How can city strategies become destructive?

By Katalin Pallai

When I looked at the preliminary agenda of this conference I realized I will hear about a lot of innovative approaches and positive experiences. Conferences always tend to speak about positive experiences, good cases, sometimes – with minimal humility – authors even call their experiences best practices. It feels rather strange that I intend to speak about problems, weaknesses and even failure of a widely used planning approach – participatory strategic planning.

While it feels strange, I do not think it is without potential benefit. Positive experiences also have their weak side, only case presentations not always have the time for balance. Consequently, the risks in application of various approaches can get neglected. Analysis of weaknesses and causes of failures can bring attention to risks various approaches entail or concerns about fashionable approaches.

The paper is about experiences of donor driven strategic planning practice in SEE. It is about practices that aim to introduce participatory strategic planning processes in order to assist municipalities to develop local development strategies, local sustainable development strategies or local economic development strategies. The projects have two underlying intentions: improve local planning and strengthen local democracy. It looks intentions and objectives are politically correct. How can process still go so wrong that is produces perverse outcomes?

First, I will give a very generalized picture of the context and the usual logic of interventions, then I will build my concerns on the conflicts between the context and the intervention logic to show what risks can rapid, blue print driven[1] participatory planning enterprises entail.

Local strategy, leadership, participation are all fashionable themes in the debate of scholars and practitioners. Discussion on how and why can participatory strategic efforts fail can balance enthusiasm.

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[1] By blue print approaches here we mean the cases when donors, consultants or the local leadership attempt to apply a strategic method that prescribes the steps, sequencing (often even the scheduling) and applied techniques for the whole strategic process. Our criticism will be focused on the supply-driven application of blue prints for planning and organizing the local strategic processes and by no means entail any criticism towards the context dependent application of accepted methods in meeting various challenges or in tackling various problems

The context in SEE

The challenge of community leadership in a transition context

With decentralization, local governments faced with new responsibilities and the 'opportunities' that should accompany increased autonomy, must tackle the challenge of **being strategic** or **becoming strategic**. Given that most local leaders operate in an environment characterized by scarce resources; they have to evaluate tradeoffs, make difficult choices and create partnerships to expand the local resource base. This requires opening the decision making process to multiple stakeholders and building alliances of interests and actions. This new context requires that strategic leadership goes beyond the traditional aspects of political leadership as well as legally defined obligations; it should now mobilize community efforts and resources to create better opportunities for residents, business and other stakeholders. Strategic local leadership must:

- Mobilize residents and businesses to decide about directions and priorities
- Seek an effective mix of goals pertaining to short-term and longer-term horizons
- Seek opportunities and capitalize on them for improving the life of the community
- Mobilize additional internal and external financial and management resources
- Promote vertical cooperation with regional and central authorities and horizontal collaboration with other local governments and agencies; and

Through all these, bring positive changes to build and strengthen trust in common goals and actions.

This is a very different mode of functioning than the pre-transition era. It is a huge challenge for local leaders, most of whom have been used to working in vertical dependence of one-party systems, to change their thinking paradigm and practices. It is equally difficult for younger leaders that – often through foreign education – have familiarized themselves with the broader task of governance[2]. This younger generation of leaders must simultaneously: confront the inertia of the existing establishment; try to change practices developed through earlier incentive systems; and fight with deeply rooted power structures.

Additionally, despite changes in attitudes and practices of elected leaders, it takes time for civil servants, whose tasks were previously restricted to basic bureaucratic duties[3], to change

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[2] By government we mean the formal institutions of the state that use public resources to supply public services according to the given legal and administrative framework. By governance we mean not only government functions but also the activities related to influencing, facilitating and mediation in order to steer and coordinate the actions of various stakeholders for the achievement of public goals. The shift from government to governance means the shift form the exclusive duty of the „supply of public services" to a wider concept of „community leadership" and concern for the over-all well-being of an area.

[3] In most post-communist countries the role of civil servants in the policy process is still ill-defined. Politicians generally heavily rely on external expertise and dismiss the policy role of the civil servants. (Verheijen – Rabrenivic, 2001)

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their working paradigm and become strategic partners with local politicians.[4] There is a need for increased professionalism of the civil service and for politicians to recognize that the local management can provide consistency and permanence to ensure that strategies bridge over changes in election cycles.

