

INCLUSIVE AND SUSTAINABLE
URBAN PLANNING:

A GUIDE FOR MUNICIPALITIES

4

VOLUME
Four

Volume 4:
Sustainable Action Planning

UN  HABITAT

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**Volume 2:
Sustainable Action Planning**

United Nations Human Settlements Programme

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Foreword

The world has seen a significant rise in the number of conflicts and an intensification of their impacts, over the last few decades. UN-HABITAT has responded swiftly and effectively to these situations, whether in the Balkans, Iraq, Afghanistan, Somalia or Sudan. One of the key areas of UN-HABITAT intervention and assistance has been institutional development and capacity-building in post-conflict situations, where conflict is often characterized by a breakdown of governance institutions and anarchy in human settlements reconstruction and redevelopment. UN-HABITAT has played a key role in the Balkans, especially in Kosovo, in restoring urban governance practices and introducing new local development planning process.

UN-HABITAT has been engaged with the central and local governments in the Western Balkans through several interventions, most of them focusing on strengthening processes of participatory governance. The Urban Planning and Management Programme (UPMF) in Kosovo was a path-breaking intervention where UN-HABITAT worked closely with both central and local institutions to support the development of new policy and legislation relating to urban and spatial planning; to enhance local capacity for good governance and inclusive planning; and to strengthen local institutions with support from experts and professionals from across the world. UPMF is still being applied at the time of publication to train municipal and urban planners in inclusive, strategic and action-oriented planning practices.

Globally planning is in a state of flux and is reinventing itself to incorporate many of the characteristics mentioned above. Traditionally, urban planning has been seen as a means to control and regulate the development of towns and cities. In the cities of the developing world as well as in the post-conflict and post-disaster context, however, these traditional planning approaches have failed to address the challenges of rapid urbanization and the poverty, exclusion, informality and vulnerability which it brings in its wake. At the third session of the World Urban Forum held in Vancouver 2006, discussions on a renewed role for planning in ensuring sustainable urbanization generated enormous interest. Several events brought to the fore several innovative cases and examples of how things are changing. UPMF is another example. It was also highlighted, however, that there is still a lot to be done, in order to change the practice of planning across the world, especially in post-disaster and post-conflict contexts.

This publication synthesizes UN-HABITAT's experience Kosovo in the area of strategic, inclusive planning. I hope that it will be a useful resource to planning practitioners grappling with planning issues and problems in other post-disaster and post-conflict situations, and will guide them towards introducing new approaches and developing new skills to address these problems.



Anna Tibaijuka

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Preface

This series of publications on “**Inclusive and Sustainable Urban Planning: A Guide for Municipalities**” has been developed by the UN-HABITAT’s Urban Planning and Management Programme (UPMP) in Kosovo (2002-03), which was funded by the Government of the Netherlands. Executed under the aegis of the Disaster, Post-Conflict and Safety Section of UN-HABITAT, UPMP trained about 100 urban planners from all municipalities of Kosovo in strategic planning approaches and methods. This series is based on the four-phase Urban Planning and Management Framework (UPMF), described in detail in the first volume, and the training materials (eleven manuals and numerous tools) that were developed as part of the UPMF.

The series reflects the inclusive and strategic approach to planning, putting primary of emphasis on the dynamic character of the planning process , engagement of stakeholders and the importance of the development of action plans and securing financial outlays for the implementation of selected priority projects.

The process of planning is not linear but cyclic and some of the activities can be conducted in parallel, but for the purpose of clarity we decided to divide it to phases and steps to help those who will try to do it on their own using the Urban Planning and Management Framework as their model.

This approach to planning has been the basis of the Law on Spatial Planning passed in Kosovo in 2003 including the accompanying by-laws. Kosovo experience inspired the paper on Re-inventing Planning, which was broadly discussed during the World Urban Forum III and the World Planners Congress in Vancouver in June 2006. In its current use, the UPMF has been enriched by incorporation of spatial aspects necessary for the strategic spatial planning such as spatial diagnosis, envisioning exercise for future spatial development or the assessment of spatial impact of sector policies. Space being a limited resource needs to be taken into account while planning for sustainable development. This enriched approach also contributes to the harmonisation of the planning systems in the South Eastern Europe while being in line with the current spatial planning practices exercised in the EU countries.

The UPMF series has been shared with UN-HABITAT teams in Somalia, Afghanistan , Bosnia and Herzegovina, and with partners in Kosovo, in its electronic version, and the current printed version incorporates the latest editorial changes.

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Acronyms

CPT	City Profiling Team
CUD	Consolidated Urban Diagnosis
EU	European Union
GCUG	Global Campaign on Urban Governance
ICA	Investment Capacity Assessment
ICT	Investment Capacity Team
M&E	Monitoring and Evaluation (MandE)
MPT	Municipal Planning Team
NAP	Neighbourhood Action Planning
NGO	Non-Governmental Organisation
PT	Profiling Tool
PUDM	Participatory Urban Decision Making
SA	Stakeholder Analysis
SUDP	Strategic Urban Development Plan
SWOT	Strengths, Weaknesses, Opportunities, Threats
UIT	Urban Indicators Toolkit
UN	United Nations
UNCHS	Former Acronym for UN-HABITAT (United Nations Centre for Human Settlements)
UN-HABITAT	United Nations Human Settlements Programme
UPMF	Urban Planning and Management Framework
UPMP	Urban Planning and Management Programme
USA	Urban Situation Appraisal
USP	Urban Situation Profile
USPP	Urban Strategic Planning Process
WG	Issue-Specific Stakeholder Working Groups

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1.0 Introduction

The United Nations Human Settlements Programme, or UN-HABITAT, is the UN agency responsible for human settlements. Drawing its mandate from the Habitat Agenda, the agency focuses on two key objectives: sustainable development of human settlements and adequate shelter for all. To achieve these, UN-HABITAT has launched two Global Campaigns on Urban Governance and Secure Tenure. These Campaigns provide the framework for all other UN-HABITAT programmes, interventions and initiatives across the globe.

One of the key areas of UN-HABITAT intervention and assistance in the past few years has been institutional development and capacity building in post-conflict situations. In many parts of the world – the Balkans, Iraq, and Afghanistan, to name a few – violent conflicts have been followed by a complete breakdown of governance institutions and utter anarchy in human settlements reconstruction and redevelopment. In the Balkans, specifically, after the break-up of former Yugoslavia, a range of development problems has arisen from a combination of three factors:

1. an inflexible socialist economic regime under former Yugoslavia and its subsequent collapse;
2. the economic and social exploitation and marginalisation of territories and violent ethnic conflict; *and*
3. virtual anarchy in the absence of functional governance structures immediately after the conflict ended.

Paradoxically, these same factors have provided an opportunity to rewrite the future of the Western Balkan states, including Croatia, Serbia, Montenegro, the Former Yugoslav Republic of Macedonia, and the UN-administered territory of Kosovo. These are significant potential opportunities to revitalise the economy, steer it away from central planning and towards a market system, and to introduce new socio-political paradigms.

However, the transition from a centrally planned system to an open market economy is slow. The public sector is only beginning to recognise that, in the new socio-political structure, its role must change from controlling to guiding. Stakeholder participation in development planning and decision-making is still weak. This is partly because the tools and mechanisms for civic engagement have only recently been introduced, and they need consolidation. However, the more crucial factor is an absence of a “culture of participation,” at all levels and across all segments of society.

The problems of chaotic development also persist. A legal and policy framework in transition, coupled with fragmented development strategies and plans, has led to (1) unmanageable influx of population into the cities, (2) thousands of illegal constructions, (3) urban overcrowding, (4) poor quality of life and (5) a volatile investment climate. Most governments are looking to address some of these issues through new laws and regulations on planning along the lines set by EU planning frameworks and guidelines.

Governments in the Balkan region explicitly recognise that economic development requires dedicated plans to direct capital expenditure (both public and private) towards various sectoral and spatial priorities. Economic development at the local level also relies on clear municipal strategic plans that include public investment priorities. The process of decentralisation

in these countries – the very existence of local governments, and the fact that they are democratically elected, functional and increasingly taking on a wider range of responsibilities – is an important sign of progress in the aftermath of the Balkan conflicts. Nevertheless, most local authorities need substantial strengthening if they are to perform their new functions effectively.

UN-HABITAT has been engaged with the central and local governments in the Western Balkans through several interventions, most of them focusing on strengthening participatory governance. UN-HABITAT is working with both central and local level institutions:

- to build new legislative and policy frameworks;
- to enhance capacity for good governance and inclusive planning in cities; and
- to build and strengthen institutions with support from experts and professionals from across the world.

The common development objective of all these interventions is to improve living conditions and promote development investment in urban areas across the region through modern inclusive planning practices and strategies.

The Urban Planning and Management Framework, or UPMF, developed to suit the specific context and problems in the Balkan region is being applied to train municipal and urban planners in inclusive, strategic and action-oriented planning practices. According to the UPMF, urban strategic planning involves:

- engaging stakeholders in urban planning and the co-financing of urban infrastructure and services;
- enhancing the sense of ownership and responsibility amongst all stakeholders for improved maintenance and operation of urban infrastructure and services;
- improving the technical quality of urban project proposals and management;
- improving urban management practices; and
- making urban planning transparent and accountable.

The Framework advocates a four-phase approach to developing strategic urban development plans and is inclusive and participatory in nature, as depicted in Figure 1. The four phases of urban strategic planning include:

1. Urban Situation Analysis;
2. Sustainable Urban Development Planning;
3. Sustainable Action Planning; and
4. Implementation and Management of Projects.

There is an explicit acknowledgement by the governments in this region that economic development requires development plans to guide investments (both public and private) in line with sectoral and spatial priorities. Economic development at the local level also relies on clear municipal strategic development plans, which include public investment priorities. The process of decentralisation in these countries - the very existence of local governments, and the fact that they are democratically elected, functional and increasingly taking on a wider range of responsibilities - is an important sign of progress in the aftermath of the Balkan conflicts. Most local governments, however, need to be considerably strengthened so that they can perform their new functions effectively.

Figure 1: Phases and Stages of Urban Strategic Planning Process



The framework envisages that the development planning process would be conducted under the guidance of a multi-sectoral Municipal Planning Team, established with participation of various departments of a municipality. This is extremely important, because urban planning is no longer seen as a uni-dimensional, static, technocratic activity, but rather a process of bringing together various perspectives and sectoral priorities to develop the common future of a city. Box 1 describes the role and responsibilities of the Municipal Planning Team in the urban strategic planning process.

Box 1: Role of the Municipal Planning Team (MPT)

A Municipal Planning Team (MPT) comprises representatives of all departments in a municipality. It is a multi-sectoral group and may include at least one (possibly more) urban planner, architect, geographer, civil engineer, economist, legal expert, finance and accounting expert, a Municipal Gender Officer, and any other professionals from within the municipality. It may also include any international experts or project staff seconded to the municipality for specific tasks/projects.

The primary objective of the MPT is to oversee and guide the municipal development process, which includes preparation of the urban situation analysis and strategic urban development plan for the municipality. MPT members will be responsible for:

- 1. Providing inputs to the stakeholder analysis** for their respective fields and then **reviewing the final stakeholder analysis report** prepared by urban planners.
- 2. Providing data and information** and other inputs which the **City Profile Team** needs for the urban profile, appraisal and investment capacity assessment
- 3. Providing inputs to and reviewing reports** on the urban profile, appraisal, investment capacity assessment and consolidated urban diagnosis prepared by municipal planners and the city profile team.
- 4. Preparing a draft vision, goal and objectives for the strategic urban development plan** based on the consolidated urban diagnosis.
- 5. Active participation in working groups for the development of action plans** for selected strategic priorities.
- 6. Reviewing the draft action plans prepared by working groups and the final strategic urban plan** before it is presented to the Committee on Urbanism or Policy and Finance Committee.
- 7. Providing any other guidance, inputs and support to municipal urban planners** as may be required for the process of preparing the strategic urban development plan.

This series of publications, *“Inclusive and Sustainable Urban Development Planning: A guide for Municipalities”* is a consolidation of the materials initially developed as UN-HABITAT’s response to the specific requirements of the Balkan context. The series has been suitably modified to be able to serve as a generic guideline for the training of urban planners in the area of urban strategic planning. The series consists of five volumes organised according to the training phases of the urban strategic planning process. The fifth Volume of the series, which focuses on “Implementation and Management of Projects”, is distinct in that it is being developed in collaboration with a partner. The contents will be based on the current training activities being undertaken. The volume will be published at a later stage.

The present volume describes the basic concepts of strategic planning, the linkages with good governance and UN-HABITAT’s Global Campaign on Good Urban Governance, its specific significance in the context of strategic planning, and the over-arching principles of participation and gender orientation. In addition, it outlines the monitoring and evaluation approach that is expected to run throughout the whole planning process. Each subsequent volume describes one phase in detail, and attempts clearly to establish the forward and backward linkages in the process. Although the four volumes are organised along the phases of the urban strategic planning process and thus form part of a series, they can also be used individually to learn more about a particular phase or step in the urban strategic planning process.

2.0 Concepts

2.1 Strategic Planning

The concept of strategic planning is strongly applied throughout phase three (action planning) of the urban strategic planning process. Action planning turns strategies into practical programmes or activities for implementation. Design and implementation of action plans depends upon the strategic priorities identified during the urban consultation process. As it identifies the key undertakings in consultation with stakeholders while focusing on resources and partnerships, the action planning process remains fully congruent with the strategic approach.

2.2 Good Urban Governance and Action Planning

The good urban governance principles advocated by UN-HABITAT through its Global Campaign on Urban Governance (GCUG) play a major role in the sustainable development of human settlements in an increasingly urbanising world. All of the seven UN-HABITAT good urban governance norms apply to the action-planning phase, as described below.

Subsidiarity

The principle of subsidiarity means that responsibility for the provision and management of any service must be vested in the lowest level of authority that is best positioned to deliver these services in an efficient and cost-effective manner. This implies that municipalities be empowered as much as possible to develop and implement strategic and spatial plans that set directions for future development. The action planning process reflects the principle of subsidiarity in that it is conducted at the level closest to stakeholders and with active stakeholder involvement. This leads to development of action plans that are responsive to the needs of citizens and communities, and are implemented through stakeholder partnerships and resources.

Sustainability

Sustainability ensures that allocation of land and other resources indispensable for development is based on balanced social, economic and environmental priorities, with the aim of securing the needs of present and future generations. Sustainability also implies that any decisions on key development issues are made through consensus and are owned by a majority of stakeholders, which leads to enduring solutions. Developing action plans through a participatory process considers the priorities of stakeholders and gives them a sense of ownership, which in turn gives better chances for the sustainability of the solutions thus developed.

Equity

Equity entails establishment of principles for participation in the development-related decision-making process and access to services on an equal basis for men and women as well as various social groups, including ethnic and religious minorities, the rich and the

poor, the old and the young. The action planning process must take into consideration the potential contribution (formal as well as informal) by all these groups in the development and implementation of plans, and ensure that the proposed activities address issues that are vital for all these diverse groups of stakeholders.

Efficiency

Efficiency implies that cities must be financially sound and cost-effective in their management of revenues and expenditures, the administration and delivery of services, and that all development decisions must ensure the most efficient use of resources. Through involvement of the private sector and communities in consultations that set priorities for strategic urban development plans, cities can mobilise more resources and build partnerships for the implementation of development projects. Effective and responsive action planning processes hold the key to improved efficiency in urban development.

