Urban public finance in developing countries

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Abstract

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.
Bahl and Wallace / Public Financing in Developing and Transition Countries 83 countries decentralize? and discuss the reasons why this policy direction might or might not accelerate. Our concern in this analysis is with the fiscal role of subnational governments (SNGs). We define SNG finances as the sum of provincial (state) and local government taxing and spending, 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. Many 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). Public Finance in Developing Countries. efficiency and local accountability that may outweigh any costs that might arise from the loss of some macroeconomic control and altered investment priorities. Keywords. Public Finance in Developing Countries, production, equity participation by the host government, improved assessment of multinational profits (by curbing transfer pricing abuses), and attempting to encourage local value added by imposing export taxes on unprocessed natural resources.