



**United Cities and Local Governments
Cités et Gouvernements Locaux Unis
Ciudades y Gobiernos Locales Unidos**

SUMMARY OF COMMITTEES AND WORKING GROUPS ACTIVITIES AND 2007-2010

Local Finances

Chair: Eneas da Conceição Coliche, Mayor of Maputo, Mozambique

Objectives

- To act as an Advisory Body to UCLG members, the Cities Alliance¹ and its recently formed Municipal Finance Task Force on matters relating to municipal finance and resource mobilization;
- To assist UCLG members access current thinking and innovations on ways to increase the flow of domestic and international long-term capital to developing cities in support of their city development strategies;
- To provide policy and technical advice to the Executive Bureau on municipal finance matters;
- To serve as a resource to UCLG members (associations and specific local governments) through provision of a pool of expertise, providing guidance on policy and technical matters and to act as a “sounding board” to members on their proposals and concerns;
- To act as a channel through which information and knowledge may be captured and disseminated to UCLG members (this will work through the existing UCLG web based information gateway and meetings);

Activities and achievements 2005-2007

1. Positioning UCLG on the local finance agenda:
 - Established a task force of Mayors and Presidents of national local governments associations, World Network of local governments and national associations of local governments:
 - 46 members, balanced representation: 35% are European, 30% from Latin America, 13% from Africa; Asian members stand for 9% as well as Middle East, North America represents 4%. Local government associations represent about one quarter of the members.
 - Meetings at least twice a year and minutes published on the website. A core group of about 15 members has been structured.
 - Network with several experts and institutions in local finance has been also managed (and especially a working relation with the World Bank and Cities Alliance). Specific interest of institutions has materialised (financial support of Cities Alliance, French Ministry of Foreign Affairs, DEXIA).
 - First UCLG Policy Paper and Support Paper on Local Finance finalised by the Committee and submitted to the World Organization. The UCLG Policy Paper on Local Finance is a political statement backed up by a background paper (Support Paper) of 50 pages, developing several technical and historical arguments. For the most part, the support paper was developed by Committee members at a working group meeting that was held in Barcelona in June 2007.
2. Promoting local government access to finance for local public infrastructure
 - Regular participation to key events on local finance: CDIA initiative from the Asian Development Bank, *Assises des comités nationaux des finances locales* in the UEMOA Region, etc.
 - Research on innovative funding mechanisms for local governments: participation in the Bank of Cities working group, launch of a study on congestion charges and innovative fiscal tools for European metropolises.
3. Assisting UCLG members lobbying for systemic change and local public finance reform:
 - First World Pocket Book on Local Governments developed with DEXIA, containing comparative local finance data for 82 countries. This database enables local governments to compare their degree of financial autonomy and develop further lobbying campaigns. It must be stressed that this research has never been done before at a global level and that the Committee has been successful in mobilizing local finance data in non OECD countries despite the fact that such information is rarely reported or updated.
 - Ongoing collection of good practices with regard to own source mobilization.

¹ Cities Alliance is a global partnership between donor agencies, national governments and local governments on sustainable urban development through support to slum upgrading and City Development Strategies.

A detailed list of events and activities of the Committee can be consulted by simple demand to the UCLG technical secretariat.

Perspectives 2007-2010

- a. Positioning UCLG on the local finance agenda:
 - Strengthen the Committee and its membership in Asia, and explore ways to include as observers specialized professional associations or institutions (DEXIA, professional associations of local government city managers or finance officers).
 - Ensure UCLG position in any tool developed by the development community in local finance and infrastructure financing.

- b. Promoting local government access to finance for local public infrastructure:
 - Present the UCLG Policy Paper on Local Finance and lobby for the implementation of its recommendations (inquire about strategies for small and medium local governments infrastructure needs) among multilateral banks and donors; but also work with development banks to improve and simplify current lending processes to local governments.
 - Actively participate to the Bank of Cities project and especially investigate pooling and funding mechanisms.
 - Edit a practical guide for UCLG members: "how to access development bank loans?"
 - Pursue participation in key events on local finance and especially in the ones organised by organization lending towards local governments.

- c. Assisting UCLG members lobbying for systemic change and local public finance reform:
 - Improve access to valuable local finance information: develop on line documentation, contribute to the Municipal Finance Task Force, collect good practices especially with regard to own source mobilization through partnerships (like with the *Partenariat pour le Développement Municipal*).
 - Support UCLG members committed to reform national specialized financing institutions on-lending to local governments by establishing a Municipal Development Fund performance tracker in these countries with Cities Alliance.
 - Contribute to the reform process of fiscal decentralization frameworks at the request of UCLG members (for instance through the collection of comparative data and analysis).