

Municipal Financial Strategies for Asia and the Pacific Region



Mr. V. Suresh, Chairman and Managing Director of Hudco welcomed participants at the inaugural session of the Regional Workshop. See article below

Financial management has become one of the most urgent issue for developing cities in this region which are experiencing a general trend toward decentralisation. The recent reforms in Indonesia brought about greater access to financial resources - giving cities the flexibility to plan and handle their own financial management. But are local governments ready to take on that responsibility? On the other hand, local governments are also seeing their resource bases being eroded. In Nepal the recently abolished octroi tax contributed to 80-85% of municipal revenue. How can this lost revenue be recouped?

CityNet continued its initiatives for strengthening capacity building for local governments by organising the Regional Workshop on Financial Management of Urban Local Governments that was held from 31 August to 3 September 1999 in New Delhi, India with contributions from the Housing and Urban Development Corporation Ltd. (HUDCO)/Human Settlements Management Institute (HSMI) of India, a CityNet Executive Committee member, as host and co-organiser of the workshop, and with support from USAID and UNCHS BLP.

Workshop agrees on agenda for municipal finance in the region

The agenda called for action of governments and cities on the following issues: The allocation and sharing of national or state level resources to the cities should be rationalised; municipal governments must ensure optimum use of their taxation powers and improve collection efficiency; property tax base should be widened through increased coverage, reduced exemptions and application of area based assessment; municipal accounting, budgeting and internal control system should be improved to enhance transparency and accountability; technical assistance need to be provided to cities for accessing the capital market for infrastructure development; financial intermediaries at national and state level need to be created to specifically address to the needs of cities; and a capacity building strategy should be developed and linked to the municipal financial reforms.

Guidelines for transferring effective practices

Participants also discussed strategies for effective transfers on best practices at the working group discussion, referring to the newly published CityNet/UNDP/UNCHS (Continued on Page 2)

Butwal gains from Sri Lankan experience

Tcdc study visits - a cornerstone of CityNet's approaches to match supply and demand; to create the opportunity for members to learn directly from good practices across the region.

Two officials from Butwal (Nepal) took part in 6-day visits to Colombo and Kandy (Sri Lanka) from 4 - 10 September 1999 after the New Delhi workshop, piggy-backing visits to maximise resources.

Kandy makes a difference with its resettlement project

"Kandy Municipal Council has really made successful effort in squatter management in the city, benefiting more than 200 families who for 50 years had no land for their houses," reported Mr. Bimal B. Shakya, Deputy Mayor of Butwal. In Kandy, an NGO mediated three communities to build new low-income housing. Learning from this, Butwal is developing a master plan for the Jitgadhi Fort resettlement project, a historically important area housing 500 poor people. "We are very pleased to hear that our council has just

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Butwal gains, from Page 1



Butwal's team inspired by Colombo's sanitation project and its partnerships. -Photo courtesy of. CMC

approved to provide new land for them, and we are ready to work closely with NGOs and CBOS. We thank CityNet for its advice to include NGOs in the visits," added Mr. Sushil Gyewali, Chief of Technical Planning of Butwal. Two Nepali NGOs, including ACHR member Lumanti, were in the team. They will be working closely with Butwal on resettlement projects.

Colombo's new initiatives impress Butwal

Colombo Municipal Council (CMC)'s new initiatives, developed under its former Mayor, is being continued by the current Mayor Omar Kamil. A new corporate plan (1998-2002) gave clear direction to develop partnerships with various urban stakeholders. Public private partnership in garbage collection has reduced costs by about 30%. Municipal revenue has increased through gantry signs or 'billboards.'

Butwal has decided to involve the private sector in the development of Mani Mukunda Sen Park and to similarly collect revenue from advertisements for the next fiscal year.

The team was impressed by the training and development department that functioned year-round on a rotational basis. "We plan to adopt this approach by establishing a Human Resource Development Centre (HRDC) in our City which will benefit not only us, but four other municipalities around Butwal as well. We have asked UNDP's help in this initiative," explained Mr. Shakya.

Good co-ordination of city members in Sri Lanka, under the CityNet-Sri Lanka National Chapter, was key to the visit's success. Experts from CMC and Kandy are to provide further advisory services to Butwal. □

Contact details for Colombo and Kandy on Page 4.

