

ASIAN CITIES IN THE 21ST CENTURY

**Contemporary
Approaches to
Municipal Management**

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**Municipal Management
Issues
in South Asia**

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FOREWORD

Municipal managers in Asian cities today are faced with the formidable challenge of finding effective and innovative ways of dealing with rapid urbanization, growing demand for improved public services, and declining financial support from central governments. Moreover, in developing countries in Asia, the infrastructure requirements of the urban sector are so large that the multilateral development banks and other donors can at best contribute only a small fraction of the total. However, there is a solution to this apparent dilemma. Because economic activity and wealth in these countries will be largely generated by the expanding cities, the resources needed for municipal infrastructure development will be available. Tapping these resources, however, will require significant improvement in the management of the cities.

Toward this end, and in recognition of the important roles that municipalities will play in the areas of economic growth, human development, and environmental management, the Asian Development Bank (ADB) has identified improvement in management and public service delivery at the municipal level as a priority area in its governance agenda.

In 1997 and 1998, ADB and the Asian Development Bank Institute (ADBI) organized a number of workshops aimed at creating awareness of recent developments in public sector management at the local government level. Participants shared experiences of successes in reforming municipalities and in motivating citizens and municipal managers to embrace change. Two of the workshops were organized under ADB's regional technical assistance on Governance and Development, which facilitated citizen initiatives to promote municipal government

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reforms in Lahore, Pakistan, and Dhaka, Bangladesh. The third was the ADBI-sponsored Municipal Management Forum in Tokyo, Japan, which was attended by over 30 municipal managers from 10 countries.

The three volumes on Asian Cities in the 21st Century: Contemporary Approaches to Municipal Management are the outcomes of these initiatives.

- Volume I, *Leadership and Change in City Management*, discusses concepts such as leadership, vision, mission, planning, and customer focus to which participants of the Tokyo forum were exposed. It also provides examples of the application of these concepts by municipalities in tackling their problems and implementing change programs.
- Volume II, *Municipal Management Issues in South Asia*, discusses issues in selected South Asian cities, with a special emphasis on organizational problems in Lahore. It also provides a review of municipal reforms and urban governance issues in India and Sri Lanka.
- Volume III, *Reforming Dhaka City Management*, discusses the institutional issues, financial management, and solid waste management of one specific city — Dhaka — and provides recommendations on organizational reforms to deal with these issues.

We are indebted to many individuals for the completion of these publications. We recognize the contribution of the participants and speakers in the workshops, who continue to do their best, every day, to make their communities livable through better municipal services. Naved Hamid coordinated the workshops and supervised the preparation of the

reports. Rosario Belen and Merly Mallion assisted in organizing the workshops and preparing the materials for publication. Eric McGaw provided editing services and Ramiro Cabrera did the cover design.

We trust that this set of publications will make a positive contribution to the literature on municipal management. Further, we hope that it will prove a useful resource for city managers in their efforts to improve the quality of life for their citizens, and thus promote the development of responsive and effective local government.

Yoshihiro Iwasaki
Chief, Strategy and Policy Office
Asian Development Bank

I. INTRODUCTION

In 1997, the Strategy and Policy Office of the Asian Development Bank decided to make municipal governance the focus of activities under its ongoing Regional Technical Assistance on Governance and Development. For this purpose it was decided to undertake small projects in two South Asian cities. The idea was to create, over a period of four to six months, an awareness among key decision makers of the importance of improving municipal management by involving both the community and the service providers in a dialogue on how to improve the quality of urban services. The projects would also test the hypothesis that, given favorable conditions, the Bank could serve as catalyst for a process of change leading to more effective municipal governments.

A key element in the ‘favorable conditions’ was identified as commitment and support at the highest level of government to the objective of improving city management. A new government came to power in Pakistan in February 1997, and the provincial government of Punjab was found to satisfy the above criterion. Thus the city of Lahore was selected for the first project and the process was initiated in partnership with National Engineering Services of Pakistan (NESPAK). They identified resource persons, established groups of concerned citizens, organized meetings between service providers and the citizens, and developed an action plan for reforming municipal management in Lahore. To present the action plan to the key decision makers in the province and to make them aware of the possibilities by exposing them to success stories from South Asia, a Seminar on Municipal Management Reform was organized in Lahore 16-18 October 1997.

