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Groupe Huit



## Towns and public finance

Villes en développement is dealing in this issue with a crucial topic : the financial linkage between States and towns.

Among all aspects of this issue, I will focus here on what I believe is the most important : the move towards greater financial autonomy for town councils. Whatever the situation town councils in any country start from, this change appears unavoidable. Indeed, it is not possible today to just reproduce identical approaches throughout a given territory. For efficiency's sake, we need local management. It therefore is important for towns to have enough leeway to carry out their mission. They must on the one hand be able to choose from a wide range of management systems for the local public services they are responsible for and they must also enjoy enough financial autonomy. Access to credit, which is for them the possibility to finance expensive capital investment while gradually recovering the costs from taxpayers or users can be useful. But it is also essential for towns to have a sufficient level of operating income and tax revenues.

When we look at local financial resources, the relative weight of tax revenues, for which local governments do have some leeway, is the first indication of the level of financial autonomy of municipalities. This is often more significant today in Western countries than in emerging economies. With a ratio of 54 %, French communes are in a good position. This flexibility in terms of their own resources seems to be a crucial dimension of the financial

autonomy of towns and therefore of their capacity to provide the urban services that residents expect to get.

The move towards greater financial autonomy, while it must be supported by national governments, must be concrete and pragmatic. The needs of local governments, their missions, their technical capabilities are very diverse from one country to another. However, there are two definite facts :

1. We must attach greater importance to comparative analysis on the scale of continents and subcontinents.
2. Local actors must make sure local residents adhere to their policies. This requires greater transparency in public life as a whole, in order for citizens to exercise real democratic control over local action. In this regard, the current French tax system remains much too opaque because the rental assessment base is obsolete and there is no clear differentiation between the direct tax assessment systems for *communes*, *départements* and *régions*. This in fact questions the legitimacy of the tax paid by the local taxpayer, who does not understand fully what he is paying for. In the years to come, we will have to focus on making the local tax system more transparent, in particular through the gradual introduction of specialized local taxes and through a constant search for greater solidarity among towns. ■

Pierre Richard  
President of Credit local de France  
Chairman of DEXIA

# Public financing at local and national levels

by Rémy Prudhomme, University of Paris XII

## A few markers...

Who finances - or should finance - urban utilities in the towns of developing countries? The answer is, four or five categories of players : local taxpayers through local taxes, national taxpayers through national tax and national transfers, users through service fees, savers/investors through financial institutions and loans granted (which will end up being paid back by the taxpayers and users of tomorrow), finally, in some countries, international aid. The linkages between those various players draw up a rather complex system which we shall briefly describe below.

This system is characterized by four parameters. The first, sometimes called tax decentralisation rate, represents the ratio of local tax to overall tax. This ratio is usually quite low, in most cases below 54 %. In most developing countries and in some developed countries like the Netherlands or Italy, it is extremely low, usually below 5 %.

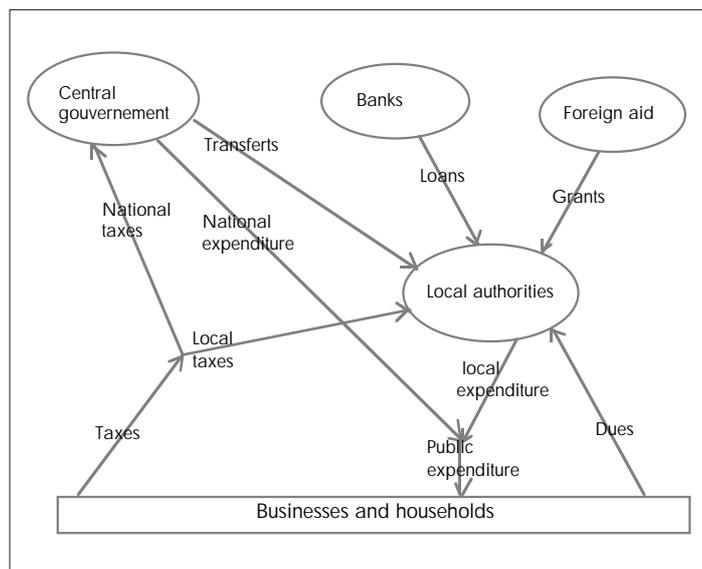
The second parameter, the rate of decentralisation of expenditure, represents the ratio of local expenditure to overall public spending. It is generally higher. In some countries, it represents 50 %, but does not go much over 20 % in most developing countries.

