

## Contents

- 1 Editorial
- 2 The road from Africities 1998 to Africities 2000 – from emergence to unification of the African municipal movement
- 3 Financing urbanization and local development
- 4 Proposals for financing urbanization in SSA
- 6 Implementation of decentralization in Central, Eastern and Baltic Europe in the 1990s

Villes en développement



Abidjan

# Financing urbanization and decentralization

Since the second United Nations Conference on Human Settlements (Habitat II) held in June 1996 in Istanbul, the international community has had a better understanding of the relationship between sustainable development, improved living conditions of the great majority of people and the management of urbanization. It is now an acknowledged fact that within the next ten years, half the population of the planet will be living in urban areas.

If, therefore, cities become the scene of our residential environment, more attention must be paid to the financing of urbanization than has so far been the case. In Africa, for instance, cities are still growing at an average rate of some 4% per year, which means that it takes 18 years for their population to double. By the year 2020, African cities will therefore have to accommodate an urban population equal to that which has settled in cities over the past fifty years. Yet today, nearly 60% of African city-dwellers live in severely underdeveloped urban districts lacking in amenities. The community support effort has slowed down considerably since the late 1980s owing to the crisis in public finances. Is the persistence of this situation consistent with the will proclaimed by the international community to promote the development of sound, livable, safe and sustainable cities everywhere? Moreover, the lack of capital invested in infrastructure and in urban services and facilities is doubtless largely to blame for the weak competitive performance of African economies.

The adoption of decentralization policies makes it the order of the day to re-examine the way in which urbanization is financed. Local elected representatives are trying to find funds that would enable them to invest some FCFA 3,000 per capita per year to maintain the capital they have inherited (on average FCFA 100,000 per capita), and some FCFA 4,000 for new investments to provide for the extra numbers that settle in the city each year. But local budgets often mobilize less than FCFA 1,000 per capita per year. This virtual stalemate situation has often discouraged a serious, head-on approach to the problem of financing urbanization in developing countries, both at national level and by the international community. Which is why Jean-Marie Cour and Michel Arnaud deserve credit for showing that even in the most unfavourable cases in African countries, it is not only urgent but possible to resume financing of urbanization, but on three conditions – that we develop local information systems to provide better knowledge of the resource potential that can be mobilized out of the local economy and the community heritage; that we make access to local authority loans the normal method of financing urbanization; and that we improve still further the quality of local expenditure. ■

Jean-Pierre Elong M'Bassi  
Coordinator of the West Module of MDP

# The road from Africities 1998 to Africities 2000 – from emergence to unification of the African municipal movement

Paul Pavy

***Africities 98, in Abidjan, marked the emergence of the African municipal movement. Africities 2000, in Windhoek, will be the summit for unification of the African municipal movement and for consolidation of the strategic role of cities and local authorities as essential partners to sustainable development in Africa.***

## Abidjan 1998

As a follow-up to the Istanbul summit (Habitat II – June 1996), the first PanAfrican Mayors' Congress brought together a thousand key actors in urban, mainly African, development, including more than three hundred mayors and thirty ministers.

This event was organized by the Municipal Development Programme (MDP) in conjunction with the Ivorian authorities and aimed to officially mark the arrival of local authorities on the African institutional scene and to give voice to Africans on issues concerning decentralization, decentralized cooperation and local development.

The resolutions, like the discussions conducted by the various groups, have highlighted some key issues: the need to develop the decentralization process initiated by most of the African countries, the strengthening of local democracy and the improvement of municipal development, the inevitability of public-private and private-public partnerships for efficient urban development, the essential increase in local authorities' resources and technical capacities, the desirable implementation of national land use planning policies to accompany the decentralization process, better mainstreaming of the

urbanization movement by development aid mechanisms, and the importance of decentralized cooperation.

Africities 98 formed one of the best platforms for dialogue ever organized on the African continent to address issues connected with decentralization policies, the role of local authorities in urban development management, and the relationships between decentralization, development and democracy in Africa's present and future context. The proceedings in Abidjan centred around dialogue not only between mayors and new actors arriving on the local African scene: companies, non-governmental organizations, experts, professional executives and academics, but also between mayors and ministers in charge of conducting decentralization policies and between African policy-makers and representatives of international development aid institutions.

## Windhoek 2000

The second edition of Africities will take place in Southern Africa, in the City of Windhoek, Namibia.

The theme proposed for Africities 2000 is "Financing African local governments to strengthen democracy and sustainable development". Within this general theme, is-

ues will be addressed relating to:

- the financing of urbanization,
- financial relations between the State and local authorities,
- mobilization of resources at the local level (heritage and taxation, financing services and infrastructure, partnerships with the private sector),
- local development under economic policies,
- local authority access to financial markets.

