

INSTITUTIONAL REFORM AS A STRATEGIC APPROACH TO URBAN CENTERS DEVELOPMENT

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Introduction: -

Urbanization is the most important phenomena transforming the developing countries for reaching economic and social change. The process is inevitable and irreversible. Policies and priorities must be shaped accordingly. Moreover, with rapid urbanization, the economic importance of towns and cities is also increasing rapidly, and future economic growth is becoming more and more depending on the ability of urban centers to perform crucial functions within the national economy and to lead the development efforts.

This paper deals with Institutional Development to advance the sustainability of (the effects of) development projects and programs. Therefore, making local governments consider the critical role of other urban local actors in the formulation and implementation of policies, strategies, and plans for human settlements. The question, in which this paper tries to find an answer, is in what way can more attention be given to institutional aspects of development projects to advance the sustainability of (the effects of) development projects and programs?

To answer this question, a better understanding is needed of the kind of institutional problems faced by development projects or programs. Institutional Development that will be discussed mainly in the context of urban development projects. Such projects tend to suffer from a rather weak institutional performance. In this regard, this paper will include first: the Urban Development - Opportunities & Challenges. Second: the efficiency of the structure of the urban institutions in Egypt. Third: analyze the strategic approach for institutional reform includes (good governance – good urban management). And finally the results and the recommendations for achievement the institutional reform.

From this paper, we could conclude that, the institutional performance of development project depends on the internal organization, including the organizational structure, the management and the availability of skilled staff. To design sustainable development projects, governments must be aware that Institutional Development is indispensable. Without such awareness it is difficult to achieve institutional progress. A necessary condition for the institutionalization of development programs and projects is the acceptance of the goals, means and scope of the program/project. The first step to secure this acceptance is to gain support for the policy objectives of development projects. Therefore, the objectives must reflect the interests of the beneficiaries. The people that are affected by the program/project should be involved in decision making. Using existing social institutions can do this. NGO's may help to mobilize the local population.

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1. Urban Development Opportunities and Challenges:

Urbanization is the most important phenomena transforming the developing countries for reaching economic and social change. The process is inevitable and irreversible. Policies and priorities must be shaped accordingly. Moreover, with rapid urbanization, the economic importance of towns and cities is also increasing rapidly, and future economic growth is becoming more and more depending on the ability of urban centers to perform crucial functions within the national economy and to lead the development efforts.

Cities in developing countries are fast becoming the major centers of production, employment and innovation, with already about 60% of gross national production of developing countries. Furthermore, cities and towns create economies of scale that enable large industries to operate with greater efficiency, provide manufactured inputs for increasing agricultural productivity, and serve as markets for agricultural goods. Policy makers in developing countries recognize that a resolution of these problems is essential to preserving the productivity and efficiency of urban, and thus of national economies.

1-1- Opportunities of urban development:

Urbanization has taken place rapidly in developing countries in Asia, Africa, and Latin America. The total world population increased from 2.5 billion in 1950 to 4.85 billion in 1985, and it is estimated to reach 8.5 billion by the year 2025. The total population of less developed regions increased from 1.68 billion in 1950 to 3.68 billion in 1985 and it estimated to reach 7.1 billion in the year 2025.

Urbanization is a prerequisite for the creation of a sophisticated and diversified economic base capable of generating employment opportunities and income on the scale required given projected population growth trends.

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The macro- economic benefits of urbanization:

- ↳ Encourages a decline in birth rates over time.
- ↳ Provides the environment for new and diverse career and income-generation opportunities.
- ↳ Urbanization and participation in the urban economy leads to the creation of a disciplined and literate work force.
- ↳ Leads to increases in both awareness and levels of education.

1-2- Challenges for urban development: -

Accepting urbanization, urban development and city growth does not mean, however, that these processes do not represent a challenge to policy formulation. There is no doubt that the rapid and unparalleled growth of cities in the developing countries during the past four decades has led to negative consequences that must be addressed:

Negative consequences of rapid urbanization in developing countries

- There is an alarming increase in the incidence of urban poverty.
- Modern productive activities are concentrated in major metropolitan.
- Rapid growth of urban population has led to increasing demands for low-income housing and urban services.
- The growth of large urban centers contributes to environmental quality.
- Low levels of administrative capacity for the local actors,
- The scarcity of local resources for supporting or maintaining projects
- Inappropriate and overly sophisticated planning and management techniques sometimes imposed by international lending agencies.
- The foisting of unwanted or exploitative projects on governments by aid agencies or multinational corporations.

While they offer many opportunities, towns and cities also face problems. These problems can often stand in the way of realizing the full benefits of urban development.

There are six main challenges that cities and towns face.