Challenge of strategic planning in SEE

Obviously, strategic planning was not practiced at the local level before the political transition as the former system did not allow local government units adequate discretion and did not encourage independent local planning and financing approaches. Even in the SEE today, responsibilities and financing decisions related to various local services are still split among government levels or mostly directed by upper government levels. This situation leaves little scope for independent local strategies and offers weak incentives for comprehensive planning activities at the local level.

Discretion

The effectiveness of strategic planning is strongly influenced by the level of discretion. The question is whether the actual condition of decentralization establishes adequate local discretion[5] and perspective[6] that allow local governments to forecast future capabilities[7] and plan their future activities. Discretion and perspective are necessary drivers for the reform of local management and create the basis for local leaders to embark on broad-based strategies and make clear commitments within the process.

In SEE the combination of the lack of local discretion and weak predictability of upper government level decisions can have a deadening effect on community initiatives. As long as local governments are strongly limited in deciding and planning their own activities, they are also handicapped in taking the lead in mobilizing community efforts, building trust and making the necessary commitments when implementing a local community strategy.

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[4] New public management approaches have seriously challenged the desirability of strict separation of roles of elected and appointed officials when governments are confronted with complex problems and need substantial innovations. (Hambleton, 2002)   The new type of "political bureaucrat" discussed in recent literature on public leadership is innovative and capable to working closely together with the political leadership. (Kalusen-Magnier, 1998) Four leadership roles can be identified for this "political bureaucrat": providing strategic advice to politicians, managing processes related to decisions, taking decisions and influencing others. (Hambleton, 1999)

[5] By discretion we mean the scope of decisions that are devolved to the local level. Discretion is contingent on the level of local autonomy in decisions and on the decentralized resources including financial resources and decision making powers.

[6] By perspective we mean relative stability and predictability of intergovernmental relations that allow local government to prepare multi-year forecasts and plans.

[7] By capabilities we should mean not only financing but regulatory, collaboration, organizational and management capacities as well.

Accountability

The engine behind the strategic planning process is the accountability of the local leadership towards the local community. In order to embark on the often complex task of a strategic planning process a strong sense of accountability towards the local community is necessary.

The previous highly centralized political structure in region brought detrimental consequences in this domain. Local leaders were socialized to be accountable to their party and operate within relationships characterized by vertical dependence and an "upward-negotiating culture". A major question given the political transition in the region is whether new forms of political competition are fostering the development of leaders who are accountable to the local population or local leaders remain dominated by accountability relations directed to parties or upper government levels.

Accountability relations are very complicated and their change is contingent on many factors, such as the decentralization framework, the actual election system, the power structure of the local political arena and vitality of civil society. In SEE decisive changes must happen in all these domains in order to persuade local leaders to change their perceptions of accountability to a balanced orientation that includes the local community. The importance of accountability relations cannot be overestimated. Without accountability and support of the community, there is little incentive for local politicians to initiate local strategic processes that may entail serious short term cost in order to achieve longer term benefits.

Unfortunately, both local discretion and accountability are still weak in SEE.[8] Promoters of strategic planning in the region can therefore operate under unrealistic expectations when these two factors are lacking within local government. It is difficult to expect that local leaders with limited powers, who are often working in a context of citizen apathy, to mobilize stakeholders, establish communication, build trust and make clear commitments. This does not imply that there are no exceptional local personalities willing to take leadership roles; it only implies that local leadership is unfortunately more a question of personal ethos than of a context that creates imperatives.

Balanced and inclusive participation

Balanced participation is another necessary condition for strategic planning and a particularly important factor in SEE. The region has recently gone through a long period of conflict and political and social turmoil. While there have been significant improvements in the economy, public administration and social peace, in many parts of the SEE region, unsolved ethnic and ideological debates dominate political life, citizen apathy limits democratic progress and the

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[8] There is a major distinction between discretion and accountability. While leadership is possible within various levels of discretion and can bring results even in difficult conditions, there is no local leader without accountability towards the community.

capture of state and various levels of government [9] present a serious obstacle to creating economic and social opportunities for all. Without progress on these fields the threat of renewed instability is still there.

