

Impact of the Lilongwe City Assembly's Stabilisation Strategy

On being appointed in to office in May 2009, the Chief Executive initiated a number of the activities outlined in the Stabilisation Strategy. Firstly, he confirmed the senior management positions which contributed to improved morale levels, job certainty and management stability. Secondly and certainly one of the most successful aspects, was the implementation of the Debt Recovery Strategy. This initiative moved the organisation from a cash negative into a cash positive position allowing for a number of improvements such as:

- Refurbishing the Assembly offices which improved the working conditions of the staff
- Purchasing of vehicles which contributed to improved levels of efficiency in service delivery
- Removed the corrupt practices at the daily markets
- Removed the corrupt practices with the issuing of business licences
- Initiated a road and street lighting improvement programme
- Repaired the traffic signals



The additional expenditure has made a visible difference in the city creating a perception that the Assembly is committed to delivering services and managing the city efficiently and effectively.

A key lesson learnt in the Lilongwe case study is that a stabilisation strategy can significantly contribute to immediate stabilisation of a city. However, this must be coupled with the commitment to the implementation of the strategy, to ensuring that the activities are followed through into the CDS and most importantly good and effective management.

The stabilisation strategy was a tool used during the preparation of the Lilongwe City Development Strategy. It was developed by the Lilongwe City Assembly in conjunction with its mentor city, the City of Johannesburg.

City to city mentorships are promoted by the UCLG Committee on Urban Strategic Planning and its members. The key objective of a mentorship programme is to share experience from one city to another in a manner that promotes growth and development and builds sustainable institutional capacity.

Mentoring provides the opportunity for innovation, creative and context based solutions. Outcomes are therefore reflecting the demand of cities that have managed to address their needs and requested support. A stabilization strategy is then one such example which was used in the Lilongwe context in response to the urgent institutional needs of the organization.

This innovation demonstrates the flexibility and possibilities within the CDS framework as promoted by UCLG, Cities Alliance and partners in the strengthening of local government capacity.



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 - Facilitating the transfer of technical know-how gained from successful experiences
 - Making contributions to UCLG political bodies such as the Executive Bureau or the World Council
 - Consolidating links with the other initiatives working on similar urban issues

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UCLG Committee on Urban Strategic Planning

Establishing the basics for improving performance



United Cities and Local Governments

Cités et Gouvernements Locaux Unis

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Forward of Kelvin Mmangisa Chief Executive Lilongwe, Malawi



One of the best learning opportunities for a city like Lilongwe are the successes of other cities, such as the City of Johannesburg's Growth and Development Strategy. In applying the lessons though, we need to open our minds and commit to performance.

This document deals on establishing the basics for improving performance in a state of crises through lessons of the **stabilization strategy** during the preparation of the Lilongwe CDS.

The Lilongwe City Assembly recently prepared a City Development Strategy (CDS) to guide the growth and development of its city. The CDS process was initiated in November 2008 with the launch of the strategy taking place in February 2010. It was prepared by the City itself with the active support from an external mentorship programme with the City of Johannesburg. Our UCLG committee on urban strategic planning supported this partnership. In addition we are grateful to Cities Alliance for funding of the Phase 1 CDS activities and its members such as Jica GTZ and UN Habitat for committing and supporting the CDS process.

Early in the CDS process, the Assembly identified a number of challenges which related to our systems and procedures which needed to be resolved internally. The Assembly demonstrated a low level of performance little or no intervention and no proactive development initiatives. In order for the CDS to enjoy any level of success, the organisation needed to demonstrate a level of stability and commitment to change.

You might be surprised by the term, **Stabilization strategy** that was devised after an extensive self examination of the Assembly. It was determined that aspects fundamental to the stability of the organisation were absent and that it was in a state of deep crisis. Essential local government capacity components which include financial and human resource management and equipment requirements required urgent attention. Indeed, such action was imperative if the Assembly was to prepare and implement a CDS.



Many cities around the world may find themselves in a similar situation to that of the Lilongwe City Assembly. We believe that it is useful to share the story of our Stabilisation Strategy to assist other organisations in addressing the challenges which they may face. Importantly, it demonstrates that within a short period of time, with the necessary commitment and focusing on the fundamentals, a lot can be achieved without great expense.

This information brochure outlines the what, when and how aspects of a stabilisation strategy and provides a summarised case study of the Lilongwe experience.