- Increasing Urban poverty:
- Degradation of urban environments:
- The ecological footprints of towns and cities:
- Growing demand for urban infrastructure and services outstrips supply:
- Municipal finance is often weak:
- Weak institutions to manage cities:

2. Local government performance in Egypt: (Case of Greater Cairo Region):

Local government units in Egypt are responsible for establishing and managing a range of public utilities within their administrative areas and within the limits established by the Government's general policies and plans. Local Administration Law no (43/1979) specifies the utilities to be established and managed at the governorate level and those to be entrusted to more local units of government.

Articles 5 to 27 of the executive regulation of Law 43 (1979) determine twenty-three areas of services to be planned and established by the local government units in co-ordination with the governorates. These include educational facilities; health care; housing, urbanization and local infrastructure utilities; social affairs; food supply; agricultural affairs; land reclamation; irrigation; cultural development; youth and sports;

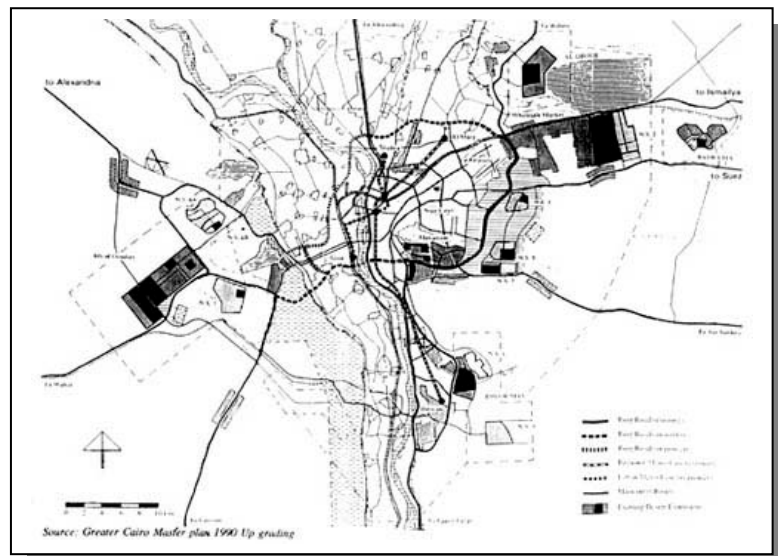


Fig. (1) Greater Cairo Region Upgrading Map 1990.
Source: Habitat, Metropolitan Planning and Management,
Habitat, Nairobi, 1993.

transportation; economic development; rural development.

While some responsibilities are delegated to all levels of the system down to the village unit, most are delegated to the district level. The engineering departments within local government units are responsible for urban planning and local development schemes for existing cities and towns. According to the Urban Planning Law (3/1982), this responsibility is theoretically applied at three main planning stages: the Structure Plan, the General Planning, and Detailed Planning. The last includes some specific planning subjects such as land subdivision schemes and urban upgrading plans.

