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**Background note to the session on MANAGING and FUNDING URBAN INFRASTRUCTURE PROJECTS**

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**Revenue Mobilization and cost recovery in Urban Local Bodies**

1. **Urban Local Bodies** are local self-governing institutions constituted by the state or central governments through a specific Act of Legislation. They are territorial and are characterized by fairly dense concentration of population per square Kilometer and where majority of the citizens receive their incomes from non-agricultural or non-farm operations. They constitute the sub-national governance systems in all countries and attend to the day to day needs of a community such as roads, street lighting, water supply and sanitation, schools and colleges, parks and recreation avenues, burial for the dead, public health, internal security and so on. India, SriLanka and other South Asian countries have accounts of independent towns with religious and cultural history such as Kasi and Anuradhapura vying with each other for prosperity.

2. Modern age living has brought in specific infrastructure issues such as underground sewerage services, tunneled communication services, high speed motor ways and dedicated metro rail systems for fast commuter movement in peak periods and so on. This has brought in need for different management systems at city level putting a premium on professionalisation and competence in service delivery consistent with stakeholder expectations. It has also raised issues of financing and sustainable delivery of services.

3. **Exciting times for South Asia:** Governments and citizens in South Asia are going through an exciting period of economic growth and employment opportunities leading inevitably to massive urbanization and challenges to urban management. Both the institutional governance and citizen service delivery issues need to be revisited in the light of new experiments happening elsewhere in the developing world such as South Africa, South American cities such as Bogota and elsewhere in Asia. New institutions for intermediation to bring in the necessary professional skills and capacity building in the ULBs need to be established to supplement the efforts of national and state level governments to quicken the administrative response in city governments. The city managements need to closely look at revenue and expenditure management apart from technical and project management in their various departments.

4. **Management of revenues and costs:** Especially focus needs to be on costs incurred and how best to manage them as per a pre-determined action plan. Matching costs to revenue and increasing revenue to implement and maintain growth oriented infrastructure is another challenge that needs to be well managed to capitalize on the new economic growth opportunities that are fast emerging in the Asian economies. No doubt there is a rich body of opinion and action in model cities. Governments, Consultants and multilateral institutions such as the Asian Development Bank, the World Bank and organizations under the UN fold, have captured these best practices and are disseminating them through conferences and action programmes.