When should a stabilisation strategy be used?

A stabilisation strategy may be used during the process of developing a local government structure's City Development Strategy (CDS). If not already implemented, key activities included in the stabilisation strategy would need to be incorporated into the CDS on its finalisation.

The purpose of a CDS is to provide long term strategic direction to the growth and development of a city. It therefore contains the local government's long term vision and goals which are linked to short term interventions. The strategy is based on an understanding of the challenges experienced in the city and the available opportunities for achieving the long term development vision. The CDS allows for a process of strategic decision making, budgeting and resource allocation for improved, effective and efficient service delivery creating the conditions in which growth and development may occur.

CDS is usually prepared in three phases:

- Phase 1 - Assessment – A situational analysis which includes institutional audit, stakeholder and development partner assessment and establishing the development levels and demographic profile of the city.
- Phase 2 – Strategic planning – The development of the CDS which includes the “State of the City” report, the identification of the key development opportunities and challenges, the strategic goals and objectives, priority actions and proposed implementation plan, stakeholder engagement.
- Phase 3 – Implementation – The implementation of the CDS which includes multi year financial plan, annual CDS based costing and budgeting, the preparation of annual city scorecards for monitoring and evaluation purposes.

The institutional assessment reflects a state of crises:

If undertaken correctly and honestly by an organisation, the results of the phase 1 assessment should expose the health and stability of the local government structure and its possible a state of crisis. The latter may be reflected by a combination of at least the following:

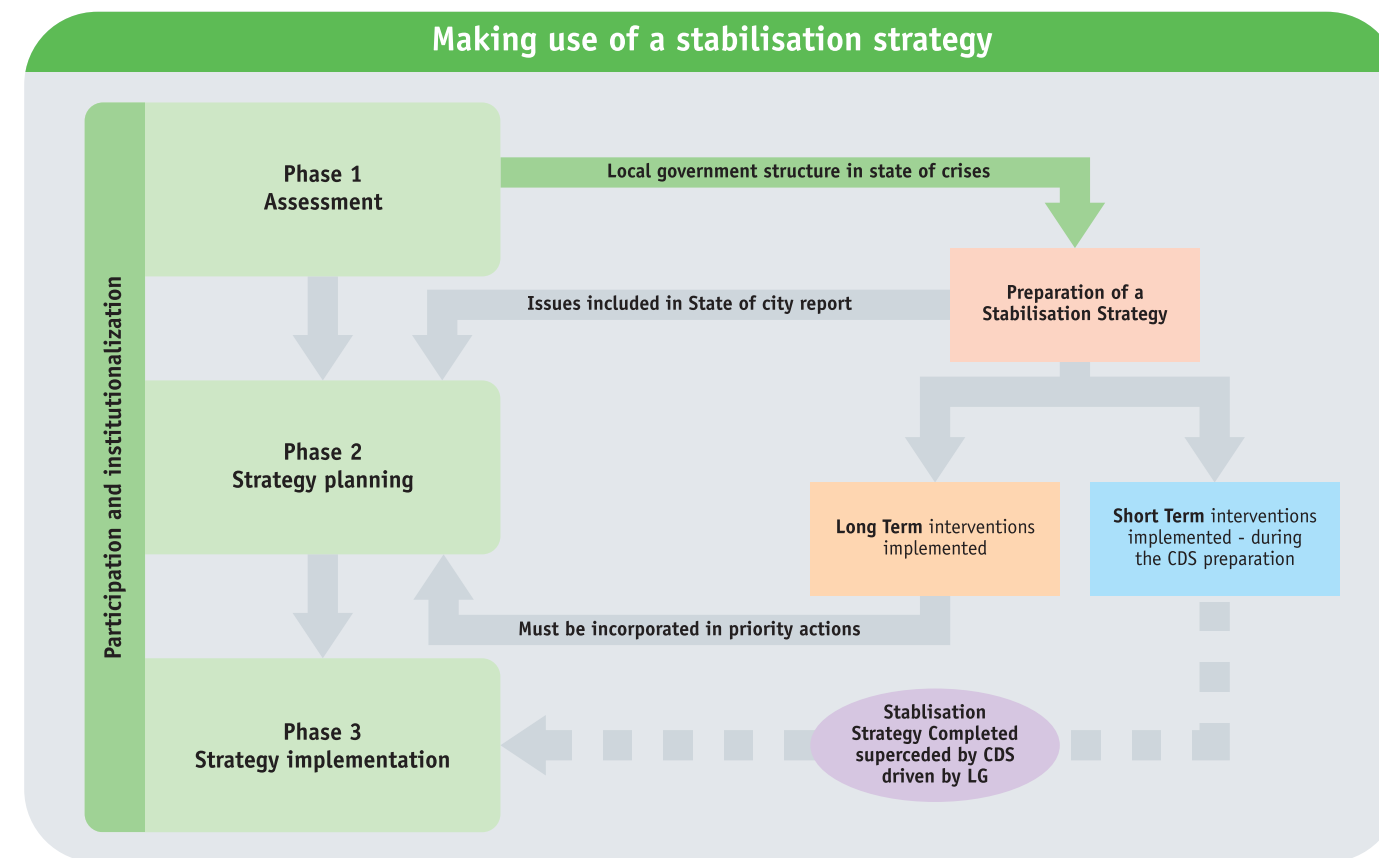
- The levels of service delivery of some or all of the basic services such as water, sanitation, refuse removal, primary and environmental health, education, emergency services and road and storm water management
- Financial management and reporting practices
- Management structures - the number of acting positions, duplication and confusion of roles and responsibilities, organisational structure's relationship with the local government powers and functions
- A number of unclear or unfunded mandates draining the resources of the organisation
- Local government reforms did not impact, for example on service delivery
- State of equipment
- Prevalence of fraud and corruption
- State of information technology and infrastructure.

