

IX. CONCLUDING REMARKS

A. ASIAN DEVELOPMENT BANK

Preben Nielsen

I would like to present my perception of the definition of governance. This has been the theme during the past five days. At the local government level, I would define governance as effectively and efficiently delivering new services in the context of the following four parameters:

- accountability,
- participation,
- transparency, and
- predictability.

Unless you have willingness to pay for the services within affordable means, you have no use for governance. In other words, you need full participation from the citizens in sharing the cost burden. This translates into awareness. Campaigns through print and electronic media are needed to enlighten the potential beneficiaries. This is certainly not contrary to NGO interests. Government and NGOs can work together in a constructive manner.

The first parameter, accountability, apart from financial balancing, also relates to investment planning in accordance with economic, environmental, and social planning criteria, as well as subsequent ranking of projects in terms of economic and financial internal rates of return. We cannot spend money in abundance. We have

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limitations, we must prioritize, we must see where the greatest needs are. Examples of this include our experience in Bangalore, India, where we are running an urban project in satellite towns. We have started the Bangladesh Secondary Towns Project; and in the Lao People's Democratic Republic we have the Secondary Towns Project. They all involve participation and transparency in decisionmaking. This means involvement of the beneficiaries in the planning, design, and implementation process. For community and NGO meetings, a full disclosure of relevant information, including resettlement aspects, is provided. In all of these dealings we are trying to keep a level of full disclosure, in accordance with ADB policy.

Predictability implies that you don't spring any surprises on the beneficiaries. When you go through the consultative process, you must inform the participants about what you are going to do. You should not go back to city hall and change the plans without informing the participants in the process. This is the worst thing you can do because they will lose confidence in you.

Turning to alternative methods of service provision, we have private sector participation. We like to use this term because it encompasses various combinations of private sector participation with government partnership. The most commonly used system is the private sector management contract. This is a contract where you engage, for example, a professional water utility firm to undertake the services. The reason you go for this particular type of contract is that you are trying to access technical skills, you're avoiding public employment rules, and you want efficiency improvements. This of course goes hand in hand with the highest service standard.

Another option is leasing. You enter into a management contract relating both to the revenue and operation side, including a profit for the service.

This profit is agreed upon and should go back to the government, or should be reinvested.

You also have a lower level of private sector participation; namely the service contract for independent advice. This is basically to access technical skills. One example of this is in Sri Lanka, where we are assisting in privatizing the water supply in Colombo with the World Bank. We have the support of National Water Supply and Drainage Board, which is responsible for all water supplies in Sri Lanka, including Colombo. This water utility is handling a budget of about \$100 million a year and four accountants are unable to keep order in the accounts. So a solution would be to go for a service contract. The utility is now looking into the modalities of engaging consultants from the private sector.

Franchising is the case where you have full responsibility as the manager for investment and full cost recovery. Then you have various combinations of build-operate-transfer. These function as management contracts with access to private sector capital and maintain control until handover time. In these cases, transparency is extremely important because you are dealing with world market bankers. The last option is full privatization, which means outright sale from the state to private companies.

Last but not least, we have beneficiary contribution. This is usually related to a public sector project involving financing by internal and external financing agencies. The important point here, as also raised in the case of Ahmedabad, is that we want to involve the beneficiaries, the stakeholders in the financing process so they become owners.

B. AUSTRALIAN INSTITUTE OF MUNICIPAL MANAGEMENT

Barrie Beattie

The Institute of Municipal Management has developed, as part of its corporate plan, the process of internationalization. We go out and talk to people around the world and discuss management processes that will improve local government in Australia. I am encouraging you to do the same and go back and put into operation some of the things you have learned from each other here this week. Try to put in place some of the initiatives, some of the processes you have learned over the last five days.

I would also add that I am absolutely delighted that ADBI has set up a chat group. This is a marvelous opportunity because of the networks we will be able to build and maintain. Networks are important. You could be communicating with someone next door or someone from in a faraway country. They might be doing things that we can assist each other with, and vice versa. It is important that we build these networks and learn from each other.

John Martin

I have had a tremendous learning experience this week. The most important thing that I take away from the Forum is a feeling for the power of partnerships. We have learned about the importance of community partnerships in initiatives for change, for example, when raising finances through municipal bonds. As a management educator, I have been involved in the development and implementation of many innovative techniques within local government organizations. What I have seen and heard this week is that, in the face of

incredible pressure for change in large cities, working with the community in partnership is what matters. In the past we may have been overly focused on the internal operations of organizations. The importance of partnerships with our community is essential. That is the message I will take back to Australia.

C. ASIAN DEVELOPMENT BANK INSTITUTE

Jesus P. Estanislao

I am very glad that we have had the cooperation of such outstanding participants, especially those from the Institute of Municipal Management in Australia, the ADB, and the World Bank. We also have Dick Gordon with us, who shared some of his experiences with you. And you had a visit to some of the local governments here in our own Tokyo, and I understand that you had listened to Mr. Glen Fukushima, who is one of the leading business executives here in Tokyo.

My concern as the Dean of the ADBI is not only with the program, but what happens after it. I know you have attended many different workshops, seminars, and forums in your lives, but the question is — what happened afterward? I hope you will all nurture the relationships formed here, and that your efforts to work toward solutions to the problems of Asian cities will be reinforced through your experience here.

I am sure that you are aware not only of the problems you face in your respective cities, but of the common problems of other city administrators. And perhaps because you are faced with common problems, you can cooperate with one another in facing them. I certainly hope that we can continue to cooperate with one another in this area. And

where we can be of some help in building bridges between you and others equally concerned with the problems you are confronted with, we will be only too happy to serve as facilitators to build that bridge.

I would like to know how we can improve on a forum such as this one, and in what ways we can better serve you in the future. We are open to any ideas or suggestions that you have. I cannot promise that we will do everything, but we certainly will listen with a great deal of interest. And where we can make a difference, we will certainly try.

Here at the ADBI we believe in networks. The first network that we will establish is within Japan itself. I think there are plenty of very good experiences here and we would like to be able to draw from these successes. This country is wonderful about getting involved in detail. The Japanese are very structured, and many of their successes in city administration could be assembled and shared among the countries of Asia. This is a challenge ADBI will take seriously, especially those in the Programs Department. We intend to put together a meaningful follow-up program that is truly substantive and that addresses many of your needs. Remember that we are here to support you.

It is absolutely necessary that we begin thinking across our different sectors. This is a forum on municipal management, and most of you are directly involved in managing cities. Very critical to your success is nurturing the cooperation of the central government, the private sector, the NGOs, and the other players in your cities and communities.

I noticed that one of your sessions was focused on customer orientation. Because you must provide public services to the different constituencies served by your cities, listening to

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the needs and demands of these constituencies is essential for success. Often citizens have important ideas and perspectives precisely because they are directly affected by your management. If there is anything that we have learned from business, it is the principle of listening to the customers we serve.