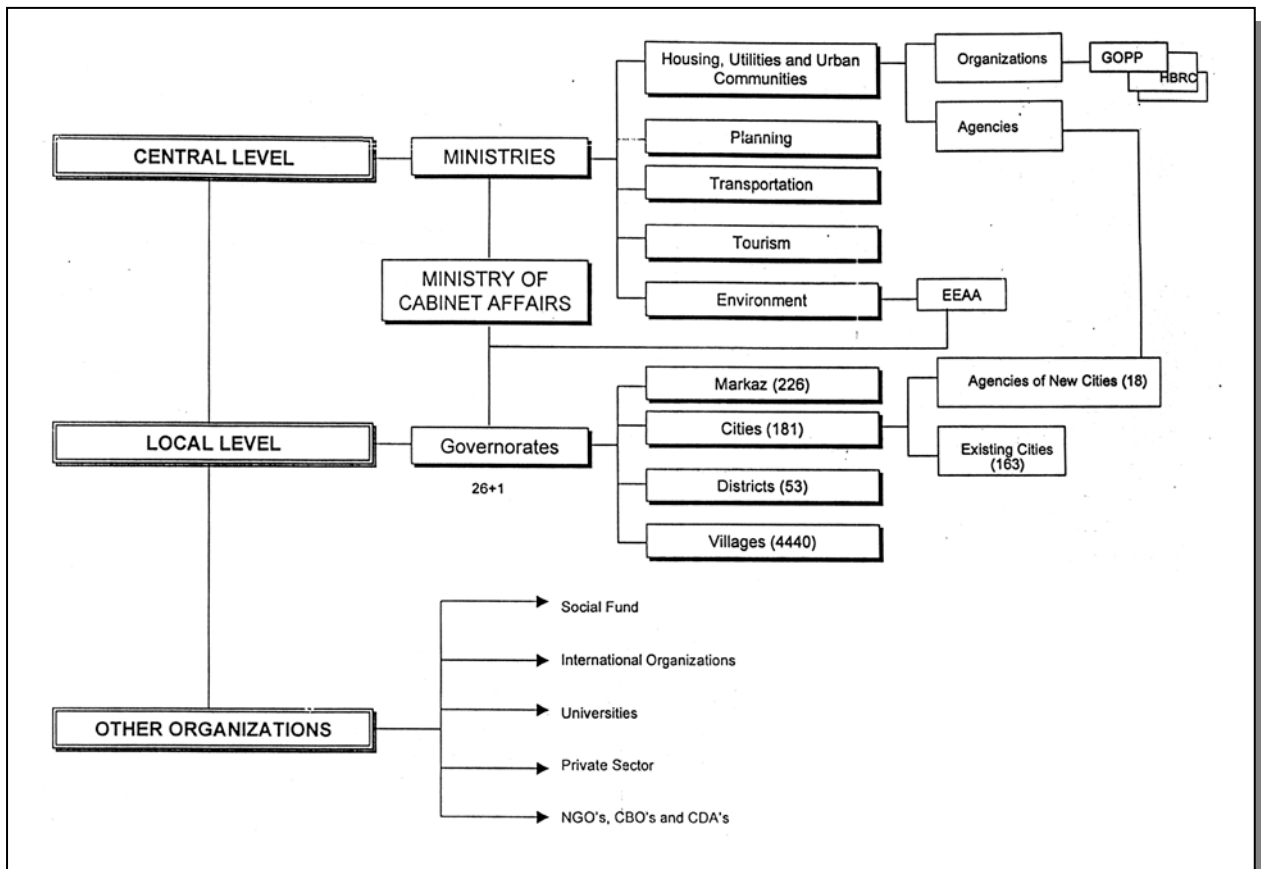


Fig. (2) The Institutions at all levels(Central –Local) that involved in Urban Development Schemes. Source: A, Sahar & others, Strategic Training Needs Assessment for Urban Management in Egypt. Egypt – Netherlands Cooperation, Cairo 1999.

The legal framework of urban planning law in Egypt leaves sufficient space for municipalities themselves to prepare and adjust the technical planning process in coordination with the local political decision-makers and the final approval of the General Organization for Physical Planning (GOPP). They have to arrange public participation sessions for specific local discussions and public hearings.

In reality, municipalities cannot fitful all these tasks efficiently for a number of reasons. These include the shortage of qualified staff; problems of co-ordination and information exchange between different organizations; behavior and attitude constraints; and the lack of a general planning culture within local government. The whole institutional mechanism still needs to perform at a higher level to plan and achieve applicable urban strategies to solve the urban centers development schemes.

2-1- The Structure of the Institutional System in Greater Cairo Region (GCR):

Greater Cairo Region is composed of three Governorates (Cairo, Giza and Qalubeya). 15 urban quarters (however these quarters do not reflect the historical, social, economic and ecological characteristics of the various sub-sectors of the city) 18 rural districts, 8 towns and about 300 villages. Greater Cairo Region have a higher commission for the planning of GCR, whose membership consists of the three Governors plus seven Ministers, was established within the Prime Minister's office, but does not have a major influence in urban planning.

The Governorate People's Council and Local People's Council are directly elected by the people and have the right to attend the meetings of the executive council and take part in its deliberations but without voting rights. And the Executive Governorate Council is chaired by the Governor and made up of Assistants of the Governor, Heads of Quarters, Directors of services Departments and the Secretary General as secretary of the council. This council is responsible for: -

- ↳ Preparing the studies to be discussed by the local people's council.
- ↳ Following up of the activities within the local units and evaluating their performance.
- ↳ Assisting the Governor in developing managerial and financial plans of the local people's council.
- ↳ Drawing up appropriate rules for administrative and implementing bodies.

2-1-1- The Organizational Structure of The Governorates:

Four main bodies are formed the organizational structure of the Governorate;

- ↳ The Governor and the organizational units under his direct supervision;
- ↳ The Assistants of the Governor: as general coordinators between the urban quarters, and for engineering affairs, supervising the housing construction, provision of building materials and other related activities;
- ↳ The secretary general and his assistants, who administer the Governorate head quarters and coordinate the other Governorate's departments;
- ↳ The Technical Departments, such as education, health, housing, and reconstruction, etc.,

The central government has tried through this system to achieve the required consensus among participants in the decision-making process in urban issues by adopting many levels of measures of decentralization of decisions:-

- ↳ Land-use regulation;
- ↳ The management of water supply and sewerage networks;
- ↳ The process of allocation of urban functions between the various units of government;
- ↳ Use of consulting procedures.

