

Review Article

PRIVATIZATION OF MUNICIPAL SERVICES AND ECONOMIC EPIC

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ABSTRACT

Nowadays, cities are moving in the forefront of national development, according to UN and World Bank reports and forecasts, more than 80% of the world's population will have lived in cities by 2030. Hence, the civil service and the quality have been considered by specialists and planners and citizens. On the other hand, along with the development of science, particularly during the last two centuries including the science of management, explore of the effective factors for full and proper implementation of the organization's activities and also the factors that are deviating from the goals have been focused. The efficiency category is one of the major issues in this case, this issue mainly have had discussed in the industrial sector but it hasn't been considered in the service sector especially in the civil service sector. In addition, nowadays the problem of quantity and quality supplying of municipal services has been emerged more severely by developing of population in cities. One of the ways to improve the quality and supply sustainable revenues for municipalities and increase the efficiency of service providing by municipalities is the privatization of urban services. The Increasing of efficiency and improving of quality can help to municipalities, are the most important urban management organization and achieving sustainable urban development, and this can have effective role for creating economic epic in the country. Hence, this article examines the relationship between the privatization of municipal services, increasing of the quality and efficiency in providing these services and its role in sustainable urban development and the creation of the economic epic.

Keywords: *Privatization, Municipal Services, Economic Epic, Efficiency*

INTRODUCTION

Indeed, raising urban services issues is with urbanization development and ignoring the nature of urban services being influenced by economic, political, administrative and climatic structures, the quality of urban services presentation is one of the important indices of urban management.

Today, living in cities is more dependent upon urban services based on the physical-spatial structure of the cities, relations complexity and socio-economic activities, development of social and economic labor division and increasing cultural, recreational and social needs of citizens. The method to provide these services is one of the major problems of urban management. The duties of urban management in each city are mostly dedicated to the municipality of that city and these duties including most of the public urban services including creation of green space, urban hygiene, construction of streets and highway and etc. In recent decades, various reasons including low quality of presenting services in cities, involvement of municipality in executive affairs, financial problems of municipalities, saving in the costs of presenting urban services and etc. caused that privatization is on the priority of urban, regional and local policies in developed and developing countries. As privatization via providing adequate opportunity for municipalities for supervision, guidance, management and controlling service operation, decreasing the concerns of municipalities in controlling the high volume of human resources in the sectors, increasing the efficiency of private companies and contractors to achieve more benefits can be solutions to increase productivity of presenting services and improving quality of municipalities' activities. In privatization and

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its process, the role of municipality is an important role. The cities and municipalities. The cities and municipalities have great facilities besides presenting services and they can make money via delegating them. Privatization of urban services is a global phenomenon in recent years. Most municipalities and local governments in various countries with daily challenges for qualitative and quantitative increase of urban services, reduction of taxes and more responding the citizens demands presented alternative methods in urban services. Privatization for most of the urban managers is a good selection to present services to reduce the costs. The development of this thinking in urban services is arising from the main idea that competition in private sector gives an efficient method to present these services and citizens will have more choice. Indeed, some problems as quality of presented services, social justice and the condition of employed labor force in these services, raised some questions to privatization experiences in various cities. (Asgari, 2007)

Now, many countries try privatization of urban services. While privatization exists for a long time. In recent years, we observed more privatization of urban services in various cities and countries. Most cities delegated some activities as collection of rubbish, solid recycled waste disposal, and streets maintenance, training employees and data processing for a long time. Various studies have been conducted by local research organizations and international institutions as World Bank and international association of urban management and they showed that most cities started privatization of urban services already or they plan for it. A few cities didn't privatize a service of a complex of services as the duty of municipality. Privatization helps efficiency improvement and productivity of services. As productivity improvement and efficiency is the main responsibility of management, it leads to the increase of competition power of the cities (rahnama and razavi, 2012). Considering privatization methods of urban services and development of activity in this regard is developing increasingly.

