

# FINANCING URBAN DEVELOPMENT AROUND LAKE VICTORIA



A TOOLKIT

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URBAN DEVELOPMENT  
AROUND LAKE VICTORIA  
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## FOREWORD



It gives me great pleasure to present this toolkit soon after the launching of the Third Phase of the Lake Victoria City Development Strategies (CDS). The overall objective of this new phase is to enable municipal authorities to better address priority local environmental and urban poverty issues to achieve

sustainable urbanization. In this regard, the Financing Toolkit is published at an opportune time when the number of CDS cities has grown to eight with the recent addition of Jinja in Uganda and Mwanza in Tanzania. The Toolkit is intended to assist cities in the Lake Victoria region prioritize their investments and the mobilize the capital to finance them.

Financing investments is an integral part of the CDS process. Increasingly, cities in many parts of the world are raising debt for municipal infrastructure. They do this by accessing capital markets through issuing debt instruments of varying tenure on a non-guarantee basis. In other countries, government owned domestic financing institutions that lend to cities are making efforts to become more market oriented by mobilizing private capital for public infrastructure.

Given the huge backlog in infrastructure development in the Lake Victoria region, long term debt is clearly appropriate as most infrastructure assets, such as water, wastewater and solid waste management provide benefits over a long period of time. Therefore, for the sustainability of investments, the link between city

infrastructure needs and domestic capital has to be strengthened through public-private partnerships. Experience of new financing modalities needs to be institutionalized in city management processes, as a consequence of having been integrated into the CDS procedures. For institutionalization to take place, improving financial management in local authorities is an important first step in order to make them attractive as target recipients of capital.

The CDS Financing Toolkit developed by the UN-HABITAT is designed to assist in addressing many of the financial management issues facing local government, such as the need for improving the budget structure and the reporting of financial information to stakeholders at various levels, increasing the participation of citizens in the budget planning and decision making processes, and strengthening capital investment planning.

The footprint of many individuals and institutions is evident in the pages that follow. Our partner, the Swedish International Development Agency, has continued to provide invaluable support to this process. Our collaborating partners, the eight city and municipal councils have also been instrumental in ensuring progress. Many other experts have been closely involved at various stages throughout the preparation of this toolkit. I trust that their contribution will leave a valuable legacy in terms of improved local government resource management in the Lake Victoria region.

Mrs. Anna Tibaijuka

A handwritten signature in black ink, appearing to read 'Anna Tibaijuka'.

Executive Director  
United Nations Human Settlements  
Programme (UN-HABITAT)



An aerial view of Jinja Municipality. Photo ©: Jinja Municipal Council

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## ACRONYMS AND ABBREVIATIONS

CBO	Community Based Organisation
CDS	City Development Strategy
IFMS	Integrated Financial Management System
ITDG	Intermediate Technology Development Group
KATODEA	Kagera Tourism Development Association
KCC	Kampala City Council
KIWASCO	Kisumu Water and Sewerage Company
LA	Local Authority
LASDAP	Local Authority Service Delivery Action Plan
LATF	Local Authority Transfer Fund
LED	Local Economic Development
LGDG	Local Government Development Grant
LVRLAC	Lake Victoria Regional Local Authorities Cooperation
MDGs	Millennium Development Goals
MTEF	Medium-Term Expenditure Framework
NGO	Non-governmental Organisation
PPP	Public Private Partnership
PR	Public Relations
SAPs	Strategic Action Plans
SIDA	Swedish International Development Agency
SIPs	Strategic Investment Plans
SMART	Specific Manageable Achievable Resource Possible and Time Bound
TNUDF	Tamil Nadu Urban Development Fund
URL	Uniform Resource Locator

## BACKGROUND

This document, *Financing City Development Strategies*, is a toolkit specifically prepared to help local authorities raise internal and external resources to finance implementation of priority projects and programmes. It provides useful steps, skills and resources to aid the process of financing a City Development Strategy (CDS). The toolkit is divided into three parts: Part A covers five steps necessary in preparing a bankable CDS, i.e., Preparing the CDS; Integrating the CDS in Existing Local Authority Plans and Budgets; Understanding Your Financial Position; Harnessing Underutilised Local Resources; and Forging Innovative Partnerships to Mobilise and Manage Internal and External Resources. Part B contains useful tips on resource mobilisation for cities, e.g., proposal writing and fund raising skills. The final section, Part C, contains links to organisations that provide funding and other support services to local authorities.

Preparation of this toolkit benefited from the Kisumu Experts Group Meeting held from 9 to 13 January 2006. The Experts developed: a draft guideline on preparing CDS; an annotated draft outline of the Financing Toolkit; and an identification of capacity building/basic training and awareness raising needs to enable cities to access and fully utilize the Financing Toolkit. The present document has been enriched by case studies from Lake Victoria Cities participating in the Lake Victoria City Development Strategies for Improved Urban Environment and Poverty Reduction Programme, as well as relevant examples and lessons of city financing from other countries around the world. This collaborative effort and approach underscores the participatory nature of the toolkit. To draw maximum benefit from this toolkit, users (local authorities and their stakeholders) should adopt the various tools contained herein to their own context in an engaging and interactive framework of mutual learning.

### OBJECTIVES OF THE TOOLKIT

- To strengthen internal and external resource mobilization of Lake Victoria Region CDS cities so that they thrive and be able to implement Millennium Development Goals (MDGs)-based city development strategies.
- To institutionalize the CDS participatory process, including capacity building of the local authorities to strengthen the application of participatory planning and budgeting
- To identify and highlight skills necessary for effective implementation of the city development strategy
- To build capacity of Lake Victoria cities in necessary skills for resource mobilisation and coordination of local socio-economic development processes

### EXPECTED OUTCOMES

- A toolkit for strategic decision-making regarding financing options for implementing the investment plans in the CDS process
- A Financing Directory that can enable local governments to easily obtain information on what options are available for external financing
- Ideas on mainstreaming of the CDS plans into municipal financial planning processes

### TARGET AUDIENCE

The target audience for this Financing Toolkit for the Lake Victoria Region City Development Strategies include the local authorities around the Lake Victoria basin region, specifically Bukoba, Musoma and Mwanza (Tanzania), Entebbe, Jinja and Kampala (Uganda), and Homa Bay and Kisumu (Kenya), who have or are in the process of preparing CDS/Investment Plans; private sector/businesses; non-governmental organisations; and other partners. Relevant central government ministries responsible for local government are also targeted as their endorsement and support of the CDS process is important. Thus, target groups for the Financing Toolkit activities should be the relevant staff of municipalities, business, civic and political leaders, and members of the various CDS Task Forces that have been established in each city as well as central government officials in key ministries such as Ministries of Local Government, Finance and Public Works. It is hoped that the success of the CDS process in these six municipalities will be replicated by municipalities across and beyond the Lake Region.





RENTAL  
17  
TUTA



An aerial view of Homabay City. Photo © Homabay Municipal Council.

## PART A: STEPS IN FINANCING LAKE VICTORIA REGION CITY DEVELOPMENT STRATEGIES

### STEP 1 - PREPARING THE CITY DEVELOPMENT STRATEGY: A PREREQUISITE TO ATTRACT FINANCES

#### 1.1. WHAT IS CITY DEVELOPMENT STRATEGY?

A City Development Strategy (CDS) is an action plan for equitable growth in cities and their surrounding regions, developed and sustained through broad-based participation of stakeholders, to improve the quality of life for all citizens.

The essence of the CDS process is to develop a shared strategic understanding among all stakeholders aimed at improving urban governance and management, increasing investment to expand employment and services, and systematic and sustained reductions in urban poverty.

The CDS process comprises the following four basic steps as illustrated in Diagram 1:

*Step 1: Preparing for the CDS:* This involves securing commitments from the ministries and local authorities involved in the CDS, politicians, mayors and councillors. This is followed by identification, mobilization and commitment of stakeholders, including NGOs, CBOs, women groups and representatives of the private sector. A rapid assessment and profiling of local development issues is conducted. This should include, profiling of governance, poverty, environment, economy and shelter aspects of the city as well as other

infrastructure such as sewer, roads, health clinics, etc.

*Step 2: Identification of Key Areas:* This involves stakeholder group consultations to prioritise the key areas identified from the assessment and profiling exercises. More specifically it involves meetings (i.e., consultations in working groups or task force where both men and women are represented) to facilitate Vision formulation.

*Step 3: Action Plan:* This stage involves detailed action planning for the identified issues and areas of implementation including timeframes, resources and lead actors for the implementation.

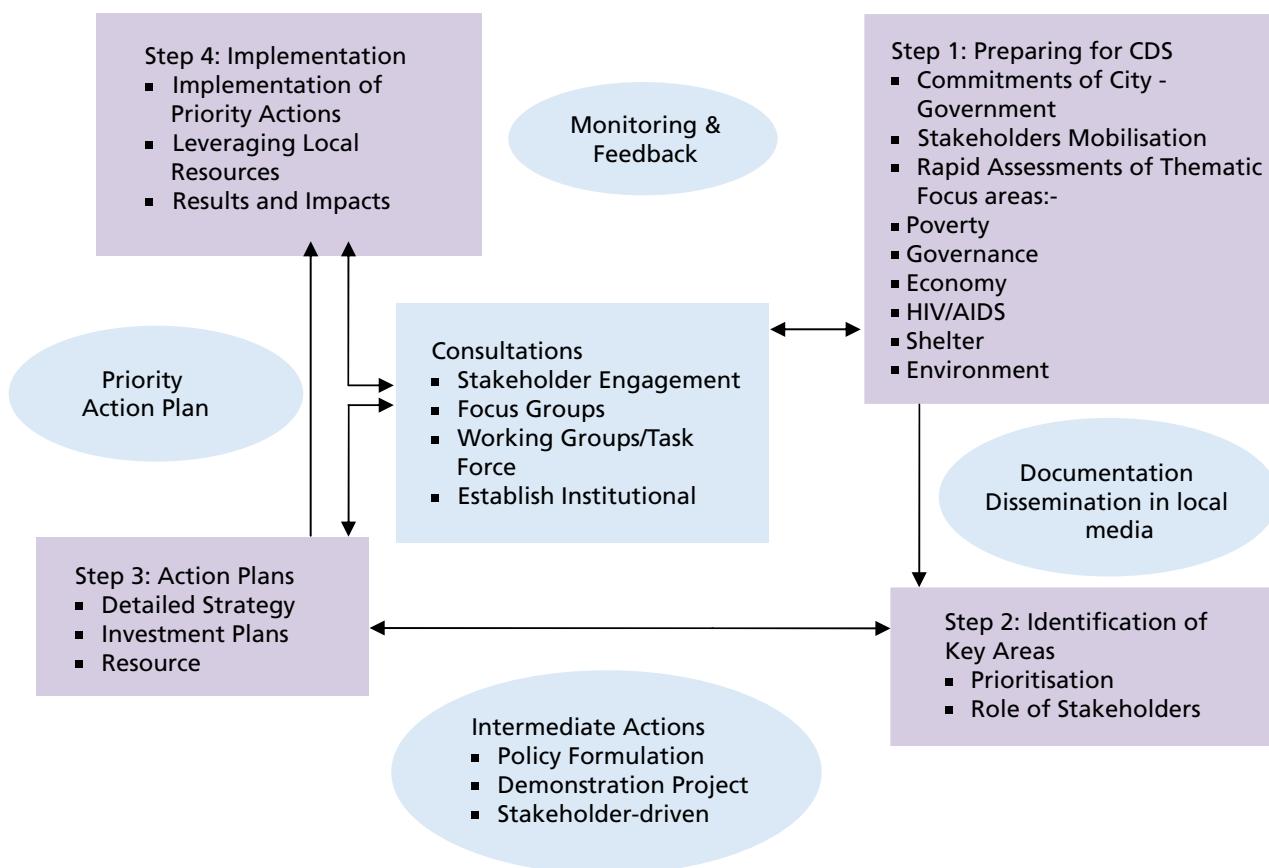
*Step 4: Implementation:* The final stage of the participatory CDS involves the actual implementation of the action plans which are drawn up through broad based consultation and consensus building. A timeframe and expected outcome at each stage should also be included: this is very important to avoid project time and cost overruns.

#### 1.2. WHY CDS?

A CDS adds value to the development process in the city because:

- (a) Scarce resources are allocated efficiently in the city. A city development strategy supports cities in this critical decision making process and is focused on implementation;
- (b) It results in expanded productivity, as cities start to capitalise on their comparative economic advantages; and

DIAGRAM 1: THE CDS PROCESS



- (c) Over time, cities are better able to service their rapidly expanding populations, and address and effect improvements in five key areas, namely participation, partnership, local economic development, poverty reduction, and environmental improvement.
- (d) It facilitates the development of a joint vision for development by all stakeholders.
- (e) It enables building of consensus at an early stage to facilitate implementation.

Thus, the essence of a city development strategy is to provide a tool to Local Governments to enable them realise local policies and completing strategic objectives for better performance. See the City Alliance (2006) *Guide to City Development Strategies: Improving Urban Performance*, Washington, DC. The City Alliance

### 1.3. THE NEED FOR BROAD-BASED AND INCLUSIVE CDS

Wide stakeholder participation is of critical importance to the CDS approach. And it pays as revealed in lessons learnt from the First Generation Lake Victoria Region CDS cities<sup>1</sup>. In the context of financing the Lake Victoria Region CDS, a broad-based and inclusive CDS will continually provide information on citizen concerns and priorities, as well as on the benefits of capital programming, and refine the process to meet changing conditions and needs.

Additionally, a CDS “torch bearer”, such as a civic leader or mayor, is vital to ensure that the enthusiasm and effectiveness of the stakeholder participation

<sup>1</sup> Initially, the local authorities and the major stakeholders took a bit of time to buy into this new process because participatory planning practices and active involvement of civil society organizations (CSOs) has not been common in the past (UN-HABITAT, 2005, “Second Generation CDS Cities Induction Workshop Report)

### BOX 1: THE SUSTAINABLE DAR ES SALAAM PROJECT (1992 – 2003)

Dar es Salaam, Tanzania's capital city is the largest urban centre in the country with a population of 2.3 million. The growth of the city has not followed any coordinated, long-term strategic plan. As a consequence, the city experiences a shortage of housing, inadequate urban infrastructure and services and a deteriorating environment.

In response to these challenges, the Sustainable Dar es Salaam Project - launched in 1992 - was one of the first demonstration city projects of the Sustainable Cities Programme (SCP) developed by UN-HABITAT and the United Nations Environment Programme (UNEP). Key to the project was the application of the Environmental Planning and Management (EPM) process, aimed to guide municipalities in planning and managing urban development and growth, with emphasis on environmental sustainability and public and private partnerships.

Stakeholder working groups were the engines of the entire EPM process. They critically analyzed environmental issues and developed strategies to address these challenges. Top priority was solid waste management and the upgrading of unplanned settlements. A solid waste management system was established based on a partnership between the private sector and local communities. At the same time, unplanned settlements such as Hananasif were upgraded through a process of partnership and community development.

By 1994, the success of the broad participatory approach to urban management was evident, and soon other towns in the United Republic of Tanzania were interested in learning from the Dar es Salaam experience. The Project expanded to include the establishment of four municipal authorities - the City of Dar es Salaam and the Municipalities of Ilala, Kinondoni and Temeke. This saw the City increase its revenue eight times in a space of two years from USD1.5 Million in 1996 to USD10.7 Million in 1998. The Strategic Urban Development Plan (SUDP) which is guiding the development of the City was also prepared.

All urban centres in the country are now encouraged to apply the new process in managing growth and development. While the Government manages the programme, the municipalities are responsible for selecting staff and creating budgets for implementing the EPM process in their districts, as well as enabling other stakeholders to participate in the process.

process is not dissipated (see Box 4). The Lake Victoria CDS attempted to include many diverse groups and to maintain interest through regular communication, consultations and formation of working groups and committees that were truly representative of the diverse group of stakeholders. In addition, at the local levels key public personalities-City Mayors and businessmen-were the torchbearers for the project.

In Bukoba, a Managing Director of a local tour company has been playing a pivotal role in efforts to revive the economic fortunes of the town. Civic and business leaders and other stakeholders in Kagera region are partnering through the Kagera Tourism Development Association to aggressively market the region as a leading tourist and tourism investment destination. The National 2006 World Tourism Day was marked in Bukoba and one of the highlights was the Kagera Cultural Festival.

### 1.4. PACKAGING STRATEGIC ACTION PLANS AND STRATEGIC INVESTMENT PLANS

A key outcome of the CDS process is the preparation of strategic action plans (SAPs) and strategic investment plans (SIPs). SAPs are derived from the short-term objectives that are identified (i.e., during the CDS consultations) to correspond with the broad goals of the city. A strategic action plan identifies immediate priority sectors, and the roles and responsibilities of various actors and stakeholders and the interventions necessary to address priority areas and the timeline. SAPs are a derivative of the short-term objectives limiting activities to a five-year period to correspond to the period of review of the CDS.

The strategic investment plan, on the other is longer term, and may have no immediate funds and its

TABLE 1: GOAL, OBJECTIVES, STRATEGIES AND SPECIFIC ACTIVITIES-KISUMU CDS

Goal	Short-term Objective	Strategy	Strategic Action Plan
Improve access and provision of basic infrastructure and health services	Ensure 40% of the population has access to portable water and sanitation within the next five years	<p>1. Encourage private sector participation in water and sewerage services</p> <p>2. Encourage establishment of community based water and sanitation schemes</p> <p>3. Improve sanitation coverage through promotion of construction</p>	<p>1.1. Kisumu Water and Sewerage Company (KIWASCO) to design and implement subsidiary agreements/policy for water supply undertaking especially for industry</p> <p>1.2. Establish new and strengthen existing neighbourhood frameworks for community policing on water and sewerage services to minimise theft and vandalism</p> <p>1.3. Rehabilitate and expand water supply and sewerage</p> <p>1.4. Identify relevant partners and establish a sanitation forum of resource persons to be anchored under the Public Health Department</p> <p>1.5. Carry out regular campaigns on need for proper sanitation</p>

Source: "Kisumu City Development Strategies (2004-2009)"

actions take longer to complete. The actions contained in SIPs are relatively costly, there is no immediate flow of funds, immediate impact is less in real terms and the actions will take longer to get completed. Action plans, which cannot be accomplished in the foreseeable future for many reasons, are categorised as SIPs. They become a guide for future projects. However, SAPs and SIPs are related and are based on the identified priority issues. They are some of the most important outcomes of the CDS initiative in the Lake Region.

The following Table shows an example of a

broad goal of Kisumu CDS, the associated short-term objective, strategies (i.e. the means to achieve the objective) and strategic actions of the SAP.

Each SAP and SIP should be SMART, i.e. Specific, Manageable, Achievable, Resources Possible, and Time Bound.

- Specific-all components of the SAP/SIP should be clear and specific.
- Manageable-activities and actions should be within the scope/ability of the actors.



- Achievable-activities and actions should be achievable, and not unrealistic.
- Resources Possible-activities and actions should be tied to available/anticipated resources.
- Time Bound-SAPs/SIPs should have a set timeframe and/or deadline.