Africities 2000 will provide an opportunity for in-depth dialogue on the financing of African local authorities. This topic will be the main issue of four scientific meetings also to be held on the first two days (15 and 16 May), and a political meeting between ministers and

mayors on the last two days (18 and 19 May). Special sessions scheduled for 17 May will address sensitive and current issues, which local authorities and governments will have to face before Africa can enter the third millennium under good conditions. Throughout this symposium, a trade fair will give some 2000 exhibitors an opportunity to present their products and services to the 800 to 1,000 local elected representatives gathered in Windhoek. Several highlights are scheduled: the adoption of the panAfrican local government platform; a proposal for a panAfrican conference on decentralization and local development; a meeting of African ministers and mayors with financial and development aid institutions; a meeting with African and international media organizations, the award of trophies to local authorities and African partners for outstanding accomplishments in the main fields included on the agenda of the symposium. ■

Groupes Huit



Djibouti

# Financing urbanization and local development

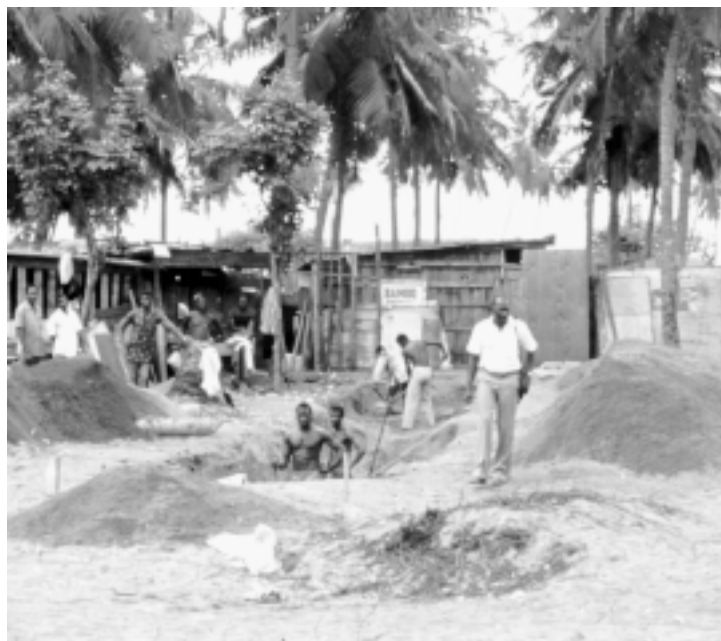
Jean-Marie Cour

**The aim of this article is to make a general review of the problem of financing urbanization in Sub-Saharan Africa, which transcends programmes and projects and embraces the longer term**

Despite the structural slowdown of the urbanization process that has already begun, the total urban population and the urbanized areas in Sub-Saharan Africa can be expected to increase threefold, and the flows of persons and incoming and outgoing urban goods and services to increase tenfold by the year 2025. It is essential to develop a new vision of the African city as a place of innovation, wealth creation and capital accumulation, but no longer as a place of poverty and concentration of all kinds of depravity. This new vision calls for a different conception of projects in urban areas, with greater ambition and faith in the future, more directly focused on local economic promotion and aware of the resource potential to be mobilized locally. A typical city with 100,000 inhabitants in the coastal area of West Africa is directly responsible for generating a «gross local product» (GLP) of around FCFA 50 billion per year, and indirectly and very partially «controls» 30 billion in its hinterland peopled with some 200,000 inhabitants. The city itself is the scene of an accumulation of residential capital, (in the broad sense, sometimes wrongly considered as «not directly productive»), of around FCFA 75 billion, 60 billion of which being private capital, 10 billion public capital for local purposes (roads, etc.) and the rest in the form of regional or national investments (hospital, university). If this city

grows by 5% per year, it must invest a total amount of FCFA 6 to 8 billion per year. Total public investment must be around 1.4 billion per year, 0.8 billion of which to ensure urban growth and 0.6 billion to renew existing equipment and bring it into line with standards, amounting to a total of 2.5% to 3% of its GLP. In the first two decades following independence, public investment verging on the above levels was effectively achieved in the national capitals and in some secondary cities. The crisis of the 1980-1990 period and the adjustments that followed, together with a failure to recognize the issues at stake in population redistribution and urbanization, resulted in a substantial cutback in public expenditure on urbanization. In most countries, the crisis is now at an end, and the urbanization process has resumed its course. However planning of the 1960s to 1980s, which fell into disrepute and disuse, has not so far been replaced by an appropriate mechanism – urban growth is practically no longer controlled. Despite decentralization, the mobilization of local resources for urban development remains at an abnormally low level, around 0.5% of the GLP, amounting to FCFA 2,500 per capita per year. Maintenance of infrastructure and public facilities is deplorably inadequate, and local authorities' own resources account for less than one tenth of public investment expenditure for local purposes.