Municipal financial strategies, from Page 1

Guidelines for Transferring Effective Practices: A Practical Manual for South-South Cooperation. It was recommended to develop appropriate legal and regulatory structures to enable south-south transfers and replicability of best practices.

Participants

About 75 local and national government representatives, national institutions, practitioners, donors and international agencies from 15 countries took part in the workshop to share ideas on successful initiatives in financial management. 28 of the 40 city representatives were indeed CityNet members.

Feedback and follow-up

Survey feedback from participants indicated that those present felt the workshop was useful and they had gained knowledge on replicable best practices and decentralised co-operation initiatives on municipal financial management. A series of follow-up activities was proposed by participants; the Inter-Indonesian Municipalities Organisation (IIMO) committed itself to transfer these lessons learnt to its members and to hold a national workshop focusing on financial planning and management in the year 2000. □

CityNet Tcdc brings Nepalese Cities to Ahmedabad to learn resource enhancement



"Simple and transparent procedures are the basic keys for successful tax collection in Ahmedabad; motivate people to pay tax voluntarily"

A situation in Ahmedabad which cannot be seen in Nepal - people were queuing for hours to pay tax.

Following the above workshop, three Nepalese cities of Biratnagar, Kathmandu, Pokhara and Municipal Association of Nepal (MUAN) visited Ahmedabad from 5 to 7 September 1999 to learn in depth the Ahmedabad experience on financial management. With the abolishment of octroi tax in Nepal, the visit gave ideas for Nepalese cities on several strategies for resource enhancement.

With the warm hospitality of the Ahmedabad Mayor, Ms. Maliniben Atit, and her staff, the team was apprised of the financial aspects particularly related to local tax. "We learned that decentralised local resource enhancement, clearly defined tax and organisational structures as well professional manpower and well computerised systems, played an important role in the successful experience of Ahmedabad," said Mr. Bhu R. Rai, Deputy Mayor of Biratnagar.

The team has planned a series of follow-up activities to put into practice what they have learnt from the visit as well as from the workshop. MUAN will disseminate these lessons learnt to Nepalese municipalities and plans to organise a national workshop to discuss possible modalities on tax management transfer and guidelines for local tax management improvement. Ahmedabad officials will also be invited to visit Nepal for advisory support. The team expressed their gratitude to CityNet for facilitating and sponsoring the visit. □

Contact details for Ahmedabad Municipal Corporation on Page 4.

CityNet members learn from Yokohama's urban management expertise

Yokohama City initiated two training programmes for CityNet members to study from Yokohama's experience and have it transferred locally.

One-month training programme on integrated water supply and its management



Yokohama's simple leakage detection - participants can bring home lessons learnt

Water supply has become one of the most pressing issues for most cities in Asia and the Pacific region. This issue is often complicated by low financial resources, technology and operating systems which cannot meet the demands that are placed on them. A participant quoted, "Many urban areas do not have natural water resources, so that they have to rely on water supply systems managed by the local waterworks bureau."

CityNet and Yokohama jointly organised the first Training on Water Supply from 7 June to 1 July 1999 in Yokohama. It aimed to provide participants with the opportunity to learn from Yokohama and to implement effective transfer of this expertise to their cities. Three water engineers from Mumbai, Seoul and the National Water Supply and Drainage Board (NWSDB) of Sri Lanka took part in this programme which included lectures, discussions, problem-solving, videos, field trips, laboratory study and presentations.

Participants actively took part in the programme and were impressed by Yokohama's integrated water supply system. They were surprised by the

attention Yokohama pays to the role of forest conservation in water quality control. Their own waterworks bureaus suffer from lack of attention to water resource preservation and lack of awareness on the role of forests in that effort. This system provided further practical examples, such as the use of fish to monitor water contamination. Although this system was new to the participants, the low level of technology and low expense should allow it to be practically introduced into their home cities.

Hoping to apply the knowledge gained, Mr. Choi Tae-Yong from Seoul committed to implement more effective meter-reading methods used in Yokohama in order to solve Seoul's problem of large expenses incurred in collecting water fees. Mr. Shrikant R. Argade from Mumbai, said "I was really impressed by demonstrations of leakage detection." Methods demonstrated during the programme, including those using sound, liquid air, and low water pressure, "are not available in my city and can easily be transferred into practice."

Due to the demand from members, CityNet will review the programme, and plans to implement it again in the year 2000. □

Contact details for Yokohama Waterworks Bureau on page 4.

