

Foreword

Financing Local Government is the first title in the Commonwealth Secretariat's 'Local Government Reform' series. The Secretariat expects to publish a minimum of three titles in the series by 2010. The series editor and co-author is Dr Munawwar Alam, Adviser for Sub-National Government and Administration in the Secretariat's Governance and Institutional Development Division (GIDD).

The series will offer guidance on various aspects of local government reform to public sector policy-makers, senior managers at central and sub-national level, and students and researchers in public administration who have an interest in local government issues. It will feature contemporary thinking and summaries of international good practices from around the Commonwealth.

Decentralisation of government is now taking place in most Commonwealth developing countries. Local governments have assumed enhanced responsibilities for service delivery and the achievement of the Millennium Development Goals (MDGs), and there is a need to build capacity at local government level to keep pace with decentralisation. One of the crucial issues is the availability of adequate finances to satisfy public aspirations. Local leaders are concerned about the ability of government to mobilise and deploy financial resources effectively and efficiently.

This volume on municipal finance brings guidance and good practices to the attention of public sector executives who deal with local government finance. It is based upon the Executive Programme on Finance for Sub-national and Local Governments sponsored by the Commonwealth Fund for Technical Cooperation (CFTC). The programme has been delivered for three years in association with the University of Birmingham, UK; it exposes public officials to key issues and constraints on change in the area of municipal finance and outlines a strategic framework for capacity building. It sets out guidance on how to meet this challenge, supported by practical illustrations of Commonwealth innovations and international best practices.

The book explores methods of ensuring that fiscal decentralisation takes place at the same time as administrative decentralisation. It considers a range of available revenue sources, the design of systems of intergovernmental transfers and the rules needed to ensure that local governments manage their financial resources prudently. It also deals with more complex issues such as capital financing, municipal bonds, and accounting and auditing in local government. It highlights experiences in the UK and other Commonwealth countries, and presents a case study from Ghana.

The other book in this series, *Managing Change in Local Governance* (currently published in the 'Managing the Public Service – Strategies for Improvement' series), will

be rebranded in subsequent editions. *Managing Change in Local Governance* is concerned with key issues in change management at sub-national level which follow on from decentralisation. It provides a useful reference tool for senior officers of national and sub-national governments who are poised to lead strategic change in local governance. GIDD will also publish case studies from Pakistan, Swaziland and The Gambia that will share cross-country experiences in local government reform.

I sincerely hope that this book will help policy-makers and managers entrusted with local government finances to create an effective and 'doable' financial framework for managing municipal budgets. Our aim is to strengthen local government reform strategies and processes, and enable Commonwealth governments to make more informed policy choices about decentralisation.

I am very grateful to Nick Devas, Director of the International Development Department at the University of Birmingham, for his collaboration and valuable contribution. Thanks are also due to the other contributors, Munawwar Alam, Simon Delay, Pritha Venkatachalam and Roger Oppong Koranteng, for sharing their expertise. GIDD is also grateful to Guy Bentham, in the Secretariat's Communications and Public Affairs Division, for assisting with the publication of this volume and for his helpful advice.

Jacqueline Wilson

Director

Governance and Institutional Development Division

Commonwealth Secretariat