Combating poverty in urban areas first and foremost concerns the



Gérard Casselin

Port Bouët

deficiency of the urban environment. Unlike governmental operations through structural adjustment policies, it is advisable to substantially increase local public expenditure rather than reducing it, and to boost household consumption of community goods and services. Today, the mayor of an African town has to be Keynesian.

To scale up urban public expenditure it is necessary to jointly mobilize every imaginable source:

- direct contributions from users in the city (households, businesses), not only in cash but no doubt also in kind;
- contributions from non urban-dweller users and beneficiaries; urban taxation on the hinterland can take various forms, the most «painless» and widespread of which being municipal mobilization of rural savings;
- devolution to user associations and to the private sector in all fields in which intervention by the public sector is unnecessary and should even be avoided;

- recourse to local, national or foreign private direct investment wherever possible;
- recourse to external aid or rather to official transfer payments;
- spreading urban investments over time;
- making future generations pay through loans, for tomorrow's cities are being built today.

Investment requirements resulting from the urbanization process in Africa will require a net transfer of resources from the rest of the world for another few decades. But experience has shown that grants have a number of perverse effects as they deprive local actors of responsibility and lead to a misallocation of resources. In Africa, as elsewhere in the world, the recourse by local authorities to loans instead of grants is bound to become the general rule. It is therefore better to prepare for it now. To this end, we must stop underestimating African cities and the adjustment capacities of their operators. Most of these



cities are centres of economic growth, not of stagnation or recession. Securing today's loans on tomorrow's growth is both reasonable and sustainable. To engage resolutely along this road, all the stakeholders, whether local, national or external, must agree to abide by a "code of conduct" structured around five points:

- sincere, genuine compliance with the principle of subsidiarity; compliance with this principle requires external partners to refrain *inter alia* from doing

anything liable to delay the development of local project ownerships, whatever the risks;

- sincere, genuine decentralization of information: the information monopoly of donors, central administrations and the "experts" on whom they rely must be phased out;
- a resolute requirement for a local counterpart which must never be donated, whatever the consequences; the actual mobilization of local resources can and must

be upscaled, as even households in the "popular economy" are less poor than the environment in which the present system requires them to live: the actual rates of levy on private capital must at least be increased tenfold over the short term and the local levy on business and incomes must at least be doubled over the short term;

- treatment of maintenance expenditure of public capital as mandatory expenditure, along with the wages of mu-

nicipal personnel; the funding must be tailored to this requirement, and not the reverse; maintenance expenditure must be entirely financed by the property tax, which must be levied on all users, including public establishments and "projects";

- lastly, perseverance and consistency, for it takes time to solve the problems posed by urbanization and it is not acceptable for the rules of the game to change with each new project. ■

## Proposals for financing urbanization in SSA

M. Arnaud, Highways Engineer, Architect. Urban planning consultant

### **A few proposals for solutions to the lack of funding for urbanization in Sub-Saharan Africa in the context of decentralization.**

When the collective work, published under the title "Dynamics of Urbanization in Sub-Saharan Africa" was completed in 1997, those participants who were urban development professionals like myself were "left hanging". Admittedly, the terms of reference of this work particularly required it to be a comprehensive, consistent analysis of knowledge acquired on urbanization mechanisms in the sub-continent. At the same time, the work highlighted a few preconceived notions on "urban bias", migration patterns and the "informal" sector. And it drew attention to the declining standard of amenities in African cities, despite the international aid effort, most of which was allocated to the rehabilitation of investment works degraded through inadequate maintenance. It demonstrated the uselessness of normative policies for urban development

and their inconsistency with the most common practices. But it did not suggest any satisfactory courses of action to remedy the inadequate funding of urbanization in Sub-Saharan Africa. Two studies, financed by the World Bank, have enabled me to progress in this field: the "Urban Sector Review" in Togo and the "Sectoral Strategy for Public Investment in Urban Areas" in Benin, in which I assisted Jacques Carol.