On the other hand, the role of municipalities has important role in economic development of the city. As municipalities are considered local governments and their activities lead to the development or decline of economic, social and cultural aspects of the cities. Meeting the citizens' demands, providing welfare services and the infrastructures considered by municipalities lead to the dynamics of city economy and improving citizens' welfare. By meeting the routine needs of people and development of the centers as chain stores and fruit shops, municipalities improve the life of citizens and also they create continual and sustainable jobs.

Municipality as the most important Ngo increases efficiency of presenting urban services by privatization of urban services and absorbing people participations. In addition, by delegating these services, besides creating sustainable incomes for municipalities, Municipality can identify the existing capacities of economy that has much revenue compared to oil as tourism, work culture development and productive effort in families and youth, correcting economic behavior of people via establishing culture and promoting religious training and encouraging and punishment rules together, helping to improve general services, improving the economic behavior and morality in the society, observing economic policies of the country, stabilizing economic security of the society, supervision of health of economic activities in the society and etc. and it plays its important role in creating economic collective effort.

Thus, as it was said, we can not ignore the role of urban services privatization to help municipality for fulfilling economic collective effort. The present study investigated the relationship between urban services privatization and increasing quality and efficiency of presenting services by Municipality and its role in achieving urban sustainable development and finally fulfilling economic collective effort in the country. Briefly, privatization of urban services leads to the increase of efficiency of municipalities and this leads to achieving urban sustainable development and creation of economic collective effort.

REVIEW OF LITERATURE REGARDUNG EFFICIENCY

- **Local studies:**

Rahnama and Razavi (2012) conducted a study "the analysis of the efficiency of municipality regions of Mashhad by data envelop analysis model". They applied DEA method including three methods 1- Fixed

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returns to scale, 2- Variable returns to scale and 3- Ranking regions by top efficiency method and evaluated the efficiency of 13 districts of Mashhad Municipality by 2 output variables including income and the extension of building permissions to m² and 4 input variables as population density, costs, the number of municipality staffs and produced waste for 1000 people. The results showed that districts 12, 11, 9, 8, 2, 1 were efficiency and districts 7, 6, 5, 4, 3, 10 were inefficient districts. Finally, some recommendations as reduction of costs, reduction of administrative staff, increasing income and increasing issuance of construction permission based on the regions location to increase their efficiency are proposed.

Mahmoodi Khoshro and Ghasemi (2010) in the study “investigation of efficiency of municipalities of Kordestan province by DEA” calculated technical efficiency of municipalities of 23 cities of Kordestan province by non-parametric method of DEA, in output-based method and Variable returns to scale. The results showed that during 4 years 2005-2008, more than 50% of municipalities of the province were inefficient. Based on each municipality and each year, the reason of inefficiency is investigated in the form of extra production factors or shortage of product and in each year, the reference efficient and inefficient municipalities and weight of each one in formation of model virtual municipality were defined. Urban planning studies center of the interior affair (2001) in one of their study projects formulated the methods of improving urban services productivity. In this project, after defining productivity indices, productivity improvement methods are discussed and the results are used in taking future policies and decisions in various fields of urban services. (Nozarpoor, 2008)

- **International studies:**

Adrian Moore et al., (2005) measured urban services efficiency in US municipalities by DEA method. In this study, he measured the relative efficiency of 11 municipal services in 46 of the largest cities in US over the period of 6 years and finally the ranking of the cities based on efficiency was presented. (Moore, 2005)

Vanden Eeckaut et al., (1993) measured costs efficiency for 235 Belgium municipalities by DEA and FDH method. In this measurement, the outputs, total population of each city, the length of roads being kept by municipalities, the number of citizens at 65 years or above, the people benefiting minimum money, the number of crimes recorded in municipality and elementary school students and input variable was current expenditure of municipality. The researchers found that by fixed returns to scale, only 7% of municipalities are completely efficient and by variable returns to scales, 20% of municipalities are efficient. Mikailof et al. from Sofia University (1996) evaluated efficiency for 24 Bulgarian municipality by DEA method. They considered total cost as input variable and for output considered some indices as total population, green space, roads, number of libraries and residential houses to show local public services distribution as quantitatively. According to fixed returns to scale, 62% of total municipalities were inefficient.

