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MCKINSEY'S URBAN GOVERNANCE AND PLANNING – RELEVANCE TO HEALTH

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Public service delivery in Indian cities is plagued by a wide variety of systemic issues such as poor stewardship, governance, capacities, incentives, accountabilities, and finances. To that extent, reforms in any one sector, including health, will have limited impact. Highlighting some of the systemic constraints, this policy note shows how they can be overcome by full devolution of power from states to municipalities, and by municipalities building capacities for ensuring service delivery.

In April 2010 the McKinsey Global Institute (MGI) released a report aimed at 'awakening India's cities, building inclusive ones and sustaining economic growth.'[1] The report avers that thriving cities are critical for India's growth. India's urban population is projected to more than double between 2001 and 2030. It faces huge policy and management challenges to develop adequate infrastructure and services to improve quality of life for citizens. The report captures the essence of urban demography, GDP and job growth, the consequences of inaction (a decline in urban services spells low business investment and less growth), and the investments required. It also discusses models for transformation in the areas of housing, environment, and political behavior. In addition to data analysis and modeling, the report presents relevant experiences from cities around the world and some in-country. It has identified the building blocks of sustainable urban living: funding, governance, planning, sectoral policies and a long-term country-wide strategy for urbanization. This policy note summarizes the report's suggestions in the areas of governance and planning, examining their implications for urban health in India.

GOVERNANCE STRUCTURES AND FUNCTIONS

Governance concerns the powers to manage cities and their delegation, adequate structures and their capacities, and accountability. According to MGI, administrative structures and processes in Indian cities are not up to the complex task of managing the needs of size, integration and quality. Moreover, citizens demand little accountability from city administrations, in terms of effective structures and as appropriate returns for their tax contributions. Consequently, city governments face six key challenges:

(1) Although the 74th amendment to the Constitution devolved power to Urban Local Bodies (ULBs), decision-making remains largely with state governments. The policy to hand over 18 key functions to city governments has hardly been implemented, and it is not clear what cities are expected to deliver to their residents; (2) The need for a single 'metropolitan' government to deal with cross-municipal issues has not been met in the 19 million-plus cities with multiple municipalities. Where both municipal and metropolitan governments do exist, their individual functions have not been clarified nor a balance achieved between them. Only three states have established the Municipal Planning Committees (MPC) called for under the 74th amendment; (3) The tenure of city leaders is usually too short to improve performance or for significant change. The distribution of power between an elected Municipal Corporation and a bureaucrat Municipal Commissioner makes neither fully accountable; (4) Municipalities are characterized by lengthy processes and a lack of defined targets with supporting budgets; (5) There is a great shortage of skills to plan and manage cities; and (6) In addition to having inflexible procedures, few city administrations track outcomes, further reducing their accountability.

In a nutshell, Indian cities rank poorly on six critical measures of governance: decentralized power, administrative structures, leadership, service delivery organization, capacity, and accountability mechanisms. The good news is that global experience shows that improvements can be achieved within a decade. For example, the Greater London Act of 1999 clarified the services to be delivered by 33 boroughs (akin to municipalities) and mapped responsibilities to the metropolitan authority, the Mayor. The creation of a corporatized transport agency under a board appointed by the Mayor greatly improved the efficiency and quality of London's bus service.

There is also some good practice nearer home. The Kolkata Municipal Corporation has a mayor who serves a five-year

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term and a council that meets weekly. While the Commissioner reports to the Mayor, their roles and responsibilities are clearly defined and a balance of power established. Kolkata has a functioning MPC with four key committees–planning, transport, sewerage, and program monitoring. The Kolkata Metropolitan Development Agency serves as the secretariat to the MPC, exercising the role of a coordinator across 40 ULBs in the metropolitan area. In Mumbai, there is the experience of BEST, an autonomous transportation and electricity agency within the Greater Mumbai Municipal area, which has a board that provides agility in decision-making, operational autonomy under a Chief Executive Officer, and full accountability for revenue and expenditure.

These examples of structures and actions to improve governance provide sufficient clues to address the above-mentioned six lacunae. Consequently, the McKinsey report makes a number of suggestions for better governance of Indian cities. First, it charts the process of devolution that needs to occur under the 74th amendment to vest power in the city. In addition to the functions given to ULBs, the report suggests that 'full devolution' includes the state governments not driving decisions through municipal commissioners, but only exercising veto power over decisions concerning the city in the most exceptional of circumstances and then, subject to review. Further, the state finance commissions need to provide cities with funds for devolved functions, in exchange for greater accountability.

Second, complementary municipal-metropolitan structures must be put in place, at least in the 19 urban agglomerations. Municipalities can plan and deliver services that benefit from proximity to end-users, such as water supply and waste collection. Metropolitan authorities can assume responsibility for services that require metropolis-wide planning and delivery, e.g., economic development and job creation. Services such as bulk water, landfills, metro rail, inter-city connectivity, environment or emergency services that have an 'end use' and also benefit from scale delivery or require expertise available only at the metropolitan level can be partly planned at the municipal level. Finally, health care and education services are planned optimally at the metropolitan level but delivered locally by municipalities.

