

**Local and Regional Governments Statement
3rd Forum on Financing for Development
New York, 26 April 2018**

The Global Taskforce of Local and Regional Governments, which brings together the international networks of sub-national governments, and convenes the *World Assembly of Local and Regional Governments*:

Reaffirms its commitment to contribute to the localization of the global goals and to participate actively in their monitoring and follow-up, particularly in 2018, the year in which the High-Level Political Forum of the United Nations will assess the SDGs related to the “transformation towards sustainable and resilient communities” – including SDG 11 on sustainable cities and communities;

Welcomes the section on sub-national finance included in the IATF Progress Report on Financing for Development 2018, which acknowledges the need to address the considerable challenges that sub-national governments face “in mobilizing adequate revenue to meet recurrent expenditures and make long-term investments in support of inclusive and sustainable local development”;

Highlights the need to provide sub-national governments with “adequate fiscal powers and the capacity and incentives to use them”, based on “a clear *de jure* legal framework as well as *de facto* autonomy and independence at appropriate levels”, as stated in the Report;

Endorses the actions proposed by the IATF to strengthen the institutional frameworks “to make sub-national finance a powerful instrument of development” and to reinforce “the coherence and collaboration between central and sub-national authorities”, by providing:

- “Formal and clear assignment of functions and revenue generation responsibility as well as systems and processes to support implementation”,
- “Transparent and accountable sub-national governments operations systems”,
- “Capacity and incentives to function effectively”, including “strengthen sub-national governments’ financial and asset management systems and administer sub-national governments’ taxes and fees”,
- “Intergovernmental transfers to be more predictable and transparent”, contributing to the implementation of global, national and local development goals, reducing disparities among sub-national governments, and creating incentives to achieve the SDGs;

Supports the proposals to foster access to more sustainable long-term finance for sub-national governments by adopting policies and instruments, adapted to national and local conditions: from more adequate borrowing frameworks to enhanced access to multilateral and national development banks, climate-change financing mechanisms, commercial finance and, when appropriate, financial markets, to invest in sustainable infrastructure;

Considers that public-private partnerships could potentially play an important role in securing expertise and funds from the private sector, enabling legislation and credit worthiness will be critical for effective PPPs, and **shares** concerns about many sub-national governments’ difficulty to manage the complexity of PPP projects. The Global Taskforce **stresses**, accordingly, the need to ensure the fiscal sustainability of these projects and preserve the public interest, while guaranteeing access to public services for the most vulnerable;

Acknowledges the recognition of Decentralized Development Co-operation (DDC) among sub-national governments as an emerging trend, highlighting that volumes increased by 1 percent per year from 2005 to 2015, reaching USD 1.9 billion in 2015 and representing 6 percent of bilateral ODA;

Commends the call made in the Outcome Document of the 2018 Forum on Financing for Development for Member States to “strive to strengthen revenue collection and related accountability mechanisms as well as public service delivery at the national and sub-national levels”;

Shares that investing in accessible, affordable, reliable, sustainable and resilient infrastructure including transport, energy, water and sanitation for all, is a pre-requisite for achieving many of the SDGs and the global agendas;

Regrets that, in spite of SDG 11 being assessed at this year’s HLPF and the global infrastructure gap being acknowledged as a priority, the Outcome Document of the 3rd Forum makes no reference to major urban challenges, particularly in developing countries, which are expected to experience exponential urban expansion over the next decade;

Calls for a clearer reference to urban financing in the FfD Forum recommendations to promote investment and resource mobilization, particularly in urban areas of developing countries where urbanization is expanding rapidly, develop quality and resilient infrastructure, and ensure basic services accessible to all;

Calls on Member States to consider the deployment of strategies to strengthen and diversify sub-national governments’ sources of finance, as proposed in the IATF Report 2018;

Calls for increased efforts to analyze and report on innovative initiatives to establish national and international funding mechanisms, as well as an enabling environment able to channel public and private funds towards cities and territories, thus promoting the achievement of the SDGs at local level (i.e., the “localization” of the SDGs);

Calls for future IATF reports to examine to what extent multi-lateral development banks, climate finance and official development assistance could play a more catalytic role for stronger urban and local finance in developing countries, especially in less developed and low/middle-income countries;

Reiterates its call to ensure regular monitoring and follow-up of Paragraph 34 of the Addis Ababa Action Agenda (AAAA) on the role of sub-national and local governments in implementation, supporting a range of initiatives to collect and assess relevant data and information on sub-national finance, such as the World Observatory on Subnational Government Finance and Investment, jointly developed by the OECD and UCLG since 2016;

Appreciates the opportunity for local authorities to participate in the 3rd ECOSOC Forum on Financing for Development and in its ministerial and expert segments; **calls** on Member States to continue this practice in future fora, in line with the commitment they made, in Paragraph 130 of the AAAA, to fully involve local authorities in the follow-up of the financing for development process.