

27711

SUBNATIONAL CAPITAL MARKETS IN DEVELOPING COUNTRIES

FROM THEORY TO PRACTICE

Editors | **Mila Freire** and **John Petersen**
with **Marcela Huertas** and **Miguel Valadez**



Subnational Capital Markets in Developing Countries

From Theory to Practice

Subnational Capital Markets in Developing Countries

From Theory to Practice

Editors

Mila Freire and John Petersen

with Marcela Huertas and Miguel Valadez

A copublication of the World Bank and Oxford University Press

© 2004 The International Bank for Reconstruction and Development /
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
Telephone 202-473-1000
Internet www.worldbank.org
E-mail feedback@worldbank.org

All rights reserved.

1 2 3 4 06 05 04

A copublication of the World Bank and Oxford University Press.

Oxford University Press
165 Madison Avenue
New York, NY 10016

The findings, interpretations, and conclusions expressed here are those of the author(s) and do not necessarily reflect the views of the Board of Executive Directors of the World Bank or the governments they represent.

The World Bank cannot guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply on the part of the World Bank any judgment of the legal status of any territory or the endorsement or acceptance of such boundaries.

Rights and Permissions

The material in this work is copyrighted. No part of this work may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or inclusion in any information storage and retrieval system, without the prior written permission of the World Bank. The World Bank encourages dissemination of its work and will normally grant permission promptly.

For permission to photocopy or reprint, please send a request with complete information to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA, telephone 978-750-8400, fax 978-750-4470, www.copyright.com.

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, World Bank, 1818 H Street N.W., Washington, D.C. 20433, fax 202-522-2422, e-mail pubrights@worldbank.org.

ISBN 0-8213-5464-7

Library of Congress Cataloging-in-Publication Data

Subnational capital markets in developing countries: from theory to practice /
edited by Mila Freire and John Petersen.
p. cm.

Includes bibliographical references and index.

ISBN 0-8213-5464-7

Debts, Public—Developing countries. 2. Capital market—Developing countries.
3. Subnational governments—Developing countries. I. Freire, Mila. II. Petersen,
John E. III. World Bank.

HJ8899.S857 2003
332'.041'091724—dc22

2003061373

Contents

Preface	xvii
Acknowledgments	xxi
Abbreviations and Acronyms	xxiii
Executive Summary	xxix
Chapter 1 Introduction	1
I Political, Legal, and Financial Framework	9
<i>John Petersen and Mila Freire</i>	
Chapter 2 Fiscal Devolution	11
Chapter 3 Market Setting and Legal Framework	29
II Borrowing Instruments and Restrictions on Their Use	47
<i>John Petersen and Miguel Valadez</i>	
Chapter 4 Subnational Governments as Borrowers	49
Chapter 5 The Nature and Design of Debt	63
Chapter 6 Debt Instruments and Methods of Sale	77
Chapter 7 Restrictions on the Issuance and Use of Subsovereign Debt	87
III Characteristics of Financial Market Regulation and Disclosure	111
<i>John Petersen</i>	
Chapter 8 Financial Market Structure, Regulation, and Operations	113
Chapter 9 Disclosure and Financial Reporting	129

IV	Evaluating, Monitoring, and Assisting Subnational Governments	139
	<i>John Petersen and Marcela Huertas</i>	
	Chapter 10 Credit Analysis and Credit Ratings	141
	Chapter 11 Monitoring and Intervening in Subnational Government Finances	155
	Chapter 12 Designing and Implementing Credit Assistance to Subnational Governments	173
V	Policy Guidelines	203
	<i>John Petersen and Mila Freire</i>	
	Chapter 13 Concluding Observations and Policy Guides	205
VI	Country Case Studies	217
	<i>Latin America and the Caribbean</i>	
	Chapter 14 Argentina	219
	<i>Rodrigo Trelles Zabala</i>	
	Chapter 15 Brazil	261
	<i>Rodrigo Trelles Zabala and Giovanni Giovanelli</i>	
	Chapter 16 Colombia	279
	<i>Rodrigo Trelles Zabala</i>	
	Chapter 17 Mexico	299
	<i>Steven Hochman and Miguel Valadez</i>	
	<i>Sub-Saharan Africa</i>	
	Chapter 18 South Africa	313
	<i>Matthew Glasser and Roland White</i>	
	Chapter 19 Zimbabwe	337
	<i>Roland White and Matthew Glaser</i>	
	<i>Middle East and North Africa</i>	
	Chapter 20 Morocco	355
	<i>Samir El Daher</i>	

