

CAPACITY BUILDING WORKSHOP – CITIZENSHIP SERIES

TRANSPARENT AND ACCOUNTABLE CITIES: INNOVATIVE SOLUTIONS FOR MUNICIPAL MANAGEMENT AND FINANCE


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CONCEPT NOTE

co-organised by:



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 <p>Comisión de <i>Ciudades Digitales y del Conocimiento</i> Committee of <i>Digital and Knowledge-Based Cities</i> Commission des <i>Villes Numériques et de la Connaissance</i></p>	<p>Transparency International</p>
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THE URAÍA PLATFORM

Launched in Santander in June 2014, the Uraía Platform (citizenship in swahili) has become a key instrument for cities and their partners addressing the challenge of implementing innovation in municipal management through the use of SMART technologies. The objective of Uraía is to support cities in implementing SMART strategies to improve municipal finances, service management efficiency and increase transparency and accountability, by offering opportunities to share experience, build capacity and develop pilot projects and apps. The Platform constitutes today a network of 100 partners from all around the world, including cities, their associations, research institutions and private sector.

The progressive introduction of the SMART technologies for city management is producing an important impact in local public administration; this fact presents both opportunities and challenges due to the rapidity of change and the difficulties for public administration to follow the pattern of transformation. Contemporarily, and thanks to the use of mobiles, citizens all over the world are increasingly demanding information about how public goods are managed; and correspondingly local governments are increasingly demanded to deliver more and to deliver better. Uraía's members recognise the need to communicate more with their citizens and to introduce more transparency to the management of public services, including their cost, their efficiency and how and where taxes are allocated.

Uraía is a project of [UN-Habitat](#), the United Nations Human Settlement Programme and [FMDV](#), the Global Fund for the development of cities. <http://www.uraia.org>

THE CAPACITY BUILDING WORKSHOP- CITIZENSHIP SERIES

Once a year, the members of Uraía meet up to discuss a topic that is priority in their agenda and jointly elaborate guidelines, collect practices and assess projects with common elements of interest. The past editions of these “Citizenship Series” events have been:

- ✓ [Santander, June 2014: Launch of the Uraía Platform, Marketplace and project design exercise](#)
- ✓ [Oslo, June 2015: Public-Private Partnerships negotiation for SMART city management](#)
- ✓ [Nicosia, April 2016: SMART technologies and the municipal budget](#)

2017 MADRID WORKSHOP

Transparent and accountable local governments for sustainable cities

Uraía is firmly committed to the development of new models of open and collaborative governance that foster transparency and accountability in urban development. Networking among local administrations has become an essential platform to find solutions and to promote and exchange instruments that can help and improve the design and/or development of public policies. Institutional support, collaboration and co-creation of solutions are also key elements for this objective. The development of municipal instruments to improve transparency, good governance and citizen participation are part of **Uraía's** logic.

During the last decades, we have witnessed a growing trend of devolution of responsibilities from the central government to local governments accompanied, in varying forms, with the transfer of regulatory capacities and budgetary resources. Urban management has been decentralized in almost every country in the world. From basic services such as water and sanitation, to planning, commercial licensing and construction permits, local governments are playing a greater role designing policies and delivering key public services.

As it is at the local sphere where citizens and the public sector interact most regularly and directly, when **corruption occurs locally, the impact on citizens' lives can be most damaging, with the poorest being hit the hardest**¹. It is often perceived that local decision-makers suffer from a high risk of being captured by special interests and that, in many cases, institutions designed to hold local public officials to account are not always adequate². But it is also true that decentralization has helped strengthen accountability and citizen participation at local level by bringing government closer to the citizens, so that opportunities for direct civil society engagement and oversight, control and monitor local spending and performance are higher at the local level.

In this regard, there is a lot of work to do to change the perception that citizens have about the work of the local governments. Building trust in the local public administration is essential for any further action, and that cannot be possible without improving the communication with citizens on the one hand, and without eradicating corrupt and ineffective practices, especially those affecting the provision of basic services that have a direct impact on the daily lives of citizens.

In this sense, the development and promotion of policies and initiatives of transparency and open government are key to improving the living conditions of citizens through the provision of efficient and effective services in an open, competitive and fair manner. These policies and initiatives can improve levels of trust in public institutions and they are an opportunity for citizens to have the tools and information needed in order to play a more active role in society.

¹ According to Transparency International surveys, bribery affects more than one-in-five Africans, and disproportionately affects the poor in urban areas. The majority of Africans (58%) say that corruption has increased over 2015. This is particularly the case in South Africa where more than four-in-five citizens (83%) say they have seen corruption rise recently (Transparency International and Afrobarometer, 2015). The situation in the Middle East and North Africa is not much different, where the majority of people (61%) across the region think that the level of corruption has gone up over the last 12 months. In Lebanon, people are particularly likely to think that corruption has risen: nine in ten people (92 %) say that they think corruption has increased. Fifty million people had to pay bribes to access the basic services that they needed. Which means that nearly 1 in 3 public service users suffered from corrupted practices. According to the last Corruption perception Index of Transparency International (2016), perceived levels of corruption in the public sector for Latin America are usually high. In the overall ranking, countries like Peru (85), Colombia (94), Bolivia and Mexico (103) and Argentina (107) rank low, with Venezuela being the country in the region with more corruption perceived in the public sector ranking 161 of the 174 countries surveyed. In response, in recent years, many Latin American countries have witnessed a wave of social upheaval attacking corruption cases discovered (Example: Brazil, Guatemala, Mexico, among others).