Both studies provided an opportunity to develop the measurement of "public capital", initially implemented in Abidjan in 1978 for the "Decennial Outlook". They aimed to estimate the renewal value over time of all infrastructure and superstructure investments that form the public (or community) heritage and for which local authorities bear the responsibility of maintenance, renewal or extension. But responsibility does not mean burden. Responsibility

means ensuring by various means that the burden is assumed on an equitable basis by the beneficiaries or citizens who are the payers in the end. Comparisons have been made as follows: If the per capita public capital, taking all domains together, is around FCFA 200,000 in Abidjan, (about FCFA 600 billion), it amounts to FCFA 100,000 in Lomé and Cotonou (about 100 billion). In all cases it has declined since the beginning of the crisis currently being weathered by African countries.

In Togo, more exactly in Lomé, it has been shown that simply by making an initial boundary survey of a plot of land, the phasing in of amenities once the housing has been built is not only possible but efficient. The legislation stipulates that parcels of land must normally be provided with amenities before the plots are sold, but in practice, the requirement is reasonably limited to the amenities it is

possible to provide. It is thus entirely legal for customary owners, or more often intermediaries, to parcel out and sell bare plots. This results in an abundance of land, very low prices of bare plots and consequently, the lack of any segregation in the establishment of households. In the same neighbourhood, on the same adjoining plots, the residence of an important public figure may be found close to a rented collective yard operation (*entrée couché*) that caters for disadvantaged households. Water and electricity are supplied by the utilities company, requested and paid for by applicants, most often an important person in the street, for whom the company recognizes the *droit de suite* (i.e. the right to recover part of the funding from any local residents who may subsequently be connected to the piping system financed by this person). Despite this apparent favouritism, the recorded ratios are very comparable to those of cities in which these services are allegedly performed under

land development operations or are imposed on utilities companies: 60% of households are connected to the electricity grid and 40% to the drinking water system: the surfaced road network accounts for 10% of the total road network; the water and electricity systems serve two-thirds of the distribution and collection services, and households not connected to these networks are those that refuse or are unable to pay for these residence services. Above all, there is practically no development of spontaneous settlements in Lomé, except for a pocket of foreign nationals behind the port, and no household is excluded from an extension to these services sometime in the future.

No doubt, this situation stems from the recognition of land ownership for customary occupiers, inherited from the creation of the city by Mina immigrants from nearby Ghana, who came to settle on the land acquired from the Ewe indigenous people – a system confirmed with the opening of the Land Register by the German Administration, subsequently taken over by the French Administration. But it is possible for a State claiming the power of eminent domain for national land to produce the same results. This has been shown by administrative (prefectoral) sites in Ivory Coast, except for the fact that their production was still not adequate to create abundant land supply and the State owner did not provide control of the unparcelled land that individual or community owners provide. The counterpart to this system, whether liberal or administered, is obviously an increase in non-stop urban extension but not a lower return on investments in the networks. This extension (or this low density) is a fairly limited evil for urban areas in which the population is set to double or treble in the next 20 or 30 years, insofar as the networks are only built when they are financed on a demand basis.

It will be objected that the Togolese land production model is only viable in urban areas that develop on very easy sites, where the design of town plots does not require extensive skills and where the main road reservation does not entail studies and major installation costs. On more difficult sites (e.g. in Libreville) town plots require greater skills and the main road must at least be “open” when the plot is built, or even surfaced owing to erosion problems. But in that case it is not a minimum amenity, within the usual meaning of this term, nor even the “main layout” prior to the parcelling out of the land. In Benin, the very title of the study – Public Investment Strategy – called for a more in-depth examination of the financing of urbanization. The example of nearby Togo, and ongoing experience elsewhere, suggested that the principle of phasing in amenities should be combined with investment-sharing between the development partners: not only public utility companies and local authorities but also central Government and economic operators, and lastly, households – a sharing system ill-defined by legislation on decentralization, in which the distinction is not easily made between the “burden” of and “responsibility” for a service.

A proposal for an urban investment sharing system was made possible by an analysis of public capital and its past financing – particularly the share assumed by private or community organizations for education and health or the joint management of contracts, which is quite well codified in Benin. This system proposes a 30% share for central Government (national road network, electric power generation, general hospitals, secondary and advanced education, etc.), a 30% share for urban authorities, 20% for the commercial utilities company or companies and 10% for various collective bodies (operators on the markets, abat-

toirs and road terminals, parents associations and/or private schools, community management of primary health centres and water posts, municipal collection of household refuse, etc.). In this system, the urban authority acts in place of the commercial utilities company for non-commercial services or networks such as roads and drainage, household refuse transport and treatment, public lighting and fire-fighting.