The third parameter is the rate of autonomy of local governments, i.e. the share of local resources over which they have direct control, the ratio of local tax and revenues to their overall income. This ratio greatly varies from one country to another, from a few percentage points to nearly 100%. In most developing countries, it is below 30 %. It is not easy to put a figure to the fourth parameter, which we may call the level of freedom enjoyed by local governments.

Indeed, in all countries, central government controls local finance. For example, it sets ceilings or thresholds for the rates to be applied for local tax and revenues, it authorizes or refuses loans, it of course determines the budget transfers from central budgets and controls expenditure.

There is no such a thing as a perfect system. In principle, at least in countries where local governments are reasonably efficient - which is not the case in all developing countries - the rate of decentralisation of expenditure should be high, let's say 30 to 40 %. The reason is that local governments know voters' expectations better than central government. A low rate of tax decentralisation would also be required, because there is no such a thing as a good local tax. The tax assessment base used for «good» (or, if you want, «not so bad») national taxes, such as the income of individuals, the profit of companies, value added or national resources, cannot be so easily decentralised. Local tax on companies' profits would for example be an incentive for firms to set up activity more or less fictitiously within municipalities where taxation rates are low, which would not be of much benefit to others.

Finally, a high rate of financial autonomy is also desirable in order to empower local governments. One is always more cautious when spending one's own money than somebody else's. In fact, a high rate of financial autonomy is the principal engine of growth within a decentralised system. It is quite obvious that, unfortunately, these 3 desirable objectives cannot be achieved simultaneously. We have to make do with a compromise : the rate of decentralisation of expenditure is not as high as we



would like it to be, the rate of tax decentralisation is higher than desirable and the rate of financial autonomy is lower than what we think necessary. Such systems are far from being perfect and therefore can be - and are, criticized. However, major disadvantages can be reduced in 3 manners.

The first is by increasing as much as possible the income from users' fees. Users' fees contribute to the financial autonomy of local governments without presenting the limitations of local tax. Their social impact may sometimes be negative but in fact much less than is being said. Free water, for example, is much more often used to water the gardens of wealthier residents than to meet the needs of the poorer, who are often not even connected to the network. Charging for water is therefore not necessarily anti-social. Secondly, it is possible to improve the system of transfers to local governments. Too often, in developing countries, this system of transfers is arbitrary, unfair and inefficient. Analyzing and reforming is often a difficult task, technically as well as politically. Thirdly, local

taxes can be diversified : the point is not to multiply local taxes and imitate countries where there are scores of rather unproductive but certainly cumbersome taxes. But one should not either fall into the trap of the single tax system. The distortions local tax generate increase more than proportionally with the tax rate. Rather than a single high-rate tax, better have 3 or 4 different taxes with moderate rates.

In almost all developing countries, national and local public finance systems must be improved, as in many cases they do not allow for the development and operation of towns. It is urgent to start working on this - and to know that results will not be produced overnight. ■

# Towns in sub-saharan Africa

by Anne Sinet, Groupe Huit

## Current situation, possible evolution...

In Sub-Saharan Africa, urban development happened without massively resorting to public finance. The shortage of funds implicitly distributed the parts : to the private sector, the creation of the real estate assets of towns ; to international aid and national public funds, drawn essentially from agriculture, the funding of infrastructure and amenities. But with the urban population explosion and the drop of income from raw materials, new answers must be found to finance urban infrastructure. Everybody agrees to say that there is a need to improve the public tax take (tax take/GDP). In order to achieve this, a gradual increase in productive investment, including in the tertiary sector which is crucial in towns, seems unavoidable. In the short term, strengthening the various levels of local government and developing taxation tools more adapted to urban economy is required.

### Town development paid for by urban dwellers

In Sub-Saharan Africa, capital cities and towns are not the driving forces they should be in terms of public finance. However, they are privileged places for trade and distribution, attract foreign investment and open the way to modernisation.

Thus, we know that towns concentrate some 60 % of national GDPs (which should reach 80 % by 2020). At the same time, we note the low productivity of urban activities, the lack of an industrial development phase, the precarious situation of the craft sector and more widely, of the intermediate sector<sup>1</sup>, finally, the

development of an urban economy qualified as a «survival economy».

State financing is essentially based on taxation of external trade and taxation of a handful of major enterprises : from 50 to 70 % of income comes from taxation of external trade (towns in fact are initiators of part of such trade as major consumers of imported goods); an average of 25 % of national income comes from internal taxation : turnover tax, income tax, company tax, reactivated through the introduction of VAT (and income tax on individual wage-earners (including civil servants).