Wartington et al., (2001) measured technical efficiency and scale efficiency for 103 local governments of Australia. The study was conducted to measure efficiency of internal management of waste and recycle services. The results showed that among 103 municipalities, 42 units had net technical efficiency and 37 units with scale efficiency.

Sampaio de Sousa* and Stošić (2003) estimated the DEA technical efficiency for 4796 Brazilian municipalities, and the inputs were current expenditures, number of teachers, number of hospitals and health centers and outputs were some indices representing the presentation of municipalities services. The results showed a direct relation between municipality size and efficiency values. Also, inefficiency of most of the municipalities can be due to the uncontrolled exogenous factors as natural factors, climatic and political outcomes (Balaguercol, 2009).

António Afonso; Sónia Fernandes (2006) investigated the efficiency of local governments in Lisbon. The efficiency score for 51 Portugal municipalities in Lisbon region was calculated by two methods of input and output based (Afonso, 2006).

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REVIEW OF LITERATURE ABOUT URBAN SERVICES PRIVATIZATION

• Local studies:

Asgari (2007) in the study “privatization of urban services, necessities, levels, methods, barriers and strategies” explained the reasons and existing approaches regarding urban services privatization and investigated privatization level of urban services and the applied methods to identify the barriers and problems and solutions of selecting appropriate methods based on the review of literature in the world.

Movahed and Amiri Fahlani (2011) in the study “review of urban services privatization in Iran” investigated the review of urban services privatization in Iran. They divided privatization of services and urban infrastructures in Iran to two periods of before and after polices stated of article 44 of Islamic Republic of Iran constitution. They believed that before this notification, in all cases creating infrastructures and urban issues are given to the government and their ownership is public and this leads to a kind of legal barrier in participation and delegation of these affairs to private sector. After notification of these policies by the highest government authority, it seems that the legal barrier is eliminated.

Ziari et al., (2011) in the study “evaluation and prioritization of required grounds for privatization of urban services, case study: Semnan municipality” after review of literature presented the required grounds for privatization in conceptual model. After investigation of the study hypotheses and the significant association between these hypotheses and urban services privatization was defined. Finally, the required grounds for privatization of urban services were prioritized in the form of five factors of organizational grounds, legal, institutional, economic and general issues.

Rahmani and Mazhari (2011) in a study “the investigation of the problems of effects and methods of privatization in deputy of municipality of Mashhad urban services” investigated the problems of the effects of privatization methods in deputy of urban services of Mashhad municipality. After identification of the duties of the problems of privatization methods in various organizations of urban services, investigated the delegation of various duties to private sector and ranking of problems and effects of privatization. In this study, required data collection was done by survey and questionnaire. The study population was the experts of various organizations of urban services and private sector contractors. Ranking the problems and barriers of effects and methods of privatization was done via entropy method. According to the results of the study, in all organizations, the duties delegation to actual private sector was less than the potential delegation capability.

Another paper” privatization of urban services as a sustainable method in financing municipalities, case study: Tehran municipality” by Danesh Jafari and Karimi (2011) was conducted with the aim of identification of sustainability of financing via privatization.

• Foreign researches:

Stephen Geng et al., (2012) in their study investigated the effect of privatization of airport and port on productivity and performance based on the evidences in developing countries. They investigated the empirical evidences of privatized ports and airports and discussed theoretical framework of international experiences and policies by referring to privatization of transportation infrastructures in developing countries. Some recommendations are presented for further studies.