Learning harbour management techniques from Japan's largest port

Two representatives from Bangkok Metropolitan Administration (BMA) and Sri Lanka Port Authority visited Yokohama from 17 to 22 May 1999 for a six-day study visit on the management and operation of Yokohama Port and Harbour.

Participants intend to use the knowledge gained to implement coastal area management and port development projects in their home countries, with an emphasis on inter-departmental co-ordination. □

Contact details for Yokohama Harbour Bureau on page 4.

Members' capacity building at CityNet partners' forums

Two meetings of interest to members, attended by CityNet representatives.

UNDP continues its commitment to work on urban issues through TUGI

CityNet members were actively involved in UNDP's new 3-year project - The Urban Governance Initiative (TUGI), that builds on earlier efforts of UMPAP. TUGI assists in making cities more liveable by strengthening capacities, promoting good governance, and enhancing tools available to urban decision makers. Ten CityNet members are among cities that have responded positively to TUGI.

TUGI invited CityNet to its first regional consultation held in Penang, Malaysia in August 1999. The consultation was held to share principles of good governance advocated by UNDP, and to match needs of cities with available resources. This complements CityNet's city-to-city consultations and provides opportunities for collaboration with TUGI. CityNet's Programme Manager presented ideas on how this could be done to promote good governance. CityNet was also invited to be on TUGI's International Advisory Panel on Good Urban Governance. □

Contact details for UNDP - TUGI on page 4.

City planners benefit from UNCRD training course in Nagoya

CityNet continued to work with UNCRD on capacity-building initiatives. For the third time, CityNet facilitated and sponsored 3 members to the 27th UNCRD International Training Course in Regional Development Planning held from 2 April to 29 May 1999. They were Mr. Khoo B. Soon of Penang Island, Mr. Tanka P. Upadhyaya of Tansen, and Mr. Mahesh Chitrakar of Kathmandu. Esfahan and Shanghai were sponsored by UNCRD. Mr. Chitrakar said that lessons learnt could be used in his city's long-term planning.

CityNet was on a panel discussion with ILO, OECE, UNCHS and UNEP. CityNet's Programme Manager spoke on "Criticality of Networking and Partnership for Regional Development - Lessons Learnt by CityNet." □

Contact details for UNCRD on page 4.

Upcoming Events

CityNet Programmes and Activities in 1999

August 31 - September 3

Regional Workshop on Financial Management of Urban Local Governments, New Delhi, India;

November 1 - 2

Thirteenth Session of the CityNet Executive Committee, Kathmandu, Nepal;

November 3 - 5

International Workshop on the Role of Local Governments in Fostering Business Partnerships for Environmental Sustainability, Kathmandu, Nepal;

November 28

Public Forum on Ecologically Sustainable Green City, Yokohama, Japan;

November 29

Strengthening the Capacity of Local Governments for Sustainable Urban Environments - One-day Brainstorming Meeting, Yokohama, Japan;

Ongoing - upon request

TCDC Best Practices Programme Advisory Services

CityNet welcomes new secondment staff



CityNet was happy to welcome Mr. Shankar Raj Kandel as Secondment Staff to the CityNet Secretariat from April 1999. He is from the Protocol and Liaison Secretariat of Kathmandu Metropolitan City and will be with CityNet Secretariat until March 2000. He expressed his belief that CityNet contributes to help members through institutional strengthening and capacity building, and further hoped to benefit personally by working in the international, professional environment of the Secretariat. Keeping KMC in his mind, he sees the key role that CityNet can play in the region is by linking cities and urban organisations together. □

Announcements

Dubai International Award: Best Practices to Improve the Living Environment - call for submission for the year 2000

UNCHS is again offering Awards for Excellence in Improving the Living Environment to deserving Best Practices in October 2000. Submission for consideration should reach UNCHS by **31 March 2000**.

Contact: Best Practice and Local Leadership Programme (BLP), UNCHS (Habitat), P.O. Box 30030, Nairobi, Kenya
Tel: (254-2) 624-328
Fax: (254-2) 623-080/624-266/624-267
E-mail: bestpractices@unchs.org
Web: <http://www.bestpractices.org/bp2000/>

Local Initiatives Awards - call for entries

ICLEI and Saitama Prefecture of Japan have established Local Initiatives Awards, to recognise the outstanding efforts being made by local governments, working with community partners, to achieve improvements in the local and global environment.