A stabilisation strategy is a short term intervention in support of the CDS

A stabilisation strategy is then a tool which can be implemented after the completion of phase 1 of the CDS. It is an internal management document for improving the efficiency and effectiveness of the operations of the organisation. The strategy should address the immediate actions required to shift the local government structure from a state of crisis to one which demonstrates some stability and the ability to improve the delivery of services.

Depending on the severity of the interventions required, the implementation of the actions should be self-funded and make use of the organisation's own resources. Its success lies in the commitment of the organisation to change drawing heavily on any strengths which may already exist.

Those interventions which require implementation over a long period of time should be initiated and included in the actions outlined in the CDS.



What process should be followed to develop a stabilisation strategy

Once the key challenges have been agreed both within the local government structure and with stakeholders, a decision should be taken by the organisation's political structure and in its absence, the top management on the need to improve the stability of the organisation.

The stabilisation strategy and should be developed quickly and as soon after the completion of Phase 1. The following steps may be followed:

- Step 1 – Workshop with political structure and top management to agree on those aspects which require immediate attention. The aspects identified should be limited to organisational requirements only.

- Step 2 – The stabilisation strategy should be drafted incorporating the workshop outcomes. The organisation should guard against attempting to address all the shortcomings in the stabilisation strategy. Such matters will rather be addressed in the CDS document.
- Step 3 – The stabilisation strategy should then be approved through the organisations structures. If necessary, urgent meetings should be called to seek approval
- Step 4 – A “strategy driver” should be identified. This should preferably be the Chief Executive.
- Step 5 – An implementation programme should be developed with strict timeframes for achieving the specified outcomes
- Step 6 – A system should be established to monitor and evaluate the strategy's implementation
- Step 7 – The CDS document must reflect the Stabilisation Strategy and the long term activities must be included in the CDS implementation requirements.

Steps 1 to 4 should not take longer than 6 to 8 weeks.

A case study of the Lilongwe stabilisation strategy

Issues identified in Situational Analysis

The Lilongwe City Assembly's CDS Phase 1 situational analysis exposed a number of critical challenges indicating an organization in crisis. This phase of the project was funded by Cities Alliance with the anticipation that funding for Phase 2 would emanate from the same source. It is common practice that funding from donors takes time to secure with the funds often taking more than a year to be made available. There was an urgent need to stabilise the Assembly, a matter that could not wait for the unfolding of the donor process. With the support of the Johannesburg mentors, it was decided to prepare a stabilization strategy and importantly, to self fund phase 2 of the CDS preparation.

The critical challenges identified included:

- No political structure
The Assembly has had no political structure since 2005 with local government elections anticipated to take place in November/December 2010. The lack of political oversight has created a vacuum in decision making with no clear protocols and delegated authorities for the Chief Executive from National Government.