There are a number of options to improve leadership, the third area, depending on city size. Municipalities have directly-elected mayors or an elected mayor-in-council (a political executive like a cabinet), supported by technocrats. At the metropolitan level, there could be a 'city-state' for the largest cities, an MPC to oversee a metropolitan development authority, or a strong political executive for the entire metro. The report recommends that at the very least, a mayor-commissioner system be implemented in all municipal corporations, similar to the well functioning one in Kolkata. It suggests reliance on MPCs and metropolitan authorities in the short-term, moving towards directly-elected mayors in the medium-term (5-10 years).

Fourth, to build infrastructure and deliver services at scale, cities need to create 'focused agencies with clear mandates, reliable budgets and empowered leaders'. Some services (water supply, sanitation, transport, waste management) may be corporatized and others implemented through private partnerships (PPPs). A key to the choice of arrangements is the ability to attribute costs and charges to the service; full chargeability suggesting the potential for corporatization, and partial chargeability supporting PPPs.

Improving local government capacity is the fifth area. MGI recommends consideration of a cadre of city managers, competitively selected to identify talent, and offered a clear career path, equivalent of a civil service for cities. There is also a need for large numbers of urban planners, engineers and technical staff, which necessitates creation of many more training institutes. Government may also hire such expertise from the private sector.

Finally, mechanisms need to be developed to make service agencies accountable to the city government and the government accountable to citizens. Accountability requires clarity on what has to be delivered by each agency and by the government as a whole, autonomy in deciding how to achieve it, and 'tight' agreements to assure the right outcomes. The main mechanisms suggested for increased accountability are: city charters to hold governments accountable, including a set of measurable performance indicators cutting across the range of services that the city is responsible to deliver; and MOUs between the city government (or mayor, where s/he is in place) and service agencies that define the agency's deliverables against financial and other support from the government. To ensure transparency, the report recommends an independent state urban regulator, responsible for setting standards (to which funding is tied), establishing benchmarks, monitoring and settling tariffs, and publishing city performance for transparency. The regulator is also charged with providing information and obtaining citizen feedback.

BETTER GOVERNANCE FOR URBAN HEALTH

Several of the above issues and recommendations are germane to urban health–either to basic environmental health services or health care or both. Lack of devolution to ULBs has led to retention of health service planning and decision-making powers within state health departments, which too often are far removed and severely short of finances and capacities to deliver urban services. The public urban health care delivery system has not received the attention accorded to rural areas. It remains mostly a mix of secondary hospitals set up by different authorities. In failing to devolve the 18 key functions along with funds, state governments have also undermined the ability of ULBs to perform important public health functions such as ensuring potability of water supply, 'total' sanitation, pest/vector control, quality control of food, disease surveillance, epidemic prevention or management, and such. Devolution of 'funds, functions and functionaries' (with the correct skills and attitudes) is therefore critical for cities to take responsibility for health inputs and outcomes.

The 'multiplicity' of urban authorities also affects health due to the resultant gaps or overlaps in service provision. For example, efforts to streamline health services in Delhi–putting different services under the Delhi state government or the Municipal Corporation have not been successful.[2] In the municipal-metropolitan schema proposed by the MGI, different health functions are divided according to planning and implementation needs and available capacities (Fig.1). A single metropolitan government addresses issues that cross municipal lines such as epidemics, vector and air pollution control, while municipalities take on local preventive and curative health activities. Both metropolitan authorities and municipalities have roles in providing water supply and waste management. Clarifying the roles and responsibilities of different levels and agencies is a necessary first step towards efficient 'healthy' actions, policies, and programs for the poor who are critically in need of health improvements. Having and adhering to clear service standards is a crucial attribute of well-functioning public health organizations.

Figure 1. Metropolitan and Municipal Planning and Implementation of Health Services

Planning \ Implementation	Municipal	Metropolitan
Metropolitan	**City-wide planning, local implementation** • Secondary health facilities • Epidemic control • Vector control • Regulation of private sector • Health Promotion	**City-wide planning, implementation by higher authority** • Tertiary health facilities • Bulk water supply and treatment • Sanitary landfills • Air pollution control
Municipal	**Local planning and implementation** • Waste Collection • Distribution of water supply • Some water treatment • Additional vector control • Primary health services • Preventive health measures	**Local planning, implementation by higher authority (as local capacity may be inadequate)** • Public health units • Quality control of food and eating establishments

Details of health functions developed by the author using general schema from Ref. 1, Exhibit 3.2.13.

Corporatization of services such as water supply and waste management will help upgrade infrastructure and provide services on large scale, even to slums. PPPs for health service delivery will help in redressing human resource shortages and quality control problems faced by public hospitals. Creating a cadre (or two) of health managers for public health units and secondary facilities is important. Significant changes and a long-term perspective are needed to enhance the development of capital for healthy cities in the face of economic growth. The McKinsey report is largely silent on the need to develop social capital, an important ingredient of better governance, particularly to ensure greater information symmetry, citizens' participation, 'self-help' and collective action, transparency and accountability of government. Enhancing the structure and tenure of city leadership will have the desired catalytic effect and create greater accountability for health.