For the share of the burden to be assumed by the local authority, combining public capital management and burden-sharing principles with the generalization of loans, enables a public investment strategy to be proposed that is both realistic and independent of any external standard. An authority with an available annual per capita budget of FCFA 5,000<sup>1</sup> can definitely allocate 15% to maintenance of the urban heritage and 10%, or FCFA 500 per capita, to the cash contribution to a loan. A per capita loan of FCFA 3,000 enables the authority to assume its 30% share of FCFA 10,000 per capita investment, which corresponds to a 6.6% increase of per capita public capital of 150,000. This amounts to more than simply maintaining the level of this capital in the case of urban growth of 5% per year. The calculation shows the continuation of this strategy year after year, with loans repayable over a thirty-year period at 8% interest, will not result in a debt service greater than 25% of the urban budget if, at the same time, a persistent effort is made to bring local resources up to the normal level of the gross urban product (3 to 4% of this product).

Thus more than twenty years have passed since the Abidjan Decennial Outlook study, and it has taken the cumulative, converging intervention of many experts and naturally the trend towards decentralization to succeed in making a simple, concrete proposal for the relentless problem of financing

urbanization in Sub-Saharan Africa. It has been necessary to avoid the “gap paradigm”<sup>2</sup> which is the justification of the international community’s effort by a normative need for a minimum level of amenities in developing countries, particularly in their cities, which it would be impossible to finance out of local savings owing to the population growth. Although this will probably not yet ensure an improvement in living and working conditions for everyone, it is certainly a considerable advance over haphazard financing practices, and a step in the direction of this objective. And at all events, it is an essential response to the challenge posed by urban growth for the decentralization process. ■

<sup>1</sup> amounting to 1 billion for a city of 200,000 inhabitants and little more than 1% of a per capita gross urban product of FCFA 400,000, the mean figure produced by the local economy studies conducted by the *Club du Sahel* and the MDP on a series of cities in West Africa, under the programme name of ECOLOC. This leaves a substantial strengthening margin.

<sup>2</sup> or structural resource deficits, according to Jean Coussy: “Demoeconomic crises in Sub-Saharan Africa: interpretation paradigms” in *Crise et Population en Afrique* – CEPED, 1996.

# Implementation of decentralization in Central, Eastern and Baltic Europe in the 1990s

Marie-Alice Lallemand Flucher, Directeur des Etudes, Dexia project & public finance international bank

**Local governments in Central, Eastern and Baltic Europe have enjoyed greater political autonomy and been responsible for wider-ranging public service missions since the early 1990s. These new responsibilities have been set out in rapidly established legislative frameworks. Faced with increasing investment requirements, the recourse to borrowing seems to be a good financing solution.**

## The institutional organization of the local sector

All local governments have both a deliberative and executive body. In Bulgaria, Hungary, Romania, Slovakia and Slovenia, mayors are directly elected by universal suffrage and have executive powers. In the other countries, they are appointed at a second stage by the municipal council, which is in turn elected by universal suffrage.

As a general rule, there was only one tier of local government in the early transitional period. This is now beginning to change: Poland currently has three tiers of local government - regions (voïvo-

dies), counties (powiats) and municipalities (gminas); Croatia has two; Hungary and Romania have counties and municipalities and the Czech Republic has had 2 tiers - regions and municipalities - since March 2000.

## Local government missions and expenditure

Local governments have two types of responsibilities: own responsibilities that are either mandatory or optional and responsibilities delegated to them by the State.

*Own first tier local government responsibilities* (municipalities) arise from the management of

matters of local interest: housing, health, local roads and various networks, local public order, kindergarten and primary schools, social welfare, public transport.

Second, and more particularly third, tier local government responsibilities are mainly in the sectors of health, education (secondary and vocational), environmental protection, town and country planning and the promotion of regional economic development.

Own local government responsibilities still have to be fully clarified and settled in many countries. To rationalize expenditure, some central governments have re-assumed responsibility for some of the sectors previously delegated to local governments, such as education or public health.

*Delegated responsibilities* (registry offices, administrative declarations, organization of elections, census taking) are generally accompanied by central government grants to cover expenditure.

Although *the weight of local budgets* in national economies

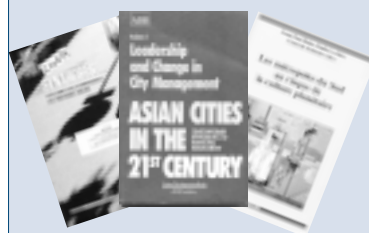
varies from country to country, it remains relatively high compared to western European standards. While the volumes involved are not significantly comparable, proportions show that the local sector is a major player in central European economies.