Overall, taxation of the income of town-dwellers, whether households or companies, seems to represent derisory sums when compared to the value of economic activity or urban assets. This can be explained by the fact that taxation instruments and procedures cannot easily tap the urban fiscal potential of informal activity.

However, the main obstacle to the launch of a more efficient taxation system may be linked to attitudes : local leaders are reluctant to charge residents and small enterprises that contributed to build up urban assets. Also, there is not much understanding at the moment of what the costs and benefits of towns are ; awareness should be raised to implement policies aiming at financing towns through urban dwellers' participation.

### Towns - coming second-rate in capital spending efforts made by the State

We must recognise that, while towns have not contributed



much to public resources, they have not benefited much either from public spending. Traditional reviews of public spending show that the share of public finance earmarked for town development has decreased per capita over the last 20 years. When we only look at the level of investment in urban infrastructure alone, we note that it does not exceed 10% of overall public investment (for 25 to 50% of urban population), most investment budgets concentrating on roads, agriculture and health.<sup>2</sup>.

Another constraint is that urban investment is still mainly funded through national budgets, generally through external funding ; local governments, and mainly towns, generate income representing less than 5% of State income.<sup>3</sup>, and therefore do not take much part in the development of urban amenities.

In intermediate income countries, strengthening local financing mechanisms is an essential asset in terms of development and maintenance of town facilities ; credit mechanisms (the only mechanism aimed at providing long term resources adapted to urban development),

cautiously targeted subsidies, mobilisation of private funding. Such alternatives have been developed and work in Maghreb and Latin America but are just being introduced in Sub-Saharan Africa (Senegal, Ivory Coast).

### Modernising the financing tools for urban development

Because of urban population growth, it is necessary to increase the level of urban finance. The progressive system of developed economies is attempting to solve the problem by enlarging the tax assessment base and increasing the tax-paying population. Also, district councils seem to be the more appropriate level to reach such a target.

In addition, after over ten years of structural adjustment, IMF is getting interested in improving local finance through a reform of land tax and business tax regimes.<sup>4</sup> This evolution should allow a more global approach to town financing and permit to move at lower cost towards an increase in real terms of public resources generated by urban activity. At the heart of this

debate, one finds the issue of recovery of gains from growth (land tax) and mobilisation of the fiscal potential of the informal sector. Taxation is indeed the only financing mode which can guarantee the full coverage of urban public services, as compared to fees and direct cost recovery methods, financially more marginal. Urban projects allowed to anticipate such reforms<sup>5</sup>, however this trend needs to be confirmed. It will probably be necessary to increase coordination between countries

and the donor community as a whole. ■

<sup>1</sup> Contrary to the situation in Maghreb within the construction or clothing sectors.

<sup>2</sup> Such a review is rarely done for urban issues only. See the review done by Groupe Huit in Chad (1996); as well as in Ivory Coast by J. Mazurelle and V. Folléa (1987).

<sup>3</sup> See Guide d'analyse et d'information financière des collectivités locales en Afrique occidentale et centrale - CFD-Breef (1994).

<sup>4</sup> For instance, introduction of synthetic patents and review of land tax methodology (replacement of land

surveying and registration by methods of identification and assessment : Ivory Coast, Togo, Burkina-Faso, Mali, Madagascar).

<sup>5</sup> For example, residential tax in Burkina Faso but also on the so-called



## Observatory and observations in west africa

by Robert Schmidt, Municipal Development Programme for West and Central Africa (MDP)

***In a context of growing competition in the world, towns have a key role to play as an economic driving force. In order to achieve this, they want to enjoy more financial autonomy.***

In a growing number of African countries, decentralisation policies are going in that direction. But what is required is a true «culture of figures» to be developed at local and regional levels. The Observatory of Local Finance described below will contribute to this objective. The feasibility study carried out in this respect has already taught us a lot. We will mention only two things : the weight of larger towns in the decentralisation process and efforts to be made in the area of local budgeting.

### Local Finance Observatory

The MDP, whose mission is to support decentralisation and capacity-building at local government level, studied the feasibility of the creation of a Local Finance Observatory for Africa. Aiming at improving local government management, such

an observatory would carry out two types of activities :

- regular publication of 2 documents of analysis : a yearly document, «Local Governments in Figures», and a quarterly publication, the African Journal of Local Finance.