Transparency and Accountability

Transparency in decision-making and accountability of local authorities to their citizens are fundamental principles of good governance. Transparency and accountability are essential to build stakeholder understanding of local government. Active involvement of stakeholders in setting priorities and making decisions on how public resources will be spent holds the key to building transparency and enhancing trust between various stakeholders at the local level. Involvement of stakeholders in urban consultations and preparation of action plans is reinforced by facilitating greater access to information, including statistics and municipal financial data. Transparent tendering and procurement procedures must be adopted for the implementation of action plans and projects.

Civic Engagement and Citizenship

Civic engagement and citizenship is a key aspect of good urban governance. It implies that people must actively contribute to the common good and citizens, especially women, must be empowered to participate effectively in decision-making processes. Civic engagement forms the basis of the urban consultation and action planning process. The readiness of local governments to involve stakeholders in taking development decisions is crucial for the successful implementation of any development plans and ensuring their sustainability.

Security

The urban strategic planning process, especially urban consultations and the development of action plans, provides citizens with an opportunity to raise issues pertaining to their sense of security in relation to person and property. Security of women and children, ethnic and religious minorities must be addressed to satisfy their specific needs. These concerns must find their reflection in specific action plans addressing such concerns.

2.3 Public Participation

Public participation in urban decision-making is increasingly seen as a key strategy for governments and civil society to solve urban problems effectively and to ensure sustaining solutions. The involvement of stakeholders (including local government structures, business

community, NGOs, CBOs, formal and informal groups representing different interests of citizens, men and women, the disabled, ethnic and religious minorities etc), gives all the participating parties a sense of ownership of the selected priority issues and solutions to address these issues. It also offers better chances for achieving solutions that are sustainable, feasible and which the citizens are willing to implement.

The process of strategic planning focuses on a number of aspects where public participation is particularly desirable. Stakeholders participating in the urban consultation process, and particularly in working group activities, are involved in sharing information and selecting the most appropriate development options based on their awareness and understanding of the key priority issues. The purpose of developing action plans is to ensure that ideas developed and discussed in the working groups are translated into a string of activities to be implemented within a set time-frame, for which responsibilities are assigned to specific actors, and which are carefully monitored using objective indicators.

Allocation of responsibilities to stakeholders both within and outside government creates a situation where the participating stakeholders will have to negotiate their contributions, arrive at some kind of consensus, get involved in decision-making, and share the risks attached to their decision. This is one of the highest forms of participation.

Therefore, at the action planning stage, public participation can be reflected in the following forms and levels:

Information: Stakeholders participating in the development of action plans share information among themselves concerning key priority issues and alternative solutions. It is crucial that all participating stakeholders have the same information and thus can arrive at a common understanding of the issues. This information must also be shared with the broader public through proper coverage of the urban consultation process. It is particularly important to ensure that the selected information strategies and channels are equally accessible to both men and women and provide both groups with the same kind of information.

Consultation: Stakeholders have an opportunity to voice their opinions in a broad-based discussion on the key priority issues for local development. The consultation in its original form does not imply that all the ideas submitted by the participating stakeholders will be accepted by local authorities or used as intended by their authors. However, consultations provide a forum for stakeholders to voice their concerns and for local government to hear about these directly from members of the community. The consultation process must be organised and conducted in a way that will create conditions for equal participation of men and women. This should be reflected in the choice of the time and venue of the consultation event, as well as in an overall environment that encourages active female participation in the discussion.

Consensus building: Development of action plans requires interaction and negotiation among participating stakeholders. It is important to ensure that all stakeholders clearly understand the interests and priorities of one another and yet are ready to negotiate concessions to arrive at a common goal. The purpose of action planning is to ensure that despite individual interests, the participating stakeholders are able to negotiate their positions, participation and contribution in the form that is most appropriate for them and best serves the interests of the community.

Decision-making: Through their involvement in action plan development, selection of options as well as negotiating and deciding on responsibilities and contributions, participating

stakeholders take an active part in making decisions that will have major impacts on the future development of the city and the living conditions of its citizens. These decisions will also have an impact on the use of human, natural and financial resources for the implementation of the city vision.

Risk sharing: Decision-making always involves risks that the consequences of these decisions may finally have some unexpected negative impact on the community. This may relate, for instance, to achieving and maintaining a proper balance between socio-economic development and the protection of natural environment. It may also relate to relative benefits to different communities and ethnic groups in different societies. Consensus building and careful analysis of development projects – in terms of their financial, socio-economic and environmental impacts – can help reduce these risks.

Partnership: The decisions of the participating stakeholders to enter into a relationship to implement projects jointly, with a willingness to share both risks and benefits, is one of the most advanced levels of public participation. Such partnerships help in improving the delivery and quality of services and may be established between the public sector and civil society, or between the public and private sectors, or among all of the three. Building partnerships is one of the ways to increase the efficiency and cost-effectiveness of local government. Where no earlier experience exists, beginning with partnerships between local government and civil society is recommended.

It is important to remember that individual levels of participation form a continuum and build on each other. It is difficult to expect a high degree of public participation from the very beginning as it requires mutual respect and trust, which develop through dialogue and cooperation. The urban consultation process and working group activities offer an opportunity for establishing such cooperation.



The purpose of action plans is to apply the strategic approach to address priority issues, on a smaller, more practical scale

3.0 Action Planning

All the activities undertaken before developing action plans – such as the urban situation analysis, evolving a city vision, and analysis of issues and priorities – form the basis for realistic and effective action plans. Therefore, this chapter will make frequent references to the earlier stages of the urban strategic planning process.

The concept of the action plan and the process of its preparation have been introduced in the volume on the urban consultation process. This chapter, and indeed this volume, discusses the process of developing and drafting action plans in detail. Action plans are drafted for a specific action area, which may be either a territorial area where a specific intervention is planned, or a thematic area such as housing, environment, safety, or economic development. An action area may also be a crosscutting issue, e.g., environmental pollution, unemployment or poverty reduction.

The purpose of action plans is to apply the strategic approach to priority issues, i.e., on a smaller, more practical scale. Whereas the principles and the process of stakeholder analysis, profiling, appraisal and investment capacity assessment remain the same, the results of these assessments are very different at the city and action area levels.

Developing and drafting action plans is one of the last activities of the strategic planning process before drafting the Strategic Urban Development Plan. It is also a crucial element of the whole planning process, which explains how selected strategic priorities are to be translated into a series of actions that are expected to bring tangible results. Action plans outline the activities to be undertaken, in a step-by-step manner, in order to address some of the top urban priority issues and achieve designated goals. There must be a clear link between each action plan and the overall vision, mission, goals and objectives of the city.

The format of the action plan depends on the nature of the strategic priority issue that has been identified. However, in general terms an action plan should provide answers to the following set of questions:

- What activities are to be undertaken?
- How will each activity contribute to overall vision, mission, goals, objectives and strategic priorities?
- What specific results will be achieved?
- How will these results be achieved?
- When will these results will be achieved?
- Who will help achieve these results?
- What resources will be needed to achieve these results?
- How will the results be monitored?

3.1 Purpose and Characteristics of Action Plans

Action planning is a process through which strategies are converted into practical programmes or activities for implementation. Since the process builds on negotiated agreements among stakeholders, the issue of costs and benefits or gains and losses affecting different sections of the community is discussed explicitly, and is the subject of negotiation and consensus building. This ensures the commitment of participating actors and greatly improves chances that the action plan is realistic and practicable. Action planning typically includes a number of steps. The theme, content and design of an action plan depend on the nature of the strategic priorities that have been identified during the urban consultation process.

The action planning process generally includes the following steps:

- Elaborating and negotiating alternative courses of action
- Preparing a brief on the agreed course of action
- Determining the tasks and the actors involved
- Determining the required resources
- Identifying gaps and weak links
- Reconfirming commitments
- Agreeing on coordination mechanisms
- Agreeing on indicators and monitoring mechanisms.

Each of the working groups works through these steps separately, as action plans are prepared for each of the priority issues.

A key feature of this process is the open discussion and negotiation among the stakeholders involved, using the working group consultation and cooperation framework. In this way, everyone is brought 'on board', and the resulting action plans are much more likely to be implemented successfully.

An action plan is an output-oriented, actor-specific plan for achieving the objectives of an issue-specific strategy. It specifies details of inputs and actions by various stakeholders, with practical work programmes, time-schedules, types and timings of financial and other resource commitments. Action plans are keyed to measurable and time-bound schedules of inputs and outputs, and have been negotiated and agreed by the key stakeholders themselves. Before working groups begin to draft an action plan, it is important to agree on the contents to be included and the procedures for negotiating agreements on targets or results, indicators and implementation methods. Action plans have a few common characteristics that should serve as guiding principles for their preparation. Action plans are:

- **Problem- or priority-based:** they address a specific issue or priority. These could be related to threats or weaknesses the city must face, or alternatively, the strengths or opportunities. However, it is important to ensure that any issue the action plan focuses on will reflect the priorities set by stakeholders. Furthermore, it is necessary to make sure that the activities being planned address not only the visible effects of the problem, but more importantly, its root causes;
- **Realistic and based on achievable actions:** the planned activities must be within the competencies and capacities of the stakeholders, and more particularly of the municipality;
- **Participatory:** there should be a clear link between an action plan on the one hand, and stakeholder analysis and participation in the urban consultation process on the other hand. When drafting an action plan, one should take into account the interests, capacities and competencies of all the major groups of stakeholders, and allow them to negotiate commitments on an equal footing;
- **Inclusive:** Any planned activities must be viewed from the perspective of diverse social groups and must take into account the special needs of men and women and such disadvantaged or vulnerable groups as ethnic minorities and the disabled;
- **Reliant on local resources:** action plans should make the best possible use of the human, technical and financial resources that are available locally. Plans that include major involvement of external (especially financial) resources frequently fail to achieve results, as these resources may not always be available when needed. Moreover, extreme reliance on external resources is not advisable for the long-term sustainability of development activities;

- **Tangible and practical:** any action plan should clearly define the tangible outputs anticipated and the measures against which progress will be assessed.

While developing and drafting an action plan, it is important to keep these characteristics in mind and ensure that they are reflected in the document to be presented to the public and officials at the final consultation meeting.

Action plans are part of a general planning framework, which requires harmonisation with other action plans prepared by other working groups as part of the urban consultation process. An action plan puts in operation all the participatory processes that have taken place before it. As such, it represents a key moment in the process, when perspectives and priorities are translated into action. This is why input from both men and women in developing an action plan is critical. Therefore, it is important to ensure that the same strategies used for gender-equal participation in the earlier stages be used again when preparing an action plan.

Action plans also guide the process of implementation with clearly defined roles, resources needed and time frames. An action plan must include a set of objective indicators in order to monitor progress.

Each action plan needs to be clearly defined in terms of:

- Objectives
- Expected impact on the city and its residents, especially women, children, minority groups and other marginalised or vulnerable sections of the community
- Specified inputs and outputs related to shorter term target dates
- Implementation arrangements
- Roles and responsibilities of each implementing partner
- Critical tasks and critical paths, including links to other projects and programmes
- Budget and financial plans, identifying investment requirements and priorities and other economic implications of the action plan (including cost-benefit analysis)
- Monitoring and evaluation arrangements

An action plan reflects the involvement of individual and/or institutional stakeholders as working group members, in terms of their responsibilities and commitments. This means that if they are to take up their responsibilities in relation to the action plan, each participating organisation, individuals or governing bodies must adjust their own internal work-plans to fit with the action plan. Where this is impossible, renegotiation of the participants' involvement in the action plan may be necessary.

3.2 The Responsibility for Developing Action Plans

Action plan development is part of the urban consultation process and results from working group activities. Although working group members play the key role in action plan development, urban planners and members of the municipal planning team also undertake important tasks in this process.

Working Groups

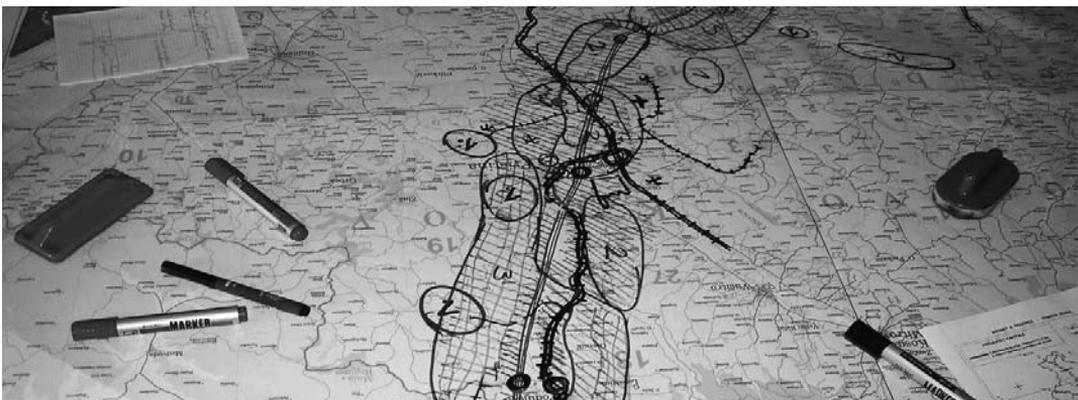
As described in the volume on Strategic Urban Development Planning, working groups comprise key stakeholder representatives. They are responsible for:

- Analysing each specific strategic priority from all possible perspectives, including gender, clarifying the issues and proposing alternatives for action
- Preparing preliminary drafts of action plans, including activities, actors, time frames and resources for programme implementation
- Presenting action plans during a final consultation
- Revising action plans, if needed.

Urban Planners

Municipal urban planners are the focal point(s) in the process of action planning. They are responsible for:

- Facilitating working group meetings
- Coordinating preparation of work plans for individual working groups
- Keeping minutes of working group sessions
- Informing members of the Municipal Planning Team and other municipal officials about the progress of working groups
- Providing data and information on past and ongoing efforts in the sector/area, should such information be required by the working groups
- Drafting the action plan based on inputs from the working groups
- Ensuring harmonisation of action plans developed by individual working groups
- Promoting working groups' activities to the wider public.



The preparation of action plans requires good understanding of the current situation of the city and its most vital problems and priorities

Municipal Planning Team

Municipal Planning Team members are collectively responsible for consolidating working groups' outputs into the Strategic Urban Development Plan. They are responsible for:

- Monitoring the drafting of action plans
- Reviewing action plans and ensuring that they do not propose conflicting solutions
- Incorporating action plans into the Strategic Urban Development Plan
- Monitoring the implementation of action plans.

3.3 Key Elements of Action Plans

Action plans can come in many different formats. The structure and contents of an individual action plans depend on the nature of the strategic priority identified during the urban consultation process. The broad template of action plans suggested by the urban strategic planning process is described in the following sections.

Background

The preparation of action plans requires good understanding of the current situation of the city and its most vital problems and priorities. The results of the analytical phase are included in the consolidated urban diagnosis, which is an input document for the urban consultation process. The selection of strategic priorities in the course of the urban consultation process and their review in the light of the vision, mission, goals and objectives help to identify specific areas of intervention, which are also known as action areas.



The action area diagnosis provides an in-depth assessment of a specific strategic priority selected during the urban consultation process

Action Area Diagnosis

The phrase “action area” can be used in relation to a specific territorial area within the city, e.g. a city district, a neighbourhood, a block of streets, or even a smaller section such as a space between several buildings. It can also apply to a specific thematic area such as shelter, economic development, social development, the environment, etc., which is not limited to any specific territorial area. Moreover, it can concern a broader, cross-cutting issue such as unemployment or poverty reduction, which is not only a matter of economic development but has many social and spatial implications in terms of housing conditions, health, education, access to services, governance, etc.