Chapter 21 Tunisia <i>Samir El Daher</i>	365
<i>Asia</i>	
Chapter 22 People's Republic of China <i>John Petersen</i>	375
Chapter 23 Republic of Korea <i>John Petersen</i>	399
Chapter 24 India <i>Pryianka Sood</i>	413
Chapter 25 Indonesia <i>Robert Kehew and John Petersen</i>	443
Chapter 26 The Philippines <i>John Petersen</i>	461
<i>Eastern and Central Europe</i>	
Chapter 27 Bulgaria <i>Peter D. Ellis and Kremena Ionkova</i>	487
Chapter 28 Czech Republic <i>João C. Oliveira and Jorge Martinez-Vazquez</i>	503
Chapter 29 Hungary <i>Pryianka Sood</i>	525
Chapter 30 Poland <i>Miguel Valadez and John Petersen</i>	545
Chapter 31 Russian Federation <i>Asad Alam, Stepan Titov, John Petersen</i>	571
Bibliography	593
Index	607

Boxes

2.1. Devolving Responsibility for Elementary School Teachers' Salaries in Romania	14
2.2. Rio and the International Marketplace	23

3.1.	Banks and Securities Markets: Are Both Needed for Development?	32
3.2.	Brazilian Banks' Excessive Concentration in Government Securities	33
4.1.	Defining and Controlling Public Debt	56
4.2.	China: Off-Budget Finance and the Transmuted Bond	59
4.3.	Restructuring Subnational Government: From Few to Many (But How Many?)	60
5.1.	Importance of the Rate-Setting Pledge	67
5.2.	Intergovernmental Transfer Payments as Collateral	69
5.3.	Importance of Feasibility Reports: The San Pedro Sula, Honduras, Sports Complex	72
6.1.	Selecting an Underwriter through Competitive Negotiation	84
6.2.	Rigging a City's Bond Sale	85
7.1.	The Philippines: How Political Risks Can Inhibit Municipal Credit Markets	89
7.2.	Examples of Language on the Binding Nature of Financial Obligations	90
7.3.	The City of Cebu in the Philippines Considers a Deal	91
7.4.	Johannesburg Comes Up Short	96
7.5.	Example of Language Denying Central Government Responsibility for Municipal Debt	106
7.6.	Example of Language on Securing Debt with Own Revenues	107
8.1.	Commercial Banking in Transitioning Economies	116
8.2.	The Bank for International Settlements' Reserve Requirements and Capital Rules	117
8.3.	What Is a Security?	121

8.4.	After 60 Years, Municipal Bonds Return to Romania	124
9.1.	Disclosure over the Internet	131
9.2.	Accounting for Accounting Differences	134
9.3.	Why Did Czech Municipal Debt Grow So Fast?	135
10.1.	Emerging Market Ratings and Bond Insurance	143
11.1.	Example of Information Provided in the Debt Annex of French Subnational Government Budgets	163
11.2.	In Argentina Trustees Make a Difference	166
11.3.	Debt Adjustment and Subnational Insolvency in Hungary	168
11.4.	Financial Stabilization to Address Subnational Bankruptcy in Latvia	169
12.1.	The Subnational Government Retreat from the Private Credit Market in the Czech Republic	175
12.2.	Moving from Soft to Hard Credit through Enforcement of Loan Collections: South Africa's Experience	178
12.3.	The Philippine Local Government Unit Guarantee Corporation	183
12.4.	The Tamil Nadu Urban Development Fund, India	185
12.5.	Assisting Small Bond Issuers: The Bond Bank Option	189
12.6.	A Brief Illustration of Grant-Loan Integration: An Example from Indonesia	194
18.1.	A South African Parable	316
24.1.	Recent Projects Financed by the Tamil Nadu Urban Development Fund	435
24.2.	Basis for the AA+ Rating of the Madurai Municipal Corporation Bond Issue	438

