



USAID'S INVESTMENTS IN CITIES 2014-2024: MAKING CITIES WORK LITERATURE AND PROGRAM REVIEW

OCTOBER 16, 2024



AGENDA

I. Background

II. Literature Review Findings

III. Program Review Findings

IV. Mission Reflections

V. Discussion/Q&A



— BACKGROUND



MAKING CITIES WORK IDIQ

- Aims to:
 - Enable USAID to address **challenges and opportunities of global urbanization.**
 - Provide access to **short- and long-term technical services, training, and capacity-building** in areas related to **improving urban and local governance.**
 - Support the implementation of **USAID's Sustainable Service Delivery in an Increasingly Urbanized World policy.**
- Disbursed over \$500 million from 2014–2024.
- Issued 18 task orders (TOs) for urban governance work.

THEMATIC AREAS

The MCW outcomes consist of technical assistance in five functional areas:

1. Improved urban and local government **public service delivery** with an emphasis on transportation, water and sanitation, and solid waste management (SWM).
2. Greater **autonomy, transparency, responsiveness, and accountability of urban and local governments.**
3. Enhanced ability of urban and local governments to **adapt to climate change**, improve environmental management practices, and expand **pollution control** systems.
4. Better urban and local government **disaster preparedness, response, and recovery.**
5. Strengthened urban and local government **finance, creditworthiness, and borrowing.**

PURPOSE

The goal of this study is to:

1. Aggregate what USAID has learned across the MCWTOs.
2. Complement USAID-specific learning with broader learning from academic research about urban governance.



METHODS



Literature review of peer-reviewed academic journals, professional journals, government reports, and other relevant reports.



Desk review of publicly available TO documentation.



Six 45-minute key informant interviews with stakeholders and implementers involved with MCWTOs.

LITERATURE REVIEW FINDINGS



CITIES IN DEMOCRATIC SYSTEMS

- Support for cities is an opportunity both to **improve participation and responsiveness of democratic institutions** at the local level and potentially to **strengthen national democracies**.
 - Urbanization may lead to democracy by facilitating coordinated public action and could also foster the development of civic capital (Glaeser, 2016).
 - Local democracy may also increase support for national-level democracy (Glaeser, 2016; Hiskey and Seligsen, 2003).
 - Ex: Wallace (2014) demonstrates that dictatorships in urbanized contexts are more likely to experience regime change.

CITIES, PUBLIC SERVICE DELIVERY, AND DEMOCRACY

- Urbanization raises **demands for infrastructure and services**, prompting a call for a **decentralized system to manage these needs**.
 - Inadequate public service delivery can sour perceptions of the legitimacy of an existing political system.
- Decentralized governance can improve government accountability and increase the efficiency of public service delivery.
- When decentralization is combined with factors such as independent revenue sources, a strong civil society, and political competition, gains are seen in political participation and local decision-making.

INVESTING IN LOCAL GOVERNANCE TO IMPROVE PUBLIC SERVICE DELIVERY

- The team found **little research directly investigating investment in public services that finds a positive effect on democratic outcomes.**¹
- However, we do know:
 - The process and output of investment into public service delivery both matter.
 - Results of transparency and accountability interventions on service delivery are mixed.
 - Differences in outcomes may stem from local government capacity to be a part of the administrative state.
 - Programs with complimentary investments often provide local bureaucracies within cities with the required administrative support to promote accountability and transparency while also attending to the quality of the service delivery.

[1] Following the Varieties of Democracy project, the study defines democratic outcomes as including free and fair multiparty elections, satisfactory degrees of suffrage, freedom of expression, freedom of association, judicial and legislative constraints on the executive, civil liberties, and equality before the law.

PROGRAM REVIEW FINDINGS





PUBLIC SERVICE DELIVERY

MCW Thematic Area I:

Improved urban and local government public service delivery with an emphasis on transportation, water and sanitation and SWM





PUBLIC SERVICE DELIVERY

Successes

- Intended for service delivery improvements to help establish or improve government legitimacy (thereby improving stability), ameliorate humanitarian crises, and encourage citizens involved in local governance, promoting democratic practices.
- Built local government capacity to provide quality services by creating tools for local governments and their partners to assess their own capabilities and determine priority areas for local investment.