Due to the multi-dimensional meaning of the phrase “action area”, the diagnosis attached to it differs from the consolidated urban diagnosis described in Volume Two of this series. The consolidated urban diagnosis discusses all themes but concludes with identification of a few key thematic priority areas, which can provide inputs to the strategic planning process. The action area diagnosis, on the other hand, provides an in-depth assessment of a specific strategic priority selected during the urban consultation process in terms of stakeholders, profile, SWOT and investment capacity. The principles for conducting the analytical process are the same, although in the action area diagnosis results are limited in both scale and scope as they focus on the selected area of intervention (see tools 1 and 2).

Alternatives for Intervention

Analysing different scenarios is a useful way of exploring alternatives for intervention and the selection of the most suitable one. For example, one scenario could outline the likely results if nothing is done to address the issue. Two other scenarios could explore the likely costs and benefits of alternative strategies, with one meeting the objectives in a very short time-frame, and the other one only gradually.

“If you don’t know where you are going, any road will get you there,” goes a popular saying. Therefore, the selection of a strategy must be guided by a clearly defined target or result that we want to accomplish. It is important to consider the implications and likely impact of selecting one strategy over another. In order to select the most suitable strategy at a given moment, various proposed strategies should be assessed using a set of clearly defined criteria. These should relate, *inter alia*, to the following aspects:

- Impact (socio-economic impact, environmental impact, impact on men and women and different ethnic groups, etc.)
- Feasibility
- Sustainability
- Effectiveness and efficiency, including the cost/benefit balance
- Inclusiveness

The above-mentioned features can serve as starting points for a “force field analysis”, i.e. an analysis of the forces working for and against a given solution (see tool 3). They could be also broken down into more specific criteria related to the nature of the problem. The more accurate the formulation of the criteria against which a strategy will be assessed, the better chance that it will deliver the desired outcomes. Apart from rating the individual strategies against a set of criteria, it is useful to write a short justification of the selected strategy, especially if a specific aspect or criterion is of special significance and may out-weigh several other criteria (see tool 4).

Confirmation of Stakeholders' Participation, Ownership and Commitments

The action planning process might involve intense negotiations among the various stakeholders to reach agreements on the inputs required to implement the agreed set of actions. These commitments are often formalised in an inter-stakeholder memorandum. The signing of such a document gives the stakeholders a sense of ownership of the selected strategy and is a formal endorsement of future commitments of required resources such as labour, funds, equipment, facilities, materials and supplies as well as information and technology. Final commitments are usually reconfirmed during the final urban consultation in the form of an urban pact or inter-organisational memorandum (see tool 5).

3.4 Structure of Action Plan

As already stressed in the earlier part of this manual, there are many possible formats of action plans and many ways of making them clear and easy to use. However, some elements should be added to every action plan to make it serve as a guiding tool for the co-ordination of other planning activities, implementation and monitoring. These elements usually include: a list and sequence of required activities, actors, required resources, sources of funding, and possibly preliminary commitments, time frame, coordination mechanism, monitoring mechanism and indicators.

This list of elements is illustrative rather than exhaustive.

List and sequence of activities

To become practicable, the selected strategy must be turned into a sequence of specific and logically coherent activities. Some of these must come in a sequence, others can be conducted simultaneously. It is critical to consider them from this perspective to prepare a plan that will help achieve a maximum number of expected outcomes in the shortest possible time (see tool 6).

Preparation of time schedules

Action plans should attempt accurately to anticipate the length of time required for implementation. The time frame should be realistic and provide for the earliest and latest dates of the start-up and completion of each activity. It makes practical sense to analyse any links and relations between individual activities in order to ensure that there are no conflicts between them (see tool 6).

Actors

Once the right sequence of activities has been determined, it is important to assign responsibility for performing each of them to a specific person, group or organisation. Understanding what implementation instruments different actors have or control, e.g., legislative, economic, technical and others, is extremely important if responsibilities are to be assigned appropriately.

Preparation of cost estimates

Action plan implementation requires both financial and non-financial resources. While preparing an action plan, a rough estimation of costs should be made for each specific activity. The need for other non-financial resources, for instance skilled workers or specialised equipment, should also be identified. The investment capacity assessment database prepared during the urban situation analysis (described in Volume Two of this series) would be very useful at this stage (see tool 7).

Identifying sources of funding

The data collected during the assessment of investment capacities will also be useful in identifying sources of funding and in-kind contributions. Preliminary commitments are crucial to make sure that money and other resources are delivered when needed and as agreed.

These commitments should preferably be formally endorsed during or after the final urban consultation.

The main sources of funding and in-kind contributions include:

- The Municipality and other service-providing agencies in the city
- The private sector
- Banks and financial institutions
- Households and communities
- NGOs, voluntary organisations, etc.

Depending on the situation, other internal and external sources of funding can be available. More details on matching costs and sources of funding are described in the chapter on local resources mobilisation later in this volume.

Coordination mechanisms

As action plans often involve multiple actors whose contributions are operationally linked, specific mechanisms for coordination must be agreed and put in place.

It is equally necessary to coordinate efforts of individual working groups to ensure that they are not proposing conflicting solutions or timeframes. There must be a clear coordination mechanism to ensure that not too many responsibilities are assigned to one party, while others are under-utilised and contribute below their capacity. This responsibility rests with municipal urban planners as the focal point(s) for the action planning process.

Monitoring mechanism and indicators

In the action plan it is important to include measurable indicators for both inputs and outputs, together with monitoring mechanisms that give an ongoing overview of the implementation process. This will enable Municipal Planning Team members, who are responsible for monitoring the progress of the action plan, to make timely adjustments if necessary. Such mechanisms, together with the indicators that will measure progress, must be agreed upon during working group activities. It is also useful to decide about so-called “triggers”, i.e. conditions or situations which will initiate specific predetermined actions, if the results are

not achieved as planned. For example, if it is impossible to reduce the amount of solid waste produced by the community, local authorities will levy charges for the solid waste produced beyond a certain limit by individual households or industries.

It is important that indicators be designed to measure the impacts of the action plan activities on men and women. Developing gender-disaggregated indicators will help to ensure that activities are having an equally positive impact, or to highlight areas where the impacts are uneven.

3.5 Contingency plans

An action plan can easily go wrong during the course of implementation. There are always uncertainties and unpredictable factors that can affect the activities and their sequence adversely. Commitments made in good faith may fail to materialise for various reasons. Alternatively, the activities undertaken may turn out to have different consequences from those originally foreseen. For these and other reasons, it is essential to have a “back-up” arrangement in place for an action plan. This “back-up” arrangement is also called a contingency plan.

A contingency plan requires that while drafting an action plan, the working group considers and agrees on certain issues such as: who, if needed, could substitute for individual actors in performing activities assigned to them; who else could provide required resources, especially in-kind contributions such as equipment, labour, materials and supplies, facilities, information and technology; what could be an alternative course of action should a particular activity fail, etc.

In case of a major problem, the group may even need to go back to the selection of other alternatives or activities if the agreed action plan collapses or turns out to be impossible to implement.

Therefore, a successful action plan as described in this chapter must be practical, with a logical and non-conflicting set-up, a sense of ownership of participating stakeholders, confirmed availability of required resources, realistic timeframes and alternative courses of action, and clear results and outcomes.

4.0 Local Resource Mobilisation

In the inclusive, strategic planning process described in these volumes, the focus thus far has been on urban situation analysis, development of a Strategic Urban Development Plan and action planning for the identified action areas. This process would not be complete without the identification of the resources required to implement the action plans. Therefore, local resource mobilisation is an important component of the planning process. Local resource mobilisation and public-private partnership (see next chapter in this volume) assessments should be taken up as part of the process of drafting action plans, in order to gauge the availability of resources needed to undertake the identified activities.

This chapter also details the linkage between local resource mobilisation, stakeholder analysis and investment capacity assessment. In this publication, the scope of activities related to local resource mobilisation is limited to the competencies of the municipalities, and particularly to those of municipal urban planners. As the competencies of municipal planners with regard to local resource mobilisation may vary from one context or country to another, this aspect is discussed at length in this chapter. It is strongly recommended that before undertaking resource mobilisation activities, planners and working groups fully understand the municipal regulations and legal framework, in order to apply their knowledge and skills within the framework of the law.

Finally, the chapter also touches upon issues such as securing commitment for funding from identified sources, the time-frame for securing and disbursing resources, and transparent and efficient allocation of resources.

4.1 The Challenge of Resource Mobilisation

Resource mobilisation is one of the greatest challenges of local governments in transition countries, who must adopt new roles for, and forms of, taxation, new concepts such as cost recovery and pricing of services, together with mechanisms to access capital markets. Whether cities and local governments can take advantage of increased opportunities depends primarily on the framework determined by inter-governmental fiscal relations.

Local governments are responsible for managing local affairs in an efficient way. Since they know the needs of the local people and can identify the priorities of stakeholders, they should be able to tailor programmes that are responsive to these priorities. However, they need to be empowered in the first place if they are to carry out their responsibilities with any efficiency. Empowerment implies not only decentralisation of functions and responsibilities, but also the devolution of authority to collect and administer local taxes, fees and other charges.

Local governments are often authorised to collect user charges for services that have clearly identified beneficiaries. They may also be empowered to levy taxes on property, frontage¹, vehicles and entertainment. They also can generate revenue through the centrally administered taxes, surcharges levied on central government taxes and any revenue-sharing

¹ A uniform tax (excise) levied against all properties that can be serviced by the particular local service function, most frequently for water and sewer systems. Frontage taxes are based on the amount of property that fronts on a public work, such as a water line. Frontage taxes have been used in many cities to raise revenue to repay the installation costs of a water or sewer system.



Resource mobilization is one of the greatest challenges of local governments in transition countries systems. However, in many low-income countries local governments do not generate much revenue from their own sources, and therefore heavily depend on transfers from central government to meet expenditure needs. Municipalities are not able to generate sufficient resources to finance their activities. Their capacity to raise revenues needs to be increased significantly. As part of such capacity-enhancement, it is necessary for all municipalities to be able to identify and mobilise available resources, both financial and in-kind, if they are to implement any development projects.

4.2 Considering Gender in Local Resource Mobilisation

Mobilising resources in municipalities is also a very good way of involving various segments of the community. It is very important that the contributions of both men and women in the communities be equally explored, as this may pave the way for greater female involvement in municipal programmes. Resource mobilisation also addresses issues of access to resources and the way resources are disbursed. Both of these issues will affect men and women differently, and should reflect the different needs and capacities of men and women in the municipality.

4.3 Linkage with Stakeholder Analysis and Investment Capacity Assessment

The stakeholder analysis conducted as part of the urban situation analysis (see Volume Two) provides a list of all the key stakeholders that have been identified as partners in the strategic planning process. The analysis also provides information about which of the identified stakeholders have access to, and control of, the different types of resources that may be used to support urban development activities. This document will act as an initial database in order to determine who should be approached.

Similarly, the investment capacity assessment (also discussed in Volume Two) provides information on the overall potential investment capacity of the city. This assessment highlights potential external sources that may be accessed for future capital investments for urban

development. The assessment specifically identifies stakeholders who may have an interest in participating in development-related activities, the type of resources they have, their capacities to contribute to urban capital investments, and the thematic area which they may be interested in. (The six thematic areas used for the urban situation analysis are: shelter, social development and eradication of poverty, environmental management, economic development, governance and international cooperation). Furthermore, the investment capacity assessment provides information regarding the conditions under which potential contributors would be interested and willing to contribute. The assessment also includes recommendations on how to access the identified resources and indications on who could/should take action.

Working groups play an important role in this activity. Since they comprise various stakeholders from within and outside the municipality, working groups are well placed to identify potential resources for each of the activities indicated in the action plan.

4.4 Review of Competencies of Municipalities and Municipal Planners with regard to LRM

As explained in the earlier chapters and volumes, the Municipal Planning Team (MPT) is responsible for organising all activities related to the development of Strategic Urban Development Plans, whereas municipal planners are the focal point for the entire process. It is therefore important to review the current competencies of the planners in the municipalities with regard to local resource mobilisation.

Role and Responsibilities of Municipalities

Every country has a set of regulations that define the competencies and authorities of municipalities in managing their own budgets in a very comprehensive manner. Municipal councils are often authorised to prepare municipality budgets, which must specify plans for activities and economic management for the fiscal year. This includes all revenue projections as well as capital and general expenditure forecasts for the municipality.

The responsibilities vested in municipal authorities usually include:

- i. Municipal public services (water supply, local road maintenance, local transport, sewerage and drainage, solid waste management, fire brigade and emergency services, etc.)
- ii. Pre-primary, primary and secondary education
- iii. Primary health care
- iv. Social services and housing
- v. Urban planning
- vi. Local environmental protection
- vii. Building and building-standards control
- viii. Consumer protection and public health, cultural and sports activities, etc.

Role of Municipal Planners and Working Groups

The role of municipal planners and working groups is to ensure that resources are identified for each of the activities listed in action plans, before these or the Strategic Urban Development Plans are finalised. This will ensure that the plans can be implemented. This is also important in order to mobilise stakeholder participation from the early stages of process, which is one of the primary responsibilities of the planners and the working groups.

Other Actors

There may be other actors in local resource mobilisation. These may include municipal sub-committees such as those dealing with policy and/or finance, the board of directors, etc. The tasks of each actor will be determined according to the regulations and functional structure of the municipality.

Box 2: Roles of Other Actors in Local Resource Mobilisation in Kosovo

The Policy and Finance Committee of the Municipality has specific responsibility for making budget proposals, as well as formulating and seeking new directions and resources for future municipal strategies. Therefore, this Committee plays an important role in Local Resource Mobilisation.

The Board of Directors is also a very important body because it is responsible for implementing all municipal decisions related to development projects and programmes.

Municipal gender officers are also important actors, as they will help to provide a gender perspective in resource mobilisation and will be involved through the MPTs throughout the planning process.

Competencies related to municipal finance differ across actors as can be seen from the different roles played by each of them. The competencies of municipal planners are limited to identifying sources of funding and other resources for action plans within their planning capacity. In this and other volumes, the issue of local resource mobilisation is limited to the competencies of municipal planners.

4.5 Review of Existing and Potential Sources of Funding and Forms of in-kind Contributions

A municipality's revenues consist of the total sum of money that is generated from taxes, permits, licenses and user fees for services. Regulated transfers from central authorities may complement these revenues. These two components represent the basic existing sources of revenue for municipalities in many countries.

Apart from the funds from the central budget and municipalities' own revenues from taxes and permits, the following are the potential sources of funding and forms of in-kind contributions that could possibly be explored by municipalities in a bid to widen their revenue base for specific development projects or programmes:

- The private sector
- Banks and financial institutions
- Households and communities
- NGOs, voluntary organisations etc.

Both existing and potential sources of funding for the municipalities can be split into internal and external municipal resources. External municipal resources can include those from primary or secondary stakeholders.

Internal Municipal Resources

Municipal budgetary resources may consist of (i) financial transfers from central government and (ii) revenues generated through local taxes, user charges and fees. This income varies from one municipality to another, depending on the nature and types of revenues collected as well as the ability and competencies of each municipality to raise its own revenue from citizens. In most cases, particularly in developing and transition countries, central government transfers a certain amount of money to the municipality every year to cover certain costs such as education, health, and some specific development projects such as roads.

Box 3: Financial transfers from central level in Kosovo

The main municipal resources in Kosovo are derived from the Kosovo General Budget. As per UNMIK Regulation 2002/23, each municipality is allocated funds in the form of grants. The central level allocates three kinds of grants to each municipality. These are:

- A General Grant, which is allocated for administrative and other expenditures
- An Education Grant, which is specifically allocated for educational purposes
- A Health Grant, which is allocated to cover costs in the health sector.

