

Urban Local Governance

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Introduction

The Thimphu thromde (municipality) as the harbinger of all other city/town development in Bhutan, showcases the scale of urban growth since its institution in the 1980s to administer eight square kilometres. This was extended to 26 sq. km. of jurisdiction in the 1990s.¹ Thimphu, as the seat of government and economic hub of the country, has seen exponential expansion because of political, economic, and social reasons. The thromde (town) has been swamped by the demand for services and infrastructure, and the need for planning and management.

The thromde faces heavy criticism in public and private forums, where many residents complain about the thrompon (mayor) and thromde officials. The thromdes need to coordinate with many other agencies which have projects within the municipality, but such coordination is often bogged down by what has become a characteristic confusion in Bhutan's governance systems, where agencies are used to working in silos.

The home page of Thimphu thromde states that its development is guided by the Thimphu structure plan (TSP), although it does not explain to what extent the TSP enables the fulfilment of the holistic goal of the thromde. It also raises a concern about the prevalence of social and economic contingency plans, such as alternatives to boost local economy, or during situations like the Covid-19 pandemic. In the context of the thromde governance system, this study focuses on exploring the models of urban governance, and assessing Thimphu thromde's governance with the indices and tools for measuring good urban governance refined by the UN-Habitat.²

Defining Urban Governance

The term “urban governance” is associated with urban services, with the three defining actors — the government, the private and the public

¹ Thimphu Thromde; Evolution of the capital city. Section III; Start of planned development.

² UN-Habitat urban governance indices were field tested in 24 cities around the world.

sector — sharing power of governance, according to the UN-Habitat. Good governance, as a pillar of Gross National Happiness (GNH), means generating desired societal outcomes through the democratic government in practice.³ Therefore, the role of good urban governance is similar to that of parenting, which requires the nurturing of people and selflessly prioritising public needs while being prepared for any disaster or social and mental needs.

Urban Governance Models

It is important to understand the hierarchy of governance and heterogeneity of actors that comprise the local political system of urban governance. The government is a continuous variable and it is imperative to acknowledge the role of central-state and political institutions in shaping the governance system.⁴ Bhutan follows a parliamentary democracy political system with a social capital approach.⁵ The social capital model of the governance system enables an effective functioning of the society and promotes development, living standards, and the well-being of the people.

The governance model ultimately defines growth, management and autonomy. A few European countries, as well as Japan, South Korea, and Singapore, are said to have high social capital indices in their governance approach. While national governance approaches may be similar, the democratic system and the local governance models differ between the countries.

The four recognised comparative models of urban governance are 1) managerial, 2) corporatist, 3) pro-growth and 4) welfare models, as interpreted by Jon Pierre. He explains the urban governance model through the four variables of amalgamation of key actors, the goals of the governance, the mechanism to achieving the goal and finally, the outcome of the governance.

Following these variables, we shall briefly explore each model, to recognise the urban governance model of Bhutan. A single model may not precisely

³Democracy, Good Governance, and Happiness: Some views from the Kingdom of Bhutan, by R Dessal-
lien, 2005.

⁴ Models of urban governance, the institutional dimension of urban politics by Jon Pierre, 1999.

⁵ Presence of the social capital approach in Bhutan has been stated in the Bhutan living standard survey (BLISS) 2012.

represent a governance system, due to contextual administrative factors and a governance system could also shift from one model to another with a change in leadership, management, and policies.

In managerial governance, the local government (LG) can be perceived as a device to manage political conflict and mandate service delivery in accordance with public needs and interests. Development is driven by market-based concepts of new public management (NPM) that emphasise non-sector-specific tasks, and open competition among the best service providers. It is often a challenge to be flexible in relocating resources on short notice based on public interest, and to pinpoint accountability, as most service providers are not under the direct control of elected officials.