Contributors to Success

- Directing funds through approaches such as grants under contract to local organizations and buy-ins from USAID Missions.
- Employing an integrated approach to service strengthening.
- Engaging the private sector and municipalities in job creation and service delivery.

Lessons Learned

- Need for improved and expanded data systems to track service delivery metrics.
- Insufficient government material resources.
- Challenging approvals process for infrastructure investments and equipment procurement.
- Inconclusive evidence of a link between governance interventions and service delivery improvements.



AUTONOMY, TRANSPARENCY, RESPONSIVENESS, AND ACCOUNTABILITY OF URBAN AND LOCAL GOVERNMENTS

MCW Thematic Area 2:

Greater autonomy, transparency, responsiveness, and accountability of urban local governments





AUTONOMY, TRANSPARENCY, RESPONSIVENESS, AND ACCOUNTABILITY OF URBAN AND LOCAL GOVERNMENTS

Successes

- Focused on transparency and accountability of local governments with activities including increasing community access to social auditing, participatory development, accountability events, and public information.
- Increased citizen participation and led local governments to implement, introduce, or adopt public policies that were created through consistent citizen input by facilitating citizen inputs and demands (e.g. participation in development and investment planning sessions and council meetings).
- Gains in public financial management reduced opportunities for mismanagement and corruption. Transparency mechanisms allowed increased citizen engagement and participation in municipal projects and decision making.

Contributors to Success

- Building government partner ownership.
- Fostering community ownership and involvement.
- Linking material support to municipal improvement.

Lessons Learned

- Challenges of phased approach.
- Managing complexity.
- Lengthy initial assessment periods.



CLIMATE CHANGE, ENVIRONMENTAL MANAGEMENT, POLLUTION CONTROL, AND DISASTER RESILIENCE

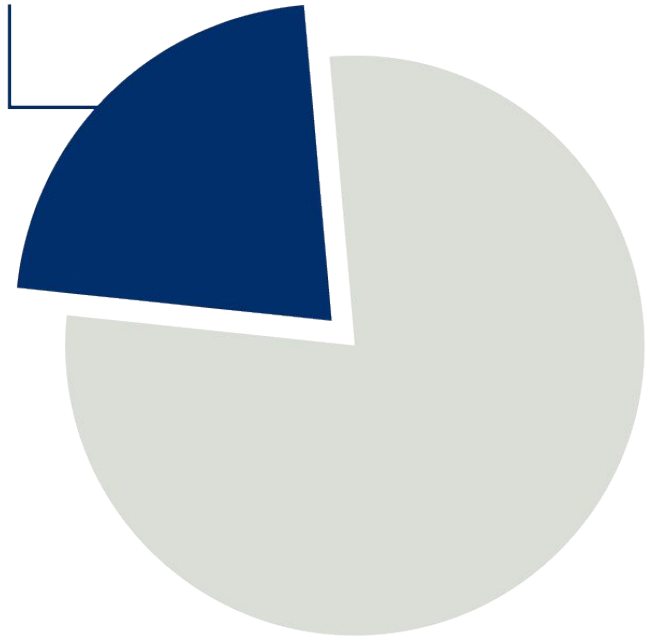
MCW Thematic Area 3:

Enhanced ability of urban and local governments to adapt to climate change, improve environmental management practices, and expand pollution control systems

MCW Thematic Area 4:

Better urban and local government disaster preparedness, response and recovery

22% | CLIMATE CHANGE
& RESILIENCE





CLIMATE CHANGE, ENVIRONMENTAL MANAGEMENT, POLLUTION CONTROL, AND DISASTER RESILIENCE

Successes

- Reduced urban pollution through the adoption and implementation of Environment Management Systems and associated planning and assessment tools for municipal operations, industrial processes, and the transportation sector.
- Provided technical assistance in risk assessment and climate prediction, enabling municipalities to identify the most significant climate risks, assess the frequency of their potential consequences, and plan for infrastructure to maintain its resilience in the face of expected climatic changes.