These grants are distributed based on criteria such as population size and density, school age population, number of villages, levels of utility services, etc.

Through collection of local taxes, fees and charges for utilities, licenses, building permits, etc., municipalities mobilise local resources and thus become more independent from higher-level transfers. In most developing countries where decentralisation is formalised by law, local governments are allowed to assign specific local taxes. Some of these are described below.

- **Property tax:** Property tax is seen as a very appropriate source of local government revenue, because it is visible and allows for relatively easy identification and verification by local assessors. It is also difficult to export property and evade the tax. Furthermore, a property tax is also a tax on wealth, and therefore serves certain redistributive objectives. For many cities, property tax forms the mainstay of their revenues. However, experience shows that the property tax alone does not produce sufficient revenue, and needs to be supplemented by other sources such as user charges and license fees.
- **Motor vehicle taxes and fees:** The taxation of vehicles and related licenses, toll and parking taxes are all relatively easy to administer.
- **User charges for services:** Citizens may be charged for easily measurable services provided by municipalities (or by public enterprises operating under the municipal administration) such as water supply, wastewater treatment, solid waste management, real estate development and the provision of transport infrastructure. Additionally, user charges could also be levied on services such as kindergartens, leisure facilities, primary health centres and local educational institutions.
- **Issuance of Official Certificates and Documents:** These may include marriage, birth and death certificates and other legal documents.
- **Business and Commercial Licences:** Local authorities could charge annual fees for permission to operate commercial or business activities within municipal boundaries.

Such fees may apply to businesses like shops, restaurants, banking institutions, insurance offices, etc.

- **Other Fees:** Municipalities may also charge fees for activities on municipal property such as vehicle parking, recreation, hunting permits, municipal wedding ceremonies, advertising, etc.

Box 4: Schedule of fees and charges authorised to be levied by Kosovo municipalities

In 2001, an administrative instruction was issued by the then Central Fiscal Authority (CFA) and the Department of Local Administration (DLA), providing a schedule of authorised fees and charges that municipalities can collect. These include:

- Charges for services such as building construction inspection, land and cadastral surveys
- Issuance of official certificates and documents
- Business and commercial licences /permits
- Motor vehicle permits
- Use of municipal property for commercial purposes
- Public utilities such as water distribution

Additionally, the Ministry of Finance and Economic Development has drafted a property tax law that will require all municipalities to establish adopt property tax programmes to that must become the main source of their ownmunicipal revenue. This law has already been passed by the Assembly and is awaiting approval of Special Representative to Secretary General (UNMIK).

Source: DLA Administrative Instruction No. 2001/02: implementing UNMIK Regulation No. 2000/45 on Self- Government of Municipalities in Kosovo

These various methods of leveraging funds will have different impacts on men and women in the municipalities. It is important that the different needs and situations of men and women be considered when funding strategies are decided. For example, licensing requirements and fees for small businesses, particularly home-based businesses, may prove a disproportionate burden on women in business, a group that is already at a disadvantage in the economic sphere.

External Municipal Resources

External resources include those from primary stakeholders (including citizens, the community, private enterprises, etc.), as well as those from secondary stakeholders (such as NGOs, international agencies, donors). Once the working group has identified the strategic priority and the location of activities, it is not uncommon to request collaboration from the residents or local business community, i.e., all those who have major stakes in the area. Even though their contributions may be limited in monetary terms, these can often be essential for action plan implementation. Giving the primary stakeholders an appropriate means of responding and becoming involved is part of the challenge of local resource mobilisation. This is particularly important from a gender perspective, since women are often able to contribute in various ways – through in-kind contributions and so forth – and these aspects should be explored as ways of encouraging greater involvement of women.

Secondary stakeholders, i.e., those without direct stakes but whose principles and values must be ensured in the process, are also a potential source of external resources. Excessive reliance

on secondary stakeholders such as donors, however, is not a sustainable solution in the long term.

The Local Private Sector

Private sector contributions, in cash or kind, for municipal capital investments can be a significant source of finance for implementing development projects or programmes. For example, the service sector may be interested in cost-sharing expenditures that improve client access to their services; the manufacturing sector may be interested in contributing to improved water and electricity supplies and transport infrastructure, in order to increase their competitiveness; residents in a given area may be willing to contribute funding (through local fund raising) or human resources to make local environmental improvements.

Besides regular identification of potential contributors, it can also be useful to consider the possibility to “outsource” or license a specific public service or facility to local private companies. The various options available for such public-private partnership (PPP) arrangements are explained in greater detail in the next chapter. Municipal urban planners are in the best position to review all the existing services that the municipality provides and explore which of these can be operated in partnership with the private sector.

Stakeholders and Communities

The most common contribution that local residents are able to make to local projects is their own time and skills. This can range from participating in strategic priority identification to providing guidance, opinion, experience, even technical assistance and direct voluntary labour as part of action plan implementation. When the identified strategic priority addresses the community’s needs directly, local residents are able to find surprisingly effective ways of raising funds towards implementation of action plans.

This is an especially important way of promoting equal involvement of women in the process, and women tend to be extremely effective mobilisers at the community level.

NGOs and Other International Organisations

Many NGOs offer their services in specialised areas. Most implement projects with donors providing the funding, as NGOs seldom have their own resources. Nevertheless, they have experience in fundraising for projects within their areas of expertise, and these may be worth exploring. To elicit their interest and support, it is necessary to involve the NGOs at an early stage of project formulation, and consider them as important stakeholders that can have an interest in the outcome of the participatory urban planning process.

4.6 Strategies for Mobilising Stakeholders and Resources

Mobilising stakeholders means bringing together all the key actors who have an interest in the outcome of the plan, in its implementation and completion. Municipalities begin this process by first identifying all those groups that have a stake in the future of the city. These should include the citizens at large and especially the poor and marginalised groups, women and women's groups, the private sector, formal and informal grassroots and community organisations, public institutions, manufacturing, professional organisations, think-tanks and training institutions. (see the chapter on Stakeholder Analysis in Volume Two).

Engagement of large groups of stakeholders and allowing them to have active role in the action planning process for the identified priorities is essential. It is also a challenge, as stakeholders must be stimulated in this direction.

Generally, the strategy for stakeholder mobilisation and effective participation should be prepared separately for each actor, or for each group of actors with similar characteristics. Data from stakeholder analysis can be used to identify different groups of actors who have similar stakes, interests and influence.

Mobilisation of women and women's groups in the communities for the purposes of greater involvement in resource mobilisation is important, and can be facilitated through linkages with women's organisations and networks in the area, as well as through the application of gender-focused methods of participation, as outlined in earlier volumes.

Box 5: Strategies for mobilising stakeholder mobilisations

The following are some of the strategies that could be employed to mobilise those stakeholders who can provide with potential resource contributions for to development projects are listed below:

1. Focus on getting support for priority projects and avoid seeking support for non-priority projects
 2. Develop good information materials on the key issues identified in the Consolidated Urban Diagnosis and provide them to all stakeholders
 3. Lobby for high- level support from the leaders or managers of institutions and organisations
 4. Make personal visits to key individuals and groups
 5. Reach out to political associations to draw support, emphasising why it is in their interest to support the initiative
 6. Network with Civil Society Organization and other identified stakeholders
 7. Get others involved in the campaign
 8. Organize public fora for NGOs and CBOs
 9. Develop attractive proposals for public-private partnerships
 10. Mobilise the media and organize media visits to individuals and groups
 11. Know the decision-making process of potential donors (strategy for donor funds)
 12. Develop regular coordination meetings with potential contributors/stakeholders
- Specific strategies for marginalized groups include:
13. Awareness raising
 14. Training specific groups on particular issues
 15. Conducting surveys of particular issues
 16. Facilitating access in terms of time, space, etc.

4.7 Transparent and Efficient Allocation of Resources

Stakeholders care that their money and other resources are wisely spent and that they do not end up being diverted from their intended ends. The working group and other competent bodies must ensure that proper accounts are maintained of the uses of funds and other resources. Strong monitoring and evaluation systems must be put in place as part of the action plan preparation itself.

To ensure transparent allocation of funds, the following principles should be adhered to:

- Commitment and agreement of all relevant parties must be secured through formal signing of agreements. Clear, achievable objectives as well as clear-cut roles and responsibilities regarding the action plan must be communicated to all stakeholders.
- There should be clearly laid down procedures for allocation of funds for various activities, their time-frames and the criteria applied for allocation. This information should be freely available to stakeholders.
- Tendering procedures should be transparent and those for opening bids should

- involve stakeholders as far as allowed by law.
- There should be greater stakeholder participation in implementing and monitoring of the activities (through the working group or special project monitoring committees, etc.) to ensure transparency and ownership. This should be undertaken with a clear view of involving women equally to men to ensure gender equal inputs on resource allocation.
 - There must be regular and accurate reporting of project achievements and timely disbursements of funds.

The task of mobilising resources for local development process may be challenging for both planners and municipalities, but it is a precondition for realistic and practicable action plans. The essential role of participatory planning and stakeholder mobilisation cannot be overemphasised. Stakeholders must play an active role at this stage if the principles of efficiency, sustainability, transparency and accountability are to be observed. Finally, all funds and other resources must be used effectively. Failure to use resources effectively can have far-reaching implications and may undermine a municipality's legitimacy in the eyes of its own citizenry.

5.0 Public-Private Partnerships

Once activities are defined and potential resources identified, the key challenge is to develop an effective partnership between different stakeholders (public sector, private enterprises and communities) for the purpose of implementing action plans. This chapter describes the process of establishing such partnerships.

One of the key responsibilities of local authorities across the world is to provide basic services to citizens. However, with rapid urbanisation they are unable to cope with increasing demand for urban services. When directed to the needs and demands of consumers, infrastructure service delivery requires institutions with the capacity to identify demands from all user groups and provide services that such users are willing and able to pay for. All of this calls for management and investment capacities that are often beyond the reach of local government. Therefore, local authorities are looking more and more to the private sector as a source of investment and to improve the efficiency of infrastructure and services in cities.

Public-private partnerships (PPPs) are becoming an increasingly popular instrument for infrastructure development and service modernisation. The attraction of forming partnerships between the public and private sectors lies in their potential to mobilise more capital than government can afford, and to use private sector expertise to help manage project implementation and execution more effectively and efficiently.

However, there are a few pre-conditions for successful PPPs. These include:

- An adequate regulatory framework
- Understanding of basic principles such as equity, efficiency and transparency
- Adequate local government capacities for developing and managing PPP arrangements
- Adequate private sector capacity to establish PPPs in various sectors

5.1 Defining Public-Private Partnerships

A public-private partnership can be defined/described in a number of ways:

- A cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risk and rewards¹
- A medium-to-long-term relationship between the public and private sectors (including the voluntary and community sector), to share risks, rewards and a diversity of skills, expertise and financial resources to deliver desired policy outcomes that are in the public interest.
- A joint public-private arrangement that harnesses more fully than would conventional government arrangements the different strengths of the two sectors, with a view to provide public service and satisfy peoples' needs.

¹ Public-Private Partnerships, New Brunswick, Canada

- An acceptable procurement practice to achieve best value for the delivery of a public service or provision of public infrastructure²
- Any collaboration between public bodies, such as local authorities or central government, and private companies may be referred to as a public-private partnership³
- A sustained collaborative effort between the public and private sectors, in which each contributes to the planning and resources needed to achieve a mutually shared objective⁴

Public-private partnerships are characterised by:

- Shared authority and responsibility;
- Shared liabilities and risks;
- Joint investment, and
- Shared rewards or mutual benefits

Most importantly, the relationship between the public and private sectors must be based on a clear understanding between the parties that each must clearly understand and accommodate the objectives of the other. The use of PPP arrangements is based on a recognition that both the public and private sectors can benefit by pooling resources to improve the delivery of basic services to all citizens.

The main actors in public-private partnerships are:

- government at national or local level
- NGOs and CBOs
- the formal private sector
- the informal private sector

5.2 Linkage with Stakeholder Analysis, Investment Capacity Assessment and Local Resource Mobilisation

Before undertaking any PPP process in a city, municipal authorities must carefully study the stakeholder database as compiled in the “stakeholder analysis” by the urban planners and the Municipal Planning Team (MPT). This document, along with the investment capacity assessment prepared by the Investment Capacity assessment Team (ICT), provides the major information base required for local resource mobilisation and public-private partnerships. The stakeholder analysis provides important information about key stakeholders in the public, community and private sectors based on their respective stakes, influence, competencies, interests, capacities, expertise and other criteria. The investment capacity assessment lists those stakeholders potentially interested in making capital investments in various thematic areas, the resources they can contribute (money, in-kind support, etc.), and the conditions under which they might be interested to contribute.

The action planning process identifies sequentially what needs to be done to implement a

2 ibid
3 news.bbc.co.uk/ what are PPPs
4 PPP in urban development, Quo Vadis, Eric Jan Kleingeld

particular action plan, the costs involved, resource commitments, actors and time-frame for implementation. The process of local resource mobilisation identifies the most effective combination of public and private resources available to implement a particular project or action plan. All these elements, put together, form a strong base for effective public-private partnerships.

Public-private partnerships should be undertaken with a strong focus on ensuring equal participation of, and equal benefits for, men and women. This perspective will provide a solid foundation for the development of public-private partnerships that equally promote the needs of men and women in the municipality and support the broader aim of gender equality.

5.3 Sectors suitable for public-private partnerships

Globally, public-private partnerships are used in a variety of sectors, to cover a wide range of activities that vary greatly in scale and scope. The sectors considered most appropriate for PPP arrangements are:

- Water supply and sewerage systems
- Solid waste management (collection and disposal)
- Urban roads, bridges, footpaths and street furniture
- Provision and maintenance of public buildings
- Energy, transportation, telecommunications
- Information technology
- Healthcare and education
- Private pension funds and other financial services



Public – private partnership is an increasingly popular mechanism of developing infrastructure and modernizing services

Box 6: Sectors suitable for public-private partnerships in Kosovo

The success of PPP arrangements depends on their contextualisation, or adaptation to the local context and circumstances. In many situations, including in Kosovo, the legal framework on privatisation/private sector participation is lacking. In Kosovo, control of public enterprise land and assets is under the Kosovo Trust Agency (KTA), which makes it difficult to arrange PPPs based on such assets. However, a variety of partnership arrangements can be developed for provision of urban services, which fall in the ambit of local government (municipalities). Moreover, stand-alone services, whose outputs are easily measurable, and for which payment arrangements are relatively simple (based on output/quantity), are generally considered more suitable for private sector involvement. Thus in the Kosovo context, the most suitable sectors for PPP include:

- Solid waste collection and disposal
- Upgrading and maintenance of water and sewerage infrastructure, including pipelines, water pumping stations, water and sewage treatment plants
- Maintenance of street furniture and streetlights
- Maintenance of road dividers and roundabouts
- Maintenance of parks and open spaces
- Rehabilitation and maintenance of public buildings
- Public transport



Transparency is one of the most critical factors in the success of any PPP arrangement.