## STEP 2 - MAINSTREAMING CDS INTO PLANNING AND BUDGETING: ENSURING SUCCESS AND SUSTAINABILITY

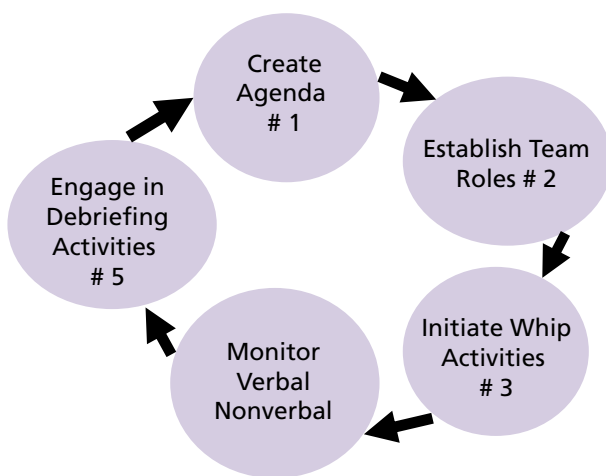
### 2.1. UNDERSTANDING THE LOCAL AUTHORITY PLANNING PROCESSES<sup>2</sup>

For the CDS to have an impact in the city it must be mainstreamed into the day-to-day functioning of the local authority. By 'mainstreaming' is meant

bringing various parts into a unified whole. This presupposes a thorough understanding of local authority planning process, a condition which is easier satisfied if members of the CDS Team described below include experienced local government operatives. Thus, the CDS should be mainstreamed into the local authority planning system and should not be seen as separate. Kampala City Council, for example, had the Local Government Development Plan (LGDP) before CDS. When CDS was introduced in 2002 it enhanced community capacity building in participatory and integrated planning introduced under LGDP. CDS also helped make Lake Victoria a priority of Kampala City Council. Among other things, CDS also enhanced the capacity of existing structures; it did not create parallel ones. The following basic steps are helpful in integrating CDS into existing plans and budgets:

## 2.2. ESTABLISH A CDS TEAM<sup>3</sup>

Create a team to oversee the CDS process. Use the following practical steps<sup>4</sup> to build your team:



Step # 1: Set an Agenda that identifies what is to be discussed and dialogued by the team. The purpose of the agenda is to guide the team in a particular direction

Step # 2: Assume Team Roles. Three roles; that of leader, process observer, and record/time keeper are essential for the team to function.

Step # 3: Initiate Whip Activities to share ideas, communicate opinions, and focus on common themes that allow sharing and honesty in teaming process.

Step # 4: Monitor Verbal and Nonverbal Behaviour, which influence or impact other team members' behaviour.

Step # 5: Initiate Debriefing Activity at the end of teaming sessions to determine progress, to summarise or to bring to closure. This is for purposes of team improvement and performance improvement through reflection.

- The team should be headed by senior officers from various departments in the city authority and should include the CDS Focal Point, City Administrators, sector-based representatives, politicians, partners and other key stakeholders. See examples from three CDS Cities (Box 2).
- This team should have enough flexibility to coordinate activities easily, which means 7 to 15 people making decisions and follow them through. Naturally, city specific needs and circumstance will dictate which kind of team is needed to take forward CDS business.

## 2.3. BUILD CAPACITY OF CDS TEAM MEMBERS

People must have scheduled opportunities to practice skills if they are to be successful. As a consequence, continuously build the capacity of political and technical team members:-

- (a) To dialogue by introducing the following guidelines or norms<sup>5</sup>
  - Listening and speaking without judgment
  - Acknowledgment of each speaker
  - Respect for differences
  - Role and status suspension
  - Balancing inquiry and advocacy
  - Avoidance of cross-talk
  - A focus on learning
  - Seeking the next level of understanding
  - Releasing the need for specific outcomes
  - Speaking when "moved"

If possible, use a short video presentation. It gives groups a "feel" of dialogue before they try it. After a demonstration the group can be asked: "What makes this difference from other forms of conversation?" By generating the guidelines themselves, the group can take ownership of them.

<sup>2</sup> Local government planning and budgeting are carried out within frameworks defined by policies, laws, regulations and guidelines. Thorough knowledge of existing or operational frameworks, how they influence local level decision making, and the kinds of opportunities they present for manoeuvre is strategic to the process of mainstreaming CDS.

<sup>3</sup> The CDS Team should be characterised by: people with complementary skill, common purpose, clear purpose and common working approach; mutual accountability, among other characteristics.

<sup>4</sup> Based on *101 Tips, Traps, and To-Dos for Creating Teams: A Guidebook for School Leaders* (1998) by Gerald D. Bailey et al., National Education Service

<sup>5</sup> Gerald G. and Linda Teurfs "Dialogue and Organisational Transformation" in *Community Building: Renewing Spirit and Learning in Business*, New Leaders Press, 1995; Accessed from <http://www.vision-nest.com/cbw/Dialogue.html#32> on August 1, 2006.

## BOX 2: CDS TEAMS IN THREE CITIES

Following the Regional Workshop in which cities committed themselves to a participatory City Development Strategy, a Steering Committee was set up by Kisumu City Council as the project implementers to spearhead the CDS process. The Steering Committee comprises of the Directors of Social Services and Housing, Water and Sewerage, Town Planning, and Environment. The Steering Committee was coordinated by the Town Clerk and included other stakeholders in its regular deliberations. The other stakeholders are the Western Kenya NGO Network, Intermediate Technology Development Group (ITDG), Clean-up Kisumu, the Physical Planning Department, and the Office of the District Development Officer. The team has the Mayor, Deputy Mayor, three Councillors and a private sector representative as ex-officio members. Such a multi-sectoral and multi-layered team is likely to be skill diverse and complementary.

By contrast, the Musoma Town Council set up Working Teams to coordinate the CDS processes and appointed a Coordinator to oversee the Working Teams. The teams comprised of Council Technical Staff, Councillors and Members of Civil Society. This inclusiveness enhanced a multi-sectoral planning approach involving other partners and stakeholders. For example, a local NGO (UMABU) was involved in mobilising the urban and peri-urban groups to widen continuous stakeholder consultation process.

In Kampala, the coordination mechanisms evolved towards inclusive teams under the auspices of two chief officers – the Director of City Planning and the Director of Medical Services. Community Working Groups (i.e. Slum Upgrading Committees) were established according to resolutions reached at divisional level community consultations. The Kampala case ensures that decisions made by the Committee will have resonance with the citizens and are likely to be seen as legitimate and therefore draw support and be sustainable.

Source: UN-HABITAT (2005) *Cities Development Strategies for Improved Urban Environment and Poverty Reduction in the Lake Victoria Region*, Urban Management Programme Working Paper Series

- (b) To participate by planning a plan to increase participation (i.e., organising actions that will lead to the fulfilment of a goal by providing direction and an approach to follow), as the following example (see Box 2) aptly demonstrates.
- (c) To fundraise by answering three basic questions:
- Why fundraise?
  - When to fundraise?
  - How to fundraise?
- Why fundraise?**
- To bridge the gap between own resources and project cost  
When and How to fundraise?
  - When you want to start a new project, or expand an existing project, and financial costs are involved
  - When these costs cannot be recovered in your current budget
- When you know of a source of finance (e.g. granting agency that makes awards to pay for the type of costs you envision)
  - When you know that you meet eligibility standards for accessing finance
  - When you are able to commit time and energy to proposal or grant writing process
  - Search and narrow the field, then zero in and investigate the prospects
  - Know and follow guidelines
  - Ask questions, if needed
  - Consider a meeting
  - Build community support
  - Form a working group
  - Get expert advice
  - Learn from rejection
- (d) To negotiate (see Part B Section 2.3, p. 51)
- (e) To advocate (see Box 4 above)
- (f) To forge and manage partnerships (see Step 5, p. 43)



### BOX 3: PREPARING FOR LAKE VICTORIA CDS

In order to mobilise local authorities and stakeholders to develop a programme laying out City Development Strategies for improved urban environment and poverty reduction, UN-HABITAT prepared a project document that indicated the project purpose and objectives, activities, outcomes, targeted partners, and budget. The document (plan or proposal) was useful in informing the potential partners and interested donors.

With knowledge of the existence of the project document, cities along Lake Victoria registered their interest to participate in the project with UN-HABITAT through formal communication. Consequently, a Municipal Checklist was conducted in the Lake Victoria CDS in each city in order to examine political and institutional conditions and existing realities. The exercise provided the information necessary to better design the CDS to be as specific as possible to the context.

The results of the above analysis and discussions led to [formal] Cooperate Agreements between local partners and external partners. Following these formal agreement between partners, UN-HABITAT sourced funding from SIDA. Funds were then transferred to UN-HABITAT and obligation to various activities of the Lake Victoria CDS process finalised and budgets drawn. The Municipal Councils also contributed in kind to the project.

Key point: A plan is important because it focuses on the set of steps you will need to go through to achieve your ultimate goal of recruiting members. The planning stage is the time to decide what actions to take to achieve your goal. Thus, if your goal is to increase participation: (1) decide why you want or need members; (2) decide how many members you need; (3) decide what kind of members you need; (4) decide who is going to find the new members; (5) determine when to look for new members; (6) decide how you will approach new members; (7) decide what to do if you get a yes, a maybe, or a no; and finally (8) think about how to get around common problems.

Sources: UN-HABITAT (2005) *Cities Development Strategies for Improved Urban Environment and Poverty Reduction in the Lake Victoria Region*, Urban Management Programme Working Paper Series "Community Toolbox", URL:[http://ctb.ku.edu/tools/en/sub\\_section\\_main\\_1078.htm](http://ctb.ku.edu/tools/en/sub_section_main_1078.htm), accessed on August 1, 2006.

## 2.4. ENSURE POLITICAL SUPPORT AND APPROVAL

- (a) Involve the Mayor as well as other influential leaders for political support. In several CDS cities political will in preparing for the Lake Victoria CDS has been evident. In the case of Musoma, for example, the Mayor was very instrumental in the whole project. Such a "torch bearer" understands the plan, believes in it and promotes it. The same is the case with Kisumu where the Mayor and other community leaders have been instrumental in the success of the CDS initiative. But, while the support of political leadership is critical, it sometimes comes with baggage in the form of 'interference'. This should be avoided and resisted diplomatically as well in order to avoid scaring away investors and/or render a

- local authority credit unworthy in the eyes of potential funders. This especially true today because of the value attached to governance and other 'soft' issues in local authority assessment.
- (b) Mainstream<sup>6</sup> CDS into council budgetary system by:-
- Involving elected officials early and in all phases of designing the system;
  - Providing them with comprehensive analyses of financial conditions and funding sources;

<sup>6</sup> 'Mainstreaming CDS into existing plans and budgets requires approval and adoption by the Full Council. Approving SAPs and SIPs demonstrate a local authority's commitment to CDS, and confirms that elected officials will adhere to the programme and not give weight to political factors. The Council should be provided adequate time to review the SAPs and SIPs. Ideally, there should be two budgets: an existing budget to meet recurring expenditure and the CDS development budget. Each should be funded and monitored separately.'

#### BOX 4: WHAT IS ADVOCACY?

- Advocacy is active promotion of a cause or principle
- Advocacy involves actions that lead to a selected goal
- Advocacy is one of many possible strategies, or ways to approach a problem
- Advocacy can be used as part of a community initiative, nested in with other components
- Advocacy is not direct service
- Advocacy does not necessarily involve confrontation or conflict

##### Examples:

- You join a group that helps build houses for the poor--that's wonderful, but it's not advocacy (it's a service).
- You organize and agitate to get a proportion of apartments in a new development designated as low to moderate income housing--that's advocacy.
- You spend your weekends helping sort out goods at the recycling centre--that's not advocacy (it's a service).
- You hear that land used for the recycling centre is going to be closed down and you band together with many others to get the City to preserve this site, or find you a new one. Some of you even think about blocking the bulldozers, if necessary. That's advocacy.

##### Several ingredients make for effective advocacy, including:

- The rightness of the cause
- The power of the advocates (i.e., more of them is much better than less)
- The thoroughness with which the advocates researched the issues, the opposition, and the climate of opinion about the issue in the community
- Their skill in using the advocacy tools available (including the media)
- Above all, the selection of effective strategies and tactics

Source: UN-HABITAT (2005), *ibid.*

- Conducting citizen surveys to generate information on citizen concerns and priorities;
- Continually providing information on the benefits of capital programming and refining the process to meet changing conditions and needs;
- Involving staff in all aspects of the process;
- Providing adequate training and technical support, including the necessary; accounting and information system; and
- Allowing sufficient flexibility for staff to manage the projects by providing funds for contingencies and broad funding authority.

#### 2.5. HARMONISE EXISTING LOCAL AUTHORITY PLANS WITH THE CDS STRATEGY

The Kisumu and Entebbe cases show that the process of integration should as much as possible explore connections or synergy between CDS and existing LA plans (see Table 2 below). In Kisumu the CDS process was introduced while there were ongoing national reforms requiring LAs to carry out strategic planning and develop three-year action delivery plans known as Local Authority Service Delivery Action Plan (LASDAP), which are being funded under the Local Authority Transfer Fund mechanism. This context was conducive for the integration of CDS with LASDAP. Accordingly, Kisumu City Council used its Strategic Action Plan to log into Local Authority Transfer Fund by establishing correlation between CDS and LASDAP.

In the Entebbe case, the CDS was found not very different from ongoing planning processes. The three-year

**TABLE 2: PROCESS OF INTEGRATING CDS**

Key Stages in Development	Integration of CDS
Situation analysis including SWOT	The City Profile forms the basis for situation analysis in the Development Plan
Strategies for minimizing weaknesses/ threats and maximising strength/ opportunities	Strategic Action Plans and Strategic Investment Plans identified in the CDS process are captured in the overall strategic initiatives in the Development Plan
Poverty/livelihood analysis and strategies to address poverty	The poverty issues identified during the CDS process directly enter the poverty/ livelihood analysis in the Development Plan
Analysis of cross-cutting issues such as environment, HIV/AIDS, gender, and related mitigation measures	Cross-cutting issues analysed and mitigation measures identified during the CDS process are included in the Investment Profiles and in the Local Government Development Plan
Project identification and prioritization	SAPs and SIPs identified during the CDS process are included in the Investment Profiles of the Development Plan
Formulation and approval of the three- year Development Plan	The City Profile, SAPs, SIPs are all incorporated in the Development Plan

rolling local government development plan, for example, is formulated through participatory planning meetings from the lowest (Parish) level through to the budget conference. This is aligned with the CDS approach of participatory planning (i.e. city consultations). CDS had an additional advantage; its Stakeholder Working Groups helped in mobilizing cross-sectoral representation of interest groups. Thus it was easy to link investment profiles in the three-year rolling plans with SAPs as they are both generated using similar participatory processes. Under Uganda's Medium-Term Expenditure Framework (MTEF), projected investments

are coherent with the budget annex in SIPs. Likewise, situation analysis is aligned with the city profile.

Since priorities and circumstances in the city are dynamic and ever changing, the CDS is not a one-time exercise, but needs to be reviewed and updated regularly, at least once every five years. Information collected during the CDS should feed into and inform the existing local authority plans.

## 2.6. INSTITUTIONALISE THE CDS

Once the CDS document is prepared, two major policy changes need to take place in the city management:

1. Institutionalize integration of environmental management in the development planning of the council
  - There must be deliberate efforts to ensure environment and poverty alleviation actions are the benchmarks of a successful development agenda. Future council projects after the CDS process will tend to lean towards this and should always address these concerns.
2. Institutionalize participatory planning ideals in the day-to-day activities of city management by:

### BOX 5: INTEGRATING CDS IN ENTEBBE

Hence the CDS identified the need to improve solid waste management. Purchasing a refuse truck was listed as an activity to be implemented under the Local Government Development Grant (LGDG). The Chitoro Market was also identified as a poverty alleviation project and was prioritised and funded under the LGDG.

- Regularly engaging communities in consultations and provide access to information about the council operations (e.g. using public media)
- Building productive partnership and leveraging social capital formation between the community and the council

The institutionalization process should take the following direction:

- Building and strengthening institutional structures
- Changing or adjusting mandates
- Identifying and tasking “anchor” institutions
- Linking to strategic policy instruments
- Building capacity and developing the skills
- Modifying legal and administrative frameworks.
- Providing funds to support investments
- Maintaining knowledge support and the learning process

#### How?

1. Start a unit in the planning department as the focal point. The head of the unit is expected to be knowledgeable and in a senior position for easier decision-making.
2. Make some budgetary allocation to facilitate operation of the focal point.
3. Form a technical staff team comprising the chief officers who will be involved in the CDS preparation and implementation.
4. Regular endorsements by the council on CDS progresses.
5. Sensitize councillors and members of staff about CDS.
6. Form Working Group incorporating stakeholders’ representatives to review the CDS.
7. Form a consultative working group after the CDS documentation to assist in the implementation.

The CDS is not a one-time exercise. Priorities and circumstances in the city are dynamic and ever changing. Therefore:

- CDS Team must regularly review and update the strategy to improve the management information systems

- Decision-makers must institute an annual review to measure outcomes, adjust and approve the CDS. For this to happen, the plan should be mainstreamed into the Local Authorities’ regular development planning (refer to Section 2.4)
- Ensure full cooperation of the departments involved in this process to avoid miscommunication that may occur
- In addition to controlling financial transactions, use the budget to establish a clear, logical plan for allocation of city resources to essential public service programmes such as infrastructure, and other functions supporting a safe, healthy and pleasant living environment.

### STEP 3 - UNDERSTAND THE LOCAL AUTHORITY FINANCIAL POSITION

Knowing your financial condition and capacity is key to financing the Strategic Action Plan. Every city should know its financial condition and capacity to finance strategic action plans. Such knowledge sets a strong foundation for financial and asset management. It also enhances the local authority credit worthiness. Therefore:

#### 3.1. IDENTIFY AND ANALYSE YOUR FINANCIAL CAPACITY

Table 3 below lists the key revenue sources for local authorities in East Africa.

Review your financial position in terms of own sources of revenue against:

1. Main resources
2. Expenditures
3. Operational and capitals reserves
4. Surpluses and deficits

The analysis should follow the following simple steps:

- (a) Identify and set up an assessment team.
- (b) Collect and analyse data using surveys and/or extracting data from existing council records e.g. budgetary documents, by-laws, etc.
- (c) Compile a Financial Assessment Report to include:
  - A brief description of the source of revenue
  - Revenue potential assessment

**TABLE 3: SOURCES OF LOCAL AUTHORITY REVENUE**

Type of Revenue	Examples of Tax
Property tax or ad valorem tax	(1) Land Rates (2) Rates on buildings (3) Rent (4) Stamp duty
Income Tax	(1) Development levy (Tanzania)
Fees and Charges	(1) Premises licenses (2) Occupational Licenses (3) Service charge -Service or facility fees (4) Documents supplied e.g. building approvals (5) Refuse collection (6) Road license fees (7) Ambulance fees (8) Hotel levy (9) Road Fund and Road Toll (Tanzania)
Commercial Activities	Rental income
Borrowing	(1) From commercial banks-short-term overdrafts (2) From local authority loan organizations (3) From international organizations-long term loans
Contributions and grants from government	(1) LATF (Local Authority Transfer Fund)-Kenya (2) Constituency Development Fund-Kenya
Other Resources	(1) Resources from the CDS Team (2) Contributions from citizens, charities (e.g. Lions Club) and partners

Source: Mika (2006) “Options for Financing City Development Strategies and Investment Plans”

- Cost of collection, major problems and constraints
- Strategies for improving collection.<sup>7</sup>

### 3.2. UNDERTAKE SELF ASSESSMENT OF OWN RESOURCES

To assess own resources vis-à-vis the resources required to implement the CDS, ask the following questions:

1. Are current funding sources and methods of raising resources adequate?
2. What, if any, additional resources will be required to implement the CDS?
3. Are such resources available?