Community partners working with local governments on a project can also apply on behalf of the project team. Preliminary submissions should be made by **October 27, 1999** to:

Local Initiatives Award Secretariat, ICLEI World Secretariat, City Hall, Toronto, Ontario M5H 2N2, Canada
Tel: (1-416) 392-0273
Fax: (1-416) 392-1478
E-mail: liawards@iclei.org
Web: <http://www.iclei.org/>

Training Programme on Decentralised Governance

The Society for Development Studies (SDS), a CityNet member, invites members to take part in the "Planning and Management of Social Sector Programmes" to be held from November 15 to December 25, 1999 in New Delhi. A few training awards are available. First come first serve is an important criteria.

Contact: Director, SDS, Sarojini Nagar, New Delhi 110-023 India
Tel: (91-11) 687-5862, 410-5633
Fax: (91-11) 687-5862
E-mail: sds@gsadl01.vsnl.net.id
Web: <http://www.sdsindia.org/>

Now in Print

Two new CityNet publications are now available from the Secretariat:

♦ **A Report: Asia - Pacific Conference on Sustainable Urban Development** - gives an overview on vitalisation of cities towards creation of attractive urban spaces. 24 pages.

♦ **A Report: Creating Attractive Cities Towards Sustainable Development** - addresses key strategies for tourism development and urban heritage preservation. 86 pages.

Contact CityNet to order a copy.



Contact information

A selection of organisations cited in this issue of CityVoice are listed below.

Ahmedabad

Ahmedabad Municipal Corporation, Sardar Patel Bhavan, S.V.P. Road, Ahmedabad 380001, India
Tel: (91-79) 532-9009; Fax: (91-79) 535-8698

Colombo

Colombo Municipal Council, Town Hall, Colombo, Sri Lanka. Tel: (94-1)695-121; Fax: (94-1) 694-640

Kandy

Municipal Council of Kandy, Town Hall, Kandy, Sri Lanka. Tel: (94-8)222-274; Fax: (94-8) 225-638

TUGI - UNDP

Mr. Prafulla M.S. Pradhan, Programme Manager, The Urban Governance Initiative (TUGI), UNDP Kuala Lumpur, P.O. Box 12544, 50782 Kuala Lumpur, Malaysia
Tel: (60-3) 255-9122 ext. 2240; Fax: (60-3) 253-2361
E-mail: tugi@undp.org
URL: <http://www.tugi.apdip.net>

UNCRD

United Nations Centre for Regional Development, Nagoya International Centre 6&7 Floors, Nagoya, Nakamura-ku, Nagoya 450-0001, Japan
Tel: (81-52) 561-9377 to 79; Fax: (81-52) 561-9375

Yokohama Port and Harbour Bureau

International Affairs Section, Yokohama Port and Harbour Bureau, City of Yokohama, 2 Yamashita-cho, Naka-ku, Yokohama 231-0023, Japan
Tel: (81-45) 671-7188; Fax: (81-45) 671-7310

Yokohama Waterworks Bureau

Technological Guidance Section, Yokohama Waterworks Bureau, City of Yokohama, 1852, Bukko-cho, Hodogaya-ku, Yokohama 240-0044, Japan
Tel: (81-45) 331-6600; Fax: (81-45) 332-5476

Acronym guide

Confused by all those acronyms? Here's a guide to acronyms not written out in full in the text.

BLP	Best Practices and Local Leadership Programme
BMA	Bangkok Metropolitan Administration
CMC	Colombo Municipal Council
HSMI	Human Settlements Management Institute, India
HUDCO	Housing and Urban Development Corporation, India
ICLEI	International Council for Local Environmental Initiatives
KMC	Kathmandu Metropolitan City
MUNAN	Municipality Association of Nepal
NWSDB	National Water Supply and Drainage Board, Sri Lanka
RDP	Regional Development Planning
TCDC	Technical Co-operation among Developing Cities
TUGI	The Urban Governance Initiative
UMP-Asia	Urban Management Programme for Asia
UMPAP	Urban Management Programme for Asia and the Pacific
UNDP	United Nations Development Programme
UNCHS	United Nations Centre for Human Settlements
UNCRD	United Nations Centre for Regional Development
USAID	United States Agency for International Development

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