- promotion of studies and research on local government financing, on harmonisation of financial management instruments and on the circulation of training aids.

Initially, studies were carried out on 7 countries of the Economic and Monetary Union of West Africa (WAEMU) : Benin, Burkina-Faso, Ivory Coast, Mali, Niger, Senegal and Togo. The first findings show a wide diversity of financial management instruments, despite the existence of WAEMU). The shortage of local financial records (except in Ivory Coast and Senegal), a lack of memory of central and local administrations, a lack of self-actualisation and exchange of experience.

### The weight of major towns

Tests were carried out for the 1994 accounting year to prepare a dummy of the document entitled «Local Governments in Figures». The objective was to try and validate a harmonised presentation of local financial data collected in the various countries under review.

Despite the technical difficulties related to data collection and the need for consistent presentation, two major trends were identified :

- while the analysis of local finance per country is relevant (to assess how the decentralisation process translates into financial terms, to measure the relative weight of local finance vs. overall public finance and to analyse the structures of local income and expenditure) the cross-cutting study of several countries, even though these belong to the same

economic integration area, is rather more delicate as the categories and legal nature of district councils are very diverse. - within WAEMU, 22 % of the population is administered at local level by an elected body; capital cities represent 45 % of that population and towns with over 100,000 residents, 60 %. The operating income of capital cities represent over 72 % of the operating income of the whole of local governments at the first level; their investment capacity represents 57 % of the overall investment capacity and their local tax revenues, 92 % of the overall tax revenues of all governments under review. These findings show that while decentralisation policies must be homogeneous in approach, particular attention should be given to the accounting and financial management of major towns.

### Giving a new meaning to local budgeting

In financial terms, the crucial act in local government life is budgeting. However, the budget does not in most cases trans-

late into financial terms the programmes of elected representatives but merely is a routine administrative document which does not include the aid and interventions of development partners nor the life of municipal services. One of the priority action therefore should be to give its true meaning to the budgeting process. However, to do this, several obstacles must be removed.

- Too often, public finance rules and instruments are still exceedingly formally administrative

and centralised, in particular the procedures of preparation, implementation and control of local budgets. Far from ensuring proper management of local finance, such an environment encourages to by-pass law and «adapt it» to immediate local requirements.

- For lack of staff qualified in the areas of financial management and accounting, local governments remain technically under the umbrella of central government services or development partners. ■

Groupe Huit



Ouagadougou

## ACP Towns and European Aid

by Marie-Thérèse Manchotte, Consultant

### *EU Cooperation supports public finance in ACP countries<sup>1</sup>*

The main financial instrument of cooperation between the EU and ACP countries is the European Development Fund (EDF). Year after year, growing financial resources were added from the main EU budget. Overall, this aid represents close to ECUs 3 billion per year, two-third of which comes from EDF and one third from the main budget.

**Most of such funds are meant for project financing.** However, in recent years, **assistance to national budgets is on the increase** through support to structural adjustment programmes. Such assistance is also provided through SYSMIN or STABEX<sup>2</sup>. This significant level of assistance represents some ECUs 500 million yearly, i.e. about a quarter of the annual level of EDF commitments. To this should be added the counterparts funds to food aid funded by the EU.

Other budget lines voted each year by the European Parliament have rather more specific objectives. They aim at developing very diverse partnerships and

are targeted to players who are closer to civil society. Some may deal with urban issues but are not yet fully exploited.

**Towns have benefited from investments and programmes which represent altogether 3% of EDF funding<sup>3</sup>,** essentially in the form of **infrastructural projects.** As local finance is almost not autonomous vs. national budgets, it is difficult for EU funding to reach there. Thus, up to now, there have been few projects aimed at creating or preserving the financial independence of local governments. Therefore, **up to now, few projects aimed at generating or strengthening the financial autonomy of local governments.** While assistance may be given to local governments to help them meet their running costs during the implementation of a given project, it often is because of specific conditions as well as for reasons of general budget support, but the dependence of local governments on central governments still is a reality. As for training and job security, which are essential for public

finance at local level, they still represent a very small part of project contents.

**In recent years, the trend was to get involved in technical and financial support to sectoral policies rather than in project financing.** But urban development is not really a sectoral policy. It is indeed a cross-sector theme, the support that can be provided is in terms of improvement of human settlements and human activity, management of local governments, forecasts and programming of economic, social and land development transformations. How therefore should we approach town financing in order for towns to benefit more from EU development cooperation?