- Before looking for external resources, establish the financial and economic health of the local authority (i.e., what is the Council worth?) Also see Step 3 below
- (a) Make an inventory of assets owned and managed by the local authority
  - (b) Map the financial inflows and outflows

- “Resources” includes human, financial, organisational, physical (e.g., land, housing, utilities), and natural resources or assets. Human resource should be assessed both in terms of its quantitative and qualitative character by asking:
- (a) What is the skill (analytical, communication) level of the labour force?
  - (b) What is the quality and level of educational attainment of council employees?
  - (c) What is the participation rate of men and women?

<sup>7</sup> Use should be made of Census Reports and trade statistics to estimate the tax base; how many people reside in the area, what are their sources of income, number of businesses, etc. For detailed information see Revenue Potential Assessment Guidelines for Local Authorities, 1999, Ministry of local Government, Kenya.



Members of the Assessment Team in a Working Session. Drawing ©: Maddo Studios

Assess current and future financial resources in terms of what the council must spend to provide services at acceptable level as demanded by residential, commercial and industrial users. The exercise of carrying out financial assessment should be guided by the following questions:

- (a) What are the operating costs of existing and proposed facilities?
- (b) What are the maintenance costs of existing and proposed facilities?
- (c) What is the level of current and future government financial support through grants, and loans?
- (d) What are the levels of current and future liabilities in terms of:
  - Loan (principal) repayment?
  - Interest rates?
- (e) What is the level of current and projected revenue streams?

### 3.3. IDENTIFY BUDGET GAPS AND AGREE ON KEY PRIORITIES

After the Council has approved the CDS:

- Integrate it into the council budgetary system to ensure implementation
- Ensure Strategic Action Plans and Strategic Investment Plans are included annually in the council budget.

Identify budget gaps and through the development of the SIP generate ideas for additional funding sources.

### 3.4. LIST EXISTING CHALLENGES

What are the key problems affecting the financial capacity of the LA? Examples of known impediments include:

- (a) Insufficient intergovernmental transfers and grants

- (b) Low and/or declining effectiveness of revenue-raising efforts
  - (c) Legal restrictions and/or contractual requirements
  - (d) Difficulty in measuring or quantifying certain kinds of services<sup>8</sup>
  - (e) Political pressure against charging the correct (marginal cost) price resulting in less than economically efficient prices being charged
  - (f) Low effective demand for urban services and high default rates resulting in huge bad debts and uncollectibles
  - (g) A restrictive legal and tax regime that constricts local authorities' access to local and national tax bases
  - (h) Imbalance and unsustainable expenditure
  - (i) Corruption
- sale of capital assets (e.g., land, buildings) to the capital budget
  - Including debt service (if any) in the recurrent budget if it is a charge against a recurrent tax or grant revenue
  - Showing vehicles and equipment in either the capital or operating budget.<sup>9</sup>
- (c) Design investment projects (Refer to Section 4.2)
  - (d) Conduct financial analysis of cost recovery strategies by reviewing the level of financial self-sufficiency (refer to Section 3.1) and accelerating the growth of own-source revenue (see following sections)
  - (e) Institute and implement strict financial management and discipline. The Government of Uganda, for example, has been implementing

### 3.5. PREPARE MITIGATION PLANS TO DEAL WITH CHALLENGES

Determine:

1. Who will be involved, in what actions, and in what time frame?
2. Does the LA have resources necessary to address existing barriers?
3. If not, what course of action should be taken?

Important things to do:

- (a) Ensure that management structures for municipal and urban services and investments are appropriate in terms of efficiency, accountability, transparency, and anti-corruption. Preparing a good budget, i.e., one that provides sufficient information in a format that facilitates policy/decision makers to allocate scarce resources in an efficient and effective manner to expenditures in order of priority is a helpful way to check corrupt behaviour.
- (b) Prepare and structure your budget by:
  - Separating estimates of recurrent revenue and expenditures and capital spending
  - Crediting regular revenues (e.g., own-source taxes, fees) to the recurrent budget
  - Crediting loans, grants, or receipts from

#### BOX 6: THE INTEGRATED FINANCIAL MANAGEMENT SYSTEM (IFMS)

What is IFMS?

IFMS is a computerised budgeting, accounting and reporting system. IFMS aims to improve on public financial management and accountability in Local Governments and enable them to plan and use financial resources more efficiently and effectively.

Achievement of IFMS

- Installation of computers, generators, server room, fire extinguishers, printer and software at Kampala City Council;
- Training of users on six financial modules/reforms
- Instituting New Chart of Accounts
- Training of finance staff in financial management courses

Constraints

- Increased pressure on existing staff in the Finance Department
- Lack of motivation

Source: Kampala City Council (2003) "Kampala City Council Financial Position: Consultancy for Strategic Framework for Reform Implementation Support", Local Government Development Programme

<sup>8</sup> For example, provision of water, sewerage and sanitation facilities is socially desirable but these schemes not only have long gestation period, they are also not remunerative financially.

<sup>9</sup> See Zic et al. 2003. *Financial Management Manual*, accessible at the Urban Institute Website: <http://www.urban.org>.

a computerised budgeting, accounting and reporting system called the Integrated Financial Management System (IFMS).

- (f) Lobby for amendment of the legal framework to create a more enabling environment for Council operations.<sup>10</sup>
- (g) Use private tax debt collectors. Or alternatively, increase tax compliance through settlements with large defaulters.
- (h) Maximise use of potential revenue sources identified in 3.1 above. This can be done through:
  - Optimal revenue collection and usage;
  - Revenue enhancement; and
  - Revenue Management

### 3.6. OPTIMISE REVENUE COLLECTIONS AND USAGE

Improve collection of own-source revenues by:

- (a) Using computerised systems for information management, particularly tracking and billing;
- (b) Improving enforcement against non-compliance through a system of positive incentives, sanctions and penalties;
- (c) Ensuring transparency in usage of collected revenues. For example, make council accounts public by publishing them in local papers;
- (d) Improving taxpayer service by educating taxpayers on their rights and obligations
- (e) Letting the market work (i.e., limit intercession only to instances where markets fail to function properly);  
Providing services that add value to peoples' lives and help citizens add value to their own lives; and
- (f) Limiting growth in local government and local government spending.

<sup>10</sup> See, for example, *The Constitution (Seventy-Fourth Amendment) Act, 1992. [20th April, 1993]: It has been hailed as a landmark in the evolution of local governments in India. Local MPs could be the most effective principal lobbyist for such legislative change since they are also stakeholders.*

<sup>11</sup> See UNHABITAT 2005, *Promoting Local Economic Development through Strategic Planning, Vol. 1: Quick Guide and Vol. 2: Manual* can be downloaded from the EcoPlan International Inc. website, URL: [www.ecoplanintl.com](http://www.ecoplanintl.com)

### 3.7. REVENUE ENHANCEMENT

Enhance revenue by:

- (a) Broadening revenue sources (e.g. by extending a business permit tax to the informal sector or property tax to the informal sector);
- (b) Diversifying revenue sources i.e. identifying and including new revenue sources (e.g., raising revenue by harnessing untapped local natural resources (land, water, minerals, forests, wildlife, energy sources etc) or introducing new taxes (e.g. on hotel occupancy);
- (c) Regularly updating information, improving collection and enforcing payment;
- (d) Identify opportunities for local economic development (LED) e.g. community contracting, micro-credits, local procurement etc;<sup>11</sup>
- (e) Ensuring adequate human resource base; and
- (f) Exploring avenues for Public Private Partnerships (Refer to Section 3.7)

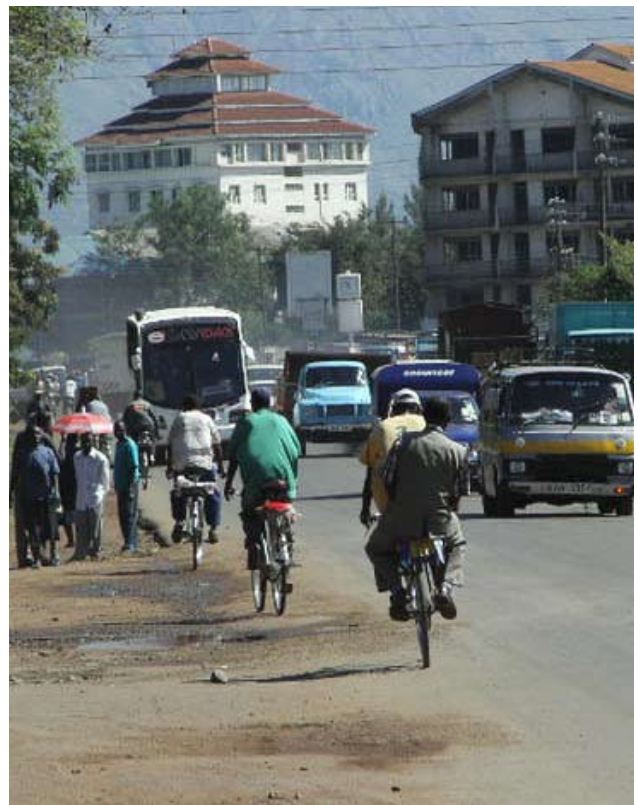


Photo ©: UN-HABITAT



### 3.8. REVENUE MANAGEMENT

Establish clear administrative procedures in key revenue administration functions, such as:

- (a) Tax base identification and information database management;
- (b) Appraisal and assessment of liabilities;
- (c) Invoicing/billing;
- (d) Cash office management;
- (e) Monitoring collection;
- (f) Enforcement (e.g. auditing, independent boards, Tax Courts);
- (g) Customer service;
- (h) Set revenue efficiency targets; and
- (i) Establish effective revenue utilisation plans and revenue optimisation measures.

### STEP 4 - HARNESSING UNDERUTILIZED LOCAL RESOURCES

Identifying and listing the local resource bases is the first step in the local and regional development planning process. It involves gathering accurate information about the local economy (i.e., quantity and quality considerations). Knowledge of a region's economic history and current characteristics will enable public officials to make realistic and achievable policies and decisions. Local authorities have a lot of local potentials that have not been tapped. They however rarely do a self-assessment of their potentials and they will be surprised that there is abundant idle capital.<sup>12</sup> Knowledge of economic base also will enable public officials to make better decisions about economic and business development initiatives, as it provides knowledge of resources available and resources needed for particular projects.

#### 4.1. DETERMINE RESOURCE BASE

Prepare a comprehensive and accurate list of all resources (human, land, water, minerals, forests, wildlife, fishery, energy sources etc.) found in and around the city as shown in the table of contents<sup>13</sup> below.

<sup>12</sup> See UN-HABITAT (2005) *Second Generation CDS Cities Induction Workshop Report*

<sup>13</sup> Adopted from UN-HABITAT (2005) *Promoting Local Economic Development through Strategic Planning, Volume 3: Toolkit, Nairobi, HABITAT*. pp. 18-21

#### BOX 7: ANALYSIS AND USE OF AVAILABLE INFORMATION!

Much of the data needed to gain an understanding of the local economic environment may already exist in Government Departments, NGOs, Chambers of Commerce, etc. Therefore,

- Conduct a literature and document review to make sure you do not 'reinvent the wheel';
- Develop primary data collection tools e.g. questionnaire, guide for focus group discussion (public or experts), observation list, etc. to gather new data on human/social capital, financial capital, manufacturing/physical capital, and natural capital; and
- Compile and analyse data for each resource category.

Source: Blakely, E.J. and T.K. Bradshaw (2002) *Planning Local Economic Development: Theory and Practice*, Sage Publications: Thousand Oaks

#### 1. Human and Social Capital

People, including the social networks and associations to which they belong (i.e., social capital) are important assets of the economic base of cities and the Lake Region. To harness and develop the capacity of the human and social capital components, attention should be given to individual capacities as well as the organisational/institutional context.

Thus the following categories, aspects and databases must be catalogued.

##### 1.1 *Organisational and leadership capacity.*

Determine:

- What are the leadership practices individuals, groups and organisations use in executing their mandate?
- What is the developmental level of leadership practice - dependent, independent, or interdependent?
- What are the patterns of connections? Are the social network structures resulting from cognitive, relational, and structural ties? What values do these relationships

bring to the accomplishment of leadership?

- To what extent do various organisations demonstrate an ongoing capacity to: (1) set directions, (2) create alignment, and (3) build commitment? <sup>14</sup>

## 1.2 Knowledge and Information

1.2.1 Business, Market and Economic. Accurate and detailed knowledge and information of the business, market and economic is essential for planning and decision making. Thus,

- Summarise issues related to the cost of business start-up and operation (permit fees, taxes, regulations, lease rates, labour costs, land costs, etc.) including an estimation of the size and characteristics of the informal sector
- Provide a historical review of the development of the city and local economy
- Draw up an inventory of businesses and business service by sector, type, size, number of employees, production/services, sales
- Categorise employers by sector and size (i.e., small, medium and large)
- Identify primary markets and linkages for existing producers
- Identify key economic leakages-when and why local money leaves the local economy (residents leaving city/region to purchase goods, businesses and manufacturers purchasing materials outside the city/region)
- Profile foreign investment and trade, both current and potential
- List various taxes (local, provincial sales, income or business taxes)
- Review and catalogue the taxation policy (e.g., property-rates, jurisdictions and boundaries, abatement policy, exemptions)

1.2.2 Quality of Life. This aspect of human capital underpins the well-being of the cities population and communities. Collect and assemble data on the following:

- Living standards, cost of living
- Heritage, culture, recreation, social services and health facilities and resources
- Unique local features/atmosphere/identity that influence quality of life, retain local population and attract new residents

1.2.3 Demographic. Local economic previews should include population size and growth rates, including information on age groupings, poverty levels, income, gender, race/ethnicity, and related factors. It is important to be able to answer questions such as how much mobility is in the workforce. Use population census and inter-census statistics to estimate the following parameters:

- Poverty and income levels (e.g., income mapping by district, ward or neighbourhood/estate)
- Population growth rates
- Population age and sex distribution and projections
- Mobility: Out- and in-migration rates

1.2.4 Household and Family. These aspects represent the units of analysis around which much of planning is based. Therefore reliable data on the following household and family characteristics are invaluable:

- Household size and family structure
- Household income

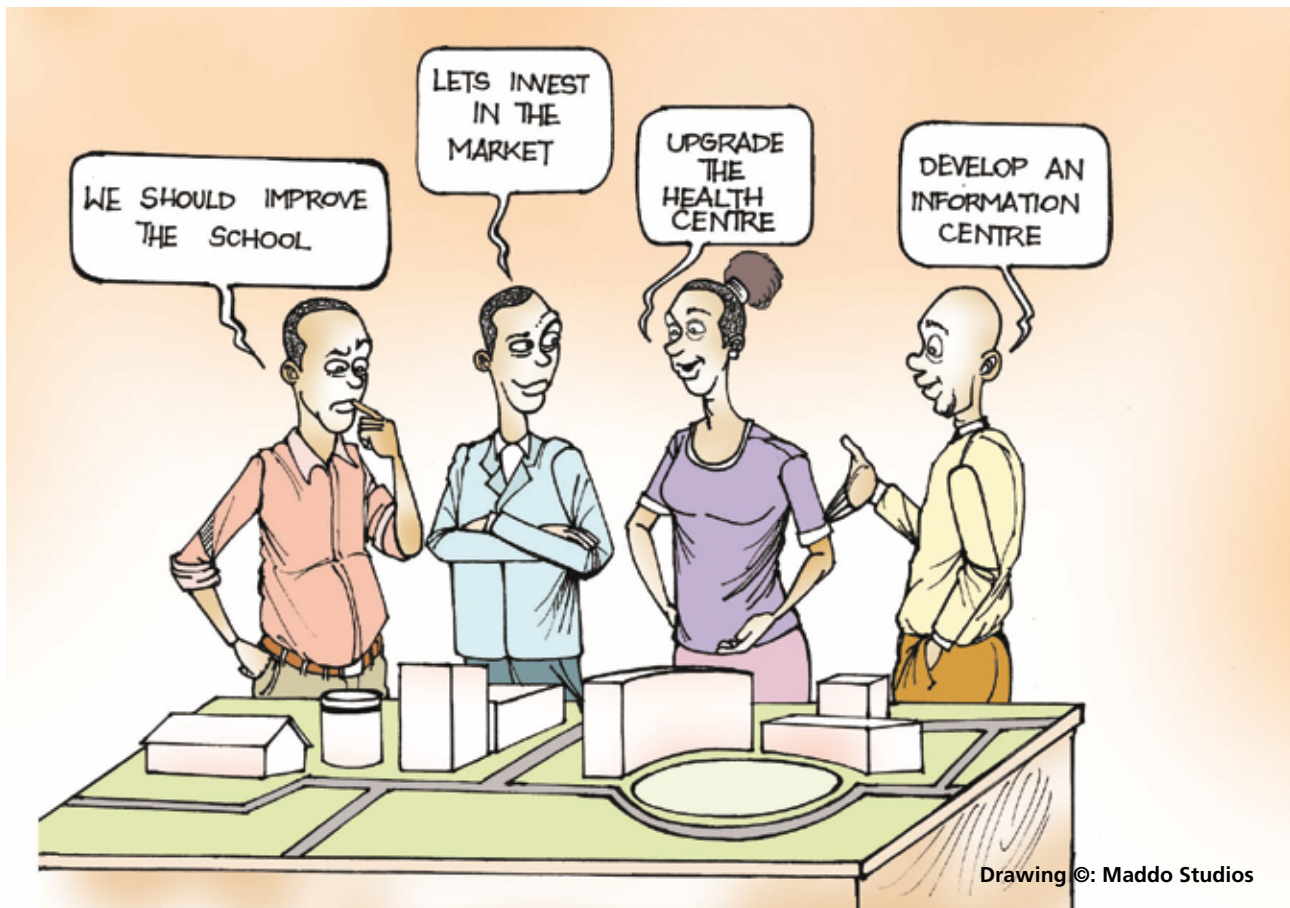
## 1.3 Skills, Competency and Innovation

Human resources are pivotal to the economic development process. Local authorities can utilise a human resource approach to build jobs and create a stronger economic base in the city/municipality. In order to do so they must first identify the existing programmes at the core of the workforce development system.

### 1.3.1 Institutional

- Educational institutions by size, programmes, research capabilities
- Government resources and services
- Business facilities (management training,

<sup>14</sup> Adopted from: van Velsor 2004. *Developing Organisational Capacity for Leadership in the Context of Complex Challenges*, Washington, DC: The George Washington University



technical assistance programmes, business development associations/centres, incubators, convention-trade show venues and events

- Non-governmental institutions and service agencies  
Local authorities can provide a supporting environment for investors and small businesses through the establishment of incubation centres and business assistance centres.

1.3.2 Local knowledge and Experience. Cities can facilitate the identification of people with entrepreneurial talent and interest and develop them.

- Entrepreneurial spirit-is there a high entrepreneurial spirit or do citizens look to others to create jobs?

- Successful and unsuccessful past local economic development initiatives (business closures, recent business start-ups)
- Level of entrepreneurial and small business development activity.  
Cities/municipalities can create a positive economic development attitude throughout a community and thereby provide entrepreneurs with an environment in which they can flourish. Such efforts create a supportive environment for risk taking. Self-knowledge, or the knowledge to specify the objective; imagination and analytical ability to focus on the factors that lead to decisive action; research, for which skills are necessary for collection of data and foresight to estimate data; and decision-making and implementation skills,

which require computational skills for applying the data to the decision rule; and communication skills, for formulating and implementation plans can be reinforced by

community action.

