Urban public finance in developing countries

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The publication of this volume on urban public finance is timely. The book distills the lessons learned by the authors during many years of work. These lessons will be of great value for policymakers, who are recognizing that urban development is still a major challenge for developing countries. Investments by urban local governments in social and physical infrastructure are now recognized as critical. Maintenance of public capital assets in urban areas is now the responsibility of local authorities, thus fiscal discipline and reliance on local resources have become the watchwords of the 1990s. There has been a growing demand to involve citizens more directly in governance. Related to this is the notion that people will pay more taxes if they see a closer relation between what they pay and what they receive in public goods and services. This volume provides a policy framework for urban public finance in developing countries. On the basis of an in-depth survey of global experience during the past two decades, it offers detailed guidance on issues of how to design local revenue instruments. Beyond this, it seeks a better understanding of the critical elements that connect urban policy and national economic development. By following the lessons of comparative experience gathered here, cities can begin to overcome their government's failures to provide them with critical physical and social infrastructure.

Other subjects
- Macroeconomics and Economic Growth
- Intergovernmental Fiscal Relations and Local Finance Management
- Tax Policy and Administration
- Public Sector Development
- Fiscal Policy

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public policies for urban development is discussed in light of the limits raised from planning development in a market context. The section attempts to provide as well an overview of recent trends in national urban policies in OECD countries. Both PLC and CLC designations are based on population, economic, public finance and infrastructure criteria. In addition, 4) administrative towns are today also considered “urban” settlements. 4Many OECD countries have developed their own definition of urban/metropolitan functional areas (OECD Competitive Cities in the Global Economy, 2006). In the US, for instance, Metropolitan Statistical Areas are defined by: 4 . See for example Hall and Hay (1980) or Cheshire and Hay (1989). Financing Metropolitan Governments in Developing. Countries. Financing Metropolitan Governments in Developing. Countries. Edited by Roy W. Bahl Johannes F. Linn Debor ah L. Wetzel. finance—Developing countries—Case studies. 6. Finance, Public—Developing countries—Case. studies. 7. Local taxation—Developing countries—Case studies. Fortunately, over the years, much of the work by Bahl and Linn on urban public finance in developing countries has reached wide audiences in academia and developing countries. Their book distilled the lessons learned during many years of work by themselves and a growing cadre of others who were prompted by the funding of the World Bank’s initial research projects and field-work during that early period. Annette M. Kim Problem Set 1 ANSWERS Question 1. As you go about your normal activities one day, record all the public services you use and benefit from. Compile this inventory and then rank how rivalrous they are on a scale of 1-5 (5 being non-rivalrous) and how excludable these services are on a scale of 1-5 (5 being non-excludable). The aim was to sensitize you to the public goods we consume which you may be surprised by when you count them – I could think of about 15 public services. Hopefully, you had a healthy discussion about rivalrous and excludable goods which may vary with how the good is structured across time and space.