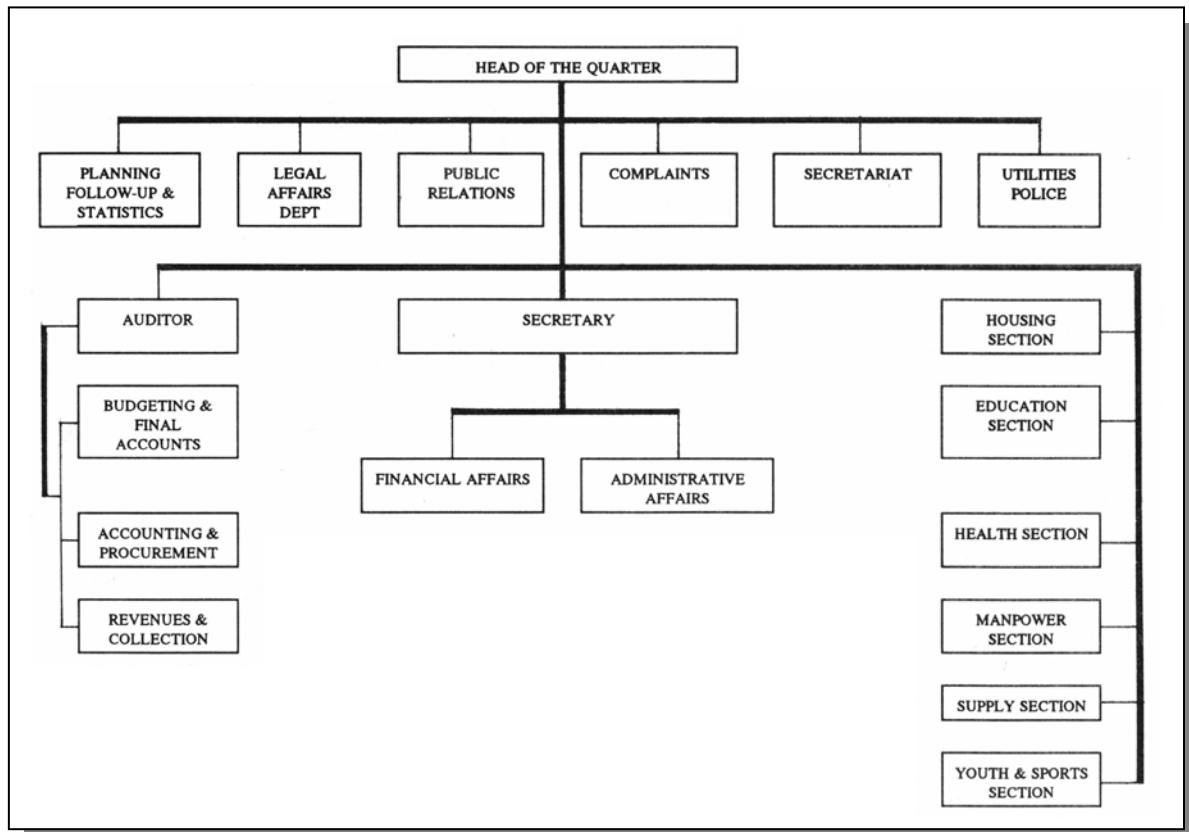


Fig. (3) The Organizational Framework of local authorities of the Cairo Quarter.
Source: Habitat, Metropolitan Planning and Management, Habitat, Nairobi, 1993.

2-1-2- The Urban Quarter Structure: -

The Urban Quarter is the lower tier of Government and consists of four main entities: -

- ↖ The Head of the urban quarter and the organizational units under his direction;
- ↖ The Secretary of the quarter, who is responsible for its general administration;
- ↖ The Auditor, who is in charge of revenues collection, expenditures and budgeting;
- ↖ Heads of technical service sections such as education, housing, labor. etc.

2-1-3- The Urban Quarter functions: -

- ↖ Regulation and control of building construction;
- ↖ Maintenance of government buildings;
- ↖ Public cleanliness & Public parks and gardens;
- ↖ Road construction and maintenance;
- ↖ Environmental improvement programs;
- ↖ Controlling entertainment and public shops

2-2- **The causes of the under performance of Egyptian institutions:**

◀ **Lack of qualified and experienced staff at municipalities:**

At present, the mostly under-equipped and inexperienced local administrations in municipalities are hardly capable of setting up any plan or even implementing and controlling what has been planned. The Egyptian planners and engineers charged with the elaboration of the general and detailed planning in municipalities are inexperienced and newly graduated.

◀ **Scarcity of information and institutional confusion:**

The bureaucracy suffers from a scarcity of information, systematic files and data banks, which enable the preparation of urban planning schemes, policies and to monitor performance. Confusion among concerned governmental institutions has led to insufficient housing plans. While the national housing committee estimated the need at 2.692 million in the period 1980-2000 (The Egyptian Consultative Council, Report No.20, 1983), NCSCR, (1985), proposed that 2.154 million new flats be constructed. In the same time, The informal housing units built between 1966 and 1976 in Rgypt were estimated as 77% of all new housing units.