Contributors to Success

- Using social and behavior change approaches.
- Forging partnerships with local governments and private sector partners to build sustainable, circular economies.

Lessons Learned

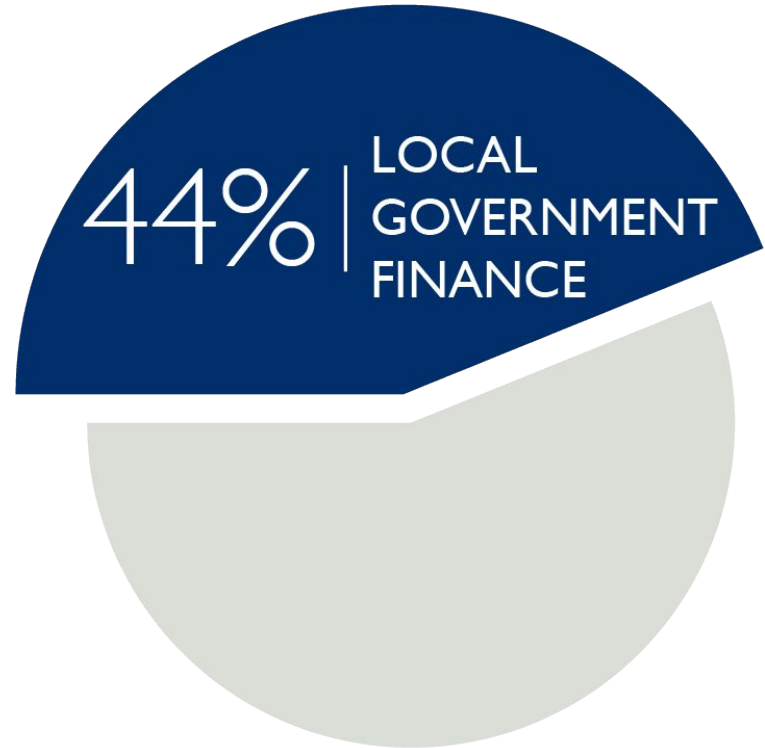
- Global climate change is local.



URBAN AND LOCAL GOVERNMENT FINANCE, CREDITWORTHINESS, AND BORROWING

MCW Thematic Area 5:

Strengthened urban and local
government finance,
creditworthiness, and borrowing





URBAN AND LOCAL GOVERNMENT FINANCE, CREDITWORTHINESS, AND BORROWING

Successes

- Assisted municipalities in amplifying their own-source revenue, notably through enhanced local tax and service fee recovery mechanisms.
- With increased independent revenue, municipalities were better able to provide public services and strengthen local government autonomy as they minimized their dependency on national revenue streams.

Contributors to Success

- Having substantial opportunities in resource mobilization.
- Improving municipal revenue strengthens local government autonomy.

Lessons Learned

- Pursue blended finance options to incentivize private sector investment; however, there are few blended finance options for cities.
- Municipal finance is political.



CROSS-CUTTING AREA: CROSS-SECTORAL INTEGRATION

Successes

- Maximized the impact of USAID investments through strategic and investment synergies by integrating economic development, health, and education into MCW programming.
- Utilized improved service delivery, internal management, and community engagement mechanisms to enhance cross-sectoral outcomes.

Contributors to Success

- Making complementary investments.

Lessons Learned

- Tradeoffs between national and local economic development initiatives.

PROGRAM REVIEW RECOMMENDATIONS



PROGRAM REVIEW RECOMMENDATIONS



Continue funding mechanisms like MCW that address linked issues



Harness strategic savvy of investments in local government



Build a new generation of decentralization programming



Continue progress on digital development



Integrate corruption awareness

MISSION REFLECTIONS

Spencer Milian, USAID/Guatemala: Guatemala Urban Municipal Governance Task Order (2017–2023)

Brendan Wheeler, formerly USAID/Jordan: Cities Implementing Transparent, Innovative, and Effective Solutions (CITIES) Task Order (2016–2021)

— DISCUSSION / Q&A



Thank you!
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