

Good Practice Guidelines

Participatory Approach to Core Area Development A Guide to Good Practice

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These Fact Sheets set the current urban scene for the specific topic each cover and suggest ways and means within that topic towards achieving sustainable mixed use core area development.

Exploring Partnerships

Purpose

Assessment of the different types of public-private partnerships used to incorporate the commercial and residential interests of all stakeholders in urban areas (including the urban poor), enabling an appropriate and working structure to be established and maintained through consensus.

The importance of partnerships and the roles that the different stakeholders play is often underestimated as a key factor in sustainable approaches to mixed use land development. Without inclusive partnerships that promote shared decision-making, transparent management and trust, unbalanced partnerships can emerge and consequently development becomes skewed in favour of the dominant stakeholder, usually the developer.

This Fact Sheet aims to provide those involved in the process with an understanding of the roles that the public sector and private sector play. Some of the advantages that result from forming public-private partnerships will be outlined, and guidelines for establishing sustainable partnerships are presented.

Introduction

The majority of mixed use developments usually depend on some form of partnership or social compact between stakeholders involved in the development. Partnerships provide stakeholders with an opportunity to engage and participate in decisions related to projects they are involved in. Through agreed consensus on the delivered product they set out the parameters of a project and identify the roles and responsibilities of each stakeholder. They are crucial to the success of any development involving a number of different interest groups and, if well managed, help in protecting the interests of vulnerable stakeholders.

With constrained budgets, shortage of experienced professional capacity and a steady rise in the demand for public services and facilities, many local authorities have formed partnerships with local service and delivery agents to satisfy

demand. Common partnership arrangements include the contracting out of service- and maintenance-based contracts to private sector firms, or community-based initiatives. However, there are certain functions that should remain the responsibility of local government and these include the provision of bulk infrastructure and general policy measures that improve access to basic services and facilities for low-income communities.

Box 9.1: Partnership Approaches to Development in Indonesia

A large land sharing urban renewal project [date] of Industri Dalam (slum lands near the city centre of Bandung, Indonesia) involved a partnership between local government, the private sector and the community (supported by an NGO). In this case, slum residents were given the option to buy or rent walk-up apartments that had already been developed in the area. The remaining land owned by the government was sold to the private sector for commercial development. Despite the fact that the project had incorporated both the urban poor and the economic interests of the private sector, many complained of having to live in small apartments that could not be extended to accommodate large families as their previous dwellings had done¹. Although in principle the land sharing techniques employed in this redevelopment were sound, poor financial management, project support and a lack of community participation throughout the project contributed to its failure. When the site was visited during the Core Areas research one of the blocks of flats had still to be occupied due to allocation problems.

A land sharing scheme in the city centre of Samarinda, East Kalimantan, Indonesia² involved a partnership between a developer, an architect, an NGO and the community. The idea was to develop a mixed use site, which would enable rich and poor to live close to the city centre. The urban renewal project used 30% of the site to accommodate the existing population in walk-up apartments and sold the remaining land for commercial development that helped cross-subsidise the housing component of the project. In this instance the project was well managed and had the full support of the resident community; another contributing factor was the local NGO who worked with the local community, the private sector and the local government to ensure that the interests of the community were fully acknowledged.

¹ Winarso H (1995) 'Housing for low-income people in Indonesia, the inner city redevelopment strategy: Learning from the "Industri Dalam" case in Bandung', paper presented at an International workshop on Neighbourhood Redevelopment Zhongshan University, Guangzhou, China 1995.

² Winarso H (2000) 'Inner-city redevelopment strategy: The role of agents in the development process, a lesson from two cases in Indonesia', to be published in forthcoming edition of *Town Planning Review*

Partnerships and Land Development

In partnership, the different parties are able to benefit from the comparative strengths that each can provide. The public sector can target the development of a piece or tract of land by fast-tracking land assembly (if they have the statutory power, like compulsory purchase, to do so), and co-ordinating infrastructure provision with development, although local authorities are often accused of allowing infrastructure delivery to dictate where development occurs. (This is sometimes called planning. The public authority takes the lead in positively providing the infrastructure before development and at the same time creating beneficial directions of urban growth. Many railway companies in the past, both public and private, have afforded the costs of infrastructure out of increased value arising from making developable land accessible through rapid commuter services.) The private sector on the other hand, is considered by some to be better able to operate and maintain basic services and infrastructure, providing professional capacity and financial resources, and taking advantage of the economic opportunities that a particular site may offer. The third essential partner in any successful partnership development is the local community.

Whether mixed use development is led by local government, the community or the private sector, once the usual preparatory work has been carried out, the initiating stakeholder³ will have identified the roles and responsibilities and interests of various stakeholders involved and observed their strengths and weaknesses. From these observations the initiating stakeholder will be able to make assessments on the kind of partnership that can be developed with each or all of the stakeholders.

