UN-Habitat
The Governance Self-Diagnostic Tool

What Do We Mean by GOVERNANCE?

Governance refers to the structures and processes that are designed to ensure accountability, transparency, responsiveness, rule of law, stability, equity and inclusiveness, empowerment, and broad-based participation. Governance also represents the norms, values, and rules of the game through which public affairs are managed in a manner that is transparent, participatory, inclusive and responsive

Urban governance encompasses the different ways in which public and private institutions and individuals participate in the planning, design and management of the common affairs of a city, and the processes used for effectively realizing the short- and long-term agenda of a city's development.

Overall, and in accordance with the New Urban Agenda (NUA) and the Sustainable Developmental Goals (SDGs), governance processes should be participatory, consensus oriented, accountable, transparent, responsive, effective, efficient, equitable and inclusive. This will reduce mal-administration and ensure that the views of minorities are considered and that the voices of the most vulnerable in society are heard within the decision-making process.

What is the Challenge?

In many countries, urban governance systems are currently unfit for purpose and need critical reforms to enable sustainable and inclusive urban development. They have institutional frameworks that prevent urban governments from fully delivering on their responsibilities through inadequate decentralization, insufficient resources, poor capacity and weak frameworks for engagement with residents, civil society and other key stakeholders. Most countries, especially in the Global South, also suffer from ill-defined distribution of responsibilities between different levels of governments, leading to the duplication of roles and gaps which can lead to institutional wars.

The net effect being that common citizens suffer from poor public service delivery, and they end up procuring these services from informal, expensive yet unsafe channels. These ineffective multilevel governance arrangements also compromise planning processes, risk backlogs in budget spending, lead to higher transaction costs and create wider economic inefficiencies, as well as compromising the principles of transparency and accountability.

Community engagement and participation in public-decision making needs to promote more productive and inclusive interactions to better include women, youth, ethnic minorities, migrants, the urban poor and other disadvantaged groups such as people with disabilities in decision-making processes. Furthermore, inequalities, insufficient access to basic services, lack of decent housing, job insecurity and informality also continue to shape spatially fragmented and socially

segmented cities while the expansion of metropolitan areas and the burgeoning gap between them and intermediary cities pose serious challenges to urban governance.

Why does the City's Governance Capacity Need to Be Assessed?

In contexts of rapid urbanization and increasing decentralization, municipal governments face challenges for which their structures, processes and capacities are sometimes inadequate. Rapid urbanization has generated growing demand for urban services and infrastructure. Simultaneously, national policies and laws are assigning ever more responsibilities to municipal government, devolving planning and fiscal powers that can enhance their ability to respond to local needs and priorities. The effectiveness of municipal government depends on locally available resources, skills, structures and management processes.

Consequently, capacity building for urban governance must consider institutional capacities, the technical and professional skills of individuals, and local leadership skills. Building capacity in urban planning, budgeting, public asset management, digital governance, data gathering and engaging with other stakeholders are important. This requires structural, organizational, and procedural provisions, and overall governance arrangements that ensure performance accountability, transparent decision-making and the inclusion of relevant stakeholders in key processes. This calls for a systemic approach that mobilizes different types of education and training (high and middle-level education), technical courses, peer-to-peer learning and technical support. This includes local government and civil society exchanging information and knowledge to improve the ability of community leaders and public institutions to engage in dialogue to support a collaborative approach. In addition, stronger learning links between local governments and the business sector to foster collaboration between public officers and local stakeholders is paramount.

What is the Governance Self-Diagnostic Tool?

The Governance Diagnostic Tool is designed to identify gaps in local governance and to support cities to strengthen local governance. It is a first step of a larger project that aims to engage cities and city officials, cultivate ambition, and mobilize efforts for the achievement of the SDGs.

The tool is founded on the United Nations Economic and Social Council, Committee of Experts on Public Administration (CEPA) principles of effective governance for sustainable development and complimented with existing literature, such as the New Urban Agenda and Urban Governance Index, with modifications to fit the purpose of the tool. The CEPA Principles aims to clarify the governance agenda, by considering different governance structures, national realities, capacities and level of development and respecting national policies and priorities.

How does it work?

The toolkit comprises of a survey and recommendations and will be complemented by further materials and e-learning courses. It covers 10 themes with 108 questions. The questions are divided into 3 different tiers. 5-10 (no upper limits) people from the city administration, such as

public service & administration, land-use planning, finance & economic planning, digital governance and other cross-cutting areas (youth, gender and human rights), will need to undertake the governance survey.