In principle, inclusive strategic processes can work against both government capture and citizen apathy if they can encourage balanced participation of all segments of the society (that are relevant for and/or impacted by the decisions included in the strategy). However, it is important to note that within the conditions in SEE, using only the usual "passive means of participation", as most donor projects do, can be questionable or even risky as it can leave out many interests and can lead to decisions biased by the stronger interest groups. Such processes, instead of working in the direction of democratic progress, leaves the ideologized political agenda untouched, strengthens the distrust of citizens in government and reinforces the status quo of power and deprivation. Within the conditions in SEE, balanced participation needs "pro-active outreach" to all those segments of society who otherwise cannot bring their interests onto the political agenda. For establishing fair processes intensive field work and high effort is necessary.[10] Establishing balanced participation in order to open doors to a more issue based politics and to more fair result is the obvious third key challenge in the SEE region.

Citizen involvement: a shift form government to governance

The more recent shift in practice from "government" to "governance" is clearly a function of increased discretion and accountability at the local level and the incorporation of the larger community in urban management activities as well as forward looking strategic planning activities.   In the SEE, despite the lack of effective decentralization and the adoption of community-based strategies, there are examples of effective local leadership that have encouraged community efforts to fill the gaps in public services that result from local governments lacking resources.

Strategic activities initiated at the local level, community efforts to solve and finance local services and the revival of Mjesne Zajednice[11] activities in some of the former Yugoslav

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[9] Capture of government is a form of corruption. It means when firms collude with high level administrators or politicians for their mutual benefit. The result is that impact on strategic choice decisions are manipulated for private interests. State and local government capture is unfortunately very typical in most SEE countries..

[10] By „passive means of participation" we mean all the basic „musts", such as transparency, advertisement and media coverage. By „pro-active outreach" we mean the identification, awareness and capacity building of groups who otherwise could not get involved. It means a pro-active approach, in order to enable all concerned to represent their interests in the strategic process.

[11] Mjesne Zajednice (hereinafter MZs) were a traditional means of community governance in former Yugoslavia. Established on a territorial basis and focused on local issues, MZs were represented within decision making processes and crucially helped plan and implement local infrastructure projects (particularly local roads and water supplies). MZs representatives served as an intermediary between citizens and municipal administrations and were especially important in rural areas, where they represented the main tool for communicating and addressing citizens' needs. They had their heyday in the 1970s, rapidly developing

countries are paradigmatic signs of this positive process. Moreover, there are cases in former Yugoslavia where serious distrust in government was overcome by community initiated projects implemented in partnership with local governments that brought tangible results in improving the quality of life for citizens.

In Tirana, Albania the introduction of infrastructure and community facilities in rapidly growing informal settlements outside of city originated from community initiatives with NGO support. Overtime, and with the support of the Albanian Government and donors, the initiatives were formalized into a partnership between local government, NGOs and the community. As a demand oriented program, community leadership, organization and a willingness to co-finance improvements were important criteria to entering the program. Smaller municipalities in Bulgaria, such as Svishtov, have also been successful in developing municipal-level strategies that in addition to larger capital investments and programs promoted and funded community-based initiatives that are part of the annual investment program.

These cases can be interesting parallels to the experience of participatory democracy in Latin America, where citizen involvement could initiate changes within the condition of high level of distrust in corrupt governments. The local development initiatives in SEE that were developed in true partnership, and at times with joint-financing, between local governments and communities increased trust in government, common action and future. As such these episodes are important steps in building local democracy and encouraging better local governance.

Donor involvement in general

In most cases, when a donor decides to launch a program on LED strategy drafting program designers start by drafting a methodology that is detailed enough to give security to funders that they know what kind of process will be sponsored and allows the design of a list of distinct activities, a specific time line and tangible result targets. Usually the municipalities where the methodology will be applied will only be selected afterwards. This is logical from the project design perspective: first I must know what I offer and the "willing local partners" can only be recruited on the basis of the offer. Often the local partners are recruited only when the financial resources are also available for the project implementation. This is logical again as commitment can greatly encouraged by financial lubrication. Thus, the supply driven project can start.