*Local government investment* Given their infrastructure needs, local governments are generally called on to spend significant amounts on project investment. However, despite the efforts already made and continuing decentralization, local government expenditure remains modest compared with that in the European Union.

Recent increases have been unable to make up for years of backwardness with regard to facilities and ensure better coverage of urban public service needs for the local population.

The amounts per capita currently being spent are between three and four times less than those recorded in European Union countries. They are likely to increase rapidly to keep in step with the

## Publications



**Synthèses...** Reviews of knowledge on urban areas. A document drawn up by the DGUHC Urban Planning Documentation Centre - Paris: Ministry of Public Works, 1999 - 68 p. This document gathers texts dating from 1995 to 1999 on aspects of territorial management: governance, cities and sustainable development, geographic information systems, urban structure, intercommunity cooperation and local authority links, Mediterranean coast urbanization, peri-urban areas in France, architecture, planning and urban projects in Italy and Spain, cities and ports, cities and immigration, cities and poverty, cycling in cities.

Price: FRF 120

→ Contact: METL-DGUHC, Sales Office/Edipro. Arche de la Défense, 92055 La Défense Cedex, France.

## Asian cities in the 21<sup>st</sup> century

Contemporary approaches to municipal management. Manila: ADB, 1999.- 3 vols.

A collection of three volumes describes the experiences of local policy-makers in Asian cities, faced with the challenge of rapid urbanization, the increasing demand for better public services and the decline in resources granted by central governments. "Leadership and change in city management" addresses the governance problem in fourteen Asian countries; "Municipal management issues in South Asia" presents the experiences of Bangladesh, India and Sri Lanka; "Reforming Dhaka city management" describes the institutional structures of Dhaka, its financial management and waste management.

Price: \$ 30 the collection

→ Contact: Asian Development Bank, P.O. Box 789, 0980 Manila, Philippines, E-mail: adbub@mail.asiandevbank.org

## Les métropoles du Sud au risque de la culture planétaire

edited by Jean-Paul Deler, Emile Le Bris and Graciela Schneider. Paris: Karthala, 1998.- 422 p. (Hommes et Sociétés Collection)

This symposium in 1991, which targeted major urban services in metropolises of Africa and Latin America, brought together professionals and researchers. This work covers papers devoted to urban services of a cultural nature and the urban framework of these activities, grouped under three themes: places, practices and representations; urban amenities between a culture under scarcity and hypermodernity; urban management culture(s), universalism or cross-culture.

Price: FRF 180

→ Contact: Ed. Karthala, 22-24 boulevard Arago, 75013 Paris, France.



already well-advanced convergence process for integration into the European Union.

### Local government financial resources

A still significant share of local government resources is made up of revenues over which local governments have no decision-making powers:→

- *budget grants* represent more than 30% of total local revenues in Hungary and Poland and almost 25% in the Czech Republic.

- *shared tax revenues* also represent a significant share. They come mostly from fractions of income tax levied on individuals and to a lesser degree from corporate income taxes. While an important source of local government revenues, it is still too haphazard as both the rates and the redistribution conditions can change from year to year. In Hungary, for example, the central budget for the year 2000 reduced the share to be redistributed of the taxes levied directly in the sector (from 15% in 1999 to 5% in 2000), to the detriment of major towns, illustrating the difficulties faced by municipal planners.

*Local revenues* provide Central, Eastern and Baltic local governments with their best source of financial independence but to date their

weight in the total budget is still small.

With regard to *fiscal* matters, local governments are generally allowed to vary tax rates within the limits of ranges set by the State. However, for many years they have been reluctant to raise taxes and are even less willing to increase tax pressure, as taxation is neither part of the culture of the populations concerned nor of their local representatives. This attitude is gradually changing.

In recent years, *operating revenues* have been revised. Local governments are beginning to have a say in the rates set for local public services (water distribution in Hungary being one example).

*Asset sales* have been facilitated by the extensive transfer of assets from national to local level and have been, at least initially, a significant source of income for local budgets:→ the downside is that they are, by definition, non-recurring. Local financial representatives must now find new sources of revenue to replace them.

### Recourse to borrowing by the local sector

Local governments in Central, Eastern and Baltic Europe are all allowed to borrow, with greater or lesser freedom of action: access is relatively flexi-

ble in Hungary, the Czech Republic and Slovakia and a little stricter in Bulgaria, Croatia and Poland.