Mildered Warner (2012) said: Privatization has been promoted as an urban reform for more than 40 years. Although cities around the world have pursued privatization, it has not presented the promised efficiency, and service integration gains. City managers recognize the challenges of market management for urban service delivery and the critical difference between a citizen and a consumer. This has led to new hybrid forms of service presentation which jointly engage public, private and citizen groups. However, concerns over efficiency and equity remain.

AN INTRODUCTION TO EFFICIENCY

After the end of Second World War, most researchers investigated about economic growth and productivity. The study of Solo (1957) regarding these issues in macro field was published. Solo applied a

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production function for US economy and considered economic growth arising from the increase of productive inputs and productivity changes (Hakimipoor, 2008).

According to Oxford, efficiency is doing a work well without wasting the time and resources (Oxford,2007). Efficiency concept in economic literature is the highest output with a definite amount of input and vice versa (poorkazemi, 2003).

Efficiency is of great importance in wasting existing resources. In new concept of efficiency as not wasting the resources, maximizing the result by economic organization or institution and it is related to appropriate use of resources.

The difference of productivity and efficiency is as followings:

$$\text{Productivity} = \frac{\text{outputs}}{\text{inputs}} \quad \text{Efficiency} = \frac{\text{Actual output}}{\text{Standard output}}$$

EFFICIENCY OF URBAN SYSTEM IN ECONOMIC THEORIES

The goal of any economic system is allocation of rare resources to production of required goods and services. This production process should be done as consumer welfare is maximized. Based on this definition, system efficiency means maximizing social welfare of economic system. Achieving this efficiency based on economic theories can be achieved via market mechanism or government intervention in this mechanism. According to this view, economic theories can be divided into market theories and market failure theories.

According to economic neoclassic view, economic efficiency is achieving economic balances of enterprises and households. According to this view, although urban system is inclined to balance, public goods provide the interference of public and urban management sector. Urban management by these interferences guides urban system to balance. In this process, urban system efficiency is not associated with justice and urban management has no duty in this regard. The followers of market failure believe that one of the important factors in urban system efficiency is income distribution and the benefits of city growth. According to this group, some factors as contrast in balancing various urban groups, the lack of transparent information and rent urban spaces, market structure is faced with basic barriers and this makes the city function and productivity problematic. Considering social justice in urban development planning is one of the main duties of urban management. In other words, not only there is a contradiction between justice and efficiency in urban field, but also they interact with each other. Urban system has no productivity without fair planning (Yazdani, 2001).

A REVIEW OF PRIVATIZATION

The term privatization is used differently and this is important namely regarding urban services as one of the practical fields of privatization. Privatization is the process in which government-based institutions or the services presented by government are out of the control of government and are delegated to market forces. Thus, privatization is a part of bigger movement to make the government duties non-centralized via delegating the tasks to lower levels of government as urban and regional governments and private organizations and companies (Bennett, 1990). All these methods are taken into consideration of the researchers (Kodras,1997).

In most countries (e.g. Iran) a company is considered as a state company if minimum 51% of its share belongs to government and delegating minimum 50% of stock to private sector makes the company out of state condition.

In some countries with centralized planning in which market economy is not formed, privatization definition besides referring to delegation, discusses about creating required grounds in fulfilling market economy. In this definition, privatization is creating new economic system based on market mechanisms and the changes of various economic dimensions. Based on the above definitions, it can be said that this concept focuses on moving to market economy and emphasis on complementary role of government

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(supervising the delegated activities). It should be said that activities are delegated based on separating the duties of state and private sectors in economy. It should be said that basis of activities is private and state sectors duties in economy. In other words, good combination of government and private sector is based on previous basis of the role of each in entire economy (Keyvanpanah, 2009).

URBAN SERVICES PRIVATIZATION

In most studies, privatization of urban services is related to the following items:

- Reduction of municipalities and local governments activity in presenting urban services
- Participation of private sector in presenting urban services

THE METHODS OF URBAN SERVICES PRIVATIZATION

- Case privatization

In the past, most of the privatization of urban services is case and experimental. Although general risks of this method are low, the effects are not obvious. This type of privatization made administrative system of municipality focusing on two parallel administrative systems (Asgari, 2007).