### 1.3.3 Labour Force Statistics and Data

Cities/municipalities interested in applying a

#### BOX 8: KAGERA TOURISM DEVELOPMENT ASSOCIATION STRATEGIC PLAN

Kagera Tourism Development Association (KATODEA) is a registered organisation, registered on 19th May 2004. Its main office is in Bukoba. The KATODEA Strategic Plan describes the Vision of the Association thus: By the year 2010 Kagera Region – “The Pride of the Great Lake – Victoria” – will be among the most preferred tourist destinations and attractions for tour investment in East and Central Africa. Its Mission is “to develop an enabling environment that will encourage the working together of local individuals, community groups and international investors in tourism. In addition, encourage the workforce in the tourism industry and other tourism stakeholders in Kagera Region to work together in achieving economically viable and sustainable tourism enterprises and their supply chains. This is to be done while conserving the natural, historical and cultural resources that form the basis of tourism attraction”.

*In Kagera the other Africa: Tourism Investment Potential, the following are listed as reasons to invest in the region:*

- Kagera is a virgin area tourism wise and is extremely beautiful
- Evergreen, pleasant weather with good rainfall and climate
- The rich variety of tourist attractions will support the favoured diversification away from the dominant wildlife tourism in Tanzania
- It is a central area suitable for trade within East and Central Africa
- It is rich in diverse tourism attractions
- It is a component of premier attraction circuits of Mara-Serengeti, Ngorongoro and Gorilla tracking in Uganda
- Tourism development efforts are already in motion and are growing strong  
Infrastructure is reasonably good: electricity supply, all types of telephone service – landline, mobile, internet – are widely available
- Local people are very friendly and generous, but need training and exposure
- Many studies point out the high potential
- Security in neighbouring countries has been poor. This affects perceptions of potential tourists, however, Kagera is the peaceful frontier, and suffice to say, even Burundi, Rwanda and Uganda which have been civil war countries in the near past are themselves promoting tourism. Incidentally Rwanda genocide is causing much needed publicity of Rwanda through popular films like “RWANDA” and “Shooting Dogs” not to mention the UN designated Rwanda genocide World Day.
- Many international programmes operate in the area. They aim at improving the wellbeing of the rural and urban population. This allows for good networking.

Some of the tourism attractions listed in *Kagera Region Tourism Attractions: a Call for Investors and Tourists*, a promotional publication of the KATODEA, include: game reserves (Ibanda, Rumanyika, and Biharamulo), Mutagata Hotsprings, Kagera River, Kyaka, Mugana Rock Art, Minziro Forest, Lake Ikimba, waterfalls (Bugonzi, Rusomo and Kyamunene), Bumbire Island, and Rubondo Island National Park.

Sources: Personal Communication with Ms. Mary Kalikawe; KATODEA Meeting held in Bukoba on August 24, 2006; *Kagera the other Africa: Tourism Investment Potential*; *Kagera Region Tourism Attractions: a Call for Investors and Tourists*; and *KATODEA Strategic Plan*

human resource development strategy to expand jobs and improve community well-being need to discover how the increased skills of current and potential workers can expand opportunities for groups of people or businesses currently not fully participating in the local economy. Knowing about training gaps and workforce problems of employers are key to identifying a possible development opportunity.

**The following information will help formulate a human resource development strategy:**

- (Un)Employment rates and numbers by sex, age and occupation
- Labour force participation by sex, age, occupation, industry
- Labour stability, unionisation, conditions
- Labour force by skills classifications, education and training levels
- Minimum wage and prevailing wage of various occupations

#### 1.3.4 Gender

Several factors appear to have significantly circumscribed the potential productivity and profitability of women-owned businesses. First, many women seek to own their own businesses in order to accommodate parallel responsibilities for the care of children, the disabled and the elderly. Second, many women pursuing business ownership have little capital. As a result they frequently enter industries such as trade and personal services in which they can gain a foothold with a relatively small front-end investment. If cities and municipalities are to promote equal opportunity within business they need data on the following:

- Women's issues related to the local economy (e.g., valuation of non-paid work, access to high paying jobs, and triple work day)
- Job opportunities for women
- Women's constraints to entering the job market, level of participation, economic expectations

## 2. Financial Capital

Finance, including availability of financial services, access to finance and the size and structure of the local government budget

are important aspects of financial capital market. While these may not suffice for long term financial planning, including planning for financing CDS, it nonetheless provides anecdotal picture of a segment of the financial market that local economic development practitioner needs to promote.

### 2.1 Financial

#### 2.1.1 Financial Services

- Availability of financial services (e.g., accounting, financial analysis, tax information, land valuation, etc.)

#### 2.1.2 Access to Financing (Credit)

- Availability of financing for business development and expansion of all sectors including informal and women (sources: Government programmes, banks, other lenders, venture capital, local area capital, micro credit programmes, etc.)

#### 2.1.3 Local Government Budgets

- Identify components of Local Authority budget arising from local taxes, transfer payments from Central Government, grants, user fees, etc.

#### BOX 9: EXAMPLES OF POTENTIALS IN THE LAKE REGION

- Boating as a means of transport
- Reeds (which regenerate rapidly) for handcraft
- Sale or recycling of solid waste
- Urban agriculture for self-sufficiency in food production e.g. Kampala
- Marketing of fish
- Sand harvesting and marketing
- Stone cutting and marketing
- Promotion of beaches along Lake Victoria as tourists attractions

### 3. Infrastructure, Technology and Physical Capital

This third main type of capital is critical for LED. Technology, location advantage, and the state of the infrastructure are key components that determine the competitiveness of the city/municipality. Any strategy for economic development of the city must aim to maintain, improve, expand and modernise infrastructure, technology and the physical capital. Information on these and other aspects are thus indispensable for planning.

#### 3.1 *Technology, Machines, Tools, Factories*

##### 3.1.1 What is the condition of the Physical Plant?

- Carry out plant, factory and business technology assessment

#### 3.2 *Location*

##### 3.2.1 What are the geographic implications/location advantages of various places?

- Assess geographic location of production units in relation to regional markets, major urban centres, and transportation linkages

#### 3.3 *Built Environment*

##### 3.3.1 What is the state of buildings and land uses

- Develop inventory of non-residential building (age, size, availability, lease rates, competitiveness)
- Identify residential buildings, availability or vacancy rates, lease rates
- Design and/or update land inventory showing availability, zoning/use, status, quality and available capacity

#### 3.4 *Infrastructure*

##### 3.4.1 Quality and Availability. Assess the quality and available capacity of:

- Communications, telecommunications
- Utility (water, storm drainage, sewer) infrastructure
- Energy infrastructure (capacity, reliability, cost)
- Waste management system
- Transport infrastructure (major roads, trails, tracks, footpaths, rail access, ports, airports, bus/truck services, shipping services)

### 4. Natural Capital

An important part of the resource base of the Lake Victoria Region is the natural capital such as the lake, soils, flora and fauna found around the lake, which is however often underexploited.

#### 4.1 *Resources*

##### 4.1.1 What is the value of key primary resources:

- Minerals, forests, land, water, air, fisheries, etc.

##### 4.1.2 Which resources can be commercially processed?

###### (a) Type, quantity, markets

Are the natural resources adequately exploited?

- Prepare a profile of all new revenue sources
- Tabulate findings for quick and easy reference

#### 4.2 *Living Systems*

Quality of life and aesthetics also add to the character of place and influence location decisions of investors. Therefore it is necessary to collect the following information:

##### 4.2.1 Quality of life

- Catalogue climate and topography of the city and its environs (e.g. rainfall pattern, average temperature, humidity, altitudes, etc.)

##### 4.2.2 Aesthetics

- Assess and document natural and scenic resources. KATODEA has published two excellent booklets on Kagera Region providing information on tourism attractions and tourism investment potentials. This could be followed by a tourism and/or trade show to market the city/region (e.g. Tanzania Chamber of Commerce, Industry and Agriculture organised the Mwanza Trade Fair on 24 November to 3 December 2006 at Ilemela in Mwanza City).

#### 4.3 *Ecosystem Services*

Ecosystem services offer excellent opportunities for public private partnerships. As a consequence it is important for the LA to provide adequate information to guide investors and support sustainable land use planning and management. It is necessary, for example, to:

- Demarcate and map all parcels of land
- State the legal classification of the land as

TABLE 4: EXAMPLE OF A NATURAL RESOURCE PROFILE

Natural Resource	Location	Quantity	Monetary value of asset	Level of exploitation	Who controls exploitation	Revenue raised	Potential for further exploitation	Potential for new/additional revenue
E.g. Land	Central Business District	Total hectares, developed	Use value per property	High	City Council	Licence Fees, Rates, etc	Immense	Yes
Lake	East Africa	68,800 km <sup>2</sup>	No known estimates	More than 500,000 people employed in fish industry	East African States	No figure available but runs into millions of dollars	Immense	Yes

- well as the regulatory status of such land
- Identify and show on maps the location of mineral deposits and mining sites
- Describe major geological structures and land forms
- Prepare composite map derived from thematic maps of natural phenomena such as flooding, erosion, etc.

Refer to *Promoting Local Economic Development through Strategic Planning* series for examples, practical tools and activities on successful implementation of LED.

#### 4.2. PROFILE LOCAL GROUPS FOR LED INITIATIVES

Profile local businesses, NGOs, CBOs, and similar groups. Draw a list of such groups with a brief biography of each. The profiling exercise should:

- Identify existing groups
- Strengthen existing networks and, if necessary, encourage formation of new groups. These could include Tourism Board, Chamber of Commerce, culture and heritage promotion groups, etc.
- Conduct organisational needs assessment
- Support groups through capacity building

The profiles can then be used to match local groups to appropriate or relevant initiatives.

#### 4.3. PLANNING FOR EXPLOITATION OF LOCAL RESOURCES

Prepare a detailed business plan for exploitation of local resources consistent with the strategic investment and action plans approved under the CDS process.

Check if the necessary economic, technical, management, and other resources identified in 4.1 are adequate to support the proposed projects by:

- Pre-assessing project outcomes
- Developing project inputs
- Establishing financial alternatives
- Profiling local groups for CDS initiatives

Pre-assessing project outcomes  
Specify the (public) goods and services that the proposed project will produce (i.e. project outputs) as well as its potential impacts. Note: Project outputs help CDS teams focus on project inputs, project

management and institutional structure.

Some useful questions:

- (a) How many jobs will be directly associated with the proposed project?
- (b) How many of the new jobs are likely to be filled by local residents?
- (c) How many of the new jobs are likely to be filled by unemployed people, women and the physically challenged?
- (d) To what extent will the proposed project:
  - Use local resources?
  - Use locally produced goods or services as inputs?
  - Attract new investments to the area?
  - Exploit local cultural potential?
  - Build the self-esteem and identity of the youth?
  - Enhance the total liveability of the LA area?

#### Develop Project Inputs

All project costs should be estimated including feasibility and planning studies, engineering and architectural, land acquisition, demolition, construction and construction management, contingency, site improvements, equipment and furnishings, and debt service.

Some projects may require an economic analysis. The purpose of an economic analysis is to assemble all the likely costs associated with a planned project, and either evaluate them against the likely revenue or calculate the funding requirements over a predetermined period of time. For example, a LG utility authority may use it to establish the need and timing of a bond issue to finance the project. Typically, this analysis is categorised under three classes:

- (a) Hard costs will include:
  - Acquisition of land
  - Cost of construction
  - Cost of furniture and equipment
- (b) Soft costs will include:
  - Project management
  - Architectural and engineering design
  - Legal costs
  - Accounting costs
  - Marketing costs
  - Insurance
  - Interest on borrowed money

- Taxes (if appropriate), and
- Building permits and utility connections.

- (c) Operating costs:
  - The cost of energy/utilities
  - Maintenance and cleaning
  - Normal repairs and replacements
  - Other function-related costs/supplies, etc.

- (d) Contingencies

In addition, it is prudent to include allowances for costs that cannot be easily identified or quantified at this stage. These are typically described as contingencies, and fall in several categories:

- Planning and design contingencies: 7-10% of the estimated construction costs. These provide for changes in the scope of the project that may occur during construction.
- Construction contingencies: 3-5% of estimated construction costs. These provide for unknown and unforeseen conditions that may occur during construction.
- Project contingencies: 10-15% of the total estimated costs. These will reflect the level of confidence in the preparation of the economic analysis.

#### Evaluate Financing Options

Investment planning requires the identification and evaluation of alternative sources of funding. Examples of common financing options include:

- Current funds
- Reserves
- Surplus
- Debt
- Central government grants and subsidies
- Sale of assets
- User fees
- Leasing
- Development fees
- Benefit assessments
- Public-private partnerships
- Donations

Frequently, many combinations are used. Selection of the most appropriate source or sources is complicated by the number and variety of available options, changes in central government policies, volatile debt markets



and the constant development of new, complex creative financing sources. For these reasons the CDS Team should prepare an analysis of the key features and advantages and disadvantages of each type of capital financing. Every effort needs to be made to identify and evaluate all available sources. Each local government will need to identify and evaluate the CDS financing options available to it. Information on options can be obtained from the statutes, ministries of finance, financial consultants, professional/regional associations, and other local governments.



A banana market in Bukoba, Tanzania. Photo ©: Iole Issaias/  
UN-HABITAT

## STEP 5 - ENSURE INCLUSIVITY: FORGE INNOVATIVE PARTNERSHIPS TO MOBILIZE AND MANAGE INTERNAL AND EXTERNAL RESOURCES

Identify and maintain partnerships with financial institutions and prospective funding organisations. Use the following steps to sustain such relationships:-

- (a) Set up a team and team work (e.g. Kisumu Action Team) including the Municipal/City Treasurer to be responsible for identifying possible external sources of funding
- (b) List all known sources of external municipal funding. These could be multilateral sources, regional banks, donor agencies, etc. Refer to funding and support organisations in Part C
- (c) Update the list by identifying new sources of financing

This can be done through:-

- Internet
- Conferences and seminars
- Local authorities associations
- Central government ministries
- Yellow pages

- (a) Prepare a brief profile of financial institutions and listed funding organisations

This should include:

- Names and contact information
- Financing and funding objectives
- Funding levels of each source
- Criteria for financing/funding
- Format for application (available from website or organisation office)
- Donors funding cycle i.e. deadlines etc.

- (b) Match funding proposals to prospective funding organisations

- Match specific proposals to specific prospective funding organisations. Avoid sending generalised proposals, but customise each proposal to the respective organisation.
- Prepare the application document abiding to donor requirements
- Obtain required approval from relevant authorities
- Submit your proposal in a timely manner, bearing in mind donor deadlines

### BOX 10: KCC ENHANCE REVENUE COLLECTION THROUGH PPP

The Kampala City Council was collecting market revenue of US\$8,700 a month in the early nineties before bids were invited to manage the market. The first bidders to run the market remitted to the council US\$ 17,400 monthly net having paid for the operation costs. The current bidder is remitting a net of over USD 60,000 Million monthly (in dollars?) and even paid one year in advance.

*Source: Personal Communication with the Director of Finance, Kampala City Council*

- (c) Once you have received the funds:
- Abide to the financing agreement
  - Ensure that any variations to the agreement are agreed upon by both parties
  - Ensure proper record keeping and regular reporting on both the physical implementation and finances as per agreement
  - Encourage Participatory Monitoring and Evaluation

## 5.1. EXPLORE OTHER SOURCES OF FINANCING

Consider other sources of financing after exhausting local (internal) potential:<sup>15</sup>

1. Debt financing-loans.<sup>16</sup> Various schemes exist for example annuity loans or sinking fund.

To access loans, a LA needs to:

- (a) Carefully investigate the infrastructure capacity to be financed and prepare financial information for loan applications and project preparation
- (b) Establish a reputation for good financial management by promptly repaying debt

Note: Initiate timely loan-restructuring with the lender when you encounter financial difficulties.

<sup>15</sup> Extracted from 'Options for Financing City Development Strategies and Investment Plans', 2006, Paper presented by Municipal Development Partnership for Eastern Africa at the City Development Strategies Experts Group Meeting on Financing of the CDS/Action Plans

<sup>16</sup> Bank lending financed municipal investment in Western Europe throughout most of the 20th Century and is still the primary source of local credit financing.

To use assets as collateral for secured funding:

- Have a database of all assets, with their current market values.
  - Hire a Property Valuer to develop one.
1. Bonds<sup>17</sup> and Stocks. These are mechanisms where the LA issues paper in return for money

### BOX 11: PUBLIC OFFERING AND PRIVATE PLACEMENTS REGULATIONS IN HUNGARY

#### Public Offering

- The issuer must publish a prospectus and make a public announcement of the securities issued
- The issuer must entrust a licensed investment enterprise with the offering
- One full calendar year in operation for the issuer or its legal predecessor is required
- Stock exchange listings must be initiated with 60 days if the face value of the issued series reaches or exceeds separately or together with securities, representing the same rights and issued publicly earlier, US\$1,166,000.

#### Private Placement

- A minimum of US\$29,150 per value is required
- The issuer must prepare an information memorandum and the description of the main features of the issue must be submitted to the supervisors at least 15 days before the issue. The issuer must not, however, publicly announce the issue
- The issuer must entrust a licensed investment enterprise with the offering

See The Prospects for Municipal Revenue Bonds by Mátyás Makay for further discussion on the potential for financing municipal utility projects with revenue bonds in Hungary.

Source: URL: [http://lgi.osi.hu/publications/2004/270/IF\\_Ch29.pdf](http://lgi.osi.hu/publications/2004/270/IF_Ch29.pdf), accessed on July 25, 2006

<sup>17</sup> Municipal bonds have been the foundation of municipal borrowing in North America. For examples of municipal bond issues in developing countries visit the World Bank's Municipal Bond Database

from the capital market. The bond can be traded at the stock exchange, just like a private company share. Municipal bonds are basically of two types: general obligation bonds, backed by all kinds of municipal revenues (for example, taxes and fees) and revenue bonds, to be repaid exclusively from the revenue streams of the financed project. A prospective bond issuer (e.g. a city council) must obtain a minimum credit rating to issue its bond. (Note: a bond rating from a reputable credit rating agency may be necessary). Reliable information on local budgets, local balance sheets, local debt service obligations, and intergovernmental fiscal flows are necessary to carry out analysis and determine credit risk.

Investors could include cooperatives (teachers, civil servants), pension funds, life insurance companies, etc. The council's own pension and cooperative could be required to invest a portion of the fund in council development projects.

The returns could be higher than what most are getting from their current investments which are mostly savings accounts.

Design a strategy to use bonds to access long-term financing. This is a particularly attractive financing vehicle in Kenya where the Finance Minister announced that investors in bonds issued for infrastructure finance would be exempt from paying taxes on the interest. This should encourage LAs to use this financing vehicle.

- (a) Create a sustainable domestic credit market i.e.
  - Design systems to attract new financing sources
  - Introduce instruments that are consistent with a deregulated financial sector and nascent domestic capital market. In Hungary, for example, municipalities are allowed to arrange public issues and private placements.