Corporatist governance embraces political involvement and voluntary associations. It promotes the interests of the organising members, and welfare provision that involves high government spending. This form of governance makes inclusive decisions, as the interested members and organisations are the decision-makers who, in turn, facilitate the implementation of plans and programmes. The issue with such a governance model is in the financial discipline, as there is no transparency in the revenue generated.

Pro-growth governance interprets cities' growth from the urban political economy system.⁶ The strengths of pro-growth governance are that it allows flexibility in restructuring its economy from local tax and revenue, and hence substantial economic growth is its ultimate objective.

The welfare cities are ingrained in a passive state policy with an inactive local economy and are highly dependent on the central government. Most of its financial capital is provided through a welfare system. Due to political and contextual reasons, these cities are not able to attract corporates and private investors, and resort to the short-term inflow of government funds.

Thromdes in Bhutan are dependent on the central government for capital expenses such as infrastructure development and service delivery. There are minimal projects through the public-private partnership (PPP) scheme in the thromdes. They also mandate service delivery for public needs while deploying the concept of keeping the competition open for

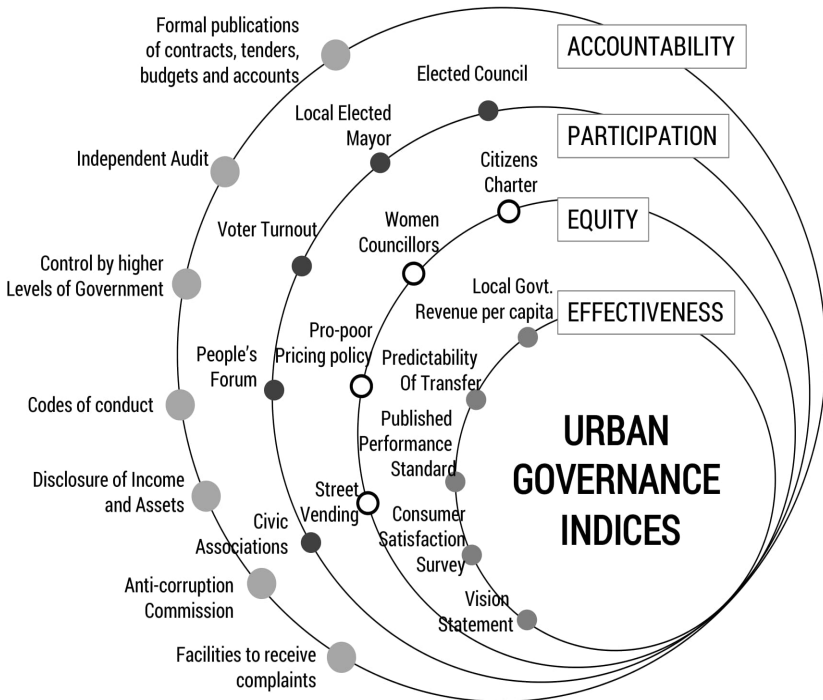
⁶ The political economy system maintains that all economic structural arrangements offer some degree of political choice.

service deliverers, and have a high dependency on external consultation for professional services, similar to managerial governance.

Urban Governance Indices

The mix of welfare and managerial urban governance of Bhutan is further explored to assess Thimphu thromdes’ efficacy by means of governance index tools refined by the UN-Habitat. Figure 1 illustrates the framework for urban governance indices of the four core values of effectiveness, equity, participation and accountability. The assessment of indices of core values was made through open-ended interviews with the thromde officials, in addition to official reports, meeting minutes and print media articles.

Figure 1: Urban Governance Index framework by the UN habitat⁷



⁷ <https://mirror.unhabitat.org/content.asp?typeid=19&catid=25&cid=2167>

Assessment Effectiveness

In assessing the effectiveness of Thimphu thromde's governance, the indices of planning of the local government initiatives, service delivery and financial management were explored. The minutes of the third thromde council meeting conducted in June, 2021, show that Thimphu thromde collected Nu. 185.48 million (2.48 million USD)⁸ as revenue for the fiscal year 2020-2021, which was utilised for recurring expenditure.