In practice, recourse to borrowing remains limited. While borrowing in European Union countries represents an annual volume in the region of 65 billion euros, the amounts recorded in CEEC countries only represent a few units. This state of affairs reflects the relatively recent start of the decentralization process on the one hand and the limited capacity of the banking systems and national money markets in these countries to offer credit possibilities that correspond to local government needs on the other.

The low level of financial commitment of local sectors translates to very modest debt per capita levels (between 10 and 12 times lower than the ratios recorded in European Union countries). Available funds and particularly the maturity of loans available in local money remain limited and most of the loans come from public or semi-public funds set up to finance specific investment areas (the environment, for example).

With the exception of Poland, the apparent surge in borrowing is the result of a few spectacular operations, mainly launched by capital cities. In the Czech Republic, for example, the town

of Prague is responsible for almost half of total local government debt.

The over-representation of capital cities is even more noticeable when it comes to foreign currency borrowing. In 1994, Prague became the first city to issue bonds in a foreign currency. Other major cities such as Ostrava, Bratislava, Tallinn, Cracow and Budapest later followed suit.

To meet the challenges of development, local governments in Central, Eastern and Baltic European countries are being forced to find ever-increasing additional sources of funding and it is important that such expenditure does not have a negative impact on local budgets. Prudential rules for local borrowing and greater transparency in the local public sector are therefore vital. Local governments, along with the national authorities in these countries, will have to meet the challenge of reconciling these new demands with the many opportunities now available to them, particularly that of integration into the European Union. ■

## Conferences Training

- INTA 24
- Institut des Hautes Etudes de Développement et d'Aménagement du Territoire (Institute for Advanced Studies on Development and Land Use Planning)
- ADEF Training on land issues

### INTA 24

The city region in a world of globalization – Urban strategies for sustainable development, Bergen, Norway, 18-23 June 2000. The INTA 24 conference will address strategies and methods of mobilizing urban areas around a development project. The plenary sessions will be devoted to new dimensions of urban development, the private sector response to the dynamics of urban development and questions on how to reconcile urban government and political legitimacy. Round tables for 8 to 10 people will enable new forms of discussion between municipalities and enterprises.

→ Contact: INTA – AIVN, Nassau Dillingsburgstraat 44, 2596 AE The Hague, Netherlands, website: [www.inta-aivn.org](http://www.inta-aivn.org)

### Institut des Hautes Etudes de Développement et d'Aménagement du Territoire

DATAR, in partnership with the National Foundation of Political Sciences and the Ecole Nationale de Ponts et Chaussées has set up an Institute, IHEDAT, with the aim of leading and enriching strategic debate on land use planning issues. Each year, 50 participants from the public and private sector discuss their experiences, determine subjects for study and address major challenges for the future posed by land use planning in France and Europe.

→ Contact: DATAR, M. Sébastien Cuny, 1 avenue Charles Floquet, 75343 Paris Cedex 07, France, E-mail: [sebastien.cuny@datar.govv.fr](mailto:sebastien.cuny@datar.govv.fr)

### ADEF

#### Training on land issues

The two-day training sessions organized by ADEF for 30 participants exclusively cover the complex area of land issues. The following seminars are scheduled in 2000: 25-26 May: How to evaluate a plot of land, led by K. Comby; 22-23 June: Pre-emption practices, led by O. Morlet; 21-22 September: How to shape an efficient land policy, led by Th. Vilmin; 26-27 October: Responsibility and management of natural hazards, led by V. Renard; 23-24 November: Management of land-related neighbourhood disputes, led by R. Trapitzine.

→ Contact: ADEF, 7 avenue de la République, 75011 Paris, France, E-mail: [foncier@wanadoo.fr](mailto:foncier@wanadoo.fr)

## Six delegated management contracts abroad for French companies: experience feedback

On 23 March, a one-day discussion-conference on this subject was organized by ISTEED in collaboration with the Directorate of Development and Technical Cooperation of the Ministry of Foreign Affairs, the Directorate of Economic and International Affairs of the Ministry of Public Works, Transport and Housing, and the French Development Agency. A working group of conceding bodies, concession companies, regulators and Administration representatives reviewed the lessons learned from these experiences. (cf. Lettre de l'ISTED No. 15 - September 1999). This review highlighted various enabling elements for successful delegated management operations which were the main subject of discussion. Four aspects were covered: the regulatory and contractual action framework, regulation efficiency, access to services for low-income groups, and the contribution to sustainable development.

At the end of the day, it emerged that the participants were no longer concerned with principles of delegated management but rather the operating methods of this type of system. Two points were the subject of consensus: Major international groups are increasingly dominating this sector to the detriment of small companies; delegated management is less and less perceived as a system for transforming an unprofitable project into a profitable project.