Figures

3.1.	Market Structures and Sources of Capital for Local Government Borrowing	37
3.2.	Stages of Development in Credit Market Access	39
4.1.	General Government Obligation	49
4.2.	Government Limited Obligation	49
4.3.	Public-Private Project Financing	50
4.4.	Matrix of Subnational Government Financing Capacity	52
6.1.	Debt Service Structures	79
12.1.	Retail On-Lending by the Government Financing Institution	180
12.2.	Wholesale On-Lending by the Government Finance Institution	181
12.3.	Securitization of a Loan Pool	187
12.4.	Mechanics of a Liquidity Facility	192
14.1.	Distribution of Shareable Taxes under the Coparticipation Scheme, Argentina	223
14.2.	Relative Fiscal and Debt Situations of Provinces, Argentina, 2001	226
14.3.	Provincial Indebtedness by Type of Debt or Lender, Argentina, December 2001	227
14.4.	Impact of the Devaluation on Provincial Debt, Argentina	230
14.5.	Disbursement of Coparticipation Revenues, Argentina	231
14.6.	Provincial Bond Debt Outstanding by Type, Argentina, End of 2001	233
14.7.	Flow of Funds for the Salta Hydrocarbon Royalty Trust Bonds	241
14.8.	Selected Debt Indicators, Salta and All Provinces, End-2001	243
14.9.	Selected Debt Indicators, City of Buenos Aires and All Provinces, End-2001	250

14.10.	Selected Debt Indicators, Buenos Aires and All Provinces, End-2001	256
15.1.	Distribution of the Debt Stock in Bonds by State, Brazil, End-1996	272
15.2.	Subnational Debt as a Share of GDP, Brazil, 1998–2002	274
16.1.	Fiscal Balance as a Share of Total Revenue by Department, Colombia, 2000	284
16.2.	Direct Subnational Debt, Colombia, 1996–2001	287
16.3.	Allocation of Credit from Findeter 1989–99	289
16.4.	Debt Stock, Capital District of Santa Fe de Bogotá, 1995–2001	296
17.1.	Borrowing by Three State Governments, Mexico, 1994–98	304
18.1.	Outstanding Municipal Debt, South Africa, 1997–2000	325
18.2.	Outstanding Municipal Debt by Form, South Africa, 1997–2000	326
22.1.	Typical Cooperative Joint Venture Arrangement for Expressway Development	385
24.1.	Funding Approvals and Disbursements by the Tamil Nadu Urban Development Fund by Sector, as of 31 March 1999	434
24.2.	Value of Capital Works Executed by Municipalities with Funding from the Tamil Nadu Urban Development Fund, 1993/94 to 1998/99	434
24.3.	Simplified Flow of Funds in the Pooled Financing Scheme	441
27.1.	Local Government Expenditure as a Share of GDP, Selected Countries, Various Years, 1998–2002	492
28.1.	Municipal Debt Outstanding, Czech Republic, 1993–99	509

28.2.	Local Fiscal Deficits, Czech Republic, 1993–2000	509
28.3.	Composition of Municipal Debt Outstanding, Czech Republic, 1993–99	511
28.4.	Average Composition of Municipal Debt Outstanding, Czech Republic, 1998–99	513
29.1.	Sources of Local Government Revenue, Hungary, 1995–2000	530
30.1.	Own-Source Revenue as a Share of Total Revenue, Szczecin, 1998–2002	552
30.2.	Local Government Debt by Source, Poland, 1999–2001	555
30.3.	Concepts of Surplus from Operating Revenues as a Source of Funds for Capital Spending	559
30.4.	Structure of Operating Revenue, Wroclaw, 2001	561
30.5.	Budget and Debt, Wroclaw, 1996–2002	562
30.6.	Structure of Operating Expenditure, Lodz, 2001	564
30.7.	Budget and Debt, Lodz, 1996–2002	564
30.8.	Debt Burden as a Share of Operating Revenue, Lodz, 1996–2002	565
30.9.	Budget Balance and Debt, Szczecin, 1998–2002	566
30.10.	Debt and Debt Service as a Share of Operating Revenue, Szczecin, 1996–2002	567
30.11.	Budget and Debt, Krakow, 1998–2002	568
31.1.	Administrative Structure for Executing the Debt Strategy, St. Petersburg	589