- Comprehensive privatization

Recently, some cities in various countries provided comprehensive programs of urban services privatization. For example, in US in Kelilvand and Philadelphia, comprehensive privatization plans are used as alternative items of traditional methods of organizing, financing and presenting urban services. In southern Africa, a comprehensive plan is formulated in Johannesburg and was executed in 2002. Privatization of urban services is on priority of the measurements of this plan. Indeed, recommendation of economic experts shows that urban services privatization will be successful if it is provided in the framework of a comprehensive plan.

The municipalities need the solutions to reduce their financial problems, to be responsive, have entrepreneurial aspect and have required flexibility in terms of the projects and their scheduling. Achieving these features requires having comprehensive plan of urban services privatization. In these plans, different types of private methods are required about different types of municipalities' duties and the most suitable methods are selected and recommended in each case. In these plans, at least 100 to 200 urban services privatization opportunities are recommended to municipalities. At least 9 stages are used to provide such plans based on review of literature:

1. Creating and developing institutional structure for privatization
2. Creating adjustment plan and creating motivation for urban services workers
3. Identification of suitable techniques of urban services privatization
4. Identification of urban services and assets that can be privatized.
5. Determining legal and regulation barriers of privatization and attempt to eliminate them
6. Creating and introducing obligatory competitive motivations in presenting definite urban services
7. Evaluation of feasibility of identified urban services privatization
8. Determining the potential amount of saving in costs of presenting urban services in case of privatization
9. Providing a plan for privatization execution

There are various methods for privatization of urban services. Generally, there are 9 methods of urban services privatization as:

1. Contracting contract
2. Full privatization
3. Managed competition
4. Management contracts
5. Facilities
6. Assets sale or mortgage
7. State companies

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8. Voluntarily participation
9. Public-private participation

THE REASONS OF URBAN SERVICES PRIVATIZATION

The investigations regarding urban services privatization were done by Savas (1987) and the following fundamental reasons are presented:

- Practicality: In this case people ask municipality to improve the services
- Ideological: In this case, it is inclined to reduction of government interference and minimizing the size and tenure of government and urban governments are in this group.
- Commercial: When the private sector observes some opportunities for gaining profit in presenting urban services.
- Collective demand: When people justify privatization of urban services to achieve a better society.

Saving costs, increasing efficiency and quality of urban services, minimizing the government size, financial and budget limitations and reduction of taxes are the main reasons of privatization of urban services by authors of urban services privatization. The studies conducted by international association of urban management in 1981, 1988 and 1994 showed that saving the costs is one of the main reasons of privatization by urban managers (Valentina and Manchester, 1998. Morley, 1994). Presenting high quality services is mostly on the second priority and other studies reported similar results (Dilger, 1996. Roehn et al, 1989).

The main reasons are as:

- Financial problems of municipalities and urban governments
- Increasing citizens satisfaction
- Improving the quality of urban services
- Saving the costs in urban services (Asgari, 2007).

THE BARRIERS OF PRIVATIZATION OF URBAN SERVICES

Although urban services privatization is developed in recent years and various experiences are achieved, urban services privatization barriers exist and they are not eliminated. These barriers are different from one city to another and one service to another but we can mention some of the common barriers of this process. The most important items are including:

- Resistance to privatization; the main reason of resistances is arising from the followings:
 - The resistance of the services employees for privatization
 - Resistance and protest of related worker unions
- Fear to lose public control on services
- Political issues
- The lack of believing privatization benefits
- The lack of good financial and performance information
- The weak methods of administrative management and contracts (Asgari, 2007).