Those in charge of towns must get it known that while town development is not a major sectoral direction for interventions, it is before anything a «fact» that must be taken into account by all. Then, actions pertaining to the sectoral priorities of the EU must have specific urban components to have a real impact. Finally, in

order for a good share of the EU aid budget to reach towns, **each town in each country will have to acquire sufficient pressure strength and be recognised as able to manage its own finance** (regional and international coordination of towns strengthens this capacity of towns to become cooperation partners). Finally, studies and research on urban issues will have to be promoted. Funds earmarked for decentralised cooperation are in short supply but this mode of intervention currently appears in many projects and is beneficial in the sense that it gets cooperation closer to end beneficiaries.

**In future negotiations, the respective share of project financing and budget assistance will change yet again, with budget support probably taking the lead.** So urban institutional structures must become more visible in order to get support; **it will be important to channel part of the resources towards strengthening the financial autonomy of local governments.**

Documents on strategy, through support to institutional reform, show there is some awareness of these issues and local



**Beyrouth. Regards croisés**, under Michael F. Davie - Tours : Urbama, 1997. 362 pages, (Coll. Villes du monde arabe, no 2)

The perspectives of geographers, sociologists, anthropologists and ethnologists, demographers, architects, urban planners. The history of urban development sketches the overall framework of various approaches to town development; the various papers analyse space appropriation, use and structuring by warring communities. Various approaches are presented on town reconstruction projects, which tend to reshape town and maybe to unify it.

Price : FF. 150

→ Contact : Urbama, BP 7521, 37075, Tours cedex 2, France

**La crise de l'eau à Alger, une gestion conflictuelle** by Fatiha Chikhr Saidi. Paris : L'Harmattan, 1997, 255 pages, bibl. gloss. fig.

The issue of water in Algiers probably illustrates the arbitration conflict between the city, which consumes but has no resources, and its surrounding area. This study shows the growing hold of Greater Algiers over regional water resources, analyses spatial and sectoral competition for water as well as the unequal distribution of water in the city. The last section focuses on the role of women in daily water management.

Price : FF. 160

→ Contact : L'Harmattan, 5 rue de l'Ecole Polytechnique, 75005 Paris, France

**Former les élus et responsables locaux au développement local dans le contexte des décentralisations africaines.** Manual for trainers and trainers of trainers, by Emmanuel Parodi. Paris : IRFED, 1996. 103 pages (Coll. Etudes et travaux)

This Manual includes : basic data around the notion of local development as outlined by North/South cooperation partners, data on recent developments and the issues pertaining to the linkages between local development and decentralisation process; with specific emphasis on the role of elected representatives; the training module organised in 5 stages; training information sheets for trainers.

Price : FF. 140 + mailing fee

→ Contact : IRFED, 49 rue de la Glacière, 75013 Paris-France

authorities should develop this awareness. The tools offered by EU cooperation are diverse and towns would benefit from getting additional information about their potential. ACP/EU cooperation is based on a partnership which will be renegotiated from the Autumn of 1998. The «Green Book» recently published by the European Commission is a further step in the evolution of the relationship between the EU and its partners, which will materialise at the beginning of the 21st century. This document does not really take into account the urban development pheno-

menon currently taking place in Sub-Saharan Africa nor the impact that the changes in human settlements will have on the economic and social situation of the countries under review or on their institutional and legal framework. However, the Joint ACP/EU Assembly<sup>4</sup> adopted on March 20, 1997, a resolution on urban development, which is promising as it takes into account the importance of urban issues in the development process.

Thus, **in future discussions, towns will have to show their potential in order for urban issues to be included in the future Lome Convention.** ■

<sup>1</sup> ACP/EU cooperation is controlled by the Lome IV Convention, 1998-1999; with South-Africa joining recently, EU partners now number 71 in Africa, the Caribbean, and the Pacific.

<sup>2</sup> SYSMIN : special funding facility for the mining sector. STABEX : stabilisation system for export earnings for agriculture commodities.

<sup>3</sup> Groupe Huit, Evaluation des projets de développement urbain, 1993.

<sup>4</sup> The institutional body of the Lome Convention.