5.4 Principles of public-private partnerships

To be successful, public-private partnerships should be based on the following guiding principles:

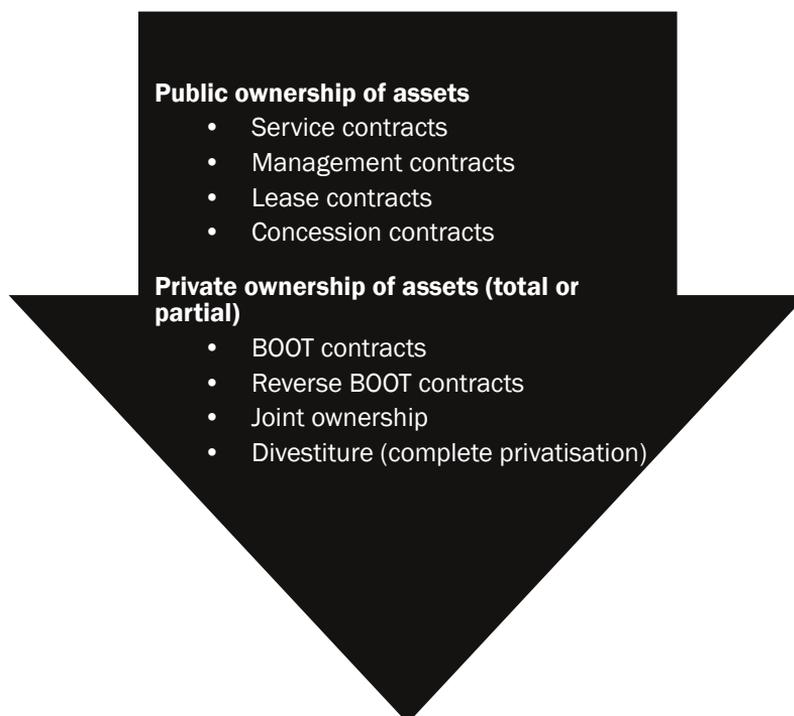
- **Inclusiveness:** Inclusiveness must be the overarching principle for all development-related decision-making. It is important that the process of PPP be as inclusive as possible, and that the services delivered through the PPP arrangement be accessible and affordable to all sections of the community.
- **Equity:** In the context of PPP, equity refers not just to equal treatment of all parties to the partnership, but also to the principles that guide infrastructure and the pricing of urban services.
- **Efficiency:** All development-related decisions must ensure the most efficient use of resources, both public and private. It is also important to ensure that the principles of cost recovery are adhered to in the PPP arrangement.
- **Transparency and accountability:** Transparency is one of the most critical factors of success for any PPP arrangement. It must be applied throughout the tendering and procurement process. When the rules of the tender process (or other selection process as appropriate) are being applied, it is crucial that all parties understand what is being asked of them and the criteria based on which they will be evaluated. This ensures an equality of treatment that would be missing if some bidders were better informed than others. The accountability of the public agency to the citizens is also an important determining factor in the success of the bidding process. From the bidders' point of view, doubts about the openness of the rules act as a disincentive to participate.
- **Sustainability:** Sustainability involves ensuring that allocation and use of resources is based on balanced social, economic and environmental priorities, with a clear assessment of the potential impact on the environment. From the perspective of the economy, especially in a transition economy such as Kosovo, sustainability also implies that public and private investments are sustainable with respect to the principle of capital recovery. This is an important factor in any PPP arrangement.

5.5 Types of PPP arrangements

A contractual public-private partnership commits the public sector (usually a local authority) and a private sector operator to provide certain services through a mutually beneficial arrangement. The private party can be involved in a variety of ways, from facility design to financing, construction, operation, maintenance, management and cost recovery.

Although every public-private partnership is unique, most fall into one of the general categories shown in Figure 2. These arrangements can also be grouped together based on ownership of assets. The shaded arrow denotes the increasing degree of complexity in PPP arrangements.

Figure 2: Type of PPP arrangement



Each type of PPP arrangement is associated with different responsibilities and benefits. In most developing and transition countries, where the PPP approach is a novelty, it may be appropriate to begin with the most simple as well as widespread form of PPP as applied in different countries: service and management contracts, or even lease contracts and concessions, which might be applicable in a limited number of cases. The different types of PPP arrangements are described in detail below.

- **Service contracts:** Service contracts are the simplest form of private sector engagement for a specific task/activity. They are typically limited-scope, short-term arrangements (up to two years' duration) whereby the public authority retains ownership of assets, provides capital expenditure and bears commercial risk.
- **Management contracts:** Management contracts are more comprehensive arrangements for private sector involvement, wherein the private company is responsible for the entire operation and maintenance of the system. Management

contracts could be for short-to-medium term duration (two to five years) and are more flexible than service contracts. However, the public authority retains ownership and financial responsibility.

- **Lease Contracts:** A lease contract is an arrangement whereby a private agency rents facilities from the public authority for a certain period, during which it assumes responsibility for the entire operation, maintenance and management of the system. Medium to long term in duration, lease contracts are quite flexible. The public authority retains ownership and capital investment responsibility while the private partner assumes commercial risk.
- **Concession Contracts:** In a concession contract, the concessionaire (private partner) assumes overall responsibility for services, including operation and maintenance (O&M), management and capital investment for expansion of services. The public authority retains ownership of assets. Duration depends on the amount of investment and the attendant payback period for the concessionaire. A key feature is that the concessionaire is paid for its services directly by the consumers, based on a set price.
- **BOOT Contracts:** In a BOOT (Build-Own-Operate-Transfer) arrangement, a firm (or consortium of firms) finances, builds, owns and operates a specific new facility or system. After a predetermined period, ownership of the facility is transferred to the public authority. Contract duration depends upon the time needed to repay the debt and provide a return for equity investors. As is the case for concessions, the private operator is paid for its services directly by the consumers.
- **Reverse BOOT Contracts:** As the name suggests, an arrangement wherein the BOOT is reversed, that is, the public sector finances and builds a new facility, then contracts a private firm to operate it over a long period. To acquire the facility gradually, the private operator pays an annual fee to the public authority, which usually covers the entire investment cost, after which the ownership of the facility is transferred to the private operator.
- **Joint Ownership:** Under a joint ownership venture, a private firm and a public authority incorporate a firm under conventional commercial legislation. This requires a corporate agreement that spells out the partners' respective duties and obligations, their rights, and the rules for profit distribution.

The main purpose of public-private partnerships is to secure greater effectiveness, efficiency and value for money in the provision of services, as well as the financing and development of infrastructure. Each of these arrangements relates to specific issues/sectors and has its advantages and limitations.

5.6 Legal requirements and regulatory framework for different types of PPP arrangements

While it is believed that public-private partnerships can help achieve sustainability, effectiveness and efficiency in service delivery only in a free-market context, the fact is that successful partnerships require a well-defined legal and regulatory framework within which business can operate.

Such a framework must define the conditions for the provision of various services by the private sector and prescribe the rights and obligations of the public sector, the private operator and consumers. The legal framework is essential to guarantee, formalise and institutionalise the government's commitments to capital providers (the private sector) and consumers.

5.7 Inter-sectoral variation

Since different services have different characteristics and different impacts on the environment, public health and efficiency, exactly identical PPP arrangements cannot be applied in all cases. Some services such as water supply and wastewater disposal are traditionally considered unsuitable for private sector involvement because:

- water supply is a natural monopoly, as a consequence of which one service provider has such a dominant position that competition is difficult to achieve
- the water and sanitation sector is capital-intensive and payback periods are very long
- these sectors have important consequences, mostly related to public health and environmental effects.

Therefore, water and wastewater contracts require a detailed assessment of the extent of private involvement required (and possible) and an adequate setup to monitor and measure activity performance-linked payments. However, as mentioned earlier, some components of water supply and sewerage services can easily be privatised, such as:

- maintenance of water supply and sewerage pipelines
- operation and maintenance of pumping stations
- operation and maintenance of treatment plants
- metering, billing and collection of charges, wherever applicable

The solid waste sector is a different story. While it is equally important for its implications on public health and environmental quality, solid waste management has different characteristics altogether. It is more conducive to private sector involvement since it can be broken down into a number of activities such as:

- waste collection
- transportation
- disposal
- recycling



The success of different PPP arrangements depends upon their contextualisation, or adaptation to suit the local context and circumstances

These components may be considered private goods in themselves. Private sector participation in these components can enhance competition between service providers, avoiding monopoly situations and leading to efficient service and reduced costs. This is also possible because the solid waste sector is not affected by economies of scale to the same extent as other urban services⁵.

There are numerous cases of contract use and variety of models across the world. Contract arrangements vary in terms of scope in any specific city, mode of contractor selection, contractual responsibilities and mode of payment, together with contract duration, monitoring and management procedures. In almost every service area, some elements can be privatised. However, it must be kept in mind that private sector participation is most beneficial when:

- it offers the greatest potential cost savings for services;
- the private sector has the required experience and know-how;
- the output of services being privatised can be easily monitored and measured.

Aspects that must be emphasised include:

- regulation, both to ensure the quality of services delivered as well as adequate pricing;
- cost assessment, to determine costs in full for public and private service delivery;
- personnel issues related to public sector employees;
- risk-sharing for unexpected events.

5.8 The PPP process and local government capacity requirements

Every PPP arrangement is unique and depends on a combination of factors. These include the issue/problem/sector that will be covered; the relevant or appropriate type of arrangement; and local capacity in the municipality for managing the process. Nevertheless, all processes in general include the four stages listed below:

- pre-contract planning
- contract framework design
- contract selection
- contract supervision and management

The activities included in each stage, and the local government capacity required to execute those activities, are summarised in Table 1⁶.

5 Ibid.

6 Ibid.

Table 1: Stages in developing PPP arrangements

Stages in developing PPP arrangements	Activities	Local Government capacity required
<p>Stage1 Pre-contract planning</p>	<ul style="list-style-type: none"> • Prioritise requirements and determine scope for private sector involvement • Identify risks of contracting • Determine contractor selection strategy (Bidding vs. Negotiations; qualification; selection criteria) • Pre-contract cost assessment (Public and private costs of service provision) 	<ul style="list-style-type: none"> • Urban Planners, Municipal Planning Team and Working Groups set priorities and prepare action plans • Finance department advises on potential resources available within the municipality • Legal counsel and procurement department advise on risks as well the process of contractor selection • Planning, finance and public works departments jointly establish the costs of public provision and potential benefits of bringing in a private operator
<p>Stage 2 Contract Framework Design</p>	<ul style="list-style-type: none"> • Prepare task specifications • Prepare bidding documents 	<ul style="list-style-type: none"> • Urban Planners and procurement department prepare task specifications for private partner based on Action Plan • Legal counsel and procurement department prepare bidding documents
<p>Stage 3 Selection of contractor</p>	<ul style="list-style-type: none"> • Advertise intention to contract out certain services • Request for Qualification (RFQ) (only in the two-step process) • Request for Proposal (RFP) (from shortlisted contractors, in a two-step process) • Evaluate proposals or tenders and award contract 	<ul style="list-style-type: none"> • Procurement department and CEO's office issue advertisement or notice inviting tender • Urban planners, representatives of procurement department, legal department and selected working group members evaluate proposals (to ensure transparency) and recommend selection of contractor
<p>Stage 4 Contract management</p>	<ul style="list-style-type: none"> • Performance monitoring by public agency staff on predetermined criteria • Involvement of citizens and community groups 	<ul style="list-style-type: none"> • Urban planners, stakeholders (working group members) and relevant department monitor the process

PPP arrangements are usually formulated for a short- to medium-term duration (2-7 years). Agreements beyond five years are not advisable for cities with limited experience and capacity in managing public-private partnerships. It is also advisable to limit the duration in order to avoid monopoly situations where a single private sector operator delivers specific services. The simplest service contracts are usually short-term (one to two years), while management contracts can be medium-term (two to five years). However, each agreement is unique and depends on specific circumstances.

5.9 Pre-contract planning

Planning for a public-private partnership arrangement begins with a wider overview of city development perspectives, infrastructure requirements, priorities and projections for the future, which have been described in detail in previous volumes and chapters of this publication. The action plans prepared by working groups provide the basis from which public-private partnerships can be launched.

Once the activities suitable for private sector participation have been identified and the scope of private sector participation is determined, it must be weighed against any risks involved. Furthermore, the public agency (i.e., the municipality, as manager of public enterprises) must carry out a detailed financial feasibility analysis, i.e., a comprehensive assessment of the estimated cost of public and private provision of the services. The next stage is the finalisation of the contractor selection process, with decisions whether to go through bidding or negotiations, or a combination of both. This shows the vital role of pre-contract planning not only to determine the form of private sector participation being sought, but also for appropriate contract design and risk management.

Evaluating effectiveness

Keeping in mind the city's development priorities, and in connection with the launch of any public-private partnership, it is important carefully to assess the type and range of functions that may be performed more effectively through private sector involvement. These must be assessed against the following objectives:

- improving operational efficiency
- enhancing service coverage
- attracting private capital into infrastructure

Whatever the objective might be, it is preferable for cities/municipalities with limited PPP experience to start with simple service contracts for stand-alone components of services that can be privatised with minimal legislative changes. These can later be expanded and developed into more comprehensive privatisation arrangements.

At this stage, the crucial task is to identify those activities for which a public-private partnership should be established, the type of partnership arrangement, and the type and scope of the contract. For instance, it is important to determine whether each activity in an action plan should come under a separate service contract, or whether the implementation of the entire action plan should come under a single, comprehensive contract.

Assessing profitability

In order to determine the profitability of private sector involvement in service delivery, the public agency also needs to carry out a rough financial analysis of the comparative costs of public and private service delivery and assess whether private sector involvement leads to significant savings or not. Both public and private costs must take into account all direct as well as hidden cost elements, as indicated in Table 2.

Table 2: Public and private costs of service provision⁷

Public Costs of Service Provision	Private Costs of Service Provision
<ul style="list-style-type: none"> • Personnel costs • Materials • Utilities (water, electricity, telephones, etc.) • Rental of non-governmental assets • General/administrative costs • Operations overhead • Future public costs of service 	<ul style="list-style-type: none"> • Final contract amount • Staff conversion costs • Gain/loss on disposal or transfer of assets • Preparation of bidding documents, proposal review • Contract supervision, monitoring and management • Contingency costs • Future private costs of service

Determining the approach and tendering process

Three options are available to public agencies (municipal authorities) regarding tenders for private sector participation: competitive bids, negotiations following competitive bidding, and direct negotiations. The selection of the most suitable option depends upon a variety of factors, such as:

- Whether only key stakeholders, local or all contractors (including outside contractors) are allowed to bid for the contracts
- Whether negotiation is authorised by law for the purposes of awarding contracts
- Whether the required technological or other capacities are easily available to ensure competition in case the bidding option is retained
- Whether the services required are general in nature or require specialised skills and capacities that can only be provided by a specific private operator

Competitive bidding is the most widely used approach for service and management contract awards. The competitive bidding process may comprise a single, key phase (one-step process), or two distinct phases (two-step process) of contractor qualification and selection. The major advantage of competitive bidding is that it ensures transparency and provides a market mechanism to select the best proposal.

Competitive negotiations are a variant of the competitive bidding process, where the public agency seeks only technical proposals in response to its specifications, and then goes on to negotiate with qualified bidders on contract terms and conditions. This option is useful when technical innovations are desirable (and possible) in the project.

Direct negotiations involve a private operator and the government in those cases where an innovative project idea has been proposed, typically by a private operator, and is taken forward through consultations between that particular operator and the public agency. This format provides an incentive for private companies to develop innovative projects. This could also be the most appropriate approach in cases where action plans have been developed through stakeholder consultations.

Each of these options has benefits and drawbacks of its own. Whereas competitive bidding is the preferred method of awarding service and management contracts, its best results are achieved only where technical outputs are standardised and the parameters clearly defined,

⁷ Ibid.

which may not be the case in an action planning approach. Competitive negotiations are less transparent than the competitive bidding process and may be manipulated. Transparency is also the critical missing link in the process of direct negotiations. Finally, an absence of competition between a number of private operators reduces the pressure to cut costs. The cornerstone of a successful PPP arrangement is an open and transparent procurement process. This also entails producing well-specified tender documents that include:

- Clear technical specifications describing the tasks to be performed, including work schedules and performance indicators;
- Tender conditions setting out the ground rules and arrangements for the submission and acceptance of tenders;
- Contract conditions defining the responsibilities and liabilities of the private and the public partner (municipality or public enterprise) respectively.