◀ **Over centralization:**

Centralization is widely practiced in Egypt at two levels, the central government's control, and the governorate's authority and governor's control. In spite of the attempts towards decentralization during the last two decades, the central government still has tight control over the local-government system. About 80% of local resources come from central-government grants and therefore, the administration has been granted the power to impose its decisions upon the local leaders. Central government sets housing policies and allocates funds to the governorates and provincial administration with wide delegated authority from the central government.

Equally, according to the same law, the five levels of local units and local popular councils are at governorate, district, town, quarter and village level. The law allows the governorate's authorities to review all the decisions or measures which might have been taken by local authorities. For instance, the governorate's council has the power to supervise other councils' activities inside the governorate. In case of need, a right of veto can oppose measures that might seem illegal.

3. **Strategic Approach for Institutional reform:**

The strategic approach has two main points. These are good governance and good urban management, they are important concepts, which are widely used. Governance refers to the system of decision making in a town or city, and embraces government, local and central, civil society and its organizations and the private sector. Urban management is orientated to how decisions are put into action. It focuses on the institutional, financial and planning systems to achieve development objectives and to manage development in a city or town. Governance and urban management are closely linked, as good governance provides the necessary framework for cities and towns to be managed more equitably and effectively.

3-1- **Good Governance: Improving decision-making in city centers.**

Governance is about how decisions are made, who is involved in making them, and the framework for decision-making. Several definitions of governance are provided in the box. Bad governance is often associated with an excessive concentration of decision making

authority and closed decision-making processes; unstable and unpredictable legal framework; excessive rules and regulations; unclear definition of the limits between public and private resources and interests. Good governance is associated with a more inclusive, open, transparent and accountable system for decision-making. Characteristics of good governance and good governance systems include being:

- ◀ Participatory and Sustainable and legitimate and acceptable to the people;
- ◀ Promoting equity and equality;
- ◀ Able to develop and mobilize the resources and methods of governance;
- ◀ Efficient and effective in the use of resources;
- ◀ Tolerates and accepting diverse perspectives;
- ◀ Strengthen indigenous mechanisms;
- ◀ Accountable; Regulatory rather than controlling;
- ◀ Able to deal with temporal issues; Service - oriented

Promoting good governance in urban areas requires support and activities to:

- ◀ Create and develop capacities in the state, civil society and the private sector at the local level;
- ◀ Cooperation between institution, of the state, civil society and private sector at the local level, and also between central and local levels.

3-1-1- The three main groups involved in governance:

◀ The State or public sector;

The state is responsible for developing an appropriate political and legal environment, a sound system of public sector institutions and for ensuring provision of effective services. Good governance requires a vigorous system of democratic, dynamic, transparent and efficient local government. This includes executive, legislative judicial and regulatory agencies.

They have to face a series of challenges, among others:

- to play an active role as a promoter and enabler of local economic development and the creation of a conducive economic environment.;
- to protect the vulnerable groups of population and to alleviate the severe conditions of poverty;
- to promote and sustainable environmental development.
- to facilitate the participation of the population;

◀ Civil society

Civil society is made up of individuals and organizations, formally organized or not, who interact in different spheres of social, economical and political life bounded by formal and informal norms and regulations. The role of civil society organizations (CSO's (NGO's +CBO's) in urban development is crucial since they are key political actors in the local society. They protect rights and interests of citizens and they can organize and mobilize the poor and other disadvantaged groups. They are intermediary organizations between individuals and the state, and can facilitate and enhance participatory channels and practices.

Through (NGO's)+(CBO's) citizens can interact with state organizations and demand more accountability and responsiveness. They are a basic source of information about citizen demands, needs and expectations. (NGO's)+(CBO's) provide the skills and institutions to socially monitor the way in which government is conducted and the private sector develops its activities.

◀ **Private sector**

The private sector comprises people and companies whose main purpose is to make a profit for this, it needs the creation of a conducive environment for the marketplace and private enterprises. This includes economic, for profit activity in sectors such as banking and financial services, co-operatives; commerce and trade; but also in the informal sector. The litter's role is particularly important in urban economies in developing and transitional countries.

The private sector is increasingly the "engine of the cities". It creates jobs, provides income, produces and delivers goods and services. Private sector partnership with local government may mobilize financial resources and facilitate the provision and / or management of public services with private involvement. However, in many countries the market alone often is not able to guarantee appropriate patterns of production and consumption. Private sector development requires a regulatory framework and good infrastructure. It also requires the right balance in relation to the preservation of environment and natural resources, equitable growth, gender awareness, protection of poor population from economic exploitation and access of the poor to the established credit system. Fair competition, stable market conditions and transparency should be encouraged and supported in the development of urban economy.