Tables

7.1.	Municipal Debt Limitations in Selected Eastern and Central European Countries	102
10.1.	Credit Rating Volatility in Asia: Selected Standard and Poor’s Long-Term Foreign Currency Sovereign Ratings	149

14.1.	Allocation of Responsibilities among Levels of Government, Argentina	224
14.2.	Terms and Conditions of the Typical Consolidation Bond, Argentina	235
14.3.	Provincial Bond Issues in Domestic and International Capital Markets, Argentina, 1994–2001	235
14.4.	Features of the Bond Issue by the Salta Hydrocarbon Royalty Trust	241
14.5.	Debt by Source, Salta, 1995–2001	243
14.6.	Key Features of the Bond Program of the City of Buenos Aires	247
14.7.	Main Characteristics of the Bond Issues by the City of Buenos Aires	248
14.8.	Debt by Source, City of Buenos Aires, 1995–2001	250
14.9.	Access to the Bond Market by the Province of Buenos Aires, 1994–2001	254
14.10.	Debt by Source, Province of Buenos Aires, 1995–2001	256
15.1.	Municipal Sources of Funds, Brazil, 1999	275
16.1.	The “Traffic Light” System for Regulating Subnational Borrowing, Colombia	286
16.2.	Potential Borrowers from Findeter	288
16.3.	Terms and Conditions of Findeter Loans	289
16.4.	Features of the Bond Issue by the Capital District of Santa Fe de Bogotá	293
16.5.	Revenues and Expenditures, Capital District of Santa Fe de Bogotá, 1995–2001	294
16.5.	Debt Service, Capital District of Santa Fe de Bogotá, 1995–2001	296
17.1.	Spending and Own-Source Revenues as a Share of GDP by Level of Government, Mexico, Selected Years, 1991–97	301
17.2.	Subnational Bond Issues, Mexico, 2002	310
19.1.	Assets of Deposit-Taking Institutions, Zimbabwe, 1992–97	339

19.2.	Local Government Revenues by Source, Zimbabwe, 1995–98	343
19.3.	Gross Public Debt of Local Authorities, Zimbabwe, 1994–97	345
19.4.	Bond Issues by Local Governments, Zimbabwe, 1990–2001	346
22.1.	Subnational Revenues and Expenditures, 1993 to 2001	379
22.3.	Market Capitalization, Bonds, and Domestic Bank Credit as Percentages of GDP: 1995–2000	389
22.4.	Outstanding Domestic Bonds and Issuance in 2001	390
23.1.	Debt and Capital Spending of the Seoul Metropolitan Government, Republic of Korea, Fiscal Years 1996–2001	410
24.1.	Third Tier of Government, India, 2000	418
24.2.	Fiscal Decentralization, India, 1997/98	419
24.3.	Finances of Local Bodies, India, 1990/91 and 1997/98	419
24.4.	Terms of the Bond Issue by the Ahmedabad Municipal Corporation	425
24.5.	Estimated Gap in Urban Infrastructure Financing, Tamil Nadu, 2002	428
24.6.	Infrastructure Investment Requirements by Type of Urban Local Body and Sector, Tamil Nadu, 1996–2001	428
24.7.	Lending Terms of the Tamil Nadu Urban Development Fund since 1998/99	433
24.8.	Terms of the Bond Issue by the Madurai Municipal Corporation	437
24.9.	Financial Indicators for the Tamil Nadu Urban Development Fund as of March 2002	439
24.10.	Terms of Issue of the Water and Sanitation Pooled Fund	441