Box 7: The tendering process in Kosovo

According to UNMIK/CFA Finance Administration Instruction No. 2/1999, three methods of tendering can be used in Kosovo:

- Competitive tendering (bidding)
- Restricted competitive tendering
- Two-stage competitive tendering

The most comprehensive of these three methods is competitive tendering, which is usually applied to simple, limited-scope privatisation arrangements. Large or complex contracts requiring more detailed technical specifications or description of the services or works are usually awarded through two-stage competitive tendering.

Unless otherwise specified in the article (in the above-mentioned UNMIK/CFA Instruction) governing competitive tendering, restricted tendering or two-stage competitive tendering, the following procedures are expected to apply to all such tendering:

- Advertisements
- Invitation to tender
- Tender documents
- Availability of tender documents
- Clarification of, and modifications to, tender documents
- Tender, performance, and other security
- Submission and receipt of tenders
- Public opening of tenders
- Examination and evaluation of tenders
- Notification of award and signing of contracts

5.10 Contract Framework Design

Once the method of contractor selection – competitive bidding or negotiations, or a mix of both – is determined, an advertisement or invitation to tender must be drafted. Bidding documentation may consist of a single comprehensive document that provides information and lays down the required format for bids, or alternatively two separate documents for contractor qualification and selection.

Preparation of bidding documents – the invitation to tender, Request for Qualification and Request for Proposal – is a meticulous task. These documents form the mainstay of the entire contracting process, and must reflect the preparations that took place in the pre-contract planning stage.

Invitation to tender and bidding documents

In its simplest form, an invitation to tender must highlight the service for which bids are invited, the time frame, the location where the bidding documents can be obtained and the closing date for receipt of bids.

The bidding documents must be comprehensive and reflect the approach determined earlier, i.e., whether this is a competitive bid with or without negotiations, and whether contractor selection is to be a one-step or a two-step process. In case of a one-step process, would-be private-sector contractors must fill in only a single bidding document. In a two-step process two sets of documents are required: a Request for Qualification (RFQ) and a Request for Proposal (RFP). The information to be provided to the bidders and that sought from them in various types of documents is summarised in Table 3. The section on contractor selection (Section 5.10 below) provides more details on the one-step and two-step processes.

Table 3: Information to be provided and requested in various types of bidding documents

	One-step process	Two-step process	
	Single bidding document	Request for Qualification (RFQ)	Request for Proposal (RFP)
Information to be provided	<ul style="list-style-type: none"> • General description of scope of services • Condition of the utility • Standard or specialist inputs required • Location of utility • Competitive process • Bidding format • Evaluation criteria • Time-frame 	<ul style="list-style-type: none"> • General description of scope of services • Standard or specialist inputs required • Location of utility • Competition process • Qualifying format • Qualifying criteria • Time frame 	<ul style="list-style-type: none"> • Further details on the task to be performed • Condition of utility • Bidding format • Selection criteria

Information to be requested	<ul style="list-style-type: none"> • General profile of the firm • Experience • Technical and financial resources committed to the project • Cost proposal • References 	<ul style="list-style-type: none"> • General description of bidding firm, its technical, financial and human resources • Experience (years/ number of facilities/type of services) • Technical and financial capacity-related questions • Standard/ specialist skills available with contractor • References 	<ul style="list-style-type: none"> • A profile of the proposed team/ staffing plan • Maintenance management plan, including planning and scheduling • Use of computerised management systems/any technological innovations • Technical/ financial resources committed to project • Cost proposal
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The contract

The contract drawn up between the public agency and the private contractor must necessarily delineate responsibilities of both parties. The contract is a legally binding document that defines responsibilities and allocates risk. Therefore, it must include the following basic elements:

- Responsibilities of the private operator
- Responsibilities of the public agency
- Contract duration
- Financial arrangements
- Performance regulation and monitoring
- Performance incentives and penalties
- Special conditions pertaining to personnel
- Risks
- Settlement of disputes and arbitration
- Any other conditions

The contractual document may either include separate sections laying down “general” and “specific” conditions, or these could be integrated into a single section.

General contractual conditions may include:

- Compliance with legislative framework and governing enactments
- List of documentation to be provided by contractor
- General operating conditions
- General guidelines related to the use of public assets, spaces and utilities
- Compliance with governing labour laws and enactments
- Overarching safety codes and regulations
- Settlement of disputes and arbitration

Specific contractual conditions must include a description of the tasks to be undertaken by the contractor, with a clear reference to their scheduling and time-frame; this description must include every appropriate detail with regard to the scope of the works, together with other technical and operational details.

5.11 Contractor selection and awarding the contract

A contractor may be selected through competitive bidding, negotiated bidding, or through direct negotiations. Assuming that the competitive bidding format is selected as the most appropriate in a given situation, the bidding process must be completed in a transparent manner with a view to achieving the best results. The nature of the service to be provided, coupled with time and cost factors, determines whether contractor selection should be through a single-step process or split into two separate stages of pre-qualification and proposal.

The criteria that will be used for the evaluation and eventual selection of contractors must be clear and objective.

One-Step process

The “one-step process” typically does not involve any contractor prequalification. A single bidding document is prepared (see Table 3), which provides relevant information about the service being tendered and the tasks of the contractor. The technical and financial proposals are opened together and points are allotted against pre-determined criteria.

This process can become selective if it includes qualifying questions on the contractor’s financial background, relevant experience and technical capacity.

The one-step process is generally faster and less expensive to conduct than any other.

Two-Step process

In “two-step” contractor selection, the first stage is that of prequalification, where would-be contractors are evaluated based on their responses to a Request For Qualification(RFQ). The next step sees the issuance of a Request For Proposal (RFP), but only to those contractors who meet the minimum criteria. This is a lengthier process but it improves competition and reduces risk.

Contractor evaluation

Evaluation criteria in both types of process should include both technical and cost factors, including:

- firm’s profile and technical capacity
- financial stability
- relevant experience and performance history
- technical approach and management plan
- experience with innovative techniques
- cost proposal

Once the criteria are determined and assigned individual weightages, a threshold score for qualification must be defined, keeping in mind exactly what capacity is both sought and available from private operators. This will be clarified through the informal meetings and market surveys that will help determine the extent of private-sector interest in providing a particular service. The minimum benchmark must be stringent enough to attract only serious bidders, yet appropriate to maximise competition.

The public agency must also decide in advance whether all qualifying parties will be eligible to bid in the second round, or only a fixed number will be included in the shortlist.

5.12 Contract management

Once the contract is awarded, regular performance monitoring is critical to ensure successful implementation. It is important to include clear and measurable performance indicators in the contract document, including a performance-linked payment schedule and penalties for non-performance. It is equally important to develop an effective institutional mechanism to track contractor compliance. This could include the creation of a long-term regulatory capacity within the municipality, and with involvement of other stakeholders, to monitor the contractor's performance and certify payments.

The inclusion of performance incentives and penalties for non-performance ensure that the private operator provides an acceptable level and quality of service on a sustained basis. There must also be procedures for stakeholder consultation and feedback, to make sure that end users are satisfied with the service provided, and all customers are treated fairly. Finally, the arrangements for resolution of disputes must be clearly spelt out, giving all parties full opportunity to be heard. Where disagreements persist, an outside arbitration process acceptable to both parties can be used.

The public agency could establish a core group of staff at all levels, or engage an external agency, who would see the contracting process through from beginning to end. Contract management can be made more effective and efficient through:

- developing a consistent and comprehensive reporting format, which would go a long way in ensuring quality output from all contractors that provide services within a particular sector. This should include both quantitative and qualitative performance indicators.
- a strong and aware civil society – the best safeguard against poor performance and corruption. The local citizenry must be trusted to make decisions over private sector participation and contractor designation for service delivery.

This would ensure accountability as well as continuity in case of change in administrative leadership. Providing an audit report at the end of each project is often a good way of doing this.

5.13 Advantages and constraints of PPP arrangements

PPP arrangements are known to bring many benefits in urban service delivery. These include:

- Improvements in the efficiency and coverage of urban services
- Introduction of capital investment
- Introduction of new technologies and innovative solutions
- Cost reduction for consumers

However, despite these advantages, there could be some public suspicion of the process. This is generally due to lack of understanding about what the process entails, and how it might affect various stakeholders, such as public sector employees. Other constraints in the process that the planners and decision-makers should look out for include:

- political opposition from unions or powerful interested groups whose vested interests are at stake
- opposition by leaders of community groups or non-profit organisations who fear that the poor will be excluded from services or will not be able to afford adequate services at market prices
- inability or lack of interest of the private companies to provide the required services and infrastructure at affordable prices
- inadequate private sector management skills to provide services efficiently and effectively
- the fear of converting a public monopoly into a private one
- the fear of losing public control over essential public services.

Gender is a useful entry point to address some of these potential constraints from a civil society perspective. The community must be made aware of the benefits and have input into issues such as women's ability to pay for certain services; women and women's groups should be targeted as key stakeholders to be consulted during the process.

Glossary

Accountability: Ability to provide explanation and justification for choices and activities as well as a description of what has happened. The accountability of local authorities to their citizens is a fundamental tenet of good urban governance.

Action Area Diagnosis: A description or picture of a specific strategic priority selected during the urban consultation process in terms of stakeholders, profile, SWOT and investment capacity in relation to a specific territorial area within the city. The results are limited to the scale, scope and focus of the selected area of intervention.

Action Plan: An output-oriented, actor-specific document outlining the mechanisms required to achieve the objectives of a specific strategy. The plan specifies details of inputs and actions by various stakeholders with practical work programmes, time schedules, types and timing of financial and other resource commitments.

Action Planning: A process through which strategies are converted into practical programmes or activities for implementation. The key feature throughout the process is an emphasis on full discussion and negotiation among the stakeholders involved.

Activities Profile: A method of highlighting the different activities that men and women carry out in a day. Preparing an hourly timeline for a 24-hour period will specify the different tasks and responsibilities of men and women, the amount of work they have, what times are the busiest, where tasks overlap and so forth. Having a visual profile of the daily work of women and men aids in comparing workloads based on gender, as well as helping planners to determine when men and women would be available to attend meetings or otherwise participate in municipal activities.

Citizenship: A characteristic of citizens, i.e. the fact that they are members of a city or state by virtue of being legally resident there. As a norm of good urban governance, citizenship implies that all citizens, especially women, must be empowered to participate effectively in decision-making processes (UN-HABITAT, 2002).

City Profiling Team (CPT): A group consisting of selected representatives of municipal departments and stakeholder representatives who can contribute significantly to data collection and the drafting of the Urban Situation Profile, Urban Situation Appraisal and Consolidated Urban Diagnosis.

City Profile: A description of the city under review, with basic information about the existing situation. The profile is organised in such a way as to facilitate shared and better understanding of issues and to support prioritisation of these issues by stakeholders.

Civic Engagement: One of the principles of good urban governance norms advocated by UN-HABITAT, civic engagement means that living together is not a passive exercise - in cities, people must actively contribute to the common good (UN-HABITAT, 2002).

Consensus: An agreement reached through a process of gathering information and viewpoints through discussion. It is a position arrived at through negotiations and that is acceptable to all stakeholders once they have interacted through consultations, working groups and other mechanisms. The goal of the consensus-building process is to reach a decision with which everyone can agree.

Consolidated Urban Diagnosis: A summary description of the condition of the city. The final stage in the Urban Situation Analysis, it makes a holistic assessment of a city as it stands. It summarises analytical and highly focused urban development issues into a concise city overview, which is provided in the Consolidated Urban Diagnosis Report.

Efficiency: In economics, the degree of efficiency is the ratio of project output (*or business income*) to project input (*or business expenditures*). Efficiency as advocated by UN-HABITAT good urban governance norms relates to efficiency in the delivery of public services and in promoting local economic development. Cities must be financially sound and cost-effective in their management of revenue sources and expenditures, as well as in the administration and delivery of services; based on comparative advantage, cities must enable government, the private sector and communities to contribute formally or informally to the urban economy.

Equity: Impartiality, fairness or justice. Norms of good urban governance refer to equity of access to decision-making processes and the basic necessities of urban life. The sharing of power leads to equity in access to and use of resources. Women and men must participate as equals in all urban decision-making, priority-setting and resource allocation processes.

Evaluation: An evaluation assesses the outcome of a project (for example, changes in housing quality) with the aim of informing the design of future projects. Evaluation is used mainly to help in the selection and design of future projects. An evaluation exercise is a learning activity.

Expression of Collective Will: A basic agreement between stakeholders that is not based on statutory instruments or formal administrative procedures. The mandate and legitimacy behind such expression are drawn from the participating stakeholders' free willingness to find common ground and shared interest.

Final Urban Consultation: A large, final meeting of all the stakeholders involved in the strategic urban development process. This is the final step in the Urban Consultation Process, where draft action plans are presented to stakeholders for finalisation. (also see - Initial Urban Consultation)

Gender: The word "*gender*" refers to the social attributes associated with being male or female. It was coined in the social sciences (*borrowed from grammar – masculine and feminine words*). It focuses on the social perceptions that determine the way men and women are expected to behave, and what opportunities and constraints they face because of their gender.

Gender Analysis: A type of analysis of a society that seeks to understand the causal relationships leading to gender inequalities in a society. This is an important foundation for mainstreaming gender in various programmes in a community.

Gender Disaggregated Data: The word “*disaggregated*” means that statistics or data are separated into sub-categories. These can, for instance, include age, income, ethnicity, language or gender. Gender disaggregated data refers to statistics that are broken down between men and women, boys and girls, to help highlight the different situations and experiences of people based on gender. Availability of disaggregated data about a population is extremely important for the purposes of planning in a more meaningful way for all segments of society.

Gender Equality: The goal of gender equality refers to equality between men and women, boys and girls in terms of access, opportunities, roles and responsibilities. It is important to remember that gender equality is not just numerical gender balance.

Gender Mainstreaming: The process of incorporating a gender based perspective into all aspects of a programme. This process will differ from programme to programme – there is no set method, the goal is to ensure that all aspects are examined from a gender perspective to promote the final goal of gender equality.

Goal: A “*goal*” is a desired situation in the future. Conceptually, a goal derives from a vision of the future. It is less specific than an objective, yet more so than a vision. In UPMF, a goal refers to a high-level condition that a city desires to achieve over the long term. (also see - Objectives, Vision)

Investment Capacity Team (ICT): A group of selected representatives of municipal departments related to finance and budgets (such as Economic Development, Budget and/or Finance, Accounts) along with a few stakeholder representatives (economists, trade and industry representatives, private sector, etc.) who can contribute significantly to the preparation of the Investment Capacity Assessment Report.

Initial Urban Consultation: The first high profile meeting of all stakeholders involved in the urban strategic planning process. In this event, priority development issues for the city, as set out in the Consolidated Urban Diagnosis, are presented and discussed. This event may take two to three days.

Issue-Specific Working Group/Working Group: A small body of stakeholder representatives who come together to address particular issues or topics that are selected for further exploration for the purposes of the Action Planning process. Working group members hold mutually complementing information, expertise, policy and implementation instruments and resources, which they bring together and use within the framework of participatory decision-making.