#### BOX 12: TAMIL NADU URBAN DEVELOPMENT FUND (TNUDF)

TNUDF has been able to attract domestic private financing to the urban sector through the following innovations:

- A 15-year bond issue (\$300 million) sold on the domestic capital market to finance the credit component of the Madurai ring road was accompanied by the introduction of security mechanism to serve as a precedent for future similar financings: procedures for earmarking toll revenues into an escrow account, establishment of an independent trustee to represent the bondholders' legal interests, and provision of a back-up guarantee from the government of Tamil Nadu to cover any shortfall in the escrow account.
- Equity investment by a private sector firm in India's first build-operate-transfer undertaking for wastewater collection and treatment. This arrangement gives similar types of local escrow account and other protection for project revenue to a direct private investor. The TNUDF financing package also requires an up-front contribution of USD113 from each household connected to the wastewater system.
- Pooled financing. Twelve municipalities that have completed water and sanitation projects, with tariff mechanisms in place, issued a pooled bond backed by (1) a debt service reserve fund, (2) a central government security back-up to replenish the fund, and (3) an external guarantee covering 50% of principal repayments. The arrangement allowed the borrowers to refinance TNUDF loans at lower cost by taking advantage of the decline in interest rates and by avoiding the 3 percentage point built into TNUDF's onlending. This financing was expressly designed to compete favourable with TNUDF's own onlending and to serve as a precedent for future similar financing by others.

Source: URL: <http://siteresources.worldbank.org/INTMF/Resources/339747-1105651852282/Krishnan.pdf#se arch=%22Tamil%20Nadu%20Urban%20Development%20Fund%20%22>, accessed on August 7 2006

Tamil Nadu Urban Development Fund (TNUDF) is one of the most successful institutions in abetting municipal credit growth.<sup>18</sup> See Box 12.

2. Grants and donations. Capital Grants from central government are one of the cheapest sources of funding. However, they are often unpredictable and uncertain, unless they are constitutionally guaranteed as in Uganda. In Kenya the Local Authority Transfer Fund (LATF) has brought some certainty and consistency in the grant transfer system. The LATF mechanism is consistent with the CDS (see Box 14).

#### BOX 13: LOCAL AUTHORITY TRANSFER FUND (LATF) - KENYA

All local authorities in Kenya receive a direct transfer of funds from central government via LATF. LATF is independent from political and ministerial interference although the release of funds is conditional. One condition is having a council-approved plan which sets out the local authority's priority service delivery activities and projects for inclusion in the budget for the coming year that has been arrived at through a participatory process involving local actions.

Source: Government of Kenya (undated) *Strategic Framework and Action Plan for Training and Capacity Building for Local Authorities in Kenya*, Ministry of Local Government and UN-HABITAT

3. Public-Private Partnerships (PPPs). Public-private partnerships are arrangements between government and private sector entities for the purpose of providing public infrastructure,

community facilities and related services.

Such partnerships are characterized by the sharing of investment, risk, responsibility and reward between the partners. The reasons for establishing such partnerships vary but generally involve the financing, design, construction, operation and maintenance of public infrastructure and services.<sup>19</sup> (See *Public Private Partnership: a Guide for Local Government*).

4. Another form of financing used in the US is Tax Increment Financing. Under this, the council waives taxes for private enterprises who then commit to develop a project. Another source of funding is Build Own Operate companies; the council becomes a partner without committing any funds.

#### Before becoming involved in PPPs

Make necessary adjustments to existing processes and arrangements for effective PPP. There are at least four areas an LA should address before becoming involved in PPP. These are:

- identify who in the organisation is responsible for public private partnerships and who has authority for the ultimate decision
- develop or access expertise necessary to evaluate, negotiate and implement public private partnerships
- establish policies to guide decisions on public private partnerships
- establish procedures that enable effective evaluation and delivery of services through public private partnerships

#### Assigning responsibility for PPP

Prepare for service delivery through PPP by:

- preparing the necessary policies and procedures
- evaluating opportunities for public private partnerships
- planning and implementing individual public private partnership initiatives

<sup>18</sup> Other examples of international success in introducing local credit markets include the Territorial Financing Institution (Colombia), LGU Guarantee Corporation (Philippines) Municipal Finance Company of the Czech Republic, the Infrastructure Finance Corporation Ltd. (Inca) of South Africa. Also see *Innovations in Municipal Finance* page in *The World Bank Site*

<sup>19</sup> In Kenya there is scope to work with existing investment banks to raise capital



Photo ©: UN-HABITAT

## PART B: RESOURCE MOBILIZATION SKILLS FOR CITIES

Mobilising adequate resources for financing the CDS is the goal of this toolkit. Resource mobilization, or fundraising, is invariably done through writing a financing or grant proposal. Most organizations including corporations, local or national level government, private foundations or corporate foundations have their own proposal/application forms. To successfully fundraise, the LA must, adequately familiarize itself with proposal format or guidelines of various financial partners. In addition, a fundraising project, like any other, requires the preparation of a plan to lead and guide the process. As is discussed in this section, there are other dimensions of equal importance including communication skills, networking and building strong and enduring partnerships, all of which contribute to successful resource mobilisation.

### 1. HOW TO FUNDRAISE

The following steps will help you develop your fundraising plan.

1. Identify your objective. What is your fundraising cause? Why do you need to fundraise?
2. Identify fundraising target. Where is the money coming from? Who will you approach?
3. Form a fundraising committee. Alternatively, work with professional fund raisers on a

contingency basis; they get paid a percentage of funds raised.

4. Assign tasks to the committee. What tasks will individual committee members have?
5. Determine methods of fundraising. What communication and fundraising tools will you use?
6. Determine your time frame. What is the timetable for your fundraising programme?
7. Prepare fundraising budget.
8. Prepare acknowledgement policy. How will you record, acknowledge and recognise funds received and their donors?
9. Feedback. When and how will you report on your fundraising progress?
10. Implementation. Put your plan to action.

#### Additional reading material

1. Skills of the Fundraiser  
'Fundraising' is described as one of the most multi-skilled and multi-varied jobs. It is exciting and hard work. It is also a profession that needs a number of skills, namely, commitment to the cause; asking for money; being truthful; taking rejection; motivation; confidence and perseverance; imagination and creativity; and calculated risks.<http://www.professionalfundraiser.org.uk/facts/pd12.htm>. You can download the entire website (approximately 800KB).

## 2. The Fundraising Plan

This 'Issue Paper' draws from the book "Designs for Fundraising: Principles, Patterns, Techniques" by Harrod J. "Si" Seymour (1966)-first edition. The paper assumes that:

- The organisation has done its quantitative and qualitative research.
- There is an institutional plan that clearly highlights where projects and programmes fit in regards to future strategy.
- There is broad consensus throughout the organisation that the projects and programmes are the right way to proceed.
- The projects and programmes have been properly costed.
- Members of the organisation's governing body all agree as to the purpose of the organisation and are fully supportive of the way ahead.
- The organisation has been in some sort of dialogue with its stakeholder groups (who should be treated as partners; not just periodic donors or consumers).
- Some thought has been given to how the level of funding needed might actually come in across the different audiences to which the organisation and its fundraisers have access.

It then lays out "the anatomy of a campaign plan".

<http://www.professionalfundraiser.org.uk/facts/cf05.html>

## 2. FUNDRAISING SKILLS

Much as fundraising is a multi-tasked affair it requires diverse skills. This means that the CDS fundraising team should comprise a mix of members (both from finance and other departments). The team should represent good communications skills capable of effectively communicating a fundraising case, knowledge and understanding of financing issues (e.g., what they want to accomplish; how to best communicate their proposed work; who to approach for funding; grant-making requirements of diverse agencies etc.), lobbying and advocacy; networking; teamwork and teambuilding; and proposal writing. These aspects are elaborated on in the following sections.

### 2.1. GOOD COMMUNICATION SKILLS

Communication is the means by which we convey our thoughts and ideas to others. Whether dealing with local residents to encourage payment of taxes or seeking to encourage new investment in your city or applying to a funding agency for funds, the importance of good communication skills cannot be undermined. The astute officer should seek to enhance all their communication skills, verbal (spoken) and nonverbal (body language and appearance), written, and social and professional etiquette. In addition, the LA officer engaged in fund-raising should have:

- Good conceptual skills: they should be able to create ideas and innovations and translate these into actions for implementation.
- Good interpersonal skills and a sense of humour: they should be able to pass on a message in a pleasant manner that is clearly understood.

At the organisational level there is a need to develop and institutionalise a communication strategy. This means that communication should be mainstreamed in city planning, i.e. in the CDS process to ensure that citizens are effectively informed of the opportunities available and also to enhance public participation in governance. It is imperative that the communication function in local government is seen as an integral element of governance and service delivery. Communication should be budgeted for and planned. Each city or municipality should have a communication strategy and plan.

Some of the steps that LAs should take in developing a communication strategy are:

- Ensuring that communication enhances the CDS process in order to improve the way programmes are implemented;
- Prioritising communication actions by, for example, entrenching the notion that communication is a strategic and integral component of policy and programme delivery;
- Aligning communication at local government level to efforts aimed at enhancing citizen participation in government;
- Strengthening communication infrastructure to the lowest level; and
- Strengthening institutional arrangements, e.g. establishing communication units in municipalities; appointing communicators;



aligning communication to the policy planning processes by ensuring communications representation in all decision making bodies; assigning resources to the communication function; and intensifying capacity development in the communication function, etc.

**Additional Reading Material**

1. UN-HABITAT, 2005, “Key Competencies for Improving Local Governance”, Chapter 3: The Communicating Competency.

**2.2. KNOWLEDGE AND UNDERSTANDING OF THE ISSUES**

An effective fundraiser will have a good solid knowledge of the pertinent issues. Raising funds is about convincing others to invest their resources in your project. Without a grounded grasp of your issue, your ability to communicate your proposal is greatly hampered. Remember, knowledge is power.

The CDS drawn by most of the cities contain very useful general information about the city, the

CDS process, development challenges, and the vision, mission, strategic actions and investment plans for the city. In addition, you will need organisational information (i.e., what your organisation does and why the funder should trust it to use the requested funds responsibly and effectively; detailed and concise description of the problem/need/project; and specific work plan/activities (i.e., what the LA plans to do about the problem). An example of the outline of a proposal is shown in Section 2.6 below.

### 2.3. LOBBYING AND ADVOCACY

As LA officials seek to raise funds, they may find themselves lobbying and advocating for some change, e.g. in legislation, that would improve the scope and reach of their fundraising. In addition to the good communication skills already outlined, and particularly the ability to clearly articulate their ideas, an effective fundraiser will:

- Know the strength of the person they are lobbying.
- Target the right person at the right level, i.e., one who has the authority to make decisions.
- Have good political skills, i.e., the ability to read and interpret the prevailing political climate and to adjust one's strategy to fit the political circumstances.
- Be committed to their course, and able to persevere. This is important because there will be disappointments, but these should not be allowed to discourage and derail the fundraising strategy.
- Be persuasive; know their cause well and be familiar with any objections to it.
- Work to timelines.
- Have good negotiating skills with the ability to give and take.

## 3. NETWORKING

Networks are increasingly important at the local, national and international level. Many organisations, local authorities included, now recognise networking as a valuable means to share information, further common objectives and make best use of limited resources. Networking is about creating and maintaining relationships; meeting new people and furthering the relationships with those that you know. In the case of implementing the CDS, the LA needs to establish and maintain good relationships with other development

partners i.e. citizens, civil society organisations, private sector, other public bodies, funding agencies etc. on an on-going basis. Networking makes work effective, successful and enjoyable. When you network, you are collaborating on the basis of mutual interest and trust.

### 3.1. HOW TO NETWORK

- Make a networking plan. Set your goal and objective.
- Know your target. Who do you want to meet? Do some preliminary research.
- Be open to opportunities. There are many opportunities to network, at meetings and conferences, social gatherings, official functions etc. Some of these are planned, but some are spontaneous. Whatever the case, seize the opportunity when it presents itself.



Photo ©: UN-HABITAT



- Collect the business cards of people you meet. This will help you to (a) remember their names, (b) keep a record of who you talked to and their contact. You can use the back of the card to write down what you want to remember and what might be a relevant next step to take.
- Promote your organisation. Know your organisation's strengths and weaknesses.
- Follow through on any commitments you make. This will add credibility to yourself and your organisation
- Keep good records. Make a list of all your contacts. Include, contact person, full address, organisation name, areas of interest/focus areas, and any other information gathered. This information will be invaluable when you next need to contact them.

### 3.2. IMPORTANT NETWORKING SKILLS

- Good interpersonal communication. Be clear and open in your discussions.
- An attractive personal appearance. A positive, open disposition will attract people to you. Remember first impressions count!

#### Additional Reading Material

Networking for Development by Paul Starkey: The book is in two parts. Part One discusses the benefits and problems of networking and sets out guidelines for successful networking with examples from a range of development networks. Part Two illustrates these points more fully with a detailed case study of animal traction networks in Africa.

## 4. TEAMWORK AND TEAMBUILDING

A team can be defined as a group of people working together for a common good, in this case with the goal of mobilizing resources. The following steps will guide you in setting up an effective team:

- Identify your Fundraising Team goals. These should be SMART goals.
- Select team members. Ensure you have persons with the required skills and that your team is composed of a mix of different personal and technical skills.
- Define the roles and responsibilities of all team members. This will enhance accountability.

- Agree on group working modalities. Articulate the ground rules, when to meet, how the meetings will run etc.
- Agree on progress report format and timing.

Remember to keep the team motivated, encourage information sharing and recognize the team's outputs.

#### Additional Reading Material

This article is based on research findings reported in Gerald Bailey et al. (1998). It outlines five-step cyclical teaming model or process. The model provides a foundation for sustained team group. Differences between groups, committees, teams, high performance teams and technology-based teams are highlighted.

“Five Steps for Team Building: How to Create and Nurture Teams” <http://www.coe.ksu.edu/bailey/team.art.pdf>

## 5. PROPOSAL WRITING

To raise funds from external sources, LA officials require good proposal writing skills. A poorly written proposal will be dismissed by a busy program officer at a funding agency. In contrast, the right information presented clearly and logically is likely to ensure that your proposal will be read and considered for funding. The following questions will guide you in preparing a proposal that is clear and logical.

- What is your project title? This must be brief, clear and specific. The title page should include the name of the author/organisation and date.
- Put the project in context. What is the background of your project?
- Problem statement. What issue/problem does the project address?
- Project justification. How will the problem be addressed by the proposed project? Under this include facts and figures to support your proposal.
- Beneficiaries. Explain who the beneficiaries of the project will be.
- Objectives. What does the proposal hope to achieve?
- Methodology. How will you carry out your proposal?
- Expected output. What are the changes you expect as a result of the project?
- Activities. What activities will be carried out to help achieve the objective of the project?

#### BOX 14: EXAMPLE OUTLINE OF A FUNDING PROPOSAL

1. *Summary:* At the beginning of the proposal, or on a cover sheet, write a short summary of your proposal
2. *Organisational Information:* Give a short history of your organisation, state its mission, the population it serves, and an overview of its track record in achieving its mission. Describe or list your programmes.
3. *Description of Problem/Need/Situation:* Explain why the issue or subject is important and what research you did to learn about possible solutions.
4. *Work Plan/Specific Activities:* List details including: target audience; what will be done (activities); what planning has taken place; who will do the work and why they are qualified; when will the project be implemented (start and end dates); and where the project will be sited.
5. *Outcome/Impact of Activities:* How will the situation change as a result of the project
6. *Other Funding:* Mention committed funds from other sources as well as in-kind contribution you expect
7. *Future Funding:* Is this a pilot project with a limited time-line? Or will it go into the future? If so, how do you plan to fund it? Is it sustainable over the long haul?
8. *Evaluation:* How will the impact of the project be evaluated? Include what records you will keep or data you will collect and how you will use that data. If the data collection costs money, be sure to include that cost in your budget.
9. *Budget:* How much will your project cost? Attach a detailed budget showing expected expenses and income. The expenses portion should include personnel expenses, direct project expenses, and administrative or overhead expenses. Income should include earned income and contributed income.
10. *Additional Materials:* Funders are likely to want the following: List of board of directors/management and their affiliations; financial statement from previous fiscal year; budget for the current fiscal year; and budget for the next fiscal year.

Source: "How to Write a Proposal" by Joanne Fritz, <http://nonprofit.about.com/od/fundraising/ht/proposals.htm>, accessed on 3rd December 2007

- Actors. Who are the key actors that will be involved in your proposal?
- Impact. What is the expected impact of the project?
- Resources and budget. What resources are required-human, equipment, financial? What is the project budget? What resources are already available for the project?
- Risks and assumptions. What risks are there, and what assumptions have been made?
- Sustainability. Is the project sustainable after the proposal period? How is this guaranteed?
- Monitoring and evaluation. Who, how and when will the project be monitored and evaluated?

#### Additional Reading Material

1. Guide for Writing a Funding Proposal: <http://www.learnerassociates.net/proposal/>
2. Proposals for Funding: <http://www.scn.org/cmp/modules/res-prp.htm>





Homabay, Kenya. Photo ©: Homabay Municipal Council.

## PART C: CDS FUNDING AND SUPPORT ORGANIZATIONS

This section is a listing of various organizations that may provide funding and support to the different components of the CDS. Users of the toolkit should find it relatively easy to obtain information on what options are available for external financing of various components, complete with focus areas and eligibility criteria, delimitations, contact details etc. Links are provided to additional resources that can be accessed on the World Wide Web.

### A. REGIONAL /NATIONAL ORGANISATIONS

#### LAKE VICTORIA DEVELOPMENT PROGRAMME (LVDP)

The Lake Victoria Development Programme was established by the East African Community in 2001. It coordinates the various interventions on the Lake and its Basin and serves as a centre for promotion of investments and information sharing among the various stakeholders. The Programme activities focus on:

- harmonisation of policies and laws on the environmental management of the Lake and its catchment area;
- continuation of the environmental management of the Lake, including control and eradication of the water hyacinth;
- management and conservation of aquatic resources, including fisheries; economic

activities in the development of fishing, industry, agriculture and tourism; and development of infrastructure, including revamping the transport system on and around the Lake.

The Programme further places emphasis on poverty eradication and the participation of the local communities.

#### PROGRAMME / PROJECTS

A number of regional programmes and projects are being (or have been) implemented under the auspices of the East African Community but other stakeholders are also directly implementing some projects. The major projects undertaken include the following:

- Lake Victoria Environment Management Project (LVEMP)  
The Project was implemented under a Tripartite Agreement signed by the three Partner States in 1994 before the signing of the East African Community Treaty in 1999 and was financed from International Development Agency and Global Environmental Facility (see below).
- Nile Equatorial Lakes Subsidiary Action Plan (NELSAP)  
This is a Three River Basin Integrated Water Resources Management Projects covering

Kagera; Mara and Sio-Malaba-Malakisi River Basin implemented under NELSAP. The first phase of these projects was completed in February 2004. In March 2005 financial agreements between SIDA and NBI were signed and implementation of the projects is on going.

- Mount Elgon Regional Ecosystem Conservation Project (MERECP)  
The project aims at ensuring that biodiversity, ecological function and intrinsic values of the Mount Elgon ecosystem, which is a Transboundary ecosystem, are conserved for present and future generation and global community. The Inception phase of the project commenced in February 2004 and ran for one year. NORAD financially supports the project and its implementation is technically coordinated by International Conservation Union. The Uganda Wildlife Authority, Forest Department of Uganda, Mbale, Sironko and Kapchorwa districts in Uganda; Kenya Wildlife Services, Forest department Kenya, Trans Nzoia, Bungoma, Teso and Mt Elgon districts in Kenya are the partner implementing institutions for this project.
- Economic Potential and Constraints  
The East African Community Secretariat commissioned a study to fully assess the potentials and constraints with a view to stimulate economic growth in the region following the designation stated earlier on. The study was completed in December 2003. The report details the stock of the available resources, the opportunities such resources present, constraints and limitation in exploiting the potentials, and the required strategies to stimulate sustained economic growth. The study was updated in 2005/06.

