

**Innovating in municipal finance  
joint strategies for the implementation of the New Development Agenda  
Call for joint action.**

**Tuesday, 14 July 2015, Lunchtime (1.15 pm – 2.45 pm)  
Elilly Hotel, Gada Hall**



Organised by:

United Nations Capital Development Fund - UNCDF  
United Nations Human Settlements Program – UN-Habitat  
Global Task Force of Local and Regional Governments for the post 2015 development agenda  
Global Fund for the Development of Cities - FMDV  
African Union Specialized Technical Committee (STC) on Public Service, Local Government, Urban Development and Decentralization

## **Event Information**

**Event title:** Innovating in municipal finance in Low Income Countries : joint strategies for the implementation of the New Development Agenda – Call for joint action.

**Abstract** (no more than 100 words)

While only about one-tenth of the World's largest urban areas are in LDCs, 30 of the 35 most rapidly-growing large city worldwide are located in LDCs. In this context, local and regional governments are instrumental for SDGs implementations, but their financial options have not kept pace. This session will present the potentiality of innovative financial strategies, the role of the different actors at international (DFIs, international organizations), national (Governments, financial intermediaries, private sector) and local levels and their conditions of success to allow LDCs to create the appropriate conditions to respond to the development challenges with the local governments.

### **Event description**

While the world's fastest-expanding urban areas are now in the global south, managing cities and urban growth has become one of the pressing development challenges of the 21<sup>st</sup> century, and will be a major influence on the post-2015 UN development agenda. This urban growth is not limited to capital cities but is having a profound impact in secondary cities and towns, mostly unprepared to tackle the challenges of the coming New Development and Urban Agendas (Post-2015 and Habitat III Conferences).

Nevertheless, regional and local authorities are the first partners of central governments in implementing the national policies and strategies for sustainable and inclusive development.

But to better serve their citizens, regional and local governments require new empowerment through financial policies and mechanisms. Sustained municipal finances are central to subnational governments, together with an integrated approach to how the income is employed, ensuring efficiency in the expenditure, and guaranteeing that resources and services arrive to those who need them the most.

Yet, in LDCs, regional and local governments are rarely in capacity to finance and manage in the long-term major infrastructures, and sustain operating and maintenance costs, as well as invests in the local economic development to mobilize and catalyse new resources for financing local and national development.

Furthermore, due to the major challenges imposed to central governments by globalization, climate change and the national infrastructure gaps, national transfers have not been sufficient to provide, at the local level, the basics services to the population.

However different innovative financial approaches, inspired by developing and emergent countries have been identified as replicable, if adapted to LDCs realities, in order to mobilize the necessary financial resources to face those challenges, creating the appropriate conditions and tools to attract private investors and catalyse local and national savings, to access step by step the capital markets, and stimulate the local economic development in order to generate resilient business networks, employment and revenue for households, thus stronger fiscal basis and revenue for basic services provision and maintenance, as well as local authorities' creditworthiness to leverage cheaper financing.

This event will aim at presenting those innovative financial strategies and the prerequisites to allow their success.

The participants, representatives from governments, local governments, international organizations and the private sector, will present their complementary visions and roles to create the appropriate environment to attract and secure investments at local level and the pilot programs that are being developed to support those approaches.

## **Organizers**

The event will be jointly organized by UN-Habitat, UNCDF, the African Union, the Global Fund for Cities Development (FMDV) and the Global Taskforce of local and regional governments for the post 2015 development agenda, that are organizations working jointly together to support LDCs to face their urban challenges.

## **Relevance and contribution to the Financing for Development Conference**

Cities and regions act as the economic motors for development, highlighting the fact that local governments finance mechanisms are of vital importance to financing of countries' policies for sustainable development.

Insights about different financing mechanisms and instruments with potential capacity to bridge the financing gap of local authorities and support the implementation of SDGs will be shared and discussed.

Possibilities for concerted action to further advance these innovations and spur action at the international, national and local level will be explored and articulated between a wide range of stakeholders.

A call for joint action between these stakeholders and others, on the mobilization of local resources for development and SDGs implementation in LDCs context will be made as an illustration of one of the possible operationalization of the international agreement to be signed by central governments at the end of the Addis Ababa Conference.

The side event will show that new resources for development can and should be tapped into at the local and regional level in LDCs, and will highlight how local and regional capacities for raising and catalysing these resources for local and national development can be implemented, offering an actionable roadmap for LDCs, their regional and local authorities, and the development partners.

## Draft agenda for the side event

### Opening of the session (10m)

- Joan Clos, UN Under-Secretary General and Executive Director, UN-Habitat.
- Judith Karl, UNCDF Executive Secretary.

### **The role of local governments in contributing to finance sustainable development: Innovations in municipal finance (40 m)**

*Moderator:* Jean-Francois Habeau, Executive Director, FMDV – Global Fund for the Development of Cities.

- Hon. Isidore Gnonlonfoun, Minister for Decentralization, Governance and Public Administration, Benin. Chair of the Local Governance and Decentralization Sub-Committee 8 of the African Union. Président du Sous-Comité « Décentralisation et Gouvernance Locale »
- Hon. Didas Massaburi , Mayor of Dar Es-Salam

#### *Open Debate*

### **The role of local governments in contributing to finance sustainable development: Efficacy in municipal management (40 m)**

*Moderator:* Josep Roig, Secretary General, UCLG – United Cities and Local Governments

- Hon. Diriba Kuma, Mayor of Addis Ababa
- Hon. Mohammad Ishaq Dar, Minister of Finance, Pakistan

#### *Open Debate*

### **Conclusions:**

- Hon. Khalifa Sall, Mayor of Dakar, President of UCLG-Africa, Vice-President of FMDV
- Hon. Mekuria Haile, Minister for Urban Development and Construction, Ethiopia

### **Contact Person**

First Name: Diana

Last Name: Lopez Caramazana

Title and affiliation: Acting Head, Local Government and Decentralization Unit, UN-Habitat.

Contact E-mail: [Diana.lopez@unhabitat.org](mailto:Diana.lopez@unhabitat.org)

Contact Phone: + 254.717.35.38.88