25.1.	Central Government Lending to Local Governments, Indonesia, Selected Years, 1980–99	446
25.2.	Banking Sector Assets by Type of Bank, Indonesia, End of March 2001	449
26.1.	Local Government Loans and Deposits with Selected Financial Institutions, Philippines, 2000	467
27.1.	Financial Performance Indicators for Sofia, 1996–2001	498
27.2.	Credit Ratings of Selected Local Governments, 2001	499
28.1.	Public Debt Outstanding, Czech Republic, 1993–99	507
28.2.	Municipal Bonds Issued, Czech Republic, 1992–99	512
29.1.	Equity and Debt Markets, Selected Countries in Central and Eastern Europe, End-1995	532
29.2.	Terms of the Bond Issue by the Municipality of Budapest	539
29.3.	Terms of the Bond Issue by the Municipality of Pecs	540
30.1.	Current Structure of Subnational Government, Poland	551
31.1.	Standard & Poor’s Credit Ratings of Subnational Borrowers, Russian Federation, 1997–2002	578
31.2.	Debt by Type, St. Petersburg, 1994–2001	581
31.3.	Structure of Debt, St. Petersburg, 1994–2001	582
31.4.	Debt Indicators, St. Petersburg, 1997–2001	583
31.5.	Credit Ratings, St. Petersburg, 1998–2002	586

Preface

This book examines institutional aspects of subnational capital markets and presents case studies of subnational borrowing, showing what has worked, what has not, and why. As decentralization continues and urbanization spreads, local authorities need to provide more services with fewer resources from the central government. Subnational borrowing, leveraging on reliable cash flows and prudent fiscal management, can be an alternative for funding some investments, especially when the useful life of the service is long (such as schools, roads, and public utilities).

Worries that fiscal decentralization may contribute to structural deficits and fiscal imbalances are common, especially in countries where the main policy priority is to control aggregate public sector borrowing. When traditions of fiscal responsibility are weak, accountability systems are immature, and administrative discipline is poorly developed, there is a risk that lower-level governments may abuse their borrowing authority, contributing to aggregate fiscal imbalance with adverse macroeconomic consequences.

However, many analysts argue that, with an adequate legal framework and sound macroeconomic fundamentals in place, local government access to capital markets is compatible with fiscal stability and promotes development of an important segment of the financial market. Necessary conditions include effective supervisory authorities; judicially enforceable contracts; tax decentralization; civic norms that promote fiscal prudence; availability of skilled staff; and adequate accounting, disclosure, and reporting standards.

Increasing numbers of local governments are borrowing from banks and issuing bonds, although in these turbulent times the path has been neither steady nor smooth. During the 1990s 120 subnational governments in Latin America engaged in market borrowing, 150 in Eastern and Central Europe, 11 in East Asia, and nearly 500 in Africa. Domestic bond markets started to blossom in

Poland, Russia, South Africa, and Zimbabwe. However, by the late 1990s the international market for subnational debt entered a period of sustained slump. Domestic bond markets, though not immune to the troubled economic conditions and ongoing structural changes, have continued to rise in importance. The participation of subnational governments in these domestic markets—where success will be critical to reenergizing international access—is the focus of this study.

This book draws from the findings of the Global Program on Subnational Capital Markets launched in 1998 by the World Bank with the sponsorship of the governments of Austria, Finland, Japan, Spain, Sweden, and Switzerland. Led by Augusto de La Torre, Mila Freire, and Marcela Huertas under the supervision of Danny Leipziger and Guillermo Perry, the program examined the experiences of subnational governments in accessing domestic and international capital markets. The objective was a mixture of fact finding and analysis of how countries deal with subnational borrowing and how they reconcile it with budgetary and fiscal balance.

The two-year program significantly advanced knowledge in this area. Among the outputs were regional studies for Latin America, Central Europe, East Asia, and Sub-Saharan Africa, undertaken in collaboration with major universities, rating agencies, investment banks, and development banks. The findings were disseminated through seminars and workshops, international conferences, and training materials. The program brought to light the challenges of allowing subnational governments access to debt financing and the need for a regulatory framework that protects all interested parties: local governments, central governments, and bond issuers.

This book also draws on a variety of other sources and studies, consolidating that work and deriving lessons about how to improve efforts to promote credit market access. It pools information on the issuing of subnational debt and its characteristics, analyzes the role of macroeconomic conditions and market development in the success or failure of such borrowing, and offers policy guidelines for ongoing efforts. The goal is to assist the World Bank and its clients to work as

strategic partners in developing and strengthening capital markets as sources of funds for local governments in emerging economies.