Contact Person: Lake Victoria  
Development Programme Officer  
East African Community  
Arusha International Conference Centre,  
Kilimanjaro Wing, 5th Floor  
Address: P.O. Box 1096, Arusha, Tanzania  
Telephone: +255-27-2504253/8  
Fax: +255-27-2504255/2504481  
Email: eac@eachq.org  
Website: <http://www.eac.int/LVDP>

## LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT (LVEMP)

Lake Victoria Environmental Management Project is a comprehensive regional development programme that covers the whole of Lake Victoria and its catchment areas. The LVEMP is aimed at rehabilitation of the lake ecosystem for the benefit of the people who live in the catchment, the national economies of which they are a part, and the global community. The programme objectives are to: (a) maximize the sustainable benefits to riparian communities from using resources within the basin to generate food, employment and income, supply safe water, and sustain a disease free environment; and (b) conserve biodiversity and genetic resources for the benefit of the global community. In order to address the tradeoffs among these objectives which cut across national boundaries, a further project objective is to harmonize national management programmes in order to achieve, to the maximum extent possible, the reversal of increasing environmental degradation.

The following are some of the areas the project focuses on:

- Clean up of the Lake and its catchment as well as sustainable management of the ecosystem;
- Reduction of nutrient inflows from human waste (in both urban and rural areas), decreasing soil erosion, clean up of industrial effluent, and reducing pollution from all sources; and
- Support of fisheries management, and other collaborative arrangements for sustaining the ecosystem established by the three riparian countries.

The LVEMP supports the following national and regional initiatives:

- Management of fisheries, including the establishment and operations of the Lake Victoria Fisheries Organisation, improvement of fisheries research and the information base for fisheries, and strengthening of extension, monitoring and enforcement capabilities of national fisheries administrations;
- Management of lake pollution and water quality, including strengthening and harmonizing national regulatory and incentive frameworks and enforcement capabilities, and establishing a lake-wide water quality monitoring system; improvement of research and the information base for pollution

- control and water quality; pilot investments in industrial and municipal waste management; and priority waste management investments;
- Wetland management, including improving the information base, and pilot investments in sustainable management of wetland products;
- Management and control of the water hyacinth infestation;
- Management of land use in the catchment, including improvement of research and the information base for pollution loading from the catchment, assessment of agro-chemicals, and pilot investments in soil conservation and afforestation; and
- Support for policy initiatives, institutions for lake-wide research and management, and pollution disaster contingency planning.

Contact Person: Christopher M. Nyirabu  
 Telephone: 255-22-2118417  
 Fax: 255-22-2110215  
 Email: lvemp@cats-net.comv  
 Website: <http://www.lvemp.org/>

#### LAKE VICTORIA FISHERIES ORGANIZATION (LVFO)

The Lake Victoria Fisheries Organization was formed through a Convention signed in 1994 by the East African Community Partner States to manage the fisheries resources of Lake Victoria in a coordinated manner. The Organisation is an institution of the EAC whose aim is to harmonise, develop and adopt conservation and management measures for the sustainable utilisation of living resources of Lake Victoria to optimise socio-economic benefits from the basin for the three Partner States. LVFO is implementing fisheries co-management on Lake Victoria, by legally empowering fisheries communities to become equal and active partners with Government in fisheries management and development. LVFO is guiding, supporting and implementing the building of the capacity of communities to participate in management and is making a real difference to their lives.

The LVFO has signed agreements with one fisheries technical training institute situated around Lake Victoria in each Partner State. These are known as Focal Fisheries Training Institutes (FFTIs) and are:

- Fisheries Training Institute, Entebbe, Uganda.
- Nyegezi Freshwater Fisheries Institute, Mwanza, Tanzania.

- Ramogi Institute of Advanced Technology, Kisumu, Kenya.

These institutes:

- Provide technical level (craft, certificate and diploma level with technical attachments) and community-based training,
- Offer tailor-made courses offered to meet specific demand,
- Have close links with the main LVFO institutions, i.e. Departments of Fisheries and Research Institutes,
- Can transfer capacity building of staff and facilities resulting from collaboration with IFMP/LVFO to ongoing vocational pre-service and in-service training delivery for future or serving technical staff in fish processing industry, fish farms, government departments and development agencies.

The purpose of the agreement is to provide a framework within which the Lake Victoria Fisheries Organization and its Focal Fisheries Training Institutes can cooperate to build the capacity of fisheries stakeholders, particularly at technical and community levels, around Lake Victoria.

The LVFO Headquarters are set to be built in Jinja Municipality. The construction of the headquarters is an important milestone in further developing LVFO. The facilities will enable regional meetings to be hosted and will provide a wide range of information about the lake fisheries and the fisheries sector.

Address: P.O. Box 1625, Jinja, Uganda  
 Telephone: +256-43-120205/6  
 Fax: +256-43-123123  
 Email: [lvfo-sec@lvfo.org](mailto:lvfo-sec@lvfo.org)  
 Website: <http://www.inweh.unu.edu/lvfo/>

#### Additional information can be obtained from the following contact addresses...

The Permanent Secretary  
 Ministry of Environment and Natural Resources  
 P.O. Box 49720, Nairobi, Kenya  
 Fax: 254-20-727622  
 E-mail: [maji@maji.go.ke](mailto:maji@maji.go.ke)

Permanent Secretary  
 Ministry of Water and Livestock Development  
 P.O. Box 35066, Dar-es-Salaam, Tanzania

Fax: 255-22-2451457  
E-mail: [dwr-maji@intafrica.com](mailto:dwr-maji@intafrica.com)

The Permanent Secretary  
Ministry of Water, Lands and Environment  
P.O. Box 7096, Kampala, Uganda  
Fax: 256-41-342931/3  
E-mail: [ps@mwle.go.ug](mailto:ps@mwle.go.ug)

The Executive Director  
Investment Authority  
P.O. Box 7418, Kampala, Uganda  
Fax: 256 41 342903  
E-mail: [ugandainvest@ugandainvest.com](mailto:ugandainvest@ugandainvest.com)

The Executive Director  
Investment Promotion Centre  
P.O. Box 55704, Nairobi, Kenya  
Fax: 254-20-336663  
E-mail: [ipckkenya@nbnet.co.ke](mailto:ipckkenya@nbnet.co.ke)

Tanzania Investment Authority  
P.O. Box 938, Dar-es-Salaam, Tanzania  
Fax: 255-22-2118253  
E-mail: [information@tic.co.tz](mailto:information@tic.co.tz)

### LAKE VICTORIA REGIONAL LOCAL AUTHORITIES COOPERATION (LVRLAC)

The Lake Victoria Region Local Authorities Co-operation (LVRLAC) was founded in 1997 and officially launched in 1999 as a Regional Network Organisation of Local Authorities along the shores of Lake Victoria. With a current membership of 62 LAs, LVRLAC strives to further the determination towards promoting co-ordinated and sustainable development in the Lake Victoria Region. LVRLAC has provided an interactive platform for LAs to consolidate their efforts towards the collective management of Lake Victoria.

LVRLAC believes in partnership and strengthening networks for leveraging resources and actions towards a common purpose in the Lake Victoria Region. This makes LVRLAC well suited to support collaborative work among the CDS municipalities and cities.

Contact Person: Dr Julius Odongo-Ayo, Secretary-General  
Address: P.O. Box 34 Entebbe, Uganda  
Telephone: +256 41 320 419  
Fax: +256 41 322 483  
Email: [secretariat@lvrlac.net](mailto:secretariat@lvrlac.net)  
Website: <http://www.lvrlac.net/>

### MUNICIPAL DEVELOPMENT PARTNERSHIP EASTERN AND SOUTHERN AFRICA (MDP-ESA)

The Municipal Development Partnership for Eastern and Southern Africa is an active and hands-on capacity building facility with the aim of enabling effective self-governance at local level in Sub-Saharan Africa. It promotes alternative development approaches to problems and issues that affect local authorities by placing emphasis on ownership and direct participation of key stakeholders.

The MDP-ESA operates in 25 countries in Eastern and Southern Africa with focus placed on 13 countries including Kenya, Rwanda, Tanzania and Uganda. MDP-ESA main objectives are to:

- Provide a platform for analyzing, debating and promoting policy leading to more democratic and responsive governing structures at local level.
- Build capacities of local government and their associations.
- Act as a catalyst for improving communication and generating consensus among African Institutions, NGOs and international development agencies.
- Promote municipal partnerships, decentralized cooperation and joint action.
- Complement and support regional initiatives relevant to local government.
- Manage and disseminate good practices.

### THE PARTICIPATORY BUDGETING KNOWLEDGE AND ACTION SUPPORT FACILITY FOR AFRICA

With support from the World Bank's Social Development Department, the World Bank Institute and the Norwegian and Finish Trust Fund, MDP-ESA has established the Participatory Budgeting Knowledge and Action Support Facility for Africa. The Facility serves as a focal point to channel demands from various institutions and individuals, such as policy experts, programme managers and legislative drafters seeking expertise and advice in the area of participatory budgeting and other related fields. MDP-ESA relies on acknowledged experts in Africa and beyond in responding to this demand. More information about the Facility can be obtained from the Facility's Website on <http://www.asaaf.org.zw/thefacility.htm>

Contact Person: Mr. George W. Matovu, Regional Director  
 Address: Municipal Development Partnership  
 Eastern and Southern Africa Regional Office  
 7th Floor, Hurudza House  
 14-16 Nelson Mandela Avenue  
 Harare, Zimbabwe  
 Tel: 263-4-774385/6, 724356-7  
 Fax: 263-4-774387  
 Email: gmatovu@mdpafrika.org.zw or region@mdpafrika.org.zw  
 Website: <http://www.mdpafrika.org.zw/>

### NILE BASIN INITIATIVE (NBI)

The Nile Basin Initiative provides a unique forum for the countries of the Nile to move toward a cooperative process to realize tangible benefits in the Basin and build a solid foundation of trust and confidence. The mission of the Initiative is to achieve sustainable socio-economic development through the equitable utilization of, and benefit from, the common Nile Basin water resources. To fulfil its mission, NBI:

- (a) Provides a platform for co-operation and for building working relationships between the riparian countries;
- (b) Provides an arrangement by which to move forward from discussion to action; and
- (c) Implements the “Strategic Action Program” in two primary areas, namely:
  - Basin-wide project-”Shared Vision Program” (SVP) to help create and enabling environment for action on the ground, and
  - Sub-basin projects-”Subsidiary Action Program” (SAP) aimed at the delivery of actual development projects involving two or more countries.

For more information on these and other programmes of the Initiative:  
 Contact: Patrick Kahangire  
 Address: P.O. Box 192 Entebbe, Uganda  
 Telephone: 256 41 321424 / 321329  
 Fax: 256 41 320971  
 Email: nbisec@nilebasin.org  
 Website: <http://www.nilebasin.org/>

## B. MULTILATERAL DEVELOPMENT BANKS

### AFRICAN DEVELOPMENT BANK (ADB)

The African Development Bank Group is a multinational development bank with 77 member countries including 53 African and 24 non-African countries. The African Development Bank Group is made up of the African Development Bank (ADB), the African Development Fund (ADF) and the Nigeria Trust Fund (NTF). Its mission is to promote economic and social development through loans, equity investments, and technical assistance. Integrated Water Management is one of its development topics.

*Financial Products and Services:* ADB offers a diversified menu of financial products including loans, guarantees, risk management products, and equity participations to finance both sovereign and non-sovereign projects. The financial terms of the instrument depend on the lending window: ADB, ADF and NTF, funding the project. The following document contains the various financial products offered by the ADB and guidelines for accessing such products: (<http://www.afdb.org/pls/portal/url/ITEM/12F4A63DAB0A22C9E040C00A0C3D2AFB>)

These products are loans, risk management instruments and guarantees.

1. Bank Guarantees: A guarantee is an undertaking by a third party (guarantor) to fulfill the obligations of a borrower to a lender under an agreement, in the event of non-performance or default by the borrower of its obligations under the agreement. ADB provides two types of guarantees: Partial Credit Guarantees (PCGs) and Partial Risk Guarantees. PCGs are the most relevant for financing CDS. They cover a portion of scheduled repayments of private loans or bonds against all risks (commercial and political). PCGs could be utilized to support mobilization of private funds for project finance for both public sector and private sector investment projects, especially in infrastructure. Additional information can be obtained by clicking on the link above or accessing: <http://www.afdb.org/pls/portal/url/ITEM/12F52A465EEC3D33E040C00A0C3D0920>
2. Public Sector Sovereign Guaranteed Loans. A loan qualifies as a Public Sector Sovereign Guaranteed Loan if it is made to a Regional



Member Country or if it is supported by the full faith and credit of the Member Country in whose territory the Borrower is domiciled or in the case of loans to multinational institutions, if it is guaranteed by a Member Country or by Member Countries in whose territory (ies) the Borrower shall execute the project. This facility should be of immense interest to CDS cities. Further information on this and related products can be accessed from:

<http://www.afdb.org/pls/portal/url/ITEM/12F5F3346A8CFD8DE040C00A0C3D041F>

3. Risk Management Products (RMPs). An RMP is a financial product that allows a client to transform the financial risk characteristics of its obligation under a loan or other instrument without renegotiating or amending the terms of the original instrument. To manage risks related to its loans, the African Development Bank offers to its borrowers risk management products including interest rate swaps, currency swaps, commodity swaps, index swaps, caps and floors, and collars. These instruments are provided at prevalent market conditions. All the borrowers having a loan from the ADB are eligible for a risk management product in relation to that loan. For further information see: <http://www.afdb.org/pls/portal/url/ITEM/12F5293F99C05D48E040C00A0C3D099E>
- ADB offers RMPs to its clients in order to enable them to hedge their exposure to market risks including interest rate and currency exchange risks, thus allowing them to engage in debt management. Of course, prior to entering into RMP transactions with clients, the ADB will conduct due diligence reviews to ensure among other things, that the client is authorised to enter into such transactions and has the capacity to manage the transactions. Use the following link to access the guidelines for the implementation of ADB RMPs: <http://www.afdb.org/pls/portal/url/ITEM/12F713E00D8C395CE040C00A0C3D10FE>

Guidelines for the Use of Risk Management Products are available at the following: <http://www.afdb.org/pls/portal/url/ITEM/12F4DF2241764BD0E040C00A0C3D3C58>

## WORLD BANK

The World Bank Group (WBG) is a vital source of financial and technical assistance to developing countries around the world. It supports delivery of essential (infrastructure) services in the following sectors: energy, communications technologies, oil, gas, mining and chemicals, transport, urban development and water supply and sanitation. Financing is a central theme of the Bank's infrastructure work. The World Bank helps developing countries mobilise resources by offering financial instruments such as risk mitigation arrangements, guarantees, sub-sovereign financing solutions, and output-based aid (OBA) support.

- (a) Risk Mitigation Arrangements
 

In addition to assisting countries improve their infrastructure regulatory framework and investment climate, the World Bank (IBRD and IDA) offers three kinds of guarantees. The most relevant for CDS is Partial Credit Guarantees (PCGs), offered by the International Bank of Reconstruction and Development for public borrowers, to cover private lenders against the borrowers credit risk during a specific period of the financing term of debt for a public investment. For additional information on risk mitigation see: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/EXTINFNETWORK/contentMDK:20535865~menuPK:489896~pagePK:64159605~piPK:64157667~theSitePK:489890,00.html>
- (b) Sub-Sovereign and Municipal Finance
 

The World Bank plays an important role to enhance Sub-sovereign public infrastructure entities' (PIEs) access to private financial markets in two ways:

  - At the policy level, the World Bank Group focuses on assisting them in transitioning to transparent and commercially oriented businesses, and similarly helping municipalities improve their financial management. Furthermore, the World Bank emphasizes fostering the use of credit ratings to access bond markets which can provide long-term funding; and
  - At the transaction level, the World Bank Group provides partial guarantees through the IFC-managed Municipal

Fund. A complementary facility to assist sub-sovereign entities in middle-income countries without sovereign guarantees is currently in the design phase.

- (c) **Subsidies**  
The World Bank manages the Global Partnership on Output Based Aid (GPOBA), a multi-donor trust fund established to design pilot projects for Output-based aid. OBA approaches and demonstrate aid effectiveness via application of efficient service delivery to the poor. OBA is a strategy to deliver basic services - such as water, sanitation, electricity, transport, telecommunications, education and health care - where policy concerns would justify public funding to complement or replace user fees. GPOBA offers support in the design and development of OBA projects and provides financing for the output-based subsidies to catalyze public-private partnerships.

Local authorities are eligible to apply for GPOBA funding. All the three East African countries (Kenya, Uganda and Tanzania) have experience with OBA activities:

What types of activities are eligible for funding?

GPOBA funding can be used to facilitate learning on the potential contribution of OBA approaches through three types of activities, in the following sectors:

- (a) **Eligible activities**
- **Technical Assistance:** Supporting the design, implementation and evaluation of individual projects;
  - **Dissemination:** Facilitating and identification and dissemination of lessons of emerging experiences with OBA schemes; and
  - **OBA Subsidy Funding:** Funding of OBA subsidies that will complement user fees.
- (b) **Eligible sectors**  
Eligible activities are in water, sanitation, electricity, telecommunications, and transportation. In addition, OBA subsidy funding is also available for health and education.

## HOW TO APPLY FOR FUNDING?

For specific details about applying for GPOBA funding, visit: <http://www.gpoba.org/funding/index>.

asp, and to access GPOBA's Operating Principles, <http://www.gpoba.org/docs/OP121106.pdf>

Application forms for GPOBA funding are downloadable from the following site: <http://www.gpoba.org/funding/index.asp>

**World Bank Contacts:**

**Kenya**

Contact Person: Colin Bruce, Country Director

Address: Hill Park Building, Upper Hill  
P.O. Box 00100 30577, Nairobi, Kenya

Tel: 254-20-3226300/400

Fax: 254-20-3226382

Website: [www.worldbank.org/kenya](http://www.worldbank.org/kenya)

**Tanzania and Uganda**

Contact Person: Judy O'Connor, Country Director

Address: The World Bank, 50 Mirambo Street  
Dar-es-Salaam, Tanzania

P.O. Box 2054, Dar-es-Salaam, Tanzania

Tel: (255-22) 2114575, (255-22) 2114577,

(255-22) 2116197, (255-22) 2116197

Fax: (255-22) 2113039

## C. INTERNATIONAL NGOS

### THE INTERNATIONAL COUNCIL FOR LOCAL ENVIRONMENTAL INITIATIVES (ICLEI)

The International Council for Local Environmental Initiatives (ICLEI) is an international association of local governments and national and regional local government organizations that have made a commitment to sustainable development. Its mission is to build and serve a worldwide movement of local governments to achieve tangible improvements in global environmental and sustainable development conditions through cumulative local actions. Founded in 1990, ICLEI provides technical consulting, training, and information services to build capacity, share knowledge, and support local government in the implementation of sustainable development at the local level.