The supply driven process looks perfectly logical form the perspective of project management, but is this an equally logical process if viewed from the perspective of the participating municipalities? As the context, conditions and needs of localities are different, this process would be adequate to effectively utilize resources only, if two conditions were

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throughout the former Yugoslavia. MZs were neglected after the war and their potential contribution to democratic governance has been recognized only recently.

true. On the one hand a variety of options should be available and accessible to all municipalities. This means that a wide variety of accessible donor projects should be on offer, they should be based on various methodologies and various time lines. On the other hand such professionally mature leadership should be in charge of municipalities who can make good choices from the offers. For making a good choice the local leadership should understand the underlying value sets that donors import, the applicability of the methodologies, their potential risks and benefits and should also be able to estimate the implementation time need in their specific locality. Obviously, neither of the two conditions is true in SEE (in most cases).

How things go wrong?

There are many others, blue print, lack of supply and parallel strategies that are specific to donor. In more details in LGIB. Here the ones that can have parallels in Western Europe, and not donor invaded places as well.-

Lack of time resulting in unbalanced participation

The pre-determined methodology is only one problematic component of the project design process described above. Most project designers, when planning the project think conceptually about a logical process to arrive to a strategy. It is easy to see such a clear process when one is not confronted with the complex web of constraints, interests and relations of any specific location. As long as the designer does not know what barriers to communication, agreement and cooperation have to be dismantled in order to launch a strategic process, what kind of learning can lead to strategic thinking and what do stakeholders bring to the negotiating table that can block agreement and cooperation, it is unrealistic to plan the duration of the process.

One could say that a bit more time planned for each phase could accommodate the varying time lags. However, the longer the project is, the more difficult to get it through approval. Experience shows that 18 moths, or in case of very complex projects two years, duration is the maximum possible. Out of these months rarely remains even one year for the field work of implementation of the complex process of participatory planning.

The time given in such a project is surely not enough to establish balanced participation in a region where civil society is weak and unorganized, government capture[12] is wide-spread and there is no or little tradition of inclusive strategic planning. Instead of a pro-active effort to make all groups involved and capable to represent their interests, the local leadership is given a short time to determine actors directly involved in the process and invite their participation.

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[12] Capture of government is a form of corruption. It means when firms collude with high level administrators or politicians for their mutual benefit. The result is that impact on strategic choice decisions are manipulated for private interests. State and local government capture is unfortunately very typical in most SEE countries.

These invited actors are then claimed to represent all important groups. This practice can hardly be termed participatory. It resembles more to corporatist planning. However, in absence of a mature web of institutions and civil society organizations the corporatist planning model is not applicable. The solution brings the risk of unbalanced representation, the strengthening of government capture, biased results and perpetuating injustices.

Lack of time for the inception of a strategy

The time frame is also problematic as changes have natural incubation time. In most cases the imported method of planning and the cooperative process is in contrast with earlier working practices. Time is needed for the new practices to settle and new working relations to stabilize.

As the process must confront the lack of relevant data, experts usually collect what they find and must make rather unsupported analysis. In a good scenario even such an analysis and the approaches encouraged by the imported experts bring distinctively new ideas about the future. Nevertheless, time is needed for the accommodation of new ideas on the political agenda and for building agreements along the new goals. The inception of the strategy on how could goals be implemented and what exactly could be targeted in the direction of strategic goals could come only as a next step. However, the project schedule cannot wait. At the pre-determined time a document must be produced that can be reported to sponsors. As a result a document is produced and the project is closed. In most cases the document includes some broad goals and is essentially a long list of potential projects that could be implemented in an ideal context and using resources completely incomparable with available resource dimensions[13].

Such a document remains a wish list and can hardly be termed as a local strategy. There are three major problems in wish lists. The first is that the production of long project lists does not demonstrate any conceptual shift. Similar lists were prepared in communist time in order to multiply chances for lobbying for resources at the central governments or in party headquarters. The second problem is that screening of ideas cannot happen in the absence of a strategy. The long list of projects creates unrealistic expectations of stakeholders. When these promises are not kept, accountability and trust suffer together with lost opportunities in terms of management reform and coordinated planning.

The third problem with such a document is that the long list legitimizes all projects that are included in absence of a strategy that can guide choices. Such a list facilitates biased selection of projects by incumbent power groups, as decreases the need for further argumentation. Such a process can easily contribute to the perpetuation of injustice.

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[13] The wrong dimension of financial resource need is the most obvious, but most plans are also unrealistic when compared to organizational, management or legislative capacities.