The capital grant from the government was Nu. 637.75 million for service delivery and infrastructure development. It was learnt that the recurring amount from the revenue had a deficit of Nu 9.2 million, which is five percent of the total revenue, while 37 percent of the capital budget was not utilised.

The thrompon said in an interview that, during emergencies and uncertainties, the thromde obtains funds from the revenue, as the budget release from the central government takes a longer time to be processed. The total budget spent on the revenue and capital as illustrated in table 1 shows that the thromde would need to generate two times more per capita revenue as per the expenditure status to be self-sustainable and for complete autonomy.

Table 1: Revenue and capital budget expenditure and per capita estimation for the existing population.

Fiscal year 2020-2021	Revenue	Expenditure	
	Collected (Nu)	(Nu)	
	185,475,289	194,680,635	
	Per capita	1,511	1,586
Shortage against revenue collection	-9,205,346.00		
Fiscal year 2020-2021	Capital (Nu)	Expenditure (Nu)	
	637,758,038	402,065,092	
	Per capita	5,197	3,277
	Capital Balance	235,692,945.69	

⁸ Currency conversion rate Nu. 74.6 for 1 USD in October 2021.

The public-private partnership projects — such as multi-level car parks (MLCP) and collaborative service delivery projects of waste management, and parking fee collection, started by the thromde — generate a bare minimum revenue, while the cost of maintenance is relatively high. The lack of integrated, collaborative planning and management is the reason for the difficulties faced in the MLCP.

The thromde council is the highest decision-making body in the thromde that decides on planning initiatives, programmes, issues and solutions. Out of nine members in the council, seven are elected thuemis (council members) from seven demkhongs (sub-zones) chaired by the thrompon, while the executive secretary of the thromde represents the civilians as member secretary. As observed through the thromde council meeting minutes, decisions are often carried out without a holistic social and economic assessment and expert analysis.

Equity and Participation

The four thromdes, like other local governments in Bhutan, elected their first thrompons (mayors) during the first round of the LG elections on 21 January 2011, marking the start of decentralised urban local governance. The election of the four thromdes⁹ was approved by the Election Commission of Bhutan (ECB), while the dzongkhag thromdes (district towns) and yenlag thromdes (satellite towns) were not approved as separate municipal entities by Parliament in 2009.

Of the 8,462 registered voters in the thromdes, only 50 percent turned out during the first thrompon elections. The Thimphu thrompon was elected by 15.7 percent of the registered voters, which is 1.3 percent of Thimphu's population, and 0.02 percent of the national demography. In 2016, the voter turnout increased to 29.2 percent and 53 percent in 2021 for the Thimphu thrompon.

There has been criticism that residents of the thromdes are not allowed to vote. While the laws allow only registered citizens to vote, many permanent residents retain their census in their local hometowns and villages, and many more do not own property in the city of residence. In three rounds of thrompon elections, there has not been a single woman candidate, and

⁹ Thimphu, Phuntsholing, Gelephu and Samdrup Jongkhar. These were considered class A Thromde.

only one woman thuemis (representative) has been elected in each round. Although there is no restriction on women to participate in elections, there are also no priority seats for women in the thromde (town) council.

A thromde official explained that documents pertaining to regulatory frameworks, rules and guidelines were prepared based on equity, and no priority was set for any groups in the society. Differences in services and facilities are solely the initiatives of individual owners who could afford it. Similarly, the right to basic services such as education, health, water and waste collection is provided equally to all range of income groups, and the fees are based on the rules endorsed by the Ministry of Finance.