### ICLEI PROGRAMMES

Through its international campaigns and programmes, ICLEI works with local governments to:

- Generate political awareness of key issues;
- Establish plans of action toward defined, concrete, measurable targets;

- To meet these targets through the implementation of projects; and
- Evaluate local and cumulative progress towards sustainable development.

ICLEI's campaigns, programs, and projects promote Local Agenda 21 as a participatory, long-term, strategic planning process that addresses local sustainability while protecting global common goods. Linking local action to internationally agreed upon goals and targets such as Agenda 21, the Rio Conventions, the Habitat Agenda, the Millennium Development Goals and the Johannesburg Plan of Implementation is an essential component.

A fundamental component of ICLEI's performance-based campaign model is the milestone process. Each campaign incorporates a five-milestone structure that participating local governments work through: (1) establish a baseline; (2) set a target; (3) develop a local action plan; (4) implement the local action plan; and (5) measure results.

## SERVICES

As the international sustainable development and environmental agency for local government, ICLEI provides information, delivers training, organizes conferences, facilitates networking and city-to-city exchanges, carries out research and pilot projects, and offers technical services and consultancy. ICLEI also provides software and tools to help local governments achieve their sustainable development goals.

More information can be obtained from the following address:

ICLEI World Secretariat  
City Hall, West Tower, 16th Floor  
100 Queen St. West, Toronto, Ontario

M5H 2N2 Canada  
Tel.: +1-416/392-1462  
Fax.: +1-416/392-1478  
E-mail: [iclei@iclei.org](mailto:iclei@iclei.org)  
Website: [www.iclei.org](http://www.iclei.org)

AFRICA SECRETARIAT  
Alex Pirie Building  
52 Wale Street, 8001  
Cape Town, South Africa  
Email [iclei-africa@iclei.org](mailto:iclei-africa@iclei.org)  
Website [www.iclei.org/africa](http://www.iclei.org/africa)

## INTERNATIONAL LAKE ENVIRONMENT COMMITTEE (ILEC)

ILEC is an international non-governmental organisation. It was formed in Japan in 1986 to promote environmentally sound management of natural and man-made lakes and their environment consistent with sustainable development policies by promoting international research and investigation, and by facilitating exchange of findings and knowledge on lake environments internationally.

Collaboration with ILEC is likely in the following areas:

- Promotion of scientific research on environmental management of the Lake;
- Environmental management of the Lake and planning of environmentally sound development of Lake;
- Promotion of training on technical and management aspects of Lake environments;
- Support of activities on environmentally sound management of the Lake, which UNEP promotes; and
- Promotion of interchange with governmental agencies, regional agencies, and research institutes which undertake international cooperation on environmentally sound lake management.

Address: 1091 Oroshimo-cho Kusatsu-shi, Shiga 525-0001 Japan  
Telephone: +81-77-568-4567  
Fax: +81-77-568-4568  
Email: [info@ilec.or.jp](mailto:info@ilec.or.jp)  
Website: <http://www.ilec.or.jp>

Africa Secretariat  
Address: P.O. Box 32563, Braamfontein, 2070, Johannesburg, South Africa  
Tel: +27-11/407-6729  
Fax: +27-11/403-0922  
Email: [iclei-africa@iclei.org](mailto:iclei-africa@iclei.org)  
Website: [www.iclei.org/africa](http://www.iclei.org/africa)

## WORLD AGROFORESTRY CENTRE

The International Council for Research in Agroforestry (ICRAF) was created in response to a visionary study in the mid-1970s led by forester John Bene of Canada's International Development Research Centre (IDRC). The study coined the term 'agroforestry'

and called for global recognition of the key role trees play on farms. This led to the establishment of ICRAF in 1978 to promote agroforestry research in developing countries. In 2002 the Centre acquired the brand name the 'World Agroforestry Centre'. The 'International Centre for Research in Agroforestry' remains our legal name and we continue to use the acronym 'ICRAF'.

One of the thematic areas at ICRAF is environmental services. ICRAF's activities on environmental services concentrate on the potential role of agroforestry systems and landscape mosaics to generate environmental services and the ways that institutions and incentive systems shape the streams of benefits and costs from alternative land uses. The corresponding focal areas relate to watershed protection; biodiversity conservation; climate change adaptation and mitigation; and, the cross-cutting area of environmental governance.

In terms of regional focus in the East and Central Africa (ECA) Region, the programme of the World Agroforestry Centre was initiated in 1987 as a regional agroforestry research network that aims at improving livelihoods of smallholder farmers and other users of tree products, and that strengthens national programs through collaborative research, education and development programs. Since its inception, the program has developed a wide range of agroforestry technologies that are being used by thousands of farmers. Additionally, the program has developed methods and tools that can help characterize land use problems, recommend appropriate interventions, catalyse wide-scale dissemination and assess impact.

Furthermore, ICRAF-ECA has formed partnership with various global and regional organizations that would help advance the science and practice of agroforestry. Country level networks have also been formed that aim at scaling up impacts of agroforestry.

The networks bring together different organizations and institutions such as research and development institutions, universities, policy makers, private sector, NGO's and the CBO's. The following are some of the networks within the region:

- Kenya Agroforestry Network (KAFNET)
- Rwanda Agroforestry Network (RAFNET)
- Uganda Agroforestry and Development Network (UGADEN)
- Ethiopia Agroforestry Network (EAFNET)
- Consortium for Scaling up Options for Increased Farm Productivity in western Kenya (COSOFAP)

- Consortium for Farm Productivity in the Drylands of Kenya (CIFProD)

For more details contact:

World Agroforestry Center

Address: P.O. Box 30677-00100 Nairobi, Kenya

Tel: +254 20 722 4000

Fax: +254 20 722 4001

Email: ICRAF@cgiar.org

Website: <http://www.worldagroforestrycentre.org>

## WORLD LAKES NETWORK

The World Lakes Network (LakeNet) is a global network of more than 1000 people and organizations in 100+ countries working for the conservation and sustainable management of lakes. The LakeNet Secretariat is a U.S.-based non-profit organization dedicated to bringing together people and solutions to protect and restore the health of the world's lakes. The network is guided by an international steering committee with regional representatives in Africa, Asia, Europe and the Americas.

LakeNet mission is to work with people and organizations to protect and restore the health of lake ecosystems throughout the world. Our information services, exchanges, assistance programs and policy work are aimed at improving the stewardship of lake ecosystems by educating and inspiring people, cultivating leadership, and strengthening lake organizations.

All of LakeNet's programmes are aimed at improving the stewardship of lake ecosystems by educating and inspiring people, cultivating leadership, and strengthening lake organizations.

For more information, contact:

World Lake Basin Management Initiative

Address: P.O. Box 3250, Annapolis,

Maryland 21403 USA

Tel: +1 (410) 268-5155

Email: [info@worldlakes.org](mailto:info@worldlakes.org)

Website: <http://www.worldlakes.org>

## GLOBAL NATURE FUND (GNF)

Global Nature Fund is a non-profit, private, independent international foundation for the protection of environment and nature. GNF was founded in spring in 1998 with the objective to foster the protection of nature and environment as well as animals. GNF's work consists mainly of:

- Initiating and carrying out of nature/ environment protection projects to preserve the animal world, the protection of migrating species, their habitat and their migratory routes.
- The development of model projects for the promotion of sustainable economy
- Publications and organisation of events dealing with the protection of nature and environment
- Promotion of international conventions on species protection

In 1998 the Living Lakes network has been initiated by the foundation Global Nature Fund, a global network of environmental partnership organisations striving for the protection of lakes and wetlands worldwide.

#### LIVING LAKES

Living lakes is a Global Nature Fund Project uniting lakes throughout the world. Working together they pursue sustainable solutions to problems lakes face everywhere. Website: <http://www.livinglakes.org>

Global Nature Fund (GNF)

International Foundation for Environment and Nature  
 Address: Fritz-Reichle-Ring 4, D-78315 Radolfzell (Germany)  
 Tel: + 49-(0) 77 32-99 95-80 /-85  
 Fax: + 49-(0) 77 32-99 95-88  
 E-mail: [info@globalnature.org](mailto:info@globalnature.org)  
 Website: <http://www.globalnature.org>

UNU/INWEH Initiative  
 Address: 1280 Main Street West Hamilton, Ontario L8S 4L8, Canada  
 Telephone: +1-905-525-9140, Ex. 24517  
 Fax: +1-905-529-4261  
 Email: [contact@inweh.unu.edu](mailto:contact@inweh.unu.edu)  
 Website: <http://www.inweh.unu.edu/inweh/>

#### Action Aid

Action Aid is an international development agency whose aim is to fight poverty worldwide.  
 Website: <http://www.actionaid.org/>

#### Kenya

Address: P.O. Box 4572, Kisumu  
 Tel: +254 (0)57 62245, 62016  
 Fax: +254 (0)57 62239  
 Email: [aakwest@actionaid.org](mailto:aakwest@actionaid.org)  
 Website: <http://www.actionaid.org/kenya/>

#### Kampala/Head office

Tel: 256 41 510016 / 510363 or 256 77 220002/2/4  
 Fax: +256 41 510016 / 510363  
 E-mail: [admin@actionaiduganda.org](mailto:admin@actionaiduganda.org)  
 Website: [www.actionaid.org/Uganda](http://www.actionaid.org/Uganda)

#### AFRICAN DEVELOPMENT FOUNDATION (ADF)

The African Development Foundation (ADF) in 1980 as an independent public corporation with a mandate to promote the participation of Africans in the economic and social development of their countries. For more than 20 years, ADF has helped grassroots groups and individuals in Africa achieve self reliance by providing the resources they need to advance their own efforts to promote economic and social development. ADF works in Tanzania and Uganda, amongst other African countries. Website: <http://www.adf.gov/>

#### Uganda

Contact person: ADF's country representative: Kojo Osae-Addo  
 Address: Plot 73 Kiira Road, Kamwokya P.O. Box 11802, Kampala, Uganda  
 Tel: (256) 31.26.02.47, (256) 41.54.18.36/37  
 Fax: (256) 31.26.02.48  
 Email: [adfuga@infocom.co.ug](mailto:adfuga@infocom.co.ug)  
 Website: <http://www.adf.gov/uganda.html>

#### Tanzania

Contact Person: ADF's country representative: Ms. Christine Fowles  
 Address: Tan House Bldg., 1st Floor Ali Hassan Mwinyi Road P.O. Box 8864 Dar es Salaam, Tanzania  
 Tel: (255) 22.276.22.14/15  
 Fax: (255) 22.276.22.19 Email: [info@adf-tz.org](mailto:info@adf-tz.org), [cfowles@adf.gov](mailto:cfowles@adf.gov)  
 Website: <http://www.adf.gov/tanzania.html>

#### D. UNITED NATIONS AGENCIES

##### UNITED NATIONS CAPITAL DEVELOPMENT FUND (UNCDF)

The United Nations Capital Development Fund (UNCDF) is a multilateral organization that funds and implements, primarily in Least Developed Countries, small-scale investments, in the form of grants, in two

areas of intervention: local governance and microfinance. As a performance-linked funding facility it provides local governments with general-purpose development budget support for sustainable local investments in social and economic infrastructure. This support is linked to agreed measures of local performance and serves as an incentive for local capacity building. UNCDF Microfinance provides Funding in the form of grants and soft loans to build and integrate sustainable microfinance into the broader financial sector.

Address: Two United Nations Plaza, 26th Floor, New York, NY 10017.

Fax: +1 212 906 3655

Email: [ld@uncdf.org](mailto:ld@uncdf.org)

Website: [http://www.uncdf.org/english/local\\_development/](http://www.uncdf.org/english/local_development/)

Uganda and Tanzania qualify for UNCDF funds

#### UNITED NATIONS ENVIRONMENTAL PROGRAMME (UNEP), GLOBAL ENVIRONMENTAL FACILITY-GEF

Global Environment Facility (GEF), established in 1991, helps developing countries fund projects and programs that protect the global environment. GEF grants support projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. Currently, more than 150 countries are participating in the Facility. Website: <http://dgef.unep.org/> and <http://www.gefweb.org>

#### UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME (UN-HABITAT)

The United Nations Human Settlements Programme, UN-HABITAT, is the United Nations agency for human settlements. It is mandated by the UN General Assembly to promote socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all. UN-HABITAT runs two major worldwide campaigns—the Global Campaign on Urban Governance, and the Global Campaign for Secure Tenure. Through these campaigns and by other means, the agency focuses on a range of issues and special projects which it helps implement.

These include a slum upgrading initiative called the Cities Alliance, (see below) promoting effective housing development policies and strategies, helping develop and campaigning for housing rights, promoting sustainable cities and urban environmental planning

and management, post-conflict land-management and reconstruction in countries devastated by war or natural disasters. Others take in water and sanitation and solid waste management for towns and cities, training and capacity building for local leaders, ensuring that women's rights and gender issues are brought into urban development and management policies, helping fight crime through UN-HABITAT's Safer Cities Programme, research and monitoring of urban economic development, employment, poverty reduction, municipal and housing finance systems, and urban investment. It also helps strengthen rural-urban linkages, and infrastructure development and public service delivery.

Website: <http://www.unchs.org/categories.asp?catid=9>

#### CITIES ALLIANCE

Cities Alliance is a global alliance of cities and their development partners committed to improve the living conditions of the urban poor through action in two key areas:

- Support for the CDS process, and
- City-wide and nation-wide slum upgrading to improve the living conditions of at least 100 million slum dwellers by 2020 in accordance with the Cities Without Slums Action Plan

Website: <http://www.citiesalliance.org/>

### E. OFFICIAL DEVELOPMENT AGENCIES

#### EUROPEAN UNION (EU)

The European Union (EU) contributes billions of euros in aid to help developing countries stand on their own. By tackling poverty, boosting local economies and strengthening governance in the weakest of nations, EU funds are helping millions of people across the globe. Support is provided carefully and in a way that secures the long-term future of developing countries which face the rigours of operating in an ever more complex and fast-paced global economy.

The Commission finances most of its development programmes for African, Caribbean and Pacific (ACP) partner countries through the European Development Fund (EDF). Money from this pot is also spent on supporting the EU's Overseas Countries and Territories (OCTs). The Commission also funds some programmes from the EU's general budget. Member States contribute to both the EDF and the general budget.

Commission funding for overseas aid is significant: between 2003 and 2007, the ninth EDF provided €15.2 billion to ACP countries. The tenth EDF runs from 2008 to 2013, and is scheduled to give out payments of €22.7 billion.

Funding is flexible and goes where it is needed. For example, in 2005 the Commission concentrated on providing money for health and education, as well as for infrastructure projects and budget support.

The Commission funds most ACP aid programmes in four stages. Indicative programmes identify overall priorities before money is allocated via global commitments to specific projects. Then, contracts with third parties to deliver projects are agreed through individual commitments. Payments are then made to the contractors for the delivery of projects.

#### Contacts:

Name: Mr. Eric VAN DER LINDEN  
Title: Head of Delegation, Kenya  
Tel: +(254) 20 2713020

Name: Mr. D. CARPENTER  
Title: International Aid / Cooperation  
Officer-Economic Adviser  
Tel: +(255) 22 2117476

Name: Mr. Vincent DE VISSCHER  
Title: Head of Delegation  
Tel: +(256) 414 701000  
Website: [http://ec.europa.eu/comm/europeaid/projects/index\\_en.htm](http://ec.europa.eu/comm/europeaid/projects/index_en.htm)

### UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

#### Water finance at USAID

[http://www.usaid.gov/our\\_work/economic\\_growth\\_and\\_trade/development\\_credit/water\\_finance.htm](http://www.usaid.gov/our_work/economic_growth_and_trade/development_credit/water_finance.htm)  
[http://www.usaid.gov/our\\_work/economic\\_growth\\_and\\_trade/development\\_credit/water\\_finance\\_factsheets.htm](http://www.usaid.gov/our_work/economic_growth_and_trade/development_credit/water_finance_factsheets.htm)

#### Development Credit Authority (DCA)

The DCA emphasizes the mobilization of local private capital through the establishment of risk-sharing relationships with the private financial institutions in USAID-assisted countries.

Email: [odc@usaid.gov](mailto:odc@usaid.gov)

Website: [http://www.usaid.gov/our\\_work/](http://www.usaid.gov/our_work/)

[economic\\_growth\\_and\\_trade/development\\_credit/factsheets/ps\\_enhancing\\_access.pdf](http://www.usaid.gov/our_work/economic_growth_and_trade/development_credit/factsheets/ps_enhancing_access.pdf)

See examples of USAID credit guarantees

Website: [http://www.usaid.gov/our\\_work/economic\\_growth\\_and\\_trade/development\\_credit/water\\_finance\\_credit\\_guarantees.htm](http://www.usaid.gov/our_work/economic_growth_and_trade/development_credit/water_finance_credit_guarantees.htm)

#### Clean Water Revolving Fund

The Clean Water Revolving Fund is a framework for the use of local currency capital market financing mechanisms to support water sector programs and projects in select developing countries.

Website: [http://www.usaid.gov/our\\_work/economic\\_growth\\_and\\_trade/development\\_credit/factsheets/water\\_revolving\\_fund.pdf](http://www.usaid.gov/our_work/economic_growth_and_trade/development_credit/factsheets/water_revolving_fund.pdf)

#### USAID/Kenya

Address: P.O. Box 629, Village Market  
00621, Nairobi, Kenya  
Tel: 254-20-862 2000  
Fax: 254-20-862 2680 / 2681 / 2682  
Website: [www.usaidkenya.org](http://www.usaidkenya.org)

#### USAID/Tanzania

Address: 686 Old Bagamoyo Road, Msasani  
P.O. Box 9130, Dar es Salaam, Tanzania  
Tel: 255-22-266-8482 / 8489 / 8490  
Fax: 255-22-266-8421  
Website: [tanzania.usaid.gov](http://tanzania.usaid.gov)

### THE SWEDISH AGENCY FOR INTERNATIONAL (SIDA)

The Swedish Agency for International Development Cooperation, Sida, is a government agency under the Ministry for Foreign Affairs. Sida's goal is to contribute to making it possible for poor people to improve their living conditions.

Website: [http://www.sida.se/sida/jsp/sida.jsp?d=121&language=en\\_US](http://www.sida.se/sida/jsp/sida.jsp?d=121&language=en_US)

#### Examples of Sida's work in the Lake Victoria Region

Natural Resources and Environment: Since 2000, with the authority of the Swedish government Sida has had a long-term commitment to support sustainable development in the Lake Victoria basin. Sweden has committed itself to a process, rather than to specific sectors or projects. The gradual outcome of the process will determine the focus for specific interventions over time. However, some of the sectors where Sida has made a contribution are: sustainable urban development, which

includes support to the Lake Victoria Region Local Authorities Co-operation and to the cities of Kampala, Kisumu, Musoma, Homa Bay, Entebbe and Jinja.

In December 2006, Lake Victoria Initiative signed an agreement with the Lake Victoria Region Local Authorities Co-operation for support to a project known as “Facilitating Sustainable Development in the Lake Victoria Region through Local Authority Action”. The 3-year (2006-9) project is aimed at building the institutional and human resource capacity of LVRLAC and its membership to fully harness its potential as a regional network platform of Lake Victoria Local Authorities and to leverage opportunities and resources for enhanced possibility of member Local Authorities actively contributing to poverty alleviation and environmental management in the Lake Victoria Region.

Also, towards the end of 2006, a new agreement for the Phase 3 of the Lake Victoria CDS was signed. The overall objective of the CDS phase 3 is to “develop a regional approach to improved urban environment and reduced poverty in the Lake Victoria region”.