In the Governance Recommendation Report, the results from all respondents will be aggregated to calculate the scores of the questions and the themes. The score of each theme will be shown in a traffic light system in **Red**, **Yellow**, and **Green**. Red means the area needs immediate focus or action, Yellow means this area can require strengthening and support, Green means the area is a strength of a city, which should be maintained and advanced further. Direct recommendation and narrative recommendation will be generated for further guidance on relevant topics according to the aggregated scores.

The direct recommendations will provide concise and general recommendation to guide and inspire actions while the narrative recommendations will offer more detailed information on the issue, linking the themes and indicators to the SDGs and CEPA principles.

Local Institutions and City Authorities will decide whether or not they wish to publish the report. Relevant Local Institutions and City Authorities will review recommendations and agree on which actions to prioritize.

Institutional Responsibilities and Mandates	Civic Participation
Fiscal Sustainability	Public Oversight and Dispute Resolution
Urban and Territorial Planning	Digital Governance
Public Administration & Staffing Capacity	Coherent Policy-Making
Multi-level Collaboration	Equality and Anti-discrimination

Examples Of the Tool

Example of questions in the governance assessment survey:
   A. Polar Question
Theme: Institutional responsibilities and mandates
1. Does your country have provisions in regulations, legislation or the constitution assigning local governments the mandate for urban management functions in their urban areas?
- Yes, No, I don't know

   B. Multiple Choice Questions
Theme: Fiscal Sustainability
2.1 What are the forms of own-source revenue collected? 1) local taxes 2) non-tax sources 3) other own-source revenue sources (e.g., trust fund, investment funds) 4) other (please specify)

C. Likert Scale Survey Questions

Theme: Public Administration and Staffing Capacity

13. Does your city have control over its own human resources (e.g., hiring staff)? 1) never
2) rarely; 3) sometimes; 4) often; and 5) almost always

Recommendation Report

Example for direct recommendation:

Question	1-1.3 **Institutional Responsibilities and Mandates**
Green	[Name of City] should continue to maintain and strengthen subsidiarity. Furthermore, it is important to monitor legislation on local government responsibilities and promote responsive local government. Recommended actions: • Promote and encourage long-term sustainable urban governance and development. • Monitor and engage in national and local discourse on local government mandates and responsibilities.
Yellow	[Name of City] should strengthen subsidiarity and local government mandates. Promote clarity of responsibilities and ensure that no one is left behind is urban management functions and service delivery. Recommended actions: • Promote the responsiveness of local government by integrating the views of local communities, stakeholders, and priority groups to your local governance (e.g., resident initiatives, participatory tools such as participatory budgeting and mini-publics) • Strengthen institutional mandates for local government action and responsibilities.
Red	[Name of City] should urgently prioritize strengthening subsidiarity and ensure that the local government has the mandate to perform urban management functions. Furthermore, the city should seek clarity on the responsibilities between different levels of government. Recommended actions: • Promote clear lines of responsibilities and mandates. • Strengthen local level urban governance to match the assigned responsibilities and mandates.

Example for narrative recommendation:

- Most respondents agree/disagree/unsure/do not know that Country (X) has provisions in the constitution, legislation, and regulations, assigning local governments the mandate for certain urban management functions in their urban areas. It is important that local governments have the mandate to manage urban functions in their urban areas to be responsive to the needs and aspirations of local people. This process is emphasized by the principle of subsidiarity, which underscores that the decisions of government are best made and implemented, if possible, at the lowest most decentralized level that is closest to the citizen. This principle does not necessarily limit or constrain the actions of higher levels of government, but counsels against responsibilities being completely centralized at a higher level.

Q&A

1. **Given that governance frameworks are complex between cities and regions, how does this governance tool apply in different local contexts?**

Trying to accommodate the global complexities of governance is nigh impossible. Thus, a general approach, based on principles of effective governance and best practice, was deployed. This approach allows to gauge the strengths and weaknesses of local governance by not limiting the indicators to contextual issues, but rather keeps the focus on the Sustainable Development Goals and the New Urban Agenda.

2. **How does the governance tool respond to emerging and dynamic urban issues such as climate change and COVID-19 impact?**

By focusing on capacity, resilience and sustainability of local governance, the tool assesses institutional readiness and adaptability to emerging issues. Furthermore, certain indicators and concepts such as multi-level governance that focusses on multi-stakeholder institutional coordination and cooperation provide guidance on how to address and manage the health, economic, social, and fiscal challenges arising from the myriad planetary crises. This will assist all levels of government to take a forward-looking perspective in building more inclusive, resilient and sustainable societies.