Cities operate in a vertical governance context that plays a huge role in their ability to deliver services responsively to citizens. Research underway at the Urban Institute is documenting the scale of this challenge in dozens of countries. Cities that effectively navigate these challenges can deliver better development outcomes. How might cities learn from each other with respect to these elements of their responsibilities? This is a highly promising area for South-South cooperation.

It is a pleasure to join this discussion of city-city cooperation as part of the Global South-South Development Expo. Before I propose areas of opportunity for South-South city cooperation, let me explain the background that I think led to me being asked to join this panel.

The Urban Institute is a US-based think tank best known for our domestic research initiatives in areas such as US tax policy, health care, housing, income security, and criminal justice.

We were established in 1968 by then-President Johnson, who, in the face of widespread urban and racial unrest, was launching his own war on poverty—a set of Federal programs aimed at addressing the lack of economic and social development in places where millions of Americans lived.

The core idea was that as these large programs were being launched, the Federal government needed a politically independent entity with a longer-term view than government ministries themselves might have.

Now, 46 years later, we have more than 140 different sponsors for our work at the Urban Institute. Our reputation for independence and quality is well-established and our work has expanded such that we now have more than 300 researchers addressing a wide range of concerns facing the United States.

For the last 20 years, the Institute has also been working in dozens of other countries, where we have helped address broad issues of intergovernmental structures in the context of decentralization and or democratization. To date, we have worked with more than 70 countries on these and other related issues. These efforts entail working alongside city leaders in hundreds of local governments on issues such as service delivery, planning and budgeting, performance management, development of legislative bodies, and local economic development.
The Urban Institute's Work on Decentralization

This does not mean that we have walked in the shoes of city leaders in all of these places, but it does give us some perspective and comparative experience. It also provides better context for discussing our current work, which informs my suggestions for areas of South-South cooperation that I am fairly sure have not yet emerged from prior sessions of this Expo.

Decentralization—the process of shifting more responsibility for services to lower levels of government—has been a popular policy choice in recent decades. That choice is not often made with the goal of improving service delivery, but rather for keeping conflicting parties or regions under the same national tent while also giving them more autonomy, or as a means of reducing the power of intermediate regional leaders.

Outsiders have found comfort in these decentralization efforts. They conform to our expectations that democracy ought to put power in the hands of the people, that a shorter route of accountability must be good, and that decentralization aligns well with our theories of how public goods are best provided (going back to the work of Charles Tiebout, Mancur Olson, Wally Oates and others).

Of course, the local leaders whose authority expanded with decentralization also welcome these transitions. And in some places, such as the oft-cited success story of Indonesia, there is evidence of dramatic improvement in the delivery of essential public services. But there are also many instances where greater local autonomy has not produced better outcomes, and indeed some states are reconsolidating authority. Think about Russia, where oblasts and cities are increasingly under the thumb of central officials; or Uganda, where the capital city has lost a considerable share of its autonomy from the national government; or even Indonesia, where the new Parliament recently passed a bill to end the direct election of mayors and governors.

The reality is that there are a wide variety of challenges facing local leaders in solving local problems, including insufficient resources, lack of discretion over spending those resources, and unclear accountability for outcomes. So what governance conditions do contribute to better or worse service delivery? We are exploring this question with support from various partners including UNCDF and UNDP. We are looking at a range of services including those that are:

- mainly a central government responsibility, but with shared local implementation (such as health or education); or
- almost always the responsibility of local entities (such as water, sanitation, and solid waste management).

With support from GIZ, we examined the intergovernmental arrangements for Health and Education in 30 countries. Initial results from this research demonstrate that the proportion of resources reaching the local level matters. Child survival and literacy seem to be higher when a greater share of public spending is spent at the local level.

And with support from the International Growth Center, the Urban Institute is researching obstacles to urban services such as water, sanitation, and solid waste management in 16 countries, focusing on three cities in each country.

What have we learned so far?

- Cities in developing countries share many characteristics with respect to their governance, including limited local autonomy and discretion, and incomplete implementation of decentralization frameworks; but also innovative approaches to using technology in governance, and a growing commitment to transparency and responsiveness. Many of these qualities are shared by cities in more developed countries, whereas others seem to be uniquely or more dramatically present in less economically-developed cities.
- Cities face high expectations from citizens, central authorities, and donors for service delivery. This is particularly true for cities in countries making the transition to democracy, or out of conflict, where the promise of development is in especially high demand.
- Cities generally work with very low levels of resources and face constraints in expanding that pool. The resources that they do have mostly come as transfers from the central government (over which local authorities have little control), and local revenue sources are frequently underdeveloped.
- Even with resources, cities often operate with very prescriptive constraints on how to allocate those resources across services or categories of expenditure.
- Authority and discretion about services are in fact shared with other levels of government, and cities are often the least powerful actors in negotiating this power sharing.
In short, the idea of decentralization in fact covers a considerable breadth of laws, policies, and institutional guidelines. The actual implementation of decentralization in many places often falls short of the theory. The costs of this confusion are seen most starkly in emergency situations when response and recovery are slowed, but these obstacles hinder effective governance and service delivery every day.

In this context, cities can contribute much to each other—not just about the technical aspects of a particular service, but also about ways to effectively deal with muddy, overlapping, or recalcitrant intergovernmental relationships, and, indeed, why it is important for cities to get more deeply involved in these relationships in the first place.

The most important governance experiences that should be shared among cities that face similar problems are often the most confusing—how to make decision process more inclusive, manage political and policy changes better, and streamline implementation. Technical issues like ICT for government or money-saving technologies for water delivery are also important, but they will fall flat without first addressing the underlying governance issues.

Therefore, my suggestions for possible South-South decentralized cooperation include that the UN and cities address the following questions:

- Which cities or city leaders have found a way to work with vertical relationships and incentives so that governance strategies are more responsive to the needs of citizens? In which cities are resources and responsibilities aligned? How did these cities achieve this alignment?
- Who are the leaders who have organized to change the nature of intergovernmental grant schemes so that the results address current and evolving needs, not just past patterns of need? How are they successful, and what advocacy techniques can they share?
- Who are city leaders who have successfully integrated their own planning, budgeting, and implementation with other jurisdictions in the same economic or demographic cluster? How was that accomplished? What challenges did they have to overcome?
- How have cities overcome the powerful incentives to focus on short-run problems so that they can tackle long-term challenges, such as human capital appreciation, or changes in land use and services to accommodate demographic and climate change?
- What cities have successfully integrated urban refugees into the fabric of city life, balancing needs of current citizens with new demands?

These processes are undocumented and not well understood, and yet they provide excellent opportunities to learn from each other. It is my hope that the Urban Institute can leverage our work in various countries to contribute to the conversation and continue to be a partner in development.