Other areas targeted for Sida support include rural water, sanitation and health; land management including support to Regional Land Management Units’ activities in the three countries; water resources management, including support to the development frameworks for the co-operative water management of three main tributaries to Lake Victoria: Kagera river basin, Mara river basin and the Malakisi-Malaba-Sio river basin; among others.

For further Information, contact:  
Sida Embassy Offices

Kenya  
Embassy of Sweden P.O Box 30600 01100  
Nairobi, Kenya Visiting address: Lion Place, 3rd floor, Waiyaki Way, Westlands, Nairobi Kenya  
Email: [ambassaden.nairobi@foreign.ministry.se](mailto:ambassaden.nairobi@foreign.ministry.se),  
Telephone: +254 (20) 423 40 00, 423 40 60,  
Fax: +254 (20) 423 40 08, 423 40 09

Tanzania  
Address: Embassy of Sweden, Mirambo Street/Garden Avenue, Dar es Salaam  
Postal address: Embassy of Sweden, P.O. Box 9274, Dar es Salaam, Tanzania  
Tel: +255-22-219 6500, Fax: +255-22-219 6503  
E-mail: [ambassaden.dar.es.salaam@sida.se](mailto:ambassaden.dar.es.salaam@sida.se) or [ambassaden.dar.se.salaam@foreign.ministry.se](mailto:ambassaden.dar.se.salaam@foreign.ministry.se)

Uganda

Embassy of Sweden P.O. Box 22669, Kampala Uganda  
E-MAIL: [ambassaden.kampala@foreign.ministry.se](mailto:ambassaden.kampala@foreign.ministry.se),  
TEL: +256-41-340 970, FAX: +256-41-340 979

Swedish Lake Victoria Initiative (LVI)

Contact Person: Kikki Nordin

Address: P.O. Box 30600 Nairobi,  
Kenya; Tel: 020-423 4000

Fax: 020-423 4070; Email: [ambassaden.nairobi@sida.se](mailto:ambassaden.nairobi@sida.se)

Website: <http://www.swedenabroad.com/Nairobi>

#### AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT (AUSAID)

The Australian Government’s overseas aid program is a federally funded program that aims to reduce poverty in developing countries. The Australian Agency for International Development (AusAID) manages the program whose aim is to assist developing countries reduce poverty and achieve sustainable development, in line with Australia’s national interest.

In 2007-2008 Australia will provide \$3.155 billion worth of official development assistance of which \$2.731 billion will be managed by AusAID. For Africa region, programme estimate for 2007-08 is \$40 million. AusAID works to improve the quality of basics services. For example, water supply and sanitation programs are providing fresh water for nearly 500,000 people in Tanzania, South Africa, Mozambique and Zimbabwe.

Contact

If you’d like any assistance you can contact

AusAID at the following address:

Telephone: +61 2 6206 4000)

Facsimile: +61 2 6206 4877)

Email: [ContractsEnquiries@ausaid.gov.au](mailto:ContractsEnquiries@ausaid.gov.au)

Or in writing to:

Procurement Policy Group (PPG)

Operations Support and Partnership Branch

AusAID

GPO Box 887

CANBERRA ACT 2601

Australia

Website: [www.ausaid.gov.au/](http://www.ausaid.gov.au/)



## CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

The Canadian International Development Agency (CIDA) is Canada's lead agency for development assistance. It has a mandate to support sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable, and prosperous world.

Since 1961, Canada has been actively supporting Kenya's development in the areas of governance, primary education, gender equality, and HIV/AIDS prevention. Canada, in 2005, named Kenya as one of the 25 development partner countries in which the Canadian International Development Agency (CIDA) will concentrate the major part of its bilateral (country to country) assistance. Besides bilateral or country-to-country assistance, Canada provides support to Kenya through voluntary and private sector partnerships and multilateral initiatives. Over the last 40 years, Canada has provided approximately \$600 million to Kenya for these initiatives, including \$33.37 million in 2004-2005. CIDA's support of \$15 million to the government's textbook procurement program over 2004-2005 has helped to ensure that, at minimum, one out of every three children will have access to a textbook.

Tanzania is one of the 25 development partner countries in which the Canadian International Development Agency (CIDA) will concentrate the major part of its bilateral (country to country) assistance. CIDA currently provides support to Tanzania's poverty reduction efforts in the following four areas:

- education;
- health and HIV/AIDS;
- governance; and
- private sector development

Canada's support to Tanzania has contributed to a number of important results in recent years, such as:

- increase in primary school enrolment rates from below 60 percent in the late 1990s to 95 percent in 2005. More than 7.5 million children are now enrolled in primary school, up from 4.4 million in 2000;
- the creation of Tanzania's first permanent national voters' register in 2005 and the registration of 8,500,000 voters by the Tanzania National Electoral Commission; and
- purchase of anti-retroviral medication, which saw some by 2005, 8,000 people living with HIV/AIDS receiving free treatment by 2005.

In Uganda, CIDA is supporting primary education and peace-building efforts through various channels, including multilateral institutions, regional initiatives, and partnerships with Ugandan advocacy groups, as well as bilateral or country-to-country assistance. Through initiatives such as these, CIDA provided over \$28.12 million to Uganda in 2003-2004 in official development assistance.

Since 2000, CIDA has provided approximately \$23.6 million in targeted humanitarian assistance to Uganda. This funding includes \$11.8 million to the World Food Program (WFP) that provides food assistance to over 1.5 million people in northern Uganda and assists them when they return to their farms. The WFP also provides supplementary and therapeutic feeding for malnourished children and pregnant and lactating mothers, dietary support for people infected and affected by HIV/AIDS; resettlement rations; and school feeding and food-for-assets programs. This humanitarian assistance has also provided \$1.84 million to the reintegration of child soldiers, including girls, conflict resolution training for children, legal representation for youth, and children's participation in building peace, in northern Uganda.

CIDA contact in Kenya:

The Canadian High Commission in Kenya also represents Canadian interests in Burundi, Eritrea, Rwanda, Somalia and Uganda.  
Physical address: Canadian High Commission, Limuru Road, Gigiri, Nairobi  
Postal address: Canadian High Commission  
P.O. Box 1013  
00621-Nairobi, Kenya  
Telephone: (254-20) 366 3000  
Fax: (254-20) 366 3900  
Email: [nrobi@international.gc.ca](mailto:nrobi@international.gc.ca)

CIDA contact in Tanzania

Street Address: The Canadian High Commission  
38 Mirambo St., Garden Avenue  
Dar es Salaam, Tanzania  
Postal Address: The Canadian High Commission  
38 Mirambo Street / Garden Avenue  
P.O. Box 1022  
Dar es Salaam, Tanzania  
Telephone: (255-22) 216-3300  
Fax: (255-22) 211-6897  
Email: [dslam@international.gc.ca](mailto:dslam@international.gc.ca)  
Website: <http://www.acdi-cida.gc.ca/index-e.htm>

## FEDERAL MINISTRY FOR ECONOMIC COOPERATION AND DEVELOPMENT BMZ/ GERMANY

The aim of German development policy is to reduce poverty worldwide, to build peace and to promote equitable forms of globalisation. The aim of Germany's development-policy cooperation with sub-Saharan Africa is to achieve a sustainable improvement of the situation that people live in according to the Millennium Development Goals, in particular, to halve poverty by 2015. The individual field of action includes:

- Improving governance, strengthening democratisation and decentralization, respect for human rights
- Crisis prevention and elimination of the consequences of crisis
- "Investment" in people and promotion of basic social services
- Combating HIV/AIDS
- Strengthening economic capacities, raising competitiveness, and diversifying economies
- Conserving and ensuring the sustainable utilisation of the natural resource base
- Strengthening the position of women
- Promoting regional cooperation

### Examples of German Support in the Region

1. Germany is providing a total of €6.5 million for a three year period from 2006 to 2008; the funding is to be used for deepening the integration process in the East African Community. The aim of the pledged funding is to provide the EAC with advice in three areas:
  - Strengthening the coordination skills of the Executive Secretariat
  - Improving the involvement of the private sector in the integration process
  - Harmonising product standards within the community
2. As a contribution to fighting poverty and inequality in Kenya, Germany has committed a total of 71.8 million euros for the period of 2007 through 2009. These funds will go toward continued German support for water supply and health care and for private-sector development in the agricultural sector. One important overarching area of cooperation is corruption control.

3. Tanzania is a focal country of German development cooperation. The Tanzania National Forest Programme benefitted substantially from German support to Tanzanian decentralisation efforts. In cooperation with the Food and Agricultural Organisation and other partners, Germany facilitated the process of developing the National Forest Policy and Forest Act. Currently, Germany is supporting the implementation of the forest policy with stakeholders' involvement.
4. Germany supported Uganda's participation in the post-Rio process as well as the executive and administrative bodies' preparation for their new tasks. German technical cooperation accompanied Uganda's National Forest Plan (NFP) process, together with other bilateral (especially Norway and United Kingdom) and multilateral partners, through short-term intermittent interventions on the political level. Germany played a decisive role in the NFP inception and supported selected components afterwards-through financial contributions, short-term policy and legal advice missions, funding workshops, stakeholder networking, cooperation with UNDP and information and knowledge management.

For more information on any of the above, contact:

German Embassy in Kenya  
Williamson House  
4th Ngong Avenue  
Nairobi  
Phone: 254 2 271 25 27  
Fax: 254 2 271 48 86  
Email: ger-emb@form-net.com

German Embassy in Uganda  
15 Philip Road, Kololo  
Kampala  
Tel: +256 41 50 11 11  
Fax: +256 41 50 11 15  
Email: germemb@africaonline.co.ug

German Embassy in Tanzania  
Umoja House, Mirambo Street  
Dar-es-Salaam.  
Tel: +255 22 211 74 09  
Fax: +255 22 211 29 44  
Email: german.emb.dar@raha.com  
Web: www.german-embassy-daressalam.de

## JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

JICA sees itself as a bridge between the people of Japan and developing countries. It advances international cooperation through the sharing of knowledge and experience and works to build a more peaceful and prosperous world. JICA uses an array of development assistance schemes - Technical Cooperation Projects; Acceptance of Trainees; Development Studies; Grant Aid; Emergency Disaster Relief; Citizen Participation; and Follow-up Cooperation - to meet the diverse needs of developing countries around the world.

At the Asia-Africa Summit held in Indonesia in April 2005, the Japanese government announced a plan to host TICAD IV in 2008 and to double its ODA to Africa over the next three years as part of its continued commitment to assistance to Africa. JICA specifies poverty reduction on the basis of human security as its ultimate goal for development in Africa. Based on Japan's guidelines for aid to Africa and the common aims of the international community, such as the Millennium Development Goals (MDGs), JICA provides support according to the following guidelines.

1. Contribution to MDGs (cooperation for poverty alleviation, improvement of social development indices)
2. Deployment of projects with a focus on human security (enhancement of support for vulnerable groups and communities)
3. Timely reconstruction assistance in post-conflict countries
4. Follow-up on TICAD III (human-centered development, poverty reduction through economic development, and consolidation of peace) and collaboration with the New Partnership of Africa's Development (NEPAD)
5. Support for policy making processes in each country and strengthening of aid coordination through the Poverty Reduction Strategy Paper (PRSP).

In providing the above-mentioned cooperation, JICA promotes intra-regional cooperation among African countries through effective use of regional bases and South-South cooperation, which utilizes Asia's experience in development. For further information, contact:

JICA Kenya Office  
Address: The Rahimtulla Trust Tower, 10th & 11th, Upper Hill Road, Nairobi,

P.O. Box 50572-00200, Nairobi, KENYA  
Tel: +254-20-2724121  
Fax: +254-20-2724878  
Email: [jicaky@jica.go.jp](mailto:jicaky@jica.go.jp)  
<http://www.jica.go.jp/english/>

JICA Tanzania Office  
Address: 3rd Floor, Barclay's House  
1008/1 Ohio Street, Dar es Salaam  
P.O. Box 9450, Dar es Salaam, TANZANIA  
Tel: +255-22-2113727  
Fax: +255-22-2112976  
Email: [jicatanz@jica.go.jp](mailto:jicatanz@jica.go.jp)  
<http://www.jica.go.jp/english/>

JICA / JOCV Uganda Office  
East African Development Bank Building, 5th Floor,  
Plot No.4, Nile Avenue, Kampala, UGANDA  
(P.O. Box 12162, Kampala, UGANDA)  
Tel: +256-41-254326  
Fax: +256-41-346318  
Email: [jicaug@jica.go.jp](mailto:jicaug@jica.go.jp)  
<http://www.jica.go.jp/english/>

## F. INTERNATIONAL FOUNDATIONS

### FORD FOUNDATION

The Goals of the Ford Foundation are to: Strengthen democratic values, Reduce poverty and injustice, Promote international cooperation and Advance human achievement. Ford Foundation supports activities geared toward creating political, economic and social systems that promote peace, human welfare and the sustainability of the environment on which life depends. The Foundation works mainly by making grants or loans that build knowledge and strengthen organizations and networks.

The Foundation's work in Eastern Africa is built on recognition not only of the multiple transitions the region is experiencing, but also of the need to affirm the enduring values of peace, social justice and human dignity and integrity in a world where these values are often taken for granted. In this light, the Foundation supports innovative and creative efforts which advance the realization of some fundamental values and goals:

- To guarantee the security, safety and well-being of citizens

- To rebuild decaying institutions and to restore hope to ordinary people
- To assist the transition in Eastern Africa to an enabling environment that expands the space for democratization, encourages cultures of participation and advocates inclusion rather than exclusion of marginalized and oppressed groups
- To strengthen the capacity of local philanthropies, institutions and individuals within governments and civil society to promote value systems which break down barriers and build new partnerships in the search for social justice, peace, health and well-being
- To support communities, the poor and the disenfranchised in their efforts to secure access to justice as well as to the information, skills and assets they need to take control of their lives and gain the confidence and capacity to build a better future

Ford Foundation programming in Eastern Africa is conducted by the Representative, four Program Officers and an administrative staff who are based in Nairobi, Kenya. The Eastern Africa office supports work in Kenya, Tanzania and Uganda as well as in some regional institutions whose mandate encompasses these countries even though they may be located elsewhere.

The Ford Foundation does not implement projects or programs but uses the limited resources at its disposal to make grants to partners who include government agencies, non-governmental organizations, community-based organizations, universities, private businesses and outside donor organizations. Grant funds support innovations, experimentation, learning and demonstration being carried out by these partners. The long-term objective of the Foundation support is to strengthen and to develop local institutions with independence and autonomy of action and with the capacity to generate and apply new bodies of knowledge in addressing the challenges of the future. The Nairobi office, which serves Kenya, Uganda and Tanzania, can be contacted at:  
 Address: Ford Foundation, P.O. Box 41081, 00100, Nairobi, Kenya  
 Tel: 254-20-2710444  
 Fax: 254-20-2712203  
 Email: [ford-nairobi@fordfound.org](mailto:ford-nairobi@fordfound.org)  
 Website: <http://www.fordfound.org/>

## ROCKEFELLER FOUNDATION

The Rockefeller Foundation was established in 1913 by John D. Rockefeller, Sr., to “promote the well-being” of humanity by addressing the root causes of serious problems. The Foundation works around the world to expand opportunities for poor or vulnerable people and to help ensure that globalization’s benefits are more widely shared. With assets of more than \$3.5 billion, the Rockefeller Foundation works around the world to expand opportunities for poor or vulnerable people and to help ensure that globalization’s benefits are more widely shared.

The Foundation initiatives are largely focused on a small group of areas in which it may play a special role by virtue of our history and legacy: global health, agricultural productivity, innovation for development, economic resilience and urban life. Rockefeller Foundation organizes its operations by time-bound initiatives, rather than by program areas. Initiatives take many forms and use many methods, but nearly all draw on our long-held beliefs in creating opportunities for the world’s poor or vulnerable people by spurring entrepreneurship, promoting innovation, building human and institutional capital, catalyzing the creation of new fields and expanding access to and distribution of resources.

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## AGA KHAN DEVELOPMENT NETWORK (AKDN)

The Aga Khan Development Network (AKDN) is a group of development agencies working in economic, social and cultural development, primarily in Asia and Africa. These are:

- Aga Khan Foundation (AKF)
- Aga Khan Health Services (AKHS)
- Aga Khan Agency for Microfinance (AKAM)
- Aga Khan Fund for Economic Development (AGFED)

- Aga Khan Planning and Building Services (AKPBS)
- Focus Humanitarian Assistance (FOCUS)
- Aga Khan Education Services (AKES)
- Aga Khan Trust for Culture (AKTC)
- University of Central Asia (UCA)
- Aga Khan University (AKU)

AKDN focuses on health, education, culture, rural development, institution-building and the promotion of economic development. It is dedicated to improving living conditions and opportunities for the poor, without regard to their faith, origin or gender.  
Website: <http://www.akdn.org/>

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Tanzania

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## GLOSSARY OF KEY TERMS

Financing City Development has its own vocabulary, which requires interpretation when applied in different settings. Below is a description of key terms used in this Toolkit.

### BUDGET

A budget is a plan to achieve desired objectives over time which reflects quantities of resources required. It is generally a projection of future revenues and expenditures. At a minimum, a budget is used to control financial transactions. It is also used as a management and planning tool.

### RECURRENT BUDGET

Recurrent budget is concerned with the regular operation of services, including salaries, pension contributions, the purchase of short-life equipment, the costs of routine repair and maintenance, and the servicing of long-term debt (principal and interest).

### CAPITAL BUDGET

The capital budget is largely concerned with the creation of long-term assets (roads, pipes, schools, water treatment plants).

### DEBT

Debt refers to long term borrowing to finance projects. It can be external if the funds are coming from outside the Local Authority or internal when it comes from its own funds.

### GRANTS

Grants are donations from outside

### EQUITY

Equity refers to the use of internal revenues of the Local Authority to directly finance projects.

### ANNUITY LOAN

This is a type of debt financing whereby the borrower paying of annual or semi-annual instalments that comprise the capital and interest.

### SINKING FUND

This is a debt obligation in which the borrower is required to pay a balloon payment together with interest at the end of the loan period.

### FUND

A fund is a set of interrelated accounts which record assets (revenue) and liabilities (expenditure/ obligations) related to a specific purpose.

### LOCAL ECONOMIC DEVELOPMENT (LED)

LED is a participatory process in which local people from all sectors work together to stimulate local commercial activity, resulting in a resilient and sustainable community.

### STRATEGY

Strategies are the means to achieve the objective. It is the how to do it and the time frame. Some strategies may be short, medium and long term given the nature of the problem/issue. Strategy gives general guidance and provide framework within which actions will be taken. Strategies are the pillars to guide in the navigation and ensure the action plans target the real problem. They provide an agreed set of principles and a policy framework to guide all stakeholders.

### CITY DEVELOPMENT STRATEGY

A City Development Strategy is an action plan for equitable growth in cities and their surrounding regions, developed and sustained through participation, to improve the quality of life for all citizens

### STAKEHOLDERS

Stakeholders are people who have a stake in the success or failure of a project, programme or process. They are those who are interested in, have influence over, have authority over, or will be affected by the process, programme or project.

### CREDITWORTHINESS

The general eligibility of a local government to borrow money

The publication is a toolkit specifically prepared to help local authorities raise internal and external resources to finance implementation of priority projects and programmes. It provides useful steps, skills and resources to aid the process of financing a City Development Strategy.

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