## Abidjan and Accra : compared levels of financial dependency

by Elsa Duret, CERDI of Clermont-Ferrand

***If one looks at the multiple ways in which the State controls local governments<sup>1</sup>, the control exercised over financing may have prejudicial repercussions as it limits autonomy and may endanger action***

The comparison between the financial structure and administration of 11 municipalities in Abidjan with that of the Accra Metropolitan Assembly (AMA)<sup>2</sup> makes it possible to not only illustrate the weight and negative impact of such control but also provides for possible solutions.

In 1996, 78.5% of the income of the 10 councils in Abidjan came from central government (77.5% taxation, 1% global operating allotment) as against 52 % of income for AMA in 1995 (9.66 % as wage subsidies, and 40.1% as capital investment).

State control over local tax systems is a 4-phased process. First, the State determines the national or local nature of tax - it usually keeps for itself the

juicy tax revenues from external trade. Then, the State determines the share of local tax which, although collected by central administration, must be retroceded to municipalities. At this stage, 2 factors may affect local governments. The first is that the percentage of tax retroceded depends on the financial situation of the State - this makes it difficult for local authorities to forecast their income. Thus, in Ivory Coast, the share of national fiscal revenues transferred to local governments has constantly decreased as stated in the Finance Acts of 1992, 1993, 1994 and 1995 (a drop from 2.7 % to 2.5 % to 2.1 % and finally down to 2 %) ! The second factor relates to the apportionment of national tax according to a

questionable scale, which makes it unclear for taxpayers what the tax paid is used for. But, to achieve tax acceptance and for taxpayers to become more responsible, they must know what taxes are used for. While there is no misunderstanding as to the 100 % ceded revenues by central government to AMA in Ghana<sup>3</sup>, the situation is not as clear when it comes to land and business tax in Ivory Coast<sup>4</sup>. Thirdly, the State administers the tax assessment base by establishing a list of exemptions and/or preferential regimes (a large number of these in the urban land sector). However, the case-by-case approach for re-assessment of urban land and negotiations on patent and licence categories make local taxation systems

rigid and contribute to increasing the gap between the pace of transformation of towns and that of adaptation of taxation to local requirements. It then becomes impossible to introduce automatic indexation systems. To give local governments, as is being done in Accra, the responsibility to identify the sources of local wealth and to calculate the tax assessment base may be a means to break away from such a logic.<sup>5</sup>

Finally, the State also controls tax rates - from nominal rates (as in the case of urban land taxes and charges in Abidjan) to the determination of a new ceiling, which may be exceeded upon approval by Central Government (as in the case of communal taxes in Abidjan and all taxes and charges in Accra). Because they have legislative responsibilities<sup>6</sup>, district councils in Ghana can, not only set up, modify or cancel a category of tax but also choose which tax can be collected throughout their constituency. The State also indirectly determines tax rates for services (in as much as the conditions for cost recovery are set by law). While in Ivory Coast, it is considered illegal to charge higher rates than the estimated cost of service, on the contrary in Ghana, users' fees must be fixed in such a way as to cover at least all costs<sup>7</sup>.

While State control over transfers appears to be more legitimate, it nevertheless is prejudicial. Firstly, the transfer system is generally organised according to national objectives (search of tax equity among various local communities etc.) and not according to the objectives of local authorities. Then, the basis for distribution of funds and allotment criteria must be stable and known to all to avoid any arbitrary practice or competition between local governments. Finally, the ratio of transfers to overall financial resources and their terms and conditions should not generate negative redistribution effects (less tax mobilisation, targeting of budget expenditure according

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to priorities that are not those of local governments...). When we look at the results of the first years of operation of the Joint Fund of District Councils created in Ghana in 1993, we see that they are not 100% positive. On the one hand, the Fund guarantees stability and transparency as it is made up of 5% of annual income from the State and that it is equally distributed amongst the 110 councils according to criteria established once for all.<sup>8</sup> On the other hand, its share in the local finances of AMA (18.62% as against 20% for tax revenues collected in 1995) tends to lessen local fiscal efforts; finally, it is essentially used for investment in the areas of health and education, which limits the possibilities of local choice.

State behaviour on the capital market is also prejudicial to local governments; the State either monopolises most funds or strictly controls access to credit (this is the case of the credit fund for local governments in Ivory Coast). The alternative, as AMA understood rightly, is to resort directly to the financial market. The two procedures currently under review are the General Obligation Bonds and the Revenue Bonds, the difference between these two types of assets relating to the nature and cost of eligible investment. However, to bypass the State as a financial intermediate, local governments must attract private investors to

local public projects, which are usually considered as high-risk and not so profitable.