² Additionally, it is evident that most governments are failing to meet citizens' expectations in regards to fighting corruption, since there is no government which is rated positively on its anti-corruption efforts by a clear majority of its citizens. A considerable majority of people (64% in Africa and 68% in the Middle East, for example) think their government is doing a poor job at handling corruption, (Transparency International and Afrobarometer, 2015) and (Transparency International, 2016). Additionally, in cases where there are legislative frameworks developed or emerging monitoring structures, lack of proper implementation, the arbitrary functioning of some of the institutions of justice and the lack of ownership of these structures by society civil have allowed the advance of corruption and practices (Transparency International, 2016).

In parallel, there is a growing social rejection and an installed awareness by the public regarding the problem of corruption and its effects. This has **been accompanied by a logical increase of the citizens'** demands to their governments for the development of transparency and anticorruption initiatives to strengthen information systems and allow the establishment of more effective control systems. Social mobilization is growing evidence that citizens want to stop being passive victims of the problem to become partners in implementing solutions.

Therefore, local governments need support to cope with the challenges posed by new types of governance, as many of them lack the necessary capacities, resources or legal frameworks to effectively **respond to the citizen's demand for greater transparency, effective accountability in the management and greater opportunities for participation in city's affairs.**

Uraía's point of view: transparency – the necessary link between municipal finance and service provision.

Local governments around the world struggle to offer accessible and qualitative services to their citizens with limited financial resources. SMART technologies are known to present great opportunities to municipalities wishing to improve the link with citizens and increase services management efficiency. An important part **of local governments' revenue** originates in local tax collection, in this context; SMART technologies can help municipalities to increase revenue by enhancing tax recovery performance thanks to better control and monitoring.

Corruption³ is, perhaps, one of the most damaging consequences of rapid urbanization processes, especially when this happens within a context of weak institutional and governance structures. High population densities in urban areas often leads to an aggravated pressure on natural resources and on the provision of basic urban services. The supply of services, such as access to land, adequate and safe housing, clean water and sanitation, among others, is finite and scarce in some cases (Zinnbauer, 2013). This factor increases pressure on local governments, sometimes, exceeding their ability to provide services and to respond to the large and vast established demand. As a result, some sectors and services can be prone to corruption, misappropriation and, worst of all, inefficiency and mismanagement. Consequently, there is a tangible effect on the quality of services, eroding public trust in the accountability and merits of local governments.

Evidence shows that corruption significantly affects all features of urban development⁴, from urban policy-making and planning to the management of land, taxation, public budgets, urban development

³ Transparency International (TI) defines corruption as: “the misuse of entrusted power for private gain”. Corruption flourishes when transparency is absent. Obscure, non-transparent decision making processes create favorable conditions for corruption. The absence of transparent and prescribed regulations can give substantial discretionary power to officials as it creates an opaque environment with few ‘checks and balances’ (UN-Habitat, 2013).

⁴ Data from a survey conducted by UN-Habitat in 27 cities around the world, provides alarming evidence of the capture of urban policy through the “coalition” between economic and political elites: 40% of city dwellers polled in Latin American, 60% in Asia and a staggering 77% in Africa believe that politicians and bureaucrats are the ones who benefit most from urban reforms due to corruption, closely followed by the urban rich (Zinnbauer, 2013). At the same time, the urban poor in slums, which should be main beneficiaries of urban reforms, are viewed by lower percentage of the global population (less than 20%) as benefitting most from urban reform efforts (UN-Habitat, 2008).

projects and the delivery of public services. Significantly, most of the available evidence suggests⁵ that one of the primary goals of urban development policies, as is to expand access to quality services to the urban poor (drinking water, land and secure shelter, among others), is almost impossible to achieve when its formulation, planning and management are hijacked by vested interests. When cities operate with inefficiency, corruption, mechanisms of cooptation and patronage and where there is not a well-established separation between the public and private spheres, a circle of poor governance perpetuates (CAF and UN-Habitat, 2014) which closes or limits opportunities for cities to achieve their goals on poverty reduction, economic and political development, social cohesion, inclusion and environmental sustainability, among others. In addition, the apparent existence of a mutually reinforcing relationship between inequality and corruption has evident negative effects on the confidence in public institutions and legitimacy of the rule of law (Zinnbauer, 2013). Consequently, corruption is both a major obstacle to effective urban governance and a big barrier to almost all major urban goals. For that reason, every aspiration for urban development that is being articulated by urban practitioners, policy-makers and advocates requires the challenge of corruption to be included, confronted and addressed (Zinnbauer, 2013).