- The majority of the senior management positions were filled by acting position
The Chief Executive's post and seven of the nine senior managers' posts were filled by acting incumbents. These managers were reluctant to take decisions, improve service delivery and demonstrated a low level of morale. The instability in the organization had also lead to extensive resignations with little means of filling the critical vacancies.

- Organizational structure inefficiencies and duplication of functions
Some functions were being performed by more than one department with little understanding of the different roles and responsibilities. The Phase 1 research revealed that there was a limited understanding of the powers and functions allocated to local government.

- Poor financial system and procedures
The Phase 1 analysis exposed a number of critical challenges with the Finance Department which included:
 - A poor billing system
 - 94% of the Assembly's income was locally generated but it demonstrated a very low debt collection rate leading to a cash flow crisis
 - Manual accounting systems which was inefficient
 - No external financial audit since 2002/03
 - Poor budgeting process
 - History of extensive fraud and corruption

- Equipment shortages
Serious equipment shortages were found to be prevalent in all departments within the Assembly. In almost all cases, computer equipment required upgrading, repair and indeed needed to be scrapped. Key service delivery Directorates such as Engineering and Health demonstrated serious shortages of heavy duty equipment which was negatively impacting service delivery.

The Phase 1 research demonstrated that many of the service delivery shortfalls were directly linked to the management, staffing, financial, equipment and general resource challenges prompting the need for a stabilization strategy. A number of key actions were identified with only the most critical highlighted in the table below.

Key Actions Identified in the Stabilisation Strategy					
Broad Stability Required	Actions Required	Intervention required		CDS Priority	Implementation Status
		Short	Long		
Financial Stability Accounting system	Undertake a detailed assessment of the current accounting practices.		✓	✓	The Chief Executive introduced a number of procedures such as a stricter system of receipting and accounting for daily cash intake. The changes have contributed to increased revenue generation for the Assembly.
Financial Stability Revenue collection reporting	1. Identification of the debt collectable and uncollectable 2. Initiate a process for writing off non recoverable debt 3. Establish a system for regular reporting on the amount collected.	✓		✓	One of the first activities of the CEO was to identify income receive and follow up with weekly updates.
Financial Stability Revenue collection mechanism	Establish the current baseline collection rate to facilitate the measuring of the impact of the intervention. Implementation of mechanisms for the collection of the outstanding revenue.	✓		✓	The CEO initiated a system whereby those owning the Assembly could have their debt reduced by 50% if they paid within a 3 month period from the start of the debt collection programme. The initiative paid handsomely tripling the assembly's revenue within a short period moving the Assembly from a cash negative to a cash positive position.
Financial Stability Budget process	Guide the budgeting process for the 2009/2010 operating and capital estimates. Guide the operating priorities and expected expenditure for directorates.	✓		✓	The normal process was follow for the preparation of the 2009/2010 budget process. However, the 2010/2011 capital and operating estimates were prepared in accordance with the requirements of the CDS.
Staff Stabilisation	The preparation of a list of delegated authorities for the CEO and senior managers in the absence of the Assembly. Appoint a full time Chief Executive. Remove all acting positions at director level. Initiate a performance based management culture.		✓	✓	This activity is scheduled to be completed in the 2010/2011 financial year. It has become and urgent matter as the local government elections are to be held in January 2011. The appointment of the Chief Executive, was a national process and coincided soon after the drafting of the stabilization strategy. The removal of the acting positions at Director level was implemented by the CEOs appointment. City and directorate scorecards have been developed for the 2010/2011 financial year. This activity is also part of a project based support programme with Johannesburg.
Equipment and other resources	Undertake a detailed audit of the status of the IT equipment to determine what can be repaired and what needs to be scrapped Identify the IT shortfalls both hard and software.		✓	✓	The upgrade of the IT system in Lilongwe has commenced with the activities been funded by the increased revenue generated by the Assembly. In addition, a project with the City of Johannesburg to upgrade and improve the Assembly's GIS system has been initiated.
Stabilisation	Assist the directorates to undertake an audit of heavy equipment and vehicles to determine the shortfalls and to prepare an acquisition strategy.		✓	✓	The CEO used the increased funds generated from the Debt Recovery Strategy to purchase a number of vehicles for the Assembly. Johannesburg advised acquisition programme.