The fact that local public funds are administered by Treasury is just as much of a constraint as State involvement in the financial structure of local governments. The municipalities of Abidjan have greatly suffered from this when central government went through a financial crisis, and Government was drawing on Treasury funds to meet its own needs.

In order for the lack of liquidity at national level not to affect municipalities, it was decided to open separate accounts for local governments within the Autonomous Amortization Fund, where national aid funds were paid in. The municipalities in Abidjan are therefore now doing what was already done within AMA, where local councils can access funds at any given time from separate accounts.

To conclude, after respectively 15 and 10 years of experience, local municipalities in Abidjan and Accra were able to identify the constraints related to strict State supervision over their finances. Today, the objective is to rethink the relationship between State and local governments in terms of the responsibilities on both sides. The financial autonomy of local governments can only be achieved if local governments are involved in the definition, calculation, collection and ma-

agement of resources at their disposal. But, along that road, it appears that AMA is slightly ahead of the councils of Abidjan. ■

<sup>1</sup> Unilateral definition of allotted responsibilities, secondment of civil servants from the central administration, power of dismissal of local representatives, approval of budgets etc.

<sup>2</sup> In Abidjan, the pattern of urban governance is: fragmented competence and overall umbrella municipal body, the Ville d'Abidjan, and 10 local councils. On the contrary, Accra has a centralised system of governance in as much as the six local councils of the city, called Sub-Metro District Councils, are only administratively decentralised from AMA.

<sup>3</sup> Including taxes on leisure, games, registration of businesses, daily transport, advertising and income tax paid by about 20 categories of traders and craftsmen.

<sup>4</sup> In its report on local tax reform in Ivory Coast, BREEF proposed a clear method for distribution of tax, i.e. 90% for communes and 10% for the State.

<sup>5</sup> On condition that political pressure may be more easily controllable at local level and that tax revenues account for a significant share of overall resources.

<sup>6</sup> While the functions given to the 11 local councils in Abidjan are merely executive, those given to AMA are also legislative and judiciary.

<sup>7</sup> Recommendations were however formulated by the State as regards the price of essential services charged from disadvantaged communities.

<sup>8</sup> The distribution formula is based on 5 weighted criteria: needs (35%), equity (30%), tax performance (20%), pressure on basic services (10%) and contingencies (5%).

The session of the Scientific and Teaching Council (CSP) set up within the framework of the 1995 reform of the African School of Architecture and Urban Development was held in Lome on March 20 and 21, 1997.

CSP took note of the initial results of the reform, i.e. :

- in-depth reorganisation of initial training (6 years); work is going on, particularly to adapt courses and contents to demand in the area of town development and construction;
- organisation of on-the-job training sessions;
- organisation of regional workshops.

In addition to administrative and financial measures, CSP agreed to present some recommendations to the Board :

- developing contacts with other schools in French-speaking countries (Ecole Polytechnique in Yaounde, Ecole des travaux publics in Yamoussoukro,...) and regional programmes (MDP, UMP) in order to better face up to requests for training, which are numerous although scattered, in urban and municipal development projects linked to the process of decentralisation in most countries as well as in the field of commercial urban service management;

- organising workshops, training sessions, opening of a short-study course;

- developing partnerships with French training institutes and universities (ENPC, IFU, UTC Compiègne...) as well as with programmes supported by France such as MDP

→ Contact : Christian Barillet, EAMAU, BP 2067, Lome, Togo, E-Mail : barillet@syfed.tg.refr.org

## ISINTER

The ISINTER software adapted from ISABEL (developed from the CDS-ISIS software of UNESCO by the ministry of Land Planning, Housing, Transport and Tourism) was produced by CETE de L'Est as initiated by the CDU Documentation Centre with the participation of the Documentation Centre of Villes en Développement. This international version includes all computerised functions of a documentation centre : research and management of documentation, publication of journals and catalogues, management of orders and subscriptions, registration and circulation of periodicals, loans, budget follow-up and statistics. This software and the instruction manual (on disquette) is sent free of charge by CDU to UNESCO CDS-ISIS licence holders. Training can be provided by VED (prices sent upon request)

→ Contact : Centre de documentation sur l'urbanisme, Michel Griffon, Arche de la Défense, 92055 Paris-La Défense, Tel : (33-1) 40 81 15 64, E-Mail: [cd�@dau.equipement.gouv.fr](mailto:cd�@dau.equipement.gouv.fr); Villes en Développement, Arche de la Défense, France Tel : (33-1) 40 81 15 48, E-Mail: [ved@isted.3ct.com](mailto:ved@isted.3ct.com)

## Urban research in developing countries : the choices of ORSTOM

Urban research in developing countries is one of the priorities of the new strategic plan of ORSTOM. Urban development dynamics in the countries of the South - where population is growingly urban and megapoles multiply - give towns a crucial role in overall social, economic and cultural development. All the more so because international organisations are pushing towards decentralisation, strengthening the role of local governments, in particular of urban municipalities.