The seminar brought together the rich and diverse experiences of municipal officials and experts

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from Bangladesh, India, and Sri Lanka, as well as from Malaysia and the Philippines. The success stories served as eye openers for the participating government officials from all provinces of Pakistan, and for concerned citizens, government officials, and public representatives from Lahore. The Chief Minister and the Governor of Punjab both attended the seminar. The media took a special interest in the proceedings, and provided extensive coverage with in-depth reports on civic problems in Lahore. They also reported in detail how some cities in the region had successfully tackled these problems, and articles on the subject continued to appear in the press many months after the seminar. The Chief Minister had a long private meeting with the visiting municipal officials and was so impressed that he immediately instructed the Administrator from Lahore to plan a visit to Ahmedabad and Calcutta to learn how the managers of those cities had succeeded in turning their municipalities around.

After the seminar, the exposure of municipal officials from Lahore to modern municipal management techniques was sustained through participation in a Municipal Management Forum in Tokyo hosted by ADBI, as well as the city's involvement in the Bank's ongoing regional technical assistance for Enhancing Municipal Service Delivery Capability. The seminar, and the process of continuous interaction following it, was so successful that a large number of the recommendations made at the seminar are currently being implemented.

Today Lahore has an elected Lord Mayor, and each of its eight zones is administered by a Deputy Mayor chosen from the elected councilors. A new law is being drafted which will make the Metropolitan Corporation of Lahore (MCL) the first autonomous municipal council in Pakistan by 1 July 1999. The accounting and budgeting systems have been modernized and, for the first time, its annual accounts have been audited by a private chartered

accounting firm. Public relations materials explaining the programs, services, and accomplishments of MCL are prepared regularly, and citizens groups are encouraged to interact with city administration on issues of common interest.

One of the most interesting by-products of the exposure to innovative practices in other cities was the initiation of a partnership between the public sector and a nongovernment organization (NGO) in education. The municipality runs over 300 primary schools in Lahore and a large number of these are understaffed and poorly maintained. MCL and a local NGO called CARE entered into a partnership under which MCL handed over the management of 10 schools in particularly poor condition to CARE. Under this arrangement, MCL provides the building and pays the salaries of the existing teachers, while CARE is responsible for any new teachers, teaching materials, and supervision. In the first six months, the number of students in these schools increased several fold, and the school environment and quality of education improved significantly. Other proposals for public-private partnerships such as restoration and maintenance of streetlights and traffic signals are under negotiation.

Lahore is a city in which change is taking place. It is possible that the seminar was the catalyst that triggered this process, but the key factor in the reforms was the political will and strong commitment of the leadership, as well as the involvement of the stakeholders. The challenge, of course, will be to sustain these efforts, but with the new and dynamic leadership in Lahore there is cause for optimism.

This volume provides a collection of the papers presented at the seminar. It is divided into two parts: Part A focuses on municipal management in Lahore itself, while Part B reviews municipal government reforms and urban governance issues in other South Asian countries.

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Part A. Municipal Management in Lahore

The Keynote Address of Iftikhar Khalil describes the processes and findings of concerned citizens in Lahore regarding the levels of institutions and individuals responsible for managing the city. He stresses the complexity and seriousness of the issues, and notes that easy solutions are unlikely to be found. On a positive note, he states that the gathering itself is an important step toward resolving the problems and difficulties faced by the citizens of Lahore.

In his Inaugural Address, Punjab's Chief Minister, Mian Shahbaz Sharif, recognizes that the problems of Lahore require immediate attention, particularly with regard to the working arrangement between MCL and the Lahore Development Authority (LDA). He discusses the provision of services and the need for professional staff and innovative practices. Finally, he commits Punjab government support to the improvement of the socioeconomic conditions of the urban population and to the implementation of the recommendations under existing constraints and resources.

Syed Mansoor Ali Shah reviews the institutional structure and framework of Lahore City and assesses its managerial performance and potential. He focuses on the legal structure, performance, external pressures, internal policies, staffing, and relation of Lahore City with other agencies, as well as its interaction with private and community organizations.

Anwar Kamal describes the findings of a group that examined Lahore's financing services and made recommendations for reforming its revenue base. Addressing Lahore's lack of financial resources for providing essential services to the urban population, he recommends that the city seek such innovative financial sources as municipal bonds, pollution taxes, and surcharge on petroleum consumption. Most important, he advocates transparency of the

budgetary process so that people can see how their money is being used.

Anjum Nasim presents an analysis of the need to involve the private sector in the provision of services, traditionally a public sector domain. He lists ways to delegate some areas of solid waste collection and disposal to the private sector, and emphasizes the regulatory role of the public sector if there is privatization. Finally, he summarizes the discussion and recommendations of the workshop participants which examined issues related to the collection of solid waste, transfer of refuse, and the development and administration of disposal sites.