Cities are decisive venues for fighting corruption and present a very distinctive, strategically important and, yet rather underappreciated, dimension of the fight against corruption. Corruption in cities exhibits a particular risk profile that distinguishes itself in terms of sheer scale and impact from corruption in rural settings. Cities are ideal locations for analysis and action to combat corruption, as they are the space where the interaction between key local actors occurs and they enable the generation of networks, being key platforms for the exchange of good practices and for improving learning on actions and policies regarding corruption issues, both locally and globally.

After seen the current scenario, it is evident that the future of cities critically depends on the fight against corruption and the future of the fight against corruption critically depends on cities. A complementary approach that includes both perspectives (urban development and anticorruption strategies) would present a comprehensive entrance to foster transparency and good urban governance to enhance sustainable urban development. These objectives cannot be achieved without considering the necessity of strengthening local governments capacities and in doing so, include participatory and innovative tools that can guarantee ownership and sustainability while fostering accountability and improve trust between the government, the city stakeholders and the citizen.

Innovation as key factors for city's transparency

Citizen today are increasingly demanding open and accessible information about local governments' performance, as well as, access to the municipal finances or information regarding selection and implementation of public utilities contracts, among other information. This issue makes clear that improving governance systems and mechanisms of accountability at the local level is essential for the establishment of efficient and strong local governments connected to the real demands of their citizen.

In response to the growing interest of local governments for the use of technologies to improve the management of the city, there is today an emerging market of SMART (Sustainable – Monitorable – All-inclusive – Rights-based - Transparent) urban services. The inclusion of citizens in decision-making

⁵ Most of the available evidence suggests that existing urban governance systems in developing countries are ill-equipped to manage wealth accountably through sound decision making, registration, taxation and related accounting practices. Red tape is ubiquitous and transparency largely absent (Zinnbauer, 2013).

processes and the facilitation of the appropriation of new technologies by both governments and their own citizens, have enabled the emergence of innovative and inclusive solutions for improving the different challenges municipal administration, including the problems of corruption.

The fight against informality and the strengthening of public provision of accessible services

Finally, the important link between corruption and informality should be noted. The circle of informality makes citizens, not relying on the public sector for the provision of services, seek those services in the informal market (water, electricity, poor housing construction). As informal services are not subject to any quality control, they are sometimes harmful to health, dangerous and often more expensive than municipal services (especially in the case of drinking water). Having a perception that local governments are corrupt, the citizens are not incentivized to pay local taxes, and without local taxes, the administration cannot provide the called services. Informality particularly affects the poorest groups, who must pay exorbitant prices relative to their income to access the most basic services.

Breaking the cycle of informality requires trenchant policies against corruption and misappropriation of public resources that are not invested in the provision of public services but end up in private hands. Local governments will not be able to ensure public services for all without facing the problem of informality, and this feature cannot be resolved without transparent local governments that deserve the confidence of its citizens.

In 2017, the Uraía Platform workshop will focus in how cities can use SMART technologies to be more transparent and accountable to their citizens. The event will aim to identify trending topics, experiences and challenges that open government poses to city management.

OBJECTIVES

The objective of the workshop is to present and exchange experiences on initiatives than local governments and their partners are developing to implement mechanisms for transparency, accountability and open government in cities. And how to profit from the advantages of innovation and technology to prevent corruption and mismanagement to happen in urban management. The workshop will offer an opportunity for cities to discover available SMART solutions that can have a significant impact on transparency and better communication with the citizen.

The workshop will result in **the “Madrid Guidelines”, a document systematizing** the exchanges, case studies, challenges, opportunities and views shared by decision makers who face similar situations regarding the pressing need to **address the citizen’s** demand for transparency in more innovative ways.

TOPICS

- ✓ Success and risks factors to consider in implementing local policies on transparency and citizen participation in city management.
- ✓ Strategies and available tools to prevent corruption in urban development.
- ✓ The relation between urban governance, local democracy and increasing transparency and accountability in municipal management.
- ✓ How to increase trust in public sector and fight informal access to urban land and basic services.

- ✓ Actively involvement of all social, economic actors and citizens in the fight against corruption and the creation of more open and transparent cities.

METHODOLOGY

Cities and partners willing to present their experiences will be encouraged to submit information about their case studies before the end of December 2016. A limited number of grants are available to support travel and accommodation of cities representatives to be able to participate in the event.

The workshop will combine plenary sessions and more in-depth debates in working groups, as well as a field visit to experiences by Spanish municipalities.

THE URBAN GLASS PROJECT

The Madrid event will also be the occasion for the launch of “Urban GLASS” (Global-Local Accountability Support System), an initiative by UN-Habitat and the Spanish Federation of Municipalities and Provinces developed with the technical contribution of Transparency International.

Urban-GLASS is a project developed under the Uraía Platform that wants to create a support network for municipalities around the world willing to be more transparent, accountable and open to their citizens.

More information about Urban-GLASS is available at the project website www.urban-glass.org

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