ORSTOM will focus in the short term on the «urban management» entry point. However, it hopes to go beyond the fragmented, simplistic approaches which consider budget or infrastructure management per se without taking into account the diversity and complexity of the urban context. The town as a given space and as a given society, managed both by public authorities and residents themselves, is a special place to re-think space, social structures, political and identity reconstruction. Towns are where a whole range of factors (geographic, social, economic) provide very relevant tools for analysis of urban phenomena and in addition towns are by definition where economic wealth is produced.

It is on the basis of the inter-linkages between all these factors that political management of towns will be envisaged (powers of different types, conditions for governance, citizens' initiatives), as well as economic management (urban investment and productivity, definition of new approaches for resource mobilisation etc.) and environmental management (taking into account natural and technological risks but also of environment as a setting for life). This is applied research. On the basis of its experience in Latin America and Africa, ORSTOM will continue to reflect on methodology as regards the tools and patterns of urban management assistance; development of GIS, urban observatories, partnerships with the South will be strengthened and ORSTOM will also develop links with the specialised scientific community working on urban research in the North.

Contact : Benoit Lootvoet, ORSTOM

## ISTED WEB SITE

Opening of an Isted Web Site on Internet at : <http://www.isted.3ct.com>  
Change of E-Mail address of the Documentation Centre of VED : [ved@isted.3ct.com](mailto:ved@isted.3ct.com)

## Association of Urban Development and Cooperation Professionals (ADP)

A one-day study workshop on the topic of «Issues related to Project Negotiation» will take place on Sept. 5, 1997, at ENPC, 28 rue des Saints Peres, 75007 Paris. Participants, representing various donors will present, through their specific experience, the stakes, protagonists, terms and conditions of project packaging. The programme will be finalised in July. FF. 100 will be asked for the preparatory document and the final report.  
→ Contact : AdP, c/o Isted-VED, Fax : (33-1) 40 81 15 99

## Meeting of Urban Development Experts in Brussels

A meeting was held in Brussels on February 26 and 27, 1997, for urban development experts of countries in the European Union. Organised by DG8, its objective was to discuss how the EU could more closely focus on urban development in its cooperation with ACP (African, Caribbean, Pacific) countries. From the conclusions of the UN Habitat II conference, held in Istanbul in June 1996, which evidenced the full scope of the global process of urban development as well as the crucial contribution of towns to the economic, social and cultural development of their countries, and on the basis of the reports from various ACP countries at that conference, DG8 launched a reflection on its cooperation with towns.

## Study workshop in Lome

At the end of the training session on urban rehabilitation in Africa, jointly organised by EAMAU of Lome and ENPC from April 27 to May 23, a one-day study workshop on the role of the State in urban development was organised in Lome, Togo, for about 20 municipal leaders or representatives of African municipalities and central administrations involved in urban development or decentralisation; the workshop was sponsored by the French Ministry of Cooperation. A network will be set up around EAMAU, to link up local government and central administration (whether at central level or decentralised) leaders. In addition to its financial input, French government may mobilise experts from its central or decentralised services (Ministry of Land Planning) in order to help set up and run this network.

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Directeur de publication : Jean Smaghe, président de l'ISTED

Rédacteur en chef : Michel Gérard, de l'Association de Professionnels Développement urbain et Coopération (ADP)

Comité de rédaction :

Chantal Barbieux,  
Xavier Crépin,  
Emile Le Bris,  
François Noisette,  
Claude Praliaud,  
Françoise Reynaud,  
Bernard Rond,  
Jean-Louis Venard

Secrétaire de rédaction et PAO : Christiane Graechen-Rebel

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Centre de documentation et d'information "Villes en développement" Arche de la Défense, 92055 Paris-la-Défense Cedex France  
Tél. (33) 1 40 81 15 74  
Fax. (33) 1 40 81 15 99  
[ved@isted.3ct.com](mailto:ved@isted.3ct.com)