Partnership arrangements between local government, the private sector and the community have been successfully introduced on sites with provision made to house low-income communities. However, in most cases communities squatting on publicly owned land as opposed to those squatting on privately owned land are better positioned to fight for their right to remain because of the social responsibility of local government. The rights of illegal settlers on privately owned land could also vary greatly depending upon the local laws within each different country.

³ See Fact Sheets 7 and 8 for information about the different stakeholders and their comparative abilities to initiate both the process and the formation of a partnership. See Fact Sheet 5 for information about community organisation.

Box 9.2: Public-Private Land Partnerships: Advantages & Disadvantages	
Viewpoint: Private Sector	
Advantages	Efficient, access to resources and professional expertise.
Disadvantages	Profit motives: they are generally uninterested in working with the poor unless they are able to make a profit.
Viewpoint: Public Sector	
Advantages	Local government has a social and legal obligation to ensure that the basic needs of all its constituents (including the urban poor) are met. The public sector can fast-track land assembly and develops policy to improve access to land for the poor.
Disadvantages	The lack of financial and human capacity can have a negative impact on the delivery and maintenance of existing services and infrastructure including land. Bureaucracy means land provision for the urban poor is often slow and cumbersome. Limited resources; potential for subsidising access to land for poor communities restricted.
Viewpoint: Public/ private land partnership	
Advantages	With public sector legitimacy, private sector finance and professional expertise different solutions can be achieved which address the interests of all stakeholders including the urban poor. If the poor are squatting on land, a partnership approach can provide a solution that enables communities to remain on the land rather than be evicted. Enables local government to maintain and provide services in a more effective and efficient manner. Enables local government to increase the coverage and improve maintenance response times for services. Working with several co-ordinated partners the level of coverage is likely to be far more comprehensive. Potentially a PPP (operated as a business) can ensure that payments and charges for services and facilities are collected.
Disadvantages	With a weak public sector, the private sector may dominate the partnership using the public sector to legitimise (or 'rubber stamp') the private sector development interests. Potential for poor co-ordination and lack of control. Undue influence in council programmes. Often lack accountability especially when in partnership with a weak public sector.

Box 9.3: Necessary Conditions for Sustainable Public/Private Land Partnerships

Agreement and understanding between all those concerned.

A piece of the shared land must be commercially developed to allow cross-subsidisation to pay for housing the existing or potential residents.

On-site housing for poor urban communities must be acceptable and affordable.

Steps to Consider

- As a stakeholder group (i.e. a local community group; or a developer consortium; or the local government) clarify and reach agreement on your own interests and objectives.
- Identify the interests of other stakeholders.
- Form a legal entity to legitimise your interests (see Fact Sheet 5).
- Establish whether the need to form a partnership exists, and if so, suitable partners should be identified.
- When a partnership has been agreed in principle, trust should be encouraged to develop between the partners (e.g. through a series of participatory open session workshops, that identify the interests and expectations of the different partners involved).
- Once trust has been established, the different roles and responsibilities should be agreed and a system of transparent management should be instituted. Formalise the agreed responsibilities/roles and programme and outputs.
- Ensure equal representation of the different stakeholders in the management of the partnership (e.g. through a steering/management committee).
- Be aware of the weaknesses and strengths that each partner brings to the partnership.
- Encourage participation by all stakeholders.
- Inform stakeholders of decisions that need to be taken and decisions made on a regular basis.

Box 9.4: Key Steps to Sustainable Partnerships	
Successful	Unsuccessful
<ul style="list-style-type: none"> • Interest, commitment and a shared vision. • Trust and respect between stakeholders that will enable them to explore potential partnership arrangements. • Balanced partnership. • Good communication and management channels. • The creation of an organised body to represent the interests of the stakeholders involved. • An agreement between stakeholders – outlining clearly defined roles and responsibilities. • Sound financial management. • Agreement on: partnership mandates, decision-making processes, project design, implementation and management responsibilities. 	<ul style="list-style-type: none"> • Lack of trust and commitment between stakeholders. • Lack of trust, unbalanced partnership often resulting in faction fighting between one or two stakeholders that destabilises the process. • Unclear vision and lack of communication. • Uncoordinated and disorganised partnership, which results in poor management and unclear roles and responsibilities. • Partners making decisions singularly with little or no mandate from other stakeholders. • Unequal power sharing.

Conclusion

Inclusive and balanced partnerships can give stakeholders the opportunity to engage and participate in decisions relating to projects that they are involved in. The different parties within the partnership can benefit from the comparative strengths that each can provide. In order to achieve a balanced, equitable and sustainable development outcome, it is critically important for the project (and the partnership) to have transparent management, strong project support and financial management and meaningful participation.