PLANNING: DEVOLUTION AND EVOLUTION

Urban planning is needed to make informed choices about the use of land for citizens to live, work and play. Population growth will require new sites and additional service infrastructure. The quality of life, especially for the poor, will be negatively affected if adequate plans are not made. Services will come under strain and cities will deteriorate. 'Unplanned urban sprawl' is a frightening possibility.

Although states have town and country planning departments and many city master plans have been prepared, these have hardly been implemented. City Development Plans (CDPs) are now required to access funds from the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), a centrally-funded program. The 74th amendment calls for planning to be transferred to ULBs, and MPCs and District Planning Committees (DPCs) to be formed. But these changes have not transpired. The McKinsey report rates India 'poor' on four dimensions of urban planning: institutional framework; the content of plans, including integration, especially for growth; resources–human, financial and technological; and execution and enforcement mechanisms. Following a review of planning in some 'global' cities (Singapore, London, and New York), the report makes a dozen recommendations for India to transform its urban planning:

Institutional framework: Define the roles of the state government, MPCs and DPCs, regional authorities, ULBs and parastatal agencies; empower the MPCs to produce plans in the 19 metro regions, and the DPCs, district plans covering all other towns; and make these plans binding on municipal plans with regard to target populations, employment, land use, floor/area ratios (FAR), transportation, and sectoral goals.

Planning: MPCs should prepare 40-year concept and 20-year master plans for the 'top 19', and DPCs, 20-year master plans, integrating all sectors. The 40-year plans should include economic propositions for investors and quality of life for citizens. The 20-year plans should include detailed land use plans and norms for FAR, density, etc. and contain detailed project reports for key infrastructure projects. The metropolitan master plans may be translated into 20-year

CDPs for land use, zoning etc. They will include key projects for basic services, transport, environment, cultural heritage, social services and urban design.

Resources: Cities need effective planning organizations, within their authorities. They should establish metropolitan planning boards with technical experts, heads of parastatals and citizen representatives. Similar structures should be replicated at the city level. India needs hundreds of planning professionals in the larger cities and dozens in smaller towns. This capacity needs to be developed through additional training institutes. To fill the breach, the MGI report suggests that simplified templates be prepared for planning and foreign expertise employed. Standards and specifications, data improvements, and technological solutions are also needed.

Execution: This calls for (i) anchoring plans to the development priorities of the city, and obtaining public feedback on draft plans; and (ii) minimizing exemptions and enacting a system of public hearings to ensure fair play.

To initiate transformation, there are several 'next steps.' The central government can focus on the first set of urban planning reforms in the 65 large cities under JNNURM–issue effective planning guidelines, manuals and templates. It can also set up planning institutes and provide grants for technology. The state governments can form the MPCs and DPCs and transfer powers to them to prepare 20-year master plans 'cascading' downwards. This entails fleshing out the central guidelines for planning, capacity and technology investments, and community participation. Finally, metropolitan and municipal authorities can produce their integrated plans, incorporating infrastructure projects and hiring private expertise where required in the short-term.

PLANNING HEALTH

Once again, McKinsey's prescriptions apply to the health sector. Spatial planning for health requires creation of ample areas for the poor to live in, provision of basic services, transport connections, open spaces and safety. The need for sanitation infrastructure and services is also critical. Better planned transmission, distribution and treatment systems are called for, in light of the severe qualitative and quantitative strain most cities face today with respect to water supply. ULBs and higher level authorities need to include experts who have good knowledge and practical experience of epidemiology and health service planning, and use them strategically in the preparation of plans. Sectoral goals for health must be defined in these plans–every health-related sector should include one or more relevant, specific health goals. Urban health data need vast improvement to help define and plan targets and measure achievements. Technology can be used to collect such data and monitor services. Good health is an important ingredient of 'quality of life' for all urban dwellers and (as discussed in **Policy Note #6**) people's participation in planning is a cornerstone for better health.

ENDS AND MEANS

Governance and planning are closely related in that the provision of governmental health services is commensurate with the degree of attention that health care receives from elected representatives such as Municipal Councilors and MLAs. While the roles of elected representatives differ in the three cities studied by Kennedy et al. (from that of overseers and facilitators in Delhi, to only the latter in Mumbai and virtually none in Hyderabad), politicians show most interest in setting up new health facilities as these are visible symbols of their concern for citizen welfare and the ribbon-cutting ceremonies bring media and voter attention.[2] They may pay less attention to health services than to the basic urban services of water, sanitation, drainage, etc., due to priorities set in the face of resource shortages; availability of private health care in urban areas; and tensions with the bureaucracy that still exercises decision-making powers. In the end, the resolution of these challenges for effective public health services (preventive, curative and regulatory functions) depends on an important measure that is yet to be implemented in full: the decentralization of power and pelf to the elected urban councils. Seventeen years have passed since the 74th amendment was passed! The National Urban Health Mission must also take cognizance of this.

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For further information on '**McKinsey's Urban Governance and Planning–Relevance to Health**' contact Meera Chatterjee at mchatterjee@worldbank.org

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