For a delegation project to be successful, a political, legal and economic framework, even rudimentary, is necessary.

International competition has increased over the past few years and it may be favourable to the delegation system providing it is not managed according to public contract rules. However, price-based competition is not enough and a relationship of trust must be built up between the conceding body and the concession company.

All the participants agreed that contracts must be adaptive and based on a non-conflictual logic.

Some differences were noted on the regulation issue. Some participants considered that regulation was only in its learning stage, others felt that the French contractual system was not a real form of regulation. The regulation question thus gave rise to an in-depth discussion which should be further examined in the near future.

### Association of urban development and cooperation professionals

This year's study session, devoted to the theme "Urban development and the heritage", will be held on 8 September 2000, probably at the ENPC in Paris.

→ Contact: AdP c/o Villes en Développement

# News on cooperation

## Sustainable financing of urban development International seminar 30-31 March 2000 in Lisbon

In response to Habitat II and to the commitments made at the World Assembly of Cities and Local Authorities in June 1996, FMCU, the World Federation of United Cities, has decided to further examine the mayors' and local authorities' recommendations concerning their role in urban development, and to them translate into action. It focused its study on the financing of urban development, a recurrent problem for municipalities the world over.

This work was made public and discussed during an international seminar chaired by Mr Daby Diagne, which brought together some fifty elected representatives and experts from Africa, Latin America, Europe and the United States.

To analyse the various aspects of this central question, four sessions were organized on the following subjects:

- Assessing the issues involved in financing urban development,
- Determining local authorities' specific responsibilities in the financing of urban development. Promoting democratic management,
- Increasing local authorities' own resources. Controlling recourse to borrowing. Financing local urban services.
- International action of cities and local authorities towards better financing of urban development.

The document, enriched through the discussions, will provide local authority input to the implementation of the Habitat Agenda at the UN "Istanbul + 5" Assembly In June 2001 in New York. For this event, it will be supported by WACLAC (World Associations of Cities and Local Authorities Coordination) along with the "World Charter of Local Self-Government".

→ Contact: Cités Unies, 60 rue La Boétie, 75008, Paris, France, Tel.: 33 (0)1 53 96 05 80, Fax: 33 (0)1 53 96 05 81, E-mail: cités.unies@wanadoo.fr

## Urbamet on line

The Urbamet bibliographical data base grouping together some 200,000 references on urban planning, development and services in France, in the major metropolises in the world and in the developing countries, is accessible via Internet from the site of the urban planning documentation centre of the Ministry of Public Works, Transport and Housing. A link provides access from the ISTEED site in the Villes en Développement section. Access is free of charge until 31 May 2000.

www.urbanisme.equipement.gouv.fr/cdu  
www.isted.com

## Directory of participants in decentralized cooperation and international solidarity in the Ile-de-France (Greater Paris) area

This directory, which has been prepared with the help of CEDIDELP and Cités-Unies France, is the first step towards mutual knowledge and the identification of participating local authorities and associations in the Greater Paris area. It enables everyone to know who does what, who works with a particular village or region or in a particular sector. It can now be consulted on the Internet at the following address: [http://www.ibiscus.fr/ide\\_acteur\\_coop/](http://www.ibiscus.fr/ide_acteur_coop/) and is able to play its full role of facilitating exchanges on information. Under the State-Region partnership, the Prefecture of the Ile-de-France region has contributed the funds required to place this directory on line.

→ Contact: Catherine Cyrot, Ibiscus, 1 bis rue du Havre, 75008 Paris, France, Tel.: 33 (0)1 42 94 25 91, Fax: 33 (0)1 42 94 93 48, E-mail: cyrot@ibiscus.fr

## EAUDOC

EAUDOC, the first world documentary service on water, which was opened at the end of March by the International Office for Water (IOW), provides access to several data bases specializing in all major fields - institutional, administrative, scientific and technical - in France and in a number of other countries. EAUDOC also provides other on-line information services such as news from the water sector, the agenda of events, a bookshop and links to sectoral water sites in France and throughout the world. It participates in international programmes: SEMIDE for the Mediterranean Basin and AQUADOC-INTERNATIONAL for Central and Eastern Europe and Latin America.

→ Contact: Nathalie Furbeyre, Data Base manager, IOW, National Service for Information and Documentation on Water, 15 rue Edouard Chamberland, 87065 Limoges Cedex, France, Tel.: 33 (0)5 55 11 47 80, Fax: 33 (0)5 55 77 72 24, URL: <http://eaudoc.poitou.fr>  
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