The book provides a framework for analysis based on a systematic study of subnational governments as borrowers and the array of credit markets in which they may operate. Complementing the framework is a set of case studies that document the recent experience of 18 countries in developing markets for subnational borrowers.

Mila Freire
Regional Advisor
Latin America and the
Caribbean Region
World Bank

John Petersen
Professor
School of Public Policy
George Mason University

Acknowledgments

The book was prepared by John Petersen and Mila Freire, lead editors, with the collaboration of Marcela Huertas and Miguel Valadez. John Petersen was lead author, with chapter contributions from Asad Alam, Michael D'Angelis, Colleen Butcher, Benjamin Darche, John Dunn, Samir El Daher, Peter D. Ellis, Giovanni Giovanelli, Mathew Glasser, Steven Hochman, Robert Kehew, Kremena Ionkova, João C. Oliveira, David Rosen, Pryianka Sood, Stepan Titov, Rodrigo Trelles Zabala, Miguel Valadez, and Roland White. Useful insights and materials were obtained from many, including Barbara Boone (Moody's Investor Services), Jane Eddy (Standard & Poor's), and Gersan Zurita (Fitch Ratings).

Also very valuable were inputs prepared for the earlier work on subnational borrowing by AB Asesores, with the assistance of Marcela Huertas, on the Latin American case studies; Benjamin Darche on the European and Central Asian case studies; SRIC Corporation, Research Triangle Institute on the East Asian studies, and Enrique Asturizaga; and Remy Prud'homme on the African case studies. The initial project was encouraged and approved by Frannie A. Leautier, Vice President of the World Bank Institute, and funded by the President's Contingency Fund under the leadership of Mr. James D. Wolfensohn. The work was conducted under the supervision of Danny Leipziger, Director of the World Bank's Latin America and the Caribbean Region's Finance, Private Sector, and Infrastructure Department. Eleoterio Codato, Anwar Shah, and Clemente del Valle served as internal reviewers. Useful comments were received from Anjali Kumar and Victor Vergara and from external reviewers. The book was edited by Meta de Coquereaumont of Communications Development Inc., and Mary Fisk, Office of the Publisher, served as production editor.

Abbreviations and Acronyms

AMC	Ahmedabad Municipal Corporation
ARD/GFG	Municipal bond consulting firm
Arg\$	Argentina currency unit
AVK	Securities and Finance Ltd./Corporation
BANOBRAS	Banco Nacional de Obras y Servicios Públicos
BAPEPAM	The Securities Regulatory Body in Indonesia
BAPPENAS	Indonesia's National Planning Agency
BAPRO	Banco de la Provincia de Buenos Aires
BGN	Bulgarian Currency Unit Leva
BIS	Bank of International Settlement
BNA	Banco de la Nación Argentina
BNDES	Brazil's Federal Development Bank
BNP	Bond Dealing Corporation [Argentina]
BOCON	Bonos de Consolidación
BPP	Banks Privatization Program
BSF	Bond Service Fund
CAPMAC	Capital Markets Assurance Company
CARE	Indian Credit Rating Agency
CEF	Brazil's Federal Housing and Savings Bank (Caixa Economica Federal)
CIP	Communal Investment Program
COA	Central Office of Audit
CLF	Consolidated Loan Fund
CMC	Chennai Municipal Corporation
CMIP	Consolidated Municipal Infrastructure Programme
CPSCl	Caisse de Prêts et Soutien aux Collectivités Locales
CRISIL	Credit Rating Information Service of India, Limited
CRR	Cash Reserve Ratio
CSFB	Credit Suisse First Boston
CSN	Brazilian company

