted from the Urbanization Reviews- full report, p 68

III. Panel Discussion #3: Strengthening Cities for economic growth and Service Provision

This session will examine the reasons why service provision is an important function for city governments and how in the absence of adequate services, a country's growth path can be impacted. To clarify, the concept of services includes not only those relate to hard infrastructure (extension of sewage network and sanitation, access to water and electricity, solid waste management, secondary road construction and rehabilitation etc) but also social infrastructure like social housing, schools, health centers etc. Furthermore, cities as engines of economic growth are expected to provide employment opportunities, especially for youth in the Mediterranean region.

Discussions held in this panel will discuss current challenges facing MENA region cities in their attempt to make adequate level of services equitably available to all the population and explore opportunities and avenues to expand the provision of services, focusing on the role of local governments and the necessary complementarity with central government agencies. Questions include:

- In MENA, local governments have limited responsibilities in terms of service provision as most of the key services like water, sanitation and roads are usually managed by the de-concentrated units of line ministries or by state owned enterprises (SoE's). Without any active role from local governments in planning for services, is this model working? Are the existing institutional arrangements for urban service delivery working or should they be changed?
- Can the urban service delivery be made more efficient? If so, how (with a special focus on the changes that are needed at institutional, organizational and operational levels)?
- Are local governments planning efficiently for urban growth under their current mandate and the relationship they need to engage in with central/decentralized institutions? Is there an ex-ante mechanism to develop future areas – i.e. new towns, industrial parks etc?
- Is Service delivery demand driven or supply driven? What are the intended objectives that have been met under current administrative pattern and what are those that need improvement of the procedures and how? Did the beneficiaries and different segments of the population contribute to the provision of infrastructures for their own benefit (social capital, co-financing, etc.)?
- Are cities paying attention to urban regeneration issues (e.g., improvements of dilapidated areas, rehabilitation of medinas) as an asset to generate local touristic sources of revenue? To which extent the decision making process to engage rehabilitation/regeneration programmes is under the authority of the city? Could it be improved and how?
- Is there inter-jurisdiction coordination being promoted at the metropolitan level?
- How are services financed? Are they usually public or private?
- What has been the experience of the private sector in the service provision – is there a regulatory environment to allow for fair play?
- Are there existing Local Economic Development strategies carried out by cities, striving to cope with the high rate of unemployment? What are the feedbacks from these experiences?

Panelists as well as participants are strongly encouraged to describe current blockages but also, importantly, to suggest avenues of progress, including institutional, regulatory and political reforms.