Need for tangible results

Donor programs need "tangible result" that is easy to report to sponsors. In most cases this can only be the strategy document. The problem is that the goal of the strategic process is not the document but the learning, cooperation, agreement and ownership by local governments and civic leaders. All of these factors are key in order to create a sustainable process.

In the worst situation, in order to have a good strategy document, parachuted consultants write its text. In these cases, both the project managers and contributing experts leave the process at the point of adopting the strategy. There is little incentive to see if the desired future outlined in the strategy occurs in the forecasted timeframe. Therefore, after reporting the "result" the team moves to a new locality like a traveling circus and presents the same show according to the same choreography.

Balanced representation or misused corporatist planning?

LED strategies in principle do not focus on just distribution, but rather on the potential, local growth engines. However, all donors involved in our region claim to be united behind the case of poverty reduction and the Millennium Development Goals, this should generate a focus on just distribution of opportunities. All donor-driven LED strategy projects promise to implement participatory processes. In view of the declared orientation of poverty reduction, this should imply balanced participation. Do the donor-driven projects really fulfill this promise?

During the last decade we have witnessed many experiments at the local level that introduced various techniques encouraging direct participation in decision making. The most common forms are when various representative groups are involved in the process. (e.g. local strategy projects invite local business and civil society organizations or, LED projects involve various business associations) This is a logical choice as it is much easier to work with already established groups and the limited time frame of most donor supported projects does not allow to go back to roots and to identify different needs and interests. This is the approach of the 'corporatist planning scheme'.

The corporatist planning and governance model supposes the existence of organized interest representation and builds policy deliberation on the results of the bargaining process of these groups. It is typical in small countries of Western Europe that are characterized by strong etatist tradition, high degree of political involvement and strong voluntary associations. Even in these countries corporatist planning is primarily applied in distributive sectors.[14]

Let me raise some important concerns about the applicability of this corporatist logic in SEE. The first and major concern is that political and social conditions in SEE are very different than the conditions in countries that successfully apply the corporatist planning scheme. We should very seriously think over, whether this model is applicable at all in absence of a sophisticated web of institutions, representative organizations and strong civil society?

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[14] Prierre, J., 1999: Models of Urban Governance, The Institutional Dimension of Urban Politics, featured essay, Urban Affairs Review, 1999, January pp. 372-396

Secondly, corporatist models carry indigenous weaknesses. Results often work against fiscal discipline and the compromise among the represented interests tend to orientate towards distributive and compensatory policies, instead of pro-growth policies. Moreover, involvement seriously declines when of available resources decrease. The most frightening experience in developed countries is that "interests of constituencies and social groups that are not involved tend to be neglected" and the outcome frequently is "inequalities between members of favored organized interests, on the one hand and other social groups, on the other hand". (Prierre, 1999: 382-383) This sounds so familiar form the concept of government capture leading to more inequality, the problem so ubiquitous in SEE. Is this not frightening in SEE?

The third general concern is that most issues that LED strategies must solve in SEE lay beyond the capacity of the local community. Consequently, in order to implement the corporatist logic regional and central governments, donors and other potential supporters should all be sitting at the "negotiating table".

After the general concerns about the applicability of the corporatist approach for LED in SEE, I raise two more concerns that are related to specific consequences on social justice. The first concern is that these forms of participation are weakly adapted to bring attention to spatial disparities as organizations already aggregate their objectives for the municipal jurisdiction. Moreover, when the representativeness of the groups involved is weak, the result of participation becomes doubtful.

The second concern is that usual techniques encouraging participation include advertisements, invitations to public forums, media info, etc. These are all weak in bringing in the more deprived segments and make them capable for interest representation. Involvement and interest representation of vulnerable groups can be only the result of a proactive effort.

Though no one would doubt that various groups and neighborhoods in a municipality confront very different problems, interestingly, there are much less examples of participatory planning that works with neighborhoods or vulnerable social groups located in specific areas of the city[15]. I do not know any specific LED strategy project that did this.

Let me add one more suggestion to the earlier general statement. We should not only very seriously think over, whether the corporatist model of participation is applicable in our situation, we should rather try to find strategic approaches that evolve form our problems and potentials?