CZK	Czech local currency
DAK	Indonesia government grant
DAU	Indonesia government equalization grant
DBP	Development Bank of the Philippines
DBSA	Development Bank of Southern Africa
DFLA	Development Fund for Local Authorities
DS	Debt Service
DTC	Depository of Notes in Argentina
EBRD	European Bank for Reconstruction and Development
ECCI	East Coast Constructions and Industries Private, Limited
EMU	European Monetary Union
ESAP	Economic Structural Adjustment Program
ESR	Environmental and Social Report
EU	European Union
EUR	Euro currency unit
FCL	Fiscal Coordination Law
FDI	Foreign direct investment
FEC	Communal Infrastructure Fund
FI	Financial Institution
FINDER	Financiera de Desarrollo Territorial
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
GFI	Government Financial Institutions
GoH	Government of Hungary
GOI	Government of India
GoTN	Government of Tamil Nadu
GRP	Gross regional product
GSIS	A pension fund
HCMC	Ho Chi Min City
HDFC	Housing Development Finance Corporation
HIGC	Philippines Government Guarantee
HUDCO	Housing and Urban Development Corporation
HUF	Hungarian currency unit
IADB	Inter-American Development Bank

ICICI	Industrial Credit and Investment Corporation of India, Limited
ICMS	Value-added tax in Brazil
ICRA	Indian Credit Rating Agency
IDP	Integrated Development Plan
IFI	Type of foreign debt [Russia]
IGT	Intergovernmental Transfer
IL&FS	Infrastructure Leasing and Financial Services Limited
IMF	International Monetary Fund
INCA	Infrastructure Corporation of Africa
IPTU	Brazil property tax
IRA	Internal Revenue Allotment [Philippines]
ISS	Brazil services tax
JBIC	Japanese bank
LALF	South African Loan Portfolio
LBP	Land Bank of the Philippines
LECOP	Argentinian money bonds
LGCF	Local Government Credit Fund
LGLA	Local Government Loans Institution
LGLB	Local Government Loans Board
LGU	Local Government Unit
LGUGC	Local Government Unit Guaranty Corporation
LIBID	Interest rate
LIBOR	London Interbank Offered Rate
Lpcd	Litres Per Capita Daily
LWUA	Local Water Utilities Administration
MBIA	Bond Insurance Company
MBS	Mortgage Backed Securities
MCMC Act	Indian Act
MDF	Municipal Development Fund
MFM Bill	Municipal Finance Management Bill
MLG	Ministry of Local Government
MoF	Ministry of Finance
MOHA	Ministry of Home Affairs
MUDF	Municipal Urban Development Fund

MUFIS	Czech Local Government Fund
NAFTA	North American Free Trade Agreement
NGO	Nongovernmental organization
NPA	Non-Performing Assets
NSE	National Stock Exchange
O&M	Operate and Monitor
OECD	Organisation for Economic Co-operation and Development
OMBs	Open Market Bonds
OTC	Over the Counter
OTP	National Savings Bank [Hungary]
PDAM	Local water utility
PDF	Provincial Development Fund
PNB	Philippines National Bank
POSB	Post Office Savings Bank
PPP	Public Private Partnership
PRI	Panchayati Raj Institutions
PSE	Public Sector Enterprise
RBI	Reserve Bank of India
RDA	Regional Development Authority Funds [Indonesia]
RDI	Government Loan
RSC levies	Regional Services Council levies
RTI/SCRI	Consulting Firm
S&P	Standard & Poor's
SEBI	Securities and Exchange Board of India
SLA	Subsidiary Loan Agreement
SLR	Statutory Liquidity Ratio
SOE	State Owned Enterprise
SSA	Sub-Saharan Africa
STP	Sewerage Treatment Plant
TE	Total Expenditures
TD	Tunisian currency unit (Dinars)
TNUDF	Tamil Nadu Urban Development Fund
TNUDP	Tamil Nadu Urban Development Project

TNUIFSL	Tamil Nadu Urban Infrastructure Financial Services, Limited
TR	Total Revenues
UBS	United Bank of Switzerland
UDI	Unidades de Inversión [México]
ULB	Urban Local Body
UNCHS	United Nations Centre for Human Settlements
UNDP	United Nations Development Program
UPAP	Urban Policy Action Plan
USAID	United States Agency for International Development
USD	United States Currency Unit
VAT	Value-added tax
ZAR	Zimbabwe currency unit