Accountability and Transparency

The national news media, the thromde website and social media are a few networks for disseminating information on thromde services. Similarly, revenue collection, water and sewer connection, and land transactions are facilitated by a government-to-citizen (G2C) online digital platform. Nonetheless, the unfriendly user interface and server issues have caused inefficiencies, compelling the public to opt for conventional walk-in services. Out of 60 sub-categories of thromde services, 16 can be accessed online at present. To provide online-based services, it is imperative to offer a user-friendly interface and to enable robust solutions for efficacy.

Most activities, plans and programmes of the thromde are cross-cutting, which requires the involvement of several agencies, and many thromde officials cite the challenge of coordination among the cross-cutting agencies. Although the LG Act specifies that the thromde would require to report to the Ministry of Home and Culture Affairs for administrative reasons, and to the Ministry of Works and Human Settlement for urban development and infrastructure-related activities¹⁰, the thromde has been reported to many other agencies for practical reasons.

Sustainability

Thimphu thromde is currently preparing a guideline for the management of existing parks and open spaces by the community or by private individuals on a rental basis for sustainability. The aim is to generate revenue and also

¹⁰ DHS maintains bi-annual reports from all four thromde and other dzongkhag towns.

to enhance green spaces for public recreation. Possibly, a few urban hubs proposed in the Thimphu structure plan might get converted to recreation spaces, such as parks and playgrounds, because of limited thromde land.

Other future plans for making the thromde financially viable are to explore project implementation through the public-private partnership (PPP) model and to formulate strategies for a long-term lease of undeveloped thromde land.

Thromde officials hope to receive a portion of vehicle registration and driving offence penalties and other fees, since they maintain all the roads in the thromde. It is also considering charging Bhutan Power Corporation (BPC) and Bhutan Telecom (BT) for installing underground utility duct infrastructure within the thromde.

Discussion and Conclusion

Studies suggest that welfare and managerial governance are not sustainable in the long run as the budget deficit keeps growing. Local governments in several developed countries have evolved into an entrepreneurial model for economic growth, and more so to encourage public participation in governing cities.

To increase public participation, the rights of residents should not be restricted by voting rights. Other means of participation can be regularised. For instance, the land pooling rules and regulations require 75% of agreement from landowners before final approval of local area plans. Thus, the acceptance of proposed urban plans by land owners is crucial, whereas the voices of residents who do not own land in urban areas are discretionary.

A regulation that mandates the inclusion of every resident in the area for any developmental activities should be formulated to enhance participation and inclusivity. Also, an online digital platform for discussion and voting mechanisms could also enhance public participation. Additionally, the timeline for service delivery and infrastructure development or maintenance must be highlighted in the regulations, as it impedes the usual flow of life in the city.

It has been observed that the thromde thuemis (elected representatives) mostly consult a few land owners, while the residents renting homes or

space are unaware of thromde council meeting resolutions or agendas. The LG Act does not specify the roles of the thuemi, and the election rules do not require them to be literate.

Thimphu is an economic and administrative hub of the country; it is paramount to formulate a standard operating procedure (SOP) for the thuemi, emphasising their roles and responsibilities in addition to robust capacity-building training for reliable decision-making.

The thromde is developing strategies for autonomy in finance and human resources for effective administration and service delivery. At present, the thromde is in deficit against its expenditure, compared with the revenue generated. More ways and means need to be explored to make the thromde financially viable to obtain full autonomy.

Property taxes being a sustainable source of revenue, it is timely that the taxation policy be approved at the earliest as tax rates are unreasonably low. To prevent leakages in revenue collection, a comprehensive data portal of the buildings, land and infrastructure needs to be updated. Although the thromde has plans to deal with squatters and street vendors, there are no strategic documents focusing on reducing urban poverty, and there is a lack of holistic socio-economic analyses of the city.

The legal instrument to operationalise the power and functions of local government in Bhutan is dictated by the Local Government Act 2009, which authorises the LG to formulate rules and guidelines consistent with other laws. Therefore, a streamlined thromde's reporting system and increased collaboration with other agencies and the public would pave the way to make the thromde a livable city, and to implant a transparent and accountable urban local government.

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