Inclusiveness: A principle advanced by UN-HABITAT, it means that every individual has access to opportunities regardless of race, gender, religion, etc., to participate in city decisions and responsibilities. (UN-HABITAT, 2002)

Indicator: An Indicator is a measurement of change that indicates progress, or lack of it, towards achievement of an objective (Ministry of Interior, Thailand and GTZ, 2002). Indicators are like signposts, showing the progress of social change.

Influence: The concept of “*influence*” implies an ability to modify some action, as in indirect power or indirect control. An essential characteristic of a stakeholder, influence refers to the impact that he/she can have on resolving an issue.

Kosovo Cadastre Agency (KCA): An agency established in Kosovo in November 2000 through a joint project involving the UN with Norway, Sweden and Switzerland as donors. KCA's mandate is to build technical and management capacity for land management activities at both central and local levels, as well as to reconstruct the land cadastre that was destroyed during the conflict. (also see – Kosovo Cadastre Support Programme)

Kosovo Cadastre Support Programme (KCSP, CSP): A programme that led to the establishment of the Kosovo Cadastre Agency (KCA) as a semi-autonomous institution under UNMIK administrative instruction 2000/14. This extensive project included the creation of a new first-order network, production of orthophotos, a land information system, a system for property registration, training of local employees and institution building. The linkage between the development of the cadastre and the development of spatial plans is self-evident and clearly critical for proper planning and rational use of land and other resources.

Local Resource Mobilisation: A strategy or scheme that helps maximise a local government budget through identification of various sources of required resources. An important aspect of effective local resource mobilisation strategies is the definition of the way these resources are to be used in a transparent, equitable and purposeful manner. It is a part of action planning and a key step to ensure final implementation of the action plans.

Local Government Revenue (per capita): The annual total of local government resources, both capital and current, divided by population (usually taken as a three-year average). This includes taxes, user charges, transfers, donations and aid.

Municipal Planning Team (MPT): A multi-sectoral group that comprises representatives (engineers, architects, planners, sociologists, geologists, accountants, economists, lawyers, etc.) from all departments within a municipality. The MPT is responsible for overseeing and guiding the municipal development process.

Mission Statement: A statement that defines the purpose or what (a city) seeks to achieve.

Monitoring and Evaluation (M&E, M and E): Monitoring is “*an internal project activity designed to provide constant feedback on the progress of a project, the problems it is facing, and the efficiency with which it is being implemented*”. (Bamberger 1986) It is performed while a project is being implemented, with the aim of improving the project design and functioning while in action. An evaluation, on the other hand, assesses the outcome of a project (for example, changes in housing quality) with the aim of informing the design of future projects. Evaluation is used mainly to help in the selection and design of future projects. An evaluation exercise is a learning activity.

Neighbourhood Action Planning: A process that brings together everyone who cares about a neighbourhood, with a view to agreeing on what needs to be done and who is going to do it. Communities of interests, who may also face many serious problems, can use a similar approach.

Objective: A specific statement detailing the desired accomplishments or outcomes of a project at different levels - an objective is derived from a goal, and is more precise and detailed. A good objective is “SMART” (*specific, measurable, achievable, realistic and time-bound*). In the strategic planning process, a general vision is generated from which several goals and, ultimately, objectives can be derived. (also see – Goal, Vision, Urban Strategic Planning)

Ownership: In a participatory urban decision-making process, ownership implies the right of stakeholders to engage, possess, decide and benefit in decision making, problem solving and achievements, either individually or collectively

Participatory Urban Decision Making: Citizens’ participation in urban decision making that facilitates equal involvement of men and women. When the citizenry is involved in identifying their needs, selecting priorities and developing alternative courses of action, the chances are better that any solutions are sustainable, feasible and ones that the citizens are willing to implement.

Power Dynamics: Refers to the different levels of control over various resources that people have in a community. This is particularly important to consider when comparing the situation of women and men in a society. For example, if a woman is working outside the home and earning an income, questions about power dynamics would ask whether or not she was able to keep or control that income, or if she was forced to hand it over to her husband/father/brother.

Profiling Tool (PT): (see Urban Indicators Tool kit)

Provisional Institutions of Self Government (PISG): The governing system established in Kosovo through UNMIK Regulation 2001/9, which today is responsible for development decision-making in the area. Since the establishment of the PISG, power and responsibilities have been gradually transferred from UNMIK to the new government structures.

Public-Private Partnership: A co-operative venture between the public and private sectors. It is built on each partner’s specific expertise as a function of their respective abilities to meet clearly defined public needs through the appropriate allocation of resources, risks and rewards.

Responsiveness: The ability of an entity to provide services to suit the requirements of the targeted group.

Security: As a norm of good urban governance, security refers to safety for individuals and their living environment. Every individual has an inalienable right to life, liberty and personal security. Cities must strive to avoid human conflicts and natural disasters by involving all stakeholders in the prevention of crime and conflict and in disaster preparedness. Security also implies freedom from persecution and forced evictions and includes security of tenure.

Stakeholders: Individuals, groups or institutions with relative degrees of importance, interests and influence on, or whose agenda partakes of, a particular issue, concern or initiative towards a definite and common goal or purpose.

Stakeholder Analysis: A tool that enables planners to identify and determine whom to engage and involve in the urban strategic planning process. This analysis identifies and defines the individuals, groups, and organisations whose legitimate interests should be represented with respect to specific issues.

Strategic Priorities: The overarching issues that cut across sectoral concerns and affect the future of a city.

Strategic Urban Development Plan (SUDP): A document that presents the objectives, strategic priorities, action plans and projects for a city, as set out in the agreements reached through the participatory process.

Subsidiarity: Subsidiarity means that the responsibility for the provision and management of any service must be vested in the lowest level of authority that can deliver these services in an efficient and cost-effective manner. The urban strategic planning process advocates that, as the level of governance closest to the people, municipalities should be empowered as much as possible to develop and implement strategic and spatial plans. Such empowerment would necessarily include delegation of power and resources to municipalities, along with efforts to build their capacity to engage stakeholders in a meaningful, constructive decision-making process. Subsidiarity is one of the key principles of good urban governance. (UN-HABITAT, 2002)

Sustainable Development: Development that meets the needs of the present generation without compromising the ability of future generations to meet their own. (Brundtland Commission, 1987)

Sustainability: A fundamental principle of good urban governance, sustainability necessarily involves keeping the consumption of natural resources, materials and energy within regeneration and substitution capacities; polluting the air, land and water only within limits that can be comfortably tolerated by people, buildings, wildlife and plants. The principle implies that cities must balance the social, economic and environmental requirements of present and future generations (Also see: Sustainable Development).

SWOT (Strengths, Weaknesses, Opportunities, Threats): A strategic analysis tool used to identify the strengths, weaknesses, opportunities and threats faced by a city. Strengths and weaknesses are internal characteristics of any city/situation, while opportunities and threats are external factors that can influence the situation. Carrying out a SWOT analysis helps planners to focus activities in such a way as to build on strengths, maximise opportunities, eliminate weaknesses and reduce the impact of threats.

Transparency: Transparency literally means, “Sharing information and acting in an open manner.” In the context of governance it refers to the conduct of public business in a manner that affords stakeholders wide access to the decision-making process and the ability to influence it. It allows stakeholders to gather information that may be critical to uncovering abuses and defending their interests. Transparent systems have clear procedures for public decision-making and open channels of communication between stakeholders and officials, and make a wide range of information available. Transparency and accountability together form one of the core principles of good urban governance. (UNDP, 1997; UN-HABITAT, 2002)

United Nations Mission in Kosovo (UNMIK): A mission of the United Nations established for Kosovo on June 10, 1999, when Security Council Resolution 1244 authorised the Secretary-General “to establish in the war-ravaged province of Kosovo, an interim civilian administration led by the United Nations, under which the people of Kosovo could progressively enjoy substantial autonomy.”

Urban Agreement or Pact: A formal negotiated agreement among stakeholders that commits all stakeholders at the end of the city consultation process to undertake specific tasks towards sustainable urban development.

Urban consultation process: A participatory process that aims to arrive at a common understanding of key issues and priorities and to agree on the courses of action to be undertaken before drafting the Strategic Urban Development Plan. The consultation process enables stakeholders to raise issues and concerns and develop a broad-based consensus on solutions to their problems. The consultation process is not only a means for effective plan development and implementation; it is also an end in itself as it stimulates participation and civic engagement in a city.

Urban Indicators Toolkit: A spreadsheet used to collect and analyse a basic data set composed of 23 key urban indicators and nine qualitative data sub-sets for the purposes of the Istanbul +5 assessment. The toolkit has been designed by UNCHS (Habitat) for reporting on progress in the implementation of the Habitat Agenda. It is also referred to as a profiling tool.

Urban Governance: The sum of the many ways in which individuals and institutions, both public and private, plan and manage the common affairs of the city. This is a continuing process that accommodates conflicting or diverse interests and takes co-operative action. Governance includes formal institutions as well as informal arrangements and citizens' own social capital. Therefore, governance is a broader concept than "government", which refers only to the formal and legally established bodies in a political structure. (UN-HABITAT, 2002)

Urban Planning and Management Framework (UPMF): An inclusive, action-oriented planning approach that advocates the preparation of strategic urban development plans through a broad-based participatory process. The concept of UPMF has been developed by UN-HABITAT during the course of its work in the Balkans. It consists of four phases – Urban Situation Analysis, Sustainable Urban Development Planning, Sustainable Action Planning, and Project Implementation and Management.

Urban Planning and Management Programme in Kosovo (UPMP): The most comprehensive of all UN-HABITAT's development planning initiatives in Kosovo, which started operations in January 2002 and under which the current set of publications was written. Funded by the Government of The Netherlands, the Programme worked closely with the Kosovo Ministry of Environment and Spatial Planning. The development objective of the programme was to improve living conditions and promote development-oriented investments in cities and towns of Kosovo through modern, inclusive planning practices and strategies. The programme played a key role in the development of the new planning law for Kosovo, and also supported the creation of a central-level institute for strategic and spatial planning.

Urban Situation Analysis: A process that looks into the present situation of the city in terms of its physical, environmental and socio-economic state. It is the first phase of the Urban Planning and Management Framework (UPMF). This phase includes a number of steps relating to identification of stakeholders, assessment of the city situation, key problems and investment capacities.

Urban Situation Appraisal: Analyses and validates the preliminary data collected in an Urban Situation Profile (Also see: Urban Situation Profile). UPMF uses SWOT as the key tool for the Urban Situation Appraisal.

Urban Situation Profile: A document that provides an overview of the city in a systematic manner. It includes information and analysis of the existing city situation, carefully organised along thematic areas. An Urban Situation Profile aims to build a shared understanding of issues and to facilitate their prioritisation by the stakeholders based on objective analysis and up-to-date information.

Urban Strategic Planning: A complex and continuous process of planning for city change that is oriented towards the future. It helps to identify and deliver the most important strategic actions in view of the current situation.

Vision Statement: Description of a desired situation in the future. From such a vision, goals and objectives can be generated. A city vision typically includes the social, environmental, economic, organisational and political aspirations of the city and its stakeholders.

Working Groups (WG): (See Issue-Specific Stakeholder Working Group)

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6.0 Volume 4 Tools

Tool 1: Action Area Data Collection Tool

This questionnaire is meant to be used as a starting point for discussion on the characteristics of an action area, be it a geographic, thematic or cross-cutting. The purpose of this tool is not to collect exact data but to assess the situation, taking into account several key categories. The categories listed below are only suggestions and it is up to the members of a Working Group to decide which of them are relevant and worth analysing and which are not. Conclusions from this questionnaire can be converted into strengths, weaknesses, opportunities and threats and fed into a SWOT table for a better diagnosis of the area.

Checklist for Geographic Area

	Characteristics	Data Indicator
	Area	
◇	Size of the area	sq. km.
	Demography	
◇	Population	Number of households
	Gender breakdown	
	• Men	% of population
	• Women	% of population
◇	Age breakdown	
	• Under 6	% of population
	• 6-14	% of population
	• 15-19	% of population
	• 20-24	% of population
	• 25-64	% of population
	• 65+	% of population
◇	Ethnic Distribution	% of population
	•	% of population
	•	% of population
	Health	
◇	Health facilities	Number
	• Primary health centers	Number
	• Hospital	Number
	• Specialty hospital	Number
	• Private clinics	Number
	• Nurses	Number
	• Midwives	Number
	• Registered doctors	Number
	Education	
◇	Number and types of schools	
	• Kindergartens	Number
	• Primary	Number
	• Secondary	Number
	• College	Number
	• University	Number

	• Vocational schools	Number
	• Special schools (for children with disabilities)	Number
	• Other (specify)	Number
Enrolment of school-age children		
	• Boys	% of students at school
	• Girls	% of students at school
Housing		
	Existing housing units	Number
◇	Households in need of housing	Number
◇	Predominant type of housing	
	• Apartment blocks	Number
	• Detached houses/	Number
Economy		
◇	Major employers	
	• Public institutions/enterprises	Number
	• Private	Number
	• Self-employed	Number
◇	Small businesses in the area	Number
	Predominant type of business in the area	
◇	Unemployment rate in the area	
Infrastructure		
◇	Water	
	• Tap water	% of houses
	• With private bore-wells	% of houses
	• Taking water from public wells	% of houses
◇	Sewerage	
	• Connected to sewer system	% of houses
	• Connected to community septic tanks	% of houses
	• Individual septic tanks	% of houses
	• Outhouse toilet	% of houses
	• Without toilets	% of houses
◇	Electricity	% of houses
	• With access	% of houses
	• Without access	
◇	Transport	
	• Public	Yes/no
	• Private	Yes/no
	• Bus -terminal	Yes/no
	• Bus stops	Number
	• Parking lots	Number and area
	• On-street parking	
The Environment		
◇	Green areas /parks, forests	Number and area
◇	Rivers or lakes	Yes/no
◇	Sources of major air pollution	
◇	Sources of major water/soil pollution	
	Solid waste collection	
	• Containers/bins	Number

	• Sanitary workers	Number
	• Involvement of CBOs	Yes/no
	• Landfills/dump-sites	Yes/no
Culture		
◇	Cultural institution in the area or vicinity	Number and type
◇	Volumes in local library	Number
◇	Forms of entertainment/pastime for school children <ul style="list-style-type: none"> • Playgrounds 	
◇	Forms of entertainment available for young people	
Sport facilities		
	• Football stadium	Yes/no
	• Basket-ball court	Yes/no
	• Swimming-pool	Yes/no
	• Other/what	Yes/no
Public Participation		
◇	Community-based organisations	Number and type
◇	Issues addressed by CBOs	
◇	Prominent community leaders	Number/ names
Governance		
◇	Meetings with public	How often
◇	Info service mechanisms <ul style="list-style-type: none"> • Front desk • Information boards • Newsletter • Local radio • Local TV • Any other 	Yes/no

Checklist for Thematic Area

Relation to other priorities		
◇	How does the issue relate to other priorities?	
	• Very closely related	Yes/no
	• Relatively closely related	Yes/no
	• Not related	Yes/no
Availability of Human Resources and Expertise		
◇	Is there adequate availability of trained personnel to address this issue?	
	• To a large extent	Yes/no
	• To some extent	Yes/no
	• To a small extent	Yes/no

	Access to Technology	
◇	Are technology solutions up to date to address this issue?	
	• To a large extent	Yes/no
	• To some extent	Yes/no
	• To a small extent	Yes/no
◇	What is the existing technology to address this issue?	
	Availability of Funds	
◇	Current financial mechanism for addressing the issue	
	• Budgetary	Yes/no
	• Private	Yes/no
	• Foreign aid	Yes/no
◇	Amount of budgetary outlays	Euro
◇	Budgetary outlays as coverage of the required outlays	% of the whole required funding
◇	Total projected amount required	Euro
	Management	
◇	Form of Management	
	• Public	Yes/no
	• Private	Yes/no
	• Public-private	Yes/no
◇	Main management problems	
	Other aspects (specify)	
◇		
◇		

Tool 2: SWOT Matrix for Action Area Diagnosis

SWOT Analysis is one of the most common tools used for quick assessment of an existing situation or organisation, which takes into account its positive and negative sides. The analysis reviews **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats, the acronym for which is SWOT in English.