Key relations between the state, the private sector and civil society
A dynamic and responsive system of local government is essential for both civil society and the private sector to constrictively develop. A robust civil society and private sector can assist a local government's efforts to build up financial, institutional and infrastructural capacities for the sustainable development of cities and towns. Local governments should therefore enable facilitate and encourage development of civil society and the private Sector. National governments need to provide the framework and actively support the building of local capacity.

3-1-2- Supporting good governance:

There is no single, universal model for good governance. Consequently, general principles need to be applied and adapted to specific local circumstances. There are at least three levels at which interventions can be made to support and develop good governance, namely institutional, organizational and human resources.

◀ **Level of Intervention:**
Institutional,
Organizational
Human resources.

Institutional level: Working to improve the governance of the cities can be done by:

- Reforming procedures or Systems of coordination between organizations, especially between governmental and non governmental organizations;
- Fostering changes in the legal framework, government regulations and procedures;
- Supporting the emergence and development of institutional mechanisms which according to local culture and traditions could facilitate the governance of the city, including the creation and development of institutional networks in governance-related areas;
- Cultivating new norms and values (promoting good governance) so as to change the incentive structure for individuals and organizations.

Organizational level: At this level, good governance can be supported, mainly by the modernization and strengthening of governmental agencies and structures. Support is often needed to build a sound policy, planning and regulatory capability. Key areas for intervention are financial management (including, budgeting, accounting and auditing procedures), human resources management, communication and information technology. On the other hand, civil society and private sector organizations may also require support especially in learning to work with new partners.

Human resources: At this level skills can be enhanced by the training and education of key actors in the process of urban governance. State organizations, may be strengthened by the design and implementation of staff development and training programs aimed at improving competence and capacities of different branches and agencies of government. Training and advocacy activities must be addressed not only to appoint but also to elect officials, and mainly to senior and managerial staff. Civil society and business leaders must also be attracted to training activities together with governmental representatives, so that to facilitate communication between different sectors.

3-2- Good Urban Management:

Urban management is the other main point of the strategic approach to urban development. It is the process by which the goals of urban development are implemented. Good urban management is about how the decisions taken within a system of good governance are turned into action.

There are three main aspects in Urban Management:

- ◀ Institutional arrangements;
- ◀ Financial management;
- ◀ Physical and environmental planning of developments.

Urban management is concerned with the policies, plans, programs, and practices that seek to ensure that population growth is matched by access to basic infrastructure, shelter, and employment, While such access will depend as much, if not more, on private initiatives and enterprise, these are critically affected by public sector policies and functions that only government can perform.,

The performance of government is critical to the effective management of urban growth. The effectiveness of urban government is clearly dependent on a range of contextual factors: political stability, social cohesion, and economic buoyancy, to name only the most obvious. It also depends on the skills and motivations of its policymakers and the staff who serve them.

But the widespread concern to change and improve the management arrangements suggests a belief that the structures, processes, and resource bases are themselves factors that contribute to effectiveness. On the other hands institutional characteristics of urban government play a part in determining its effectiveness, along with the people who run it and the environment within which its operates.

3-2-1- Institutional arrangements within Good Urban management:

Effective institutions are a fundamental requisite of urban management. Successful implementation of urban development programs requires complementary actions by many institutions in a complex web of political, technical, and cultural relationships. Through the next part, We will reviews the main institutional issues concerning urban management, particularly:

- ◀ Local government,
- ◀ Central-local relations, and
- ◀ Partnerships with private and community based sectors.
- ◀ **Local Government**

The role of the local government in urban management may vary significantly, due to political and legal, historical and cultural factors. However, today there is a significant trend towards the strengthening of local authority capacities as key actors in urban management and as an important element in decentralization policies. Improving local government is more than simply changing the structure of the organization and training. It is related mainly with the way decisions are taken within the municipality and between it and other urban agencies and organizations.

There is a core group of areas of potential intervention for local government:

- ◀ Developing the organizational structure;
- ◀ Developing financial capacities and management;
- ◀ Developing human resources and its management system;
- ◀ Developing capacities for the provision of local services;
- ◀ Improving the status and legal framework;
- ◀ Strengthening local democratic practices

◀ Central-local relations

Relationships between central government and agencies and local government and agencies have a fundamental role in urban management They are basically concerned with the distribution powers and functions. Although law usually defines the nature of central local relations, its operation is mainly determined by the wider political climate by the balance of political power in the country. An important objective for a sound urban management is to develop central-local relations in a climate of mutual Co-operation, support and as much constructive vertical co-ordination as possible. However, often confrontation and mutual irresponsibility between central and local governments can be seen as the main characteristics of their relations.

