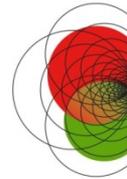




**FINANCING FOR
DEVELOPMENT**
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TIME FOR GLOBAL ACTION



GLOBAL TASKFORCE
OF LOCAL AND REGIONAL GOVERNMENTS
FOR POST-2015 DEVELOPMENT AGENDA
TOWARDS HABITAT III

Perspectives from the Global Taskforce of Local and Regional Governments on Financing for Development

*Intervention of **Jean Pierre Elong Mbassi**, Secretary General, United Cities and Local Governments of Africa (UCLG-A), in the closing plenary of the Civil Society Forum, Addis Ababa, 12 July 2015*

The Global Task Force of Local and Regional Governments is thankful to the organizers of this CSO Forum for the opportunity it is offered to present its perspectives on the FINANCING for DEVELOPMENT Conference.

1. While the Task Force for Local and Regional Governance welcomes the recognition of the role of local and regional governments in the proposed Addis Ababa Action Agenda, as well as the commitment by national governments to support the financing and capacitation on local governments in this regard, the fact that the official program of the Conference did not provide any specific platform for the deliberations of local and regional governments, raises a serious concern about the consideration that the battle for sustainable and resilient development will be won or lost in cities and communities at the local level where people live, produce, and consume.

2. People-centred development agenda as defined through the upcoming sustainable development goals, is inseparable from the decentralization agenda. Consequently, recognizing with the CSOs the "fundamental qualification of countries' policy space at the heart of the whole financing framework", one should also be reminded that national governments themselves found it appropriate to establish subnational levels of government, in order that public action is defined closest to the citizen to have maximum impact. Across the world more and more national governments are implementing their development policies and strategies following the subsidiarity principle, stating that any problem should find a solution at the closest level of governance of its occurrence, and if not, the problem should be referred at the nearest upper sphere of governance.

3. Following this principle as recognized in the proposed Conference Outcome Document, local and regional governments are more and more responsible for the delivery of critical public services and infrastructure needed to achieve the SDGs. However in many countries the devolution of human and financial resources does not match the devolution of responsibilities to local and regional governments. This translates in an increase gap in access to basic services and infrastructure resulting in the proliferation of slums and un-serviced human settlements, an expression of growing inequalities and exclusion in society.

4. Local and regional governments think that Public finance is and will continue to be a critical source of financing for many public service to guarantee access to basic services for all, including the poor. In most least developed countries, public finance will remain the backbone if not the only source for funding urban investments. One of the key requisite to address the need for Public finance is to drastically improve domestic financial resource mobilization, as rightly highlighted in the Addis Ababa Action Agenda. However local and regional governments concur with the CSOs statement that domestic financial resource mobilisation shall start with fair contribution of the business sector in taxes for public budgets, including in localities where their local branches operate. Furthermore any progress in domestic resource mobilization at the national level should go hand in hand with adequate fiscal decentralization framework to ensure that local and regional governments get their fair share of the public resources for them to deliver on their mandates. Equally, progress in public finance calls for accountability and transparency mechanisms the implementation of which request strong and vocal CSOs benefiting from adequate enabling environment.

5. Well supported, well structured and accountable local and regional governments can be instrumental in boosting substantially domestic financial resource mobilization. National governments should therefore work hand in hand with local and regional governments to embark into fiscal transition, departing from a situation whereby public finance is mainly funded through trade and customs rights, towards a more sustainable one with public finance funded mainly from internal taxation. This is the reason why local and regional governments are concerned that the Conference is still unclear about the setting up of an official tax body at the UN that would establish internationally binding regulations on taxation, to combat tax avoidance and evasion.

6. Local and regional governments wish to highlight the contribution of local development banks which role in financing development at local level should not be underestimated. In many countries these institutions continue to play an important role in mobilizing and pooling local resources for investment in local development and infrastructure. The Conference Outcome Document does not do enough justice to the contribution of these institutions. The local and regional governments also regret that the Conference proceedings do not address adequately access of subnational level of government to financing, including through municipal bonds issuing or other relevant appropriate mechanisms. The local and regional government expect that the launch of the new infrastructure initiative mentioned in paragraph 14 of the Addis Ababa Action Agenda, as well as the proposed Global Infrastructure Forum will adopt an approach that will address the needs of cities and urban areas in the developing countries, in particular in South Asia and Africa.

7. Local and regional governments wish also to draw attention on the contribution of migration in financing local development. Experts estimate that remittances by migrants have overtaken development Aid in finance inflow in developing countries (351 billions US Dollars of remittances in 2012 against 90 billions US Dollars of public aid). Migrants leave a local government to settle in another local government. Local and regional governments are the frontlines in the management of migrations and can testify about the importance of the contribution of migrants in terms of finance, knowledge and skills transfer, openness to international human relations, acquaintance to the culture of performance, and the building of local

people's self confidence. This is why local and regional governments call for more attention being given to the contribution of migration in financing for development.

8. With regard to the mobilization of private finance in development, local and regional governments have a long experience in building partnerships with the private sector with mix results, some being positive, other more controversial. In fact PPPs projects are complex undertakings, with lengthy, time consuming and costly preparation processes, which require negotiations capabilities that not many local and regional governments master. That is why they have always called for the setting up of a facility to help governments to acquire needed skills for them to be able to have balanced negotiations with the private sector. The local and regional governments do appreciate the contribution of private finance in financing for development. But they are also of the opinion that private finance will have appropriate impact in development only if public authorities safeguarding general interest and common good regulate it.

9. Experts indicate that two third of the humanity will be living in cities and urban areas by 2050. Over 90 per cent of the urban growth will occur in South Asia and Africa, the least developed regions of the world. Despite this radical shift in the settlement pattern of our world from majority rural to majority urban, local and regional governments found it strange that cities and urbanization are mentioned only twice in the Conference Outcome Document. Investments in cities and urban areas will have to double or triple over the coming 20 years if the world has to take up the challenge of its urbanization. Investing in the development of cities and urban areas should consequently be the bulk of financing for development. The local and regional governments are therefore concerned by the almost omission of this issue in the proceedings of the Addis Ababa Conference, although this conference is tagged as focusing on the Means of Implementation of the international community's global agendas. This omission seriously interrogates the readiness of the international community to implement the upcoming sustainable development goals, since most of them will have to be implemented in cities as the horizon of human beings' habitat, for and with city dwellers and communities.

10. Finally local and regional governments share the feeling that the Addis Ababa Action Agenda does not have the content needed for it to be an operational means of implementation of the post-2015 development agenda or the climate change agenda, which was its ambition at the beginning. The Agenda does not provide for scaling up existing sources of financing, nor does it not really explore new sources of financing. Local and regional governments expect that the next global summits on sustainable development goals in New York, and the Conference of the parties on climate change in Paris, will help revive confidence that the work of the international community will lead to greater solidarity across the world. Local and regional governments remain However mobilized and ready to contribute to building broader partnerships for the implementation of the Addis Ababa Action Agenda, with a special attention on localizing the development agenda for it to have effective impact on the people at the local level.