The authorities of urban services privatization and management in various cities in the world investigated urban management international association and stated that privatization process is having the following features:

- ✓ Decision making process is complex and time-consuming
- ✓ Privatization process execution is difficult and is with organization disorder and municipality management
- ✓ It is threatening urban managers and urban services employees

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To reduce the resistance of urban services employees performed various measurements by privatization process of cities. According to the investigations regarding the privatization experiences in various cities, the cities mostly took the following methods:

- Minimizing the rewards and firing the employees
- Facilitation of transfer to competitive environment
- Creating structural motivations for privatization

Another barrier of urban services privatization in experiences is the lack of appropriate information to show financial and performance changes of privatized services. The successful programs of privatization namely via contracts required having efficient systems of management information as it can collect the information of privatization costs and benefits and analyze it and help the decision makers in this case. Without appropriate information about costs and performance, the urban managers and decision makers take inappropriate decisions. Under this condition, decision making about whether the required services act well in privatized or non-privatized conditions is very difficult. The researches conducted in this field are based on the problems of accounting in this regard. Some of the problems are:

- The inability in identification of indirect costs
- The lack of appropriate information
- Evaluation of costs and saving of privatization decisions

PRIVATIZATION OF URBAN SERVICES, INCREASING EFFICIENCY, URBAN SUSTAINABLE DEVELOPMENT AND CREATING ECONOMIC EPIC (ECONOMIC COLLECTIVE EFFORT)

Municipality is the organization in which the residents of a city by their natural rights given by law create it and manage public facilities, execute urban systems and provide local common requirements and give it authority to receive the costs of the services given to it by logical and faire method between the residents and users of distribution. If each of them avoid to pay the share they should pay or don't observe the urban systems by the enforcing power given by the law to the people of the city forces them to pay their share and observe the urban rules (Hashemi, 1993). As it was said, based on the studies one of the best ways to reduce service delivery costs is creating sustainable incomes for municipality, improving the quality of presented services, reduction of supervision costs and finally increasing productivity and efficiency of municipality in presenting services and delegating the urban services to private sector is based on the experience of successful countries in this field.

On the other hand, sustainable urban development in recent years as an important scientific issue in all communities and dedicating a major part of urban development literature mostly depends upon doing the duties and presenting the services by municipalities. Various dimensions of sustainable development are investigated and analyzed from various aspects and some solutions are presented in the form of various views. Comprehensive attitude to policies, plans and urban development plans and formulating the uniform economic, social and environmental goals are on priority of sustainable urban development planning. These goals are fulfilled by evaluation of results of urban systems for economic, social, cultural and environmental changes and need main changes in organization and urban planning formations. The balance between big and small urban centers, collaboration between state and private sectors and formulating local strategies are considered as policies achieving sustainable urban development (Mofidishemirani and Eftekhari-moghadam, 2009).

According to some of the presented definitions, urban sustainable development is improvement of life quality in urban structure and it is with improving environmental quality. The necessity of using main leverages of sustainable development in designing and determining strategic policy of decision making in various levels, led into different revision in the common definitions and this has various outcomes. This issue is also considered in the definitions of urban development as the changes speed in this field is high due to having unique indices. The intensity of the effects of the above approach is as achievement or

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failure in using sustainable development concepts in urban development trend is turned into an unavoidable criterion in evaluation of quality or residency of the cities.

Thus, sustainable development is the process in which the people of a country meet their demands and improve their life without endangering the resources belonging to the future generations. Thus, development is sustainable if it is not destructive and it protects resources including water, genetic resources, plant and animals for future generation. In sustainable development, natural resources should be protected as the future generations can product and consume as the present generation. Achieving sustainable development in all dimensions is one of the effective steps to create economic collective effort. One of the most important measurements in creation of economic collective effort using people participation and internal private sector in economic activities. Despite observing the rules in recent years, economic participation of people in national economy is not fulfilled based on people participation in political field and filling this gap is necessary. People participation intermediates administrative system and citizen or civil society and attempts to send it as feedback for reforming the process by determining and collecting the messages from the environment. People participation shows the interaction of citizens and government. People supervision is evaluation of citizens of policy making, planning and execution and as a feedback can be effective in pathology of organizations and facilitation of the affairs process and increasing the quality of services.