◀ Partnerships with private and community based sectors.

From the institutional point of view, urban management takes place via the interaction and relationship of wide range of actors and institutions. The way they relate to each other

determines the outputs of the management of the city. It is desirable to build up an enabling environment through which all these institutional actors can positively and actively contribute to the process of decision-making in the city. In the same time, Partnerships can take many forms of relations between different partners. Co-ordination and partnership should be developed and strengthened between:

- ◀ Public and private sector;
- ◀ Formal and informal mechanisms;
- ◀ Politicians and professionals;
- ◀ The legislative and the executive;

Public and private sector:

There are several ways of linking public and private Sector organizations in urban management. The range of possible alternatives and combinations is large (See figure 1). If the objective is good and affordable urban services, then private provision of services can be a valuable alternative to public. It may be fostered mainly in cases where technology, the scale of investments and the size and maturity of the business community provides a competitive environment. At the same time, public organizations must develop their capacities to regulate and administer contracts with the private sector.

Possibilities include arrangements such as:

- Public provision and private participation in;
- Private participation in provision and responsibility for production and a stake in its ownership and financing;
- Partnership between public and private suppliers; (joint ownership or mixed companies)
- Participation of beneficiaries in public supply in design and administration of services, contributions in cash or labor.

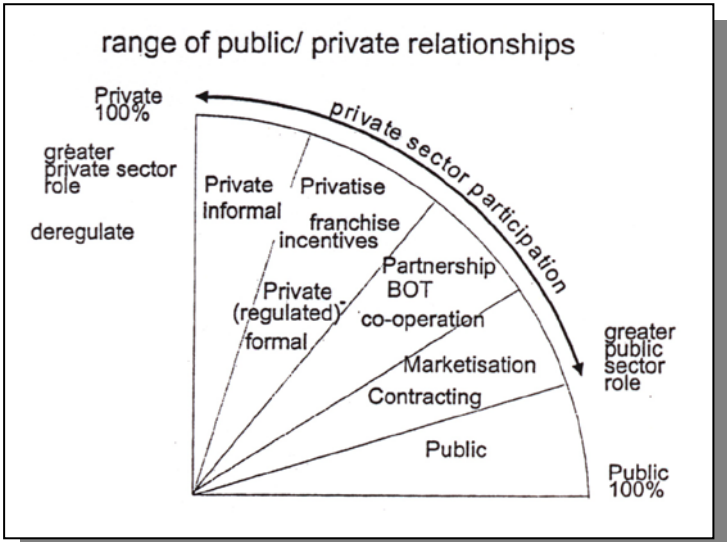


Fig. 4 (Range of Public / private relationship)

Urban government is mainly organized by sectors of activity, particularly within local government organizations. Normally there are departments or agencies dealing with housing, education, finances, economic development, physical planning or infrastructure investment and maintenance. Urban government should co-ordinate activities carried out by these sectors

to better meet objectives. The effective co-ordination of sectoral policies and activities within local government or even between agencies in the city has to face severe obstacles associated with bureaucratic practices, professional biases, physical distance, different time framework for the production and delivery of the services and more frequently lack of will of the heads of the departments or agencies.

Despite these difficulties efforts are needed to ensure that sectoral public interventions are co-ordinated and are all aimed at achieving sustainable improvements in standards of life in the city. Important mechanisms for sectoral co-ordination are the development of institutional participatory practices and management style, it should be based in the development of agreements and consensus rather than in the production of rigid plans. It should be a task involving all interested parties and not only the planning department or agency, and it should be a permanent activity linked with a process of annual strategic planning and budget preparation and management.

4. Summary:

The institutional performance of development project depends on the internal organization, including the organizational structure, the management and the availability of skilled staff. The development of the organization and the extent to which it is possible to set and attain the organization's objectives is also interrelated with external institutions such as the government and foreign donors, if any. The institutionalization of project / program organizations, which is crucial to their success, depends on the degree to which the project/program can adapt to exogenous institutions. Development projects suffer from low-specificity and a lack of competition. Israel's strategies to compensate for these deficiencies include:

- ◀ simplification of the objectives & simulation of competitive pressure
- ◀ professionalization and socialization of the staff, which should be especially skilled for people oriented activities, from talent or by training
- ◀ specific organizational measures, such as a fairly rigid supervisional structure, emphasis on team-work, few precise rules, avoidance of quantitative techniques, and specific non-pecuniary staff incentives

These measures will help to improve institutional performance. It is not always possible to apply all the suggestions. Beside this, additional strategies are possible and needed to improve performance. An important institutional condition for successful implementation of development plans is that the goals of the project are in accordance with (national) policy goals. Strategic management, with explicit formulation of the project's objectives and means in accordance with national policy, is necessary to increase (institutional) performance of projects and programs.