M.P. Aftab outlines the steps to be incorporated in the plan to improve solid waste collection in Lahore. He emphasizes the efforts of the private sector, increased public awareness, construction of a sanitary landfill site, and improved disposal arrangements for hospital wastes. He also encourages training programs for the staff on solid waste management.

Iftikhar Khalil presents an Outline Action Plan for Lahore based in part on the recommendations of the resource persons and key stakeholders. The plan includes provision of public services, public-private mix, financing of services, institutional strengthening, and handling of solid waste. He recognizes that given the limited time frame and resource input, it is not possible to recommend a comprehensive package of appropriate measures for making Lahore a model city. He stresses that in improving the basic services, the public perception of how the services are being provided and managed should be taken into account.

The Honorable Shahid Hamid, the Governor of Punjab, candidly admits that Lahore is faced with serious urban problems because its current infrastructure and public facilities have not matched its rapidly growing population. He strongly believes that without the willing support of the community, and a conscious effort to bring about a positive change

in public attitude, Lahore will make little headway in achieving the desired municipal reforms. He urges the educational institutes, government departments, and media to play their roles in ensuring greater public participation in community welfare projects.

Alan H. Edmond conducted a diagnostic study of MCL from June to October 1997 to define the organizational problems and suggest a plan for reforming the methods by which services are delivered. He recommends that local and provincial officials must take a hard look at not just the symptoms, but the root causes of the problems. He underscores the necessity for a working relationship among elected officials, local leaders, and citizens to improve the workings of MCL and LDA.

Part B: Urban Governance in Other South Asian Countries

Padma Jayaweera, Omar Kamil, and V.K. Nanayakkara discuss the historical background of Sri Lanka's local government system as a significant component of its development processes. They describe the various urban infrastructure issues, problems, and constraints confronting the Colombo Metropolitan Region. They also present solutions undertaken by the national and local governments to address these issues.

Shahidullah Miah outlines some of the basic urban issues and problems besetting Dhaka City, including rapid population growth, massive poverty, an inadequate transport system, and deterioration of service facilities. Through its own initiatives, and with assistance from the Government of Bangladesh and foreign donors, the city government has been able to curb most of these issues and problems. Today, it continues to find ways to improve living conditions in Dhaka.

The Municipal Commissioner of Calcutta, Asim Barman, highlights the fact that his city used

to be derided internationally as a terminal case of urban degeneration because of continued deterioration of civic facilities, inadequate cash flow and database, and unmanageable service delivery norms. The political will of both the political institutions and the state government, however, enabled the city to tread the tracks of sustainable municipal reform. Action plans were drawn up, objectives and priorities clearly defined. Structural reforms were carried out, mass-scale computerization was introduced, resource mobilization was enhanced, and the existing infrastructure, services, and facilities strengthened to effectively support the population and activities in the urban center. More importantly, a number of public-private participation programs were started, and substantial NGO support was mobilized.

B. K. Sinha illustrates how the Ahmedabad Municipal Corporation dramatically improved its financial and corporate stature. Some of the financial initiatives adopted include corporate planning, public-private partnerships, bond flotation, build-operate-own/build-operate-transfer schemes, new tax measures, and access of local governments to financial institutions and markets. He emphasizes that financial innovations cannot succeed without the support of efficient municipal governance.

P.K. Mohanty describes how a new Act of the Constitution of India decentralized the powers and responsibilities that enable municipalities to function as effective democratic institutions of local self-government. The Act emphasizes the participation of directly elected representatives of people in planning, management, and delivery of civic services. It provides a blueprint of municipal government reforms in India featuring strong grassroots democracy in the effective functioning of various key institutions. The Act also provides for enhanced tax effort, application of user charges to most urban infrastructures, dedicated taxes and

levies, interagency partnerships, accessing market funds, and financial intermediation.

Dinesh Mehta provides a perspective of urban India in 2021 against the rapid economic changes, increasing urbanization, and declining capacities of national and local governments to manage cities. He underscores that the process of decentralization of urban governance in India has not been very encouraging, partly because it is difficult to expect the national government to shed its powers and authority to local governments. In strengthening municipal governance, he stresses the need for the state governments to create an enabling environment within which the local governments are able to exercise their functional and fiscal responsibilities. He cites the cases of cities in India that have successfully managed to cope with urban challenges, and have recognized that improved governance brings about improved productivity, generates investments, and alleviates poverty.