After delegating the services to private sector, municipality via developing educational and promotion plans increase the understanding and cooperation between people, municipality and training of citizens to develop cooperation with municipality in various fields as waste management, green space, urban furniture and etc. and increase people participation and also increase efficiency and success in presenting the services. In addition, based on the effect of sanctions on financial resources of government, using macro and micro capitals of the society in the form of non-state investment is necessary. Completing capital asset ownership in the form of public-private participations or delegating incomplete plans on installment can be considered as change approach. It is worth to mention that one of the main reasons of incomplete projects is the lack of required financial resources or the limitations of financing methods. This caused that civil projects are not finished at appropriate time and increasing the number of incomplete projects is one of the main concerns of the country during the recent years. This issue is of great importance in limitation of oil revenues of international sanctions with reduction of civil credits allocation and also it refers to fulfilling 24% of capital assets ownership credit during 11 months of 2012. It seems that using capabilities of private sector in financing the government in the form of delegation contracts and public-private participations is of great importance.

Using revenue resources of municipalities for investment and financing civil projects can help economic growth. Municipality by privatization of urban services as the most important sources of sustainable income for municipality can increase its facilities and invest in various fields. These types of investments are short-term or long-term returns but finally they achieve income for municipality.

In addition, non-state formations can participate in civil and infrastructural projects of municipalities. These formations due to having adequate information and great influence among people namely local regions can help to providing required resources of some of the projects (Sharze'e and Majed, 2011).

Achieving sustainable income is of great importance based on achieving sustainable urban development and this depends upon some balanced conditions in fulfilling urban plans. Indeed, to achieve this goal, urban sustainable resources play important role and we shouldn't forget urban success is used to determine responsibility and citizenship motivation for participation in affairs and it depends upon fulfilling some items as trust and analysis of urban services costs and all economic activists as private, public enterprises using urban facilities should pay their share for using city services to the city and other citizens. As we said, some of the most important results of privatization of urban services is creating the resources of sustainable incomes for municipality, avoiding resources wastage and helping to optimized allocation or achieving efficiency. Thus, urban services privatization can play important role in achieving sustainable urban development and it is a great step to fulfill economic collective effort at national level.

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CONCLUSION

One of the most applied general organizations –namely in big cities is municipality and a major part of citizens for various reasons regarding urban affairs refer to municipalities and sometimes it is with dissatisfaction and the extended activities of municipalities and inefficiency of traditional methods in meeting the citizens demands with inefficient consumption of various resources are the major reasons of dissatisfaction. Delegating activities to private sector via improving quality and increasing efficiency and etc increase citizens satisfaction. As free and flexible mechanism of decision making in private sector let the managers have good payments to attract skillful forces and they shouldn't be restricted to stringent rules of worker units. The above forces provide the conditions for optimized allocation and reduction of production costs and the efficiency is increased (Keyvanpanah, 2009).

According to the items, delegating some urban services activities to non-state sectors is one of the solutions to achieve productivity and efficiency in municipality. Such measurement shouldn't be considered as municipality is released of the urban services responsibility. Delegating urban services to private sector is done with the aim of more productivity and effect use of production factors (human resources, capital and etc) and municipalities will be in appropriate position of management and planning and besides playing the role of urban development, more employment and increased efficiency. The experts and economists believe that economic collective effort is not fulfilled and it requires some preparations guiding the country to achieving this goal. Collective effort is observed when convergence of all effective forces is proved and economic collective effort is not a single and isolated issue in the destiny of a nation and the important point is that convergence of these forces needs long-term and strategic plan based on collective intellect of all economic actors (Tashakor, 2000).

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