The forms suggested for SWOT Analysis this time are slightly different from those used before. This is in order to allow for the in-depth analysis that may be needed, especially where the data that could normally be used as a basis for SWOT shows substantial gaps.

For instance, if a municipality believes that “location” is one of its key strengths, the description of the city should clarify it, such as location at the crossing of two important transit roads. However, in the “required information” section, one should include a question whether the road(s) will remain as important in the future, or whether there are plans to build a by-pass that will affect the city’s importance as a transit or stop-over place.

Tool 3: Force Field Analysis

Force Field Analysis focuses on those factors and forces that will support change and those that will make efforts to bring change more difficult. The purpose of this analysis is to measure the strength of the two kinds of forces: those driving change and those restraining it. Based on which of the forces are stronger, we can plan activities that will capitalise on the existing strength of the driving forces and mitigate the negative influence of the restraining ones.

This analytical tool can be used **at the Urban Situation Analysis stage and when Action Plans for implementation are developed.**

The outcome is a graph showing the strengths and nature of impact of the individual factors and forces taken into consideration.

Force Field Analysis can also be used to analyse actions that can mitigate threats and weaknesses stemming from SWOT analysis. An overall positive result highlights any opportunities to introduce change and benefit from it. A negative result gives a notion of any obstacles that must be overcome if change is to be introduced. In every case, force field analysis results in better understanding of the situation and greater awareness of the forces acting both for and against change.

Tool 4: Criteria Table

Below are some criteria that can be used when identifying options for intervention. Some more criteria can be added as and when needed. Set a maximum value for each of the main criteria and remember that the sum of the sub-criteria within one main criterion cannot exceed its value. The total of maximum value of all criteria is 100.

	Criteria for:	Definition	Maximum points	Points
	Overall positive impact based on:		20	
◇	Socio-Economic Impact Analysis			
◇	Environmental Impact Analysis			
	Feasibility		20	
◇	Possible to complete with available human resources			
◇	Possible to complete with available financial resources			
◇	Possible to complete with available technology			
	Sustainability		20	
◇	Will enhance sustainability of the environment			
◇	Will get support of citizens			
◇	Will improve well-being and quality of life of the population			
	Effectiveness and Efficiency		20	
◇	Will shorten time of service delivery			
◇	Will result in positive cost/benefit ratio			
	Inclusiveness		20	
◇	Will enhance standard of living and social integration of less privileged groups			
		Total	100	

Tool 5: Memorandum of Understanding (MoU)

Inter-Organisational Agreement/Memorandum of Understanding

Between

The Municipality of,

NGO X

NGO Y

Business Organisation.....

And any other

Background

1. Municipalities are responsible for regulating and managing public affairs in their territory within the limits determined by law and to ensure conditions for a peaceful and normal life for all residents in the country.
2. In order to build a common future for all the citizens of, the local authorities of the Municipality of in cooperation with citizens, representatives of business and community organisations and other stakeholders have undertaken a participatory process to develop a strategic urban development plan.
3. Full inclusiveness of the process is guaranteed by the participation in the process of organisations and institutions that represent the interests of young people, men and women, ethnic minorities, the disabled, the elderly and other stakeholders.
4. The participatory process that started with the analytical phase and led to the organisation of the Initial Urban Consultation has made it possible for all the participating parties to voice their desires and aspirations for the city's future and led to the development of the following vision, mission and objectives:
 - a. Vision
 - b. Mission
 - c. Objectives
5. Over the course of the Initial Urban Consultation the following strategic priorities were selected for further clarification and development of Action Plans within Working Groups:
 - a. Strategic priority one
 - b. Strategic priority two
 - c. Strategic priority three
6. With full understanding of the importance of viable Action Plans to achieve the selected priorities, the participating stakeholders agree with and support the decisions made during the Initial Urban Consultation and the Working Group sessions.

7. In order to ensure that the Action Plans thus developed will be operational, the participating stakeholders accept the following commitments on execution of this Memorandum of Understanding.

Commitments

The Municipality will:

- I. Accept the vision, mission, goals and objectives developed in the participatory process during the Initial Urban Consultation as the expression of the desires and aspirations of its residents.
- II. Work with other stakeholders on developing solutions for the pressing problems and priorities identified during the Initial Consultation Process.
- III. Offer political, intellectual and logistical support to Working Group activities.
- IV. Allocate budgetary resources, to the extent acceptable for a given year (a maximum of ...euros, a minimum of ...euros) and continue to allocate funds for the implementation of Action Plans once accepted by the Municipal Assembly.

The representatives of the following NGOs and community organisations: (names) will:

- I. Participate actively in the preparation of any required documentation and plans.
- II. Participate actively in implementing the decisions of the Urban Consultation Process.
- III. Contribute their knowledge, skills and resources to address selected priorities and find solutions to the most pressing problems.
- IV. Allocate financial resources in the amount (required for the given project over a period of ... years/ a maximum of ...euros,/ a minimum of ...euros) and in-kind contributions in the form of (labour, equipment, supplies, technology and information) of a minimum value of ... euros.

This Agreement/Memorandum of Understanding is signed by:

For the Municipality:

Signature:..... Date:.....

For NGO X

Signature:..... Date:.....

For NGO Y

Signature:..... Date:.....

For Business Organisation

Signature:..... Date:.....

Tool 6: Cost Estimates Table

Activity based costing. Activity based costing is one of the methods of calculating the costs of production or service delivery. Each separate activity in the process is analysed in terms of costs such as materials and labour, with strictly defined percentages added as overheads to the cost of a given activity. This method ensures that all costs are properly allocated to the particular product or service.

Activity based management is an extension of ABC ranking, taking into consideration citizens' needs and ensuring that the full cost of service will be recovered from customer fees.

This method will be used at the stage where the costs of project implementation are assessed, but should also be used in the everyday management of a municipality, **especially in reference to service provision.**

Objective:		
Action 1:		
	Activities	Estimated Cost (€)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		

Tool 7: Critical Path Analysis

Critical Path Analysis is an extremely effective method of analysing a complex project. It helps you to calculate the minimum length of time over which a project can be completed, and which activities should be prioritised to complete by that date.

Where a task must be completed on time, critical path analysis helps you to focus on the essential activities to which attention and resources should be devoted. It gives an effective basis for the scheduling and monitoring of progress.

Sequential and parallel activities

The essential concept behind Critical Path Analysis is that some planned activities are dependent on other activities being completed in the first place. For example, one should not start building a bridge before it has been designed.

These dependent tasks must be completed in a sequence, with each being more or less completed before the next one can begin. Dependent activities are also called 'sequential' activities.

Other activities are not dependent on completion of any other tasks, or may be carried out at any time before or after a particular stage is reached. These are non-dependent or 'parallel' tasks.

Method

The process of carrying out a critical path analysis is shown below:

List all activities in plan

Show the earliest start date, estimated duration and whether the tasks are parallel or sequential. If the tasks are sequential, show what they depend on.

Take the example of some of the activities related to the building of a house:

- Purchase of land
- Obtaining a building permit
- Getting the design/blueprints
- Putting the roof on
- Making foundations
- Building walls and ceilings
- Fixing doors and windows
- Fencing
- Purchasing building materials

Head up graph paper with the days or weeks through to task completion

Write the tasks on the graph paper

Start with the earliest start dates and mark on the duration. Show the tasks as arrows and the ends of tasks with dots. Above the "tasks" arrows, mark the time taken to complete a task. Do not worry about task scheduling yet – all we are doing at this point is setting up the first draft of the analysis.

Once you have plotted the tasks, plot in lines to show dependencies:

1st draft table:

Activities	Months										
	1	2	3	4	5	6	7	8	9	10	Later
Purchase land											
Obtaining a building permit											
Getting the design											
Putting the roof on											
Making foundations											
Building walls and ceilings											
Fixing doors and windows											
Fencing		?					?				?
Purchasing building materials				?		?					

Schedule Activities

Take the draft analysis and use it to schedule the actions in the plan in such a way that sequential actions are carried out in the required sequence. Parallel actions should be scheduled so that they do not interfere with sequential actions on the critical path, if possible. While scheduling, bear in mind the amount of resources you have available, and allow some slack time in the schedule for hold-ups, over-runs, failures in delivery, etc.

Presenting the Analysis

The final stage in this process is to prepare a clean final copy of the analysis. This should combine the draft analysis (see above) with your scheduling and analysis of resources to show when you anticipate that individual tasks should start and finish.

There are two formats for this clean copy. The choice of the most effective form of presentation comes down to the circumstances of the analysis and personal preference.

Gantt Charts

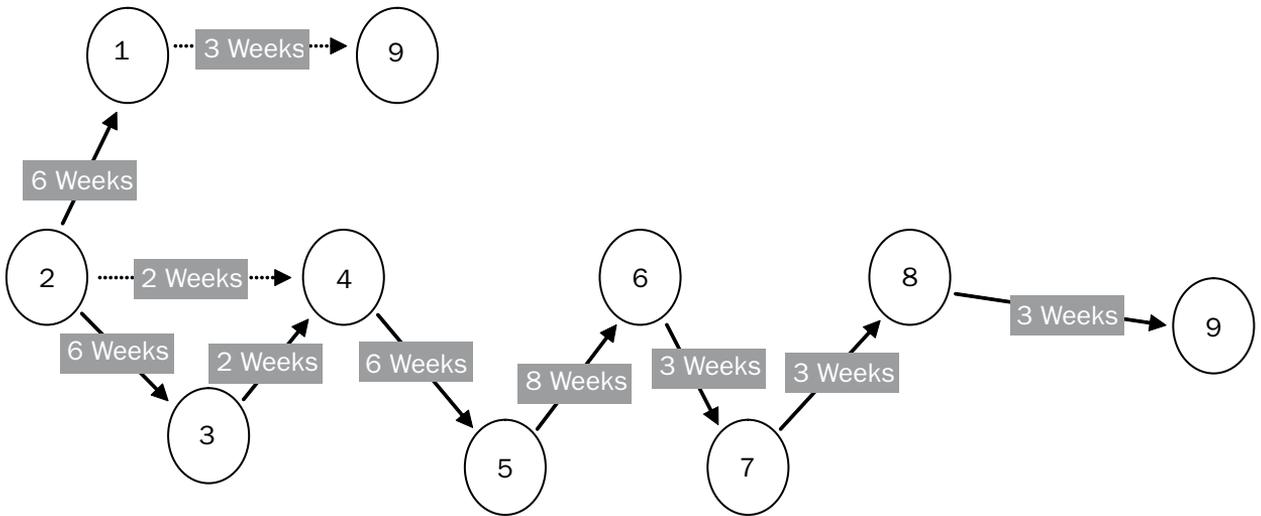
A redrawn and scheduled version of the analysis above is shown below, in the format of a *modified* Gantt chart:

Activities	Months										
	1	2	3	4	5	6	7	8	9	10	Later
Purchase land											
Getting the design											
Obtaining building permit											
Purchasing building materials				?		?					
Making foundations											
Building walls and ceilings											
Putting the roof on											
Fixing doors and windows											
Fencing		?					?				?

PERT Charts

PERT stands for Programme Evaluation and Review Technique. In this format, circles represent the completion of tasks, with linking lines showing the time taken to achieve the tasks. The critical path for the project is shown as the horizontal series of tasks.

Note that in the diagram below, we are using dotted lines to link completed tasks back to the appropriate stages of the critical path. These lines are there for visual clarity only and do not represent tasks to be carried out. This diagram shows our example of critical path analysis in PERT format:



1. Land purchased and formalities completed
2. Design ready (6 weeks)
3. Building permit obtained (6 weeks)
4. Building materials purchased (2 weeks)
5. Foundations completed (6 weeks)
6. Walls and ceilings completed (8 weeks)
7. Roof (3 weeks)
8. Doors and windows fixed (3 weeks)
9. Fencing completed (3 weeks)

From this graph, we can see that up to five weeks can be saved if the purchase of materials and fencing are done in parallel with other activities.

Summary

Critical Path Analysis is an effective and powerful method of assessing:

- Tasks that must be carried out
- Where parallel activity can be carried out
- The shortest time in which a project can be completed
- The resources needed to achieve a project
- The sequence of activities, scheduling, and timings involved
- Task priorities
- Etc.

An effective critical path analysis can make the difference between success and failure of complex projects, and can be an effective tool for assessing the importance of any problems faced during the implementation of the plan.

Tool 8. Action Plan

Nr.	Activity	Time schedule	Actor	Cost estimate		Sources	Coordination mechanism	Monitoring and indicators
				Financial	In kind			
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								

Tool 9. Strategy for Mobilising Stakeholders: Defining participants' influence, interest and capacity

(As one interest and expertise exists, mobilisation for local resources of expertise is required through the interest and intervention for capacity investment)

Rate the degree of influence, interest and capacity with numbers ranging from 1 to 3 where 1=low, 2=medium, 3=high

WHO - sector:	Influence	Interest	Capacity
Public Sector: 1. 2. 3. 4. 5.			
Private Sector: 1. 2. 3. 4. 5.			
Civil Society: 1. 2. 3. 4. 5.			

Tool 10: Review of Existing and Potential Municipal Financial Resources

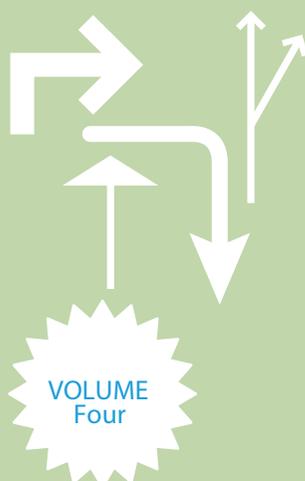
Funds Generated in the Municipality							
	Source	Estimated Amount (annual)	Earmarked			Availability for Capital Expenditure	Amount Available
			Yes	No	Partially	End of year/ monthly	
1	Individual Income tax						
2	Property tax						
3	Motor vehicle licenses						
4	User charges (water, waste disposal, etc.)						
5	Official Certificates and licenses						
6	Business & Commercial licenses						
7	Building Permits						
TOTAL AVAILABLE FUNDS			Total possible available funds for capital expenditure				

Financial transfers from Central Level							
#	Grants Allocation	Estimated Amount (annual)	Earmarked			Availability for Capital Expenditure	Amount Available
			Yes	No	Partially	End of year/ monthly	
1	Education grant						
2	Health grant						
3	General grant						
TOTAL AVAILABLE FUNDS			Total possible available funds for capital expenditure				

Tool 11: Potential Contributors to Urban Development

- **Sources** (Municipality, companies, local or international organisations, neighbourhood groups, other public organisations, etc.)
- **Potential type of contributions** (money/donation/credit, in-kind support, human resources, etc.)
- **Conditions for obtaining resources** (preconditions for giving resources, who will manage resources, and disbursement modalities, public recognition, etc.)
- **Availability** (when resources are available, duration before possible disbursement or delivery, procedures, etc.)

Potential Contributors to Urban Development					
#	Source	Type of contribution	Quantity	Conditions	Availability
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
9					
10					
11					



INCLUSIVE AND SUSTAINABLE
URBAN DEVELOPMENT PLANNING:
**A GUIDE FOR
MUNICIPALITIES**

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