To design sustainable development projects, governments must be aware that Institutional Development is indispensable. Without such awareness it is difficult to achieve institutional progress. Governments should have not only a positive attitude towards Institutional Development, but also an open eye for a favorable legal-administrative frameworks. Sometimes an active policy is needed to level formal barriers.

A necessary condition for the institutionalization of development programs and projects is the acceptance of the goals, means and scope of the program/project. The first step to secure this

acceptance is to gain support for the policy objectives of development projects. Therefore, the objectives must reflect the interests of the beneficiaries. The people that are affected by the program/project should be involved in decision making. Using existing social institutions can do this. NGO's may help to mobilize the local population.

Project organizations are often not rooted in traditional structures and, therefore, lack spontaneous acceptance. This makes it difficult to attain a sufficient level of institutionalization in the existing socio-cultural structure. That is a necessary condition for sustainability, however.

5. Recommendations:

5-1- Relating institutional development with good governance:

Urban development programs / Projects may support development of institutional aspects in the process of urban management. Firstly, institutional development should be in line with the criteria and principles highlighted in the section on governance. That means, that development of institutions for urban management must consider the following strategic considerations: decentralization; democracy and legitimacy of government; accountability and transparency; the rule of law and respect for human rights and participation.

5-2- Improving central – local relations:

Supporting more constructive central-local relationships may consider the development of mechanisms and Systems to make controls of local government and other urban agencies more positive and supportive. This includes the implementation of normative controls rather than case by case review of local decisions; and the development of co-operative mechanisms for urban investment planning with the participation of all levels of government.

5-3- Strengthening co-operation and co-ordination:

Institutions in the urban arena will be stronger if support is provided to the development of mechanisms for strengthening co-operation, co-ordination and productive partnerships between local authorities, NGO's, CBO's and the private sector. This may consider giving preference to programs or projects that will show explicit and clear working relationships between the mentioned parties. Provision of public services by profit or non-for-profit organizations, provided capacities are sufficient, should be fostered and facilitated.

5-4- Building capacity In local government:

In relation to capacity building for local government programs a basic activity could be the improvement of the status and legal framework of local government. Along with the legal framework an area of special concern is the improvement of financial capacities and financial management in local government. Changes in organizational structures are often needed. That could consider improving the internal organization and structure of local government and the general distribution of functions and organization of local government agencies. Developing human resources and its management system is a central factor in order to improve institutional performance, since most local authorities suffer from an acute shortage of skilled, trained technical and managerial staff at all levels.

5-5- Improving local democratic practices:

The strengthening local democratic practices may also represent an area of interest in support of better local government This may make emphasis in improving the effectiveness and

conditions of operations of elected bodies, in facilitating public participation in local government decision-making and in monitoring local government activities

5-6- The Importance of sustainability:

Sustainable development has tended to be associated with the conservation of non-renewable physical resources for the use of future generation. However, for urban development initiatives to be sustainable they cannot be confined to physical resources and the environment. If the urban economic and social frameworks within which they take are not sustainable, little of lasting value will be achieved. For this reason, the guidelines use the now commonly accepted view of sustainability as concerning connected social, economic and environmental issues.

5-7- The importance of good governance - transparent, accountable and participatory decision making:

One of the major problems in achieving sustainable development is that of weak institutions talking veiled decisions through unclear decision-making process. The consequence can be decisions on priorities and the use of resources that do not reflect the real needs and wishes of urban citizens. If acceptance by citizens is low, then their motivation to become actively involved in development becomes low. Hidden decision-making process not only opens the door to poor decisions, but also to mismanagement and corruption.

5-8- The importance of development strategies and co-ordinated approaches

An effective national or regional urban framework or policy can be a critical ingredient in supporting more effective urban development. Such a framework usually sets a policy vision for cities and towns and guides decision making on resource allocation. At a town or city level, strategic plans can provide a framework for priority setting and influencing of investments by a wide range of stakeholders - government, private sector and community. A strategy developed together with the main stakeholders is the best basis for the co-operation and co-ordination that is necessary to achieve a more effective approach. It must be based on consent and clear potential benefits.

5-9- The necessity of adequate and appropriate financing:

All development needs to be financed in some way. Problems have been confronted particularly with urban developments that are financially supported during their construction or early phases, often from sources external to the urban area in which the development is located, but which do not generate enough of their own finances or fall far beyond the means of the city or town to operate and maintain over the medium and long terms. Urban developments should be designed appropriately with regard to the financial Systems and capacities of towns and cities. The importance of appropriate cost recovery has been a particularly important lesson for long term financial sustainability. The need to involve the private sector and civil society in urban financing is also important.

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