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[15] This statement aims to acknowledge efforts of reviving MZ involvement in former Yugoslav countries and valuable projects that attempted to organized neighborhood level participation in various countries, or work with vulnerable groups within communities. It refers to the fact that such efforts represent a very small share of participators enterprises.

One more step

Whose strategy?

Even in good cases where participation works, agreements are built and the result is a strategy that could have an impact on future course of events, it remains questionable whose strategy was drafted? It is not without potential conflict that there is an elected local government that represents the community and the community involved in planning. Only a strong leadership can solve this conflict that defines clear domain for consultation and establishes legitimate links between the deliberative arena of participation and the decision making arena within the municipality.

Can participatory process lead to radical change?

All the above mentioned concepts on planning and local governance were developed to the planning game of stable, western democracies. Their application in transitions context can result in new findings. Most theories mentioned above developed from the analysis of situations of transformative change meaning a slower pace and non-structural changes. In the transition period most strategies target radical change – structural reform or new strategic orientation for cities. The application of the above mentioned concepts for situations of not only transformative challenges, but also for situations where radical change is needed can alone lead to new contributions to the debate of local strategy and leadership.

The key determinants for effectiveness are somewhere between the creative process of strategy drafting and applied leadership modes. Therefore strategic enterprises should be studied as the interplay of actors and documents. This is especially true for transition where there is a huge need for radical, change oriented strategies.

Without attempting to underestimate the importance of the process and actors of city strategy drafting, I want to add another pillar, the quality of the outputs of the process (i.e. the quality of the strategy, documents, mechanisms, etc), to the discussion.

My experience of drafting, assisting and evaluating municipal strategies in various countries of the post-communist region led me to the conviction that adequate process and quality outputs together can have strong influence on the course of future decisions and events. Weak, unfocused documents, weakly integrated plans, overly broad agreements not only fail to set directions for the future course of events, but often even prepare the ground for bias. In the overwhelming majority of failures of city strategy processes the bad quality of the strategy and its weak integration to administrative procedures are the determining factors.

Without challenging the accepted conclusions of debates that leadership and participation are important components in the local decision process and their relation varies by planning phases, I add the statement that planning results play an important role in structuring the effective relation of actors. With this statement I want to draw attention on planning inputs and outputs as I they are key interfaces among actors and phases.

On the filed of planning theories during these same decades inquiries on strategies were focused on involvement, learning process and collaboration. These are all key elements of transformative change and strategy implementation. However, reform strategies, or the first local development strategy within a decentralized context is not a smooth transformation of old ideas. Abrupt conceptual shifts can hardly be the product of wide-based communicative learning. Conceptual shifts are creative, they break the learning curve and their implementation is often a radical enterprise form the part of the leadership. Contemporary planning debates diverted attention from the creative act of strategy drafting and from the often necessary aggression in introducing conceptual shifts. The weakness in conceptualizing and framing the change and/or the use of transformative leadership mode in an attempt to implement change can easily lead to failure. Nevertheless, these strong statements are neither discussed nor raised in actual professional debate relating to the local strategy process.

On the one hand the case studies will show how strategic processes fail to create strategies and conclusions will attempt to identify key causes. On the other hand the cases will show how a strategy can get lost in the participatory process as a consequence of bargaining and consensus building. The evidence form the cases will support serious concerns about the validity of the widely propagated, supported and applied participatory local strategy drafting within the transition environment and faced with the challenge to change.

The topic is an inquiry on the strategies as texts and their interplays with actors. This sounds like a theme of post-modern philosophy: language and its implication for politics. Nevertheless, the dissertation does not build its inquiry and argumentation on the ground of post-modern philosophy. It will strictly remain in the domain of public policy. Ideas form contemporary philosophy will only be shortly reviewed in the analysis of theoretical background.

Closing

I focused on donor driven strategic processes in SEE: I wrote about rapid, blue-print-driven processes that could not establish balanced participation and produce strategies that had strength to orientate subsequent course of events. Moreover, they brought the risk of even more biased decisions and easier captured government.

The strong involvement of donors, and the level of government weakness and citizen apathy is surely specific to the SEE region. However, time constraint, limitation of efforts, the force of planning routines, weakness of vulnerable groups to get involved and the belief that participation can only make strategies better is not region specific. Thus, I might legitimately think that some of the dilemmas raised should also be raised in other cities, though the extent might be different.