



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

## UCLG COMMITTEES AND WORKING GROUPS

# UCLG COMMITTEE ON LOCAL FINANCE AND DEVELOPMENT

FOLLOW UP MEETING UCLG WORLD COUNCIL 28 of November, 14:00 – 15:30  
hrs, Istanbul (Turkey)

**Barcelona, 22 January 2009**

### **CIRCULAR 12**

Dear members of the UCLG Commission on Local Finance and Development

On behalf of the mayor of Maputo, Eneas Comiche, we would like to thank you for your active participation in the committee meeting during the last World Council of UCLG. We hope to receive further inputs and support of the members to follow up the agenda for the next year and to meet expectations, especially regarding the advocacy process with the African Development Bank and the promotion of the network of financial experts, FINET.

Please find the minutes of the meeting and a draft agenda for the 6 months. We will welcome any suggestion and remain at your full disposal.

Please send your recommendations to [e.bilsky@cities-localgovernments.org](mailto:e.bilsky@cities-localgovernments.org) or [fyatta@yahoo.com](mailto:fyatta@yahoo.com).

Wishing you a fruitful start of the year 2009, best regards,

Your UCLG committee team

[Minutes of Meeting](#)



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**UCLG World Council Meetings**  
27 – 30 November 2008, Istanbul  
Local Finance and Development  
Committee

**Minutes of the Meeting**

Friday 28 November 2008: Meeting of the Local Finance and Development Committee on the 2008 Report of Activities and the 2009 Work Plan.

The meeting, which ran from 2:30pm to 4pm, was presided over by Mr Eneas Comiche, Mayor of Maputo (Mozambique) and attended by approximately forty people, including members of the Committee and participants from all the sections of United Cities and Local Governments (UCLG).

The meeting sought to :

- Examine and amend the 2008 Report of Activities of the Committee ;
- Examine and approve the Draft Report of Activities for 2009.

Mr François Paul Yatta, Technical Secretary of the Committee, briefly presented the key points of the 2008 Report of Activities.

The first significant activity of 2008 concerns the lobbying of financial institutions, in particular the African Development Bank (ADB). With the approval of the ADB, the Committee held a workshop on 12 May 2008, on the contribution of African local authorities to the urban strategy project of the ADB. The President of the Committee went on to present this contribution at the annual meetings of the ADB on 13 May 2008, on the occasion of a roundtable entitled 'Promoting shared growth: urbanization, inequality and poverty in Africa'. A more detailed report of the workshop and of participation in the annual assemblies of the ADB is included as an attachment. Following up the participation of the Committee in the annual assemblies of the ADB, President Comiche wrote to the President of the ADB proposing the assembly of a joint working party to attend to the completion of the urban strategy. From 20 to 23 October 2008, the Technical Secretary of the Commission met with officials of the ADB at its headquarters in Tunis (Tunisia) and was able to learn of the deadline for the completion of the urban strategy, which is December 2009, and of the assembly within the ADB of a 'Task Force' entrusted with the finalization of the urban strategy. The principal of including the participation of members of the Committee in the Task Force of the ADB was accepted.

The second significant activity regards publications. The first publication, the technical document on local finance, was adopted at the Jeju Congress (South Korea) in 2007. This document presents the different available options for financing, the relation between the financial autonomy of local authorities and urban investments and bilateral and multilateral

cooperation, as well as cooperation with local authorities. The second publication is the 'Local Authority Guide to Self-Assessment', produced in collaboration with the Institute for Delegated Management (IGD), which proposes simple and representative indicators which can be implemented by all local authorities. The third publication concerned the preparation of the second report on Decentralization and Local Democracy (GOLD 2) which will be dedicated mainly to local finance.

The third activity concerns the launching of networks. 2008 saw the launch of the network on local finances, FINET. This network aims to bring together experts in local finance from local authority associations, municipal officials, locally elected officials and consultants. It should serve to facilitate the exchange of expertise between local authority associations and their members, but also to strengthen lobbying of international institutions.

In collaboration with Metropolis, the Commission supported the 'Bank of Cities' project, which aims to mobilize primarily local finances for the cities of developing countries.

Mr Edgardo Bilsky, UCLG Director of Programmes and Research, requested that the Committee pay special attention in carrying out this activity, which will inevitably contribute structurally to reinforcing the resources of African local authorities. Mr Bilsky hoped that this innovative experience led by the Commission would be shared with the other regions of UCLG.

The President requested that the Technical Secretariat prioritize its work with the ADB on the finalization of its urban strategy.

The presentation of the 'Bank of Cities' by Mr Alain Le Saux provided participants with a greater understanding of this innovative proposal, which plays a role in the reinforcement of the investment capacity of the members of local government. It must be remembered that this project was launched in 2005, at the general assembly of the METROPOLIS Congress in Berlin, approved by the UCLG Congress in Jeju in October 2007, then reaffirmed and supported by the administrative council of METROPOLIS in Antananarivo (2007) and the Congress of Sydney (October 2008).

In light of the great demand for financing, but the weakness of current provisions, the proposition of the 'Bank of Cities' is based on three points: (1) the necessary expertise of cities which are opening up to diversified processes of decentralized cooperation; (2) a financial structure which works from a transversal perspective of urbanization, making coherent the entirety of necessary urban investments; (3) the search for financing is carried out in an organized framework which will allow the synergizing of the whole of the financial contributions and remove the obstacles to credit and to guarantees. A test phase is underway in Antananarivo, Belo Horizonte and Makati. In closing exchanges on this subject, the President of the Commission, the Mayor Maputo, Mr Eneas Comiche, emphasized the innovative aspect of this project, which will certainly bring practical and concrete solutions to the problem of financing which African cities are facing.

The Secretariat of the Committee presented its Draft Work Programme for 2009:

- Continuation of the work with the ADB for the finalization of the urban strategy. Over the course of 2009, the Committee will participate in the meetings of the ADB Task Force. The work schedule of the Task Force, which will be developed at the first meeting in December 2008, will determine the schedule for the Committee on Local Finance and Development. The Committee will alert national decision makers to the importance of urban investment, will participate in the next annual assemblies of the ADB and will publish the finalized strategy for the members of UCLG.
- Operationalization of the UCLG technical document on local finances in a number of test countries in order to contribute to the reform of local authority financing. This procedure will unfold over four phases; (1) choice of test countries which must take into account certain opportunities which are presenting themselves; (2) development of a partnership with the institutions and/or projects working for stronger fiscal decentralization and/or local finances; (3) monitoring and support of these experiments in the test countries; (4) the capitalization and publication of the lessons of these experiences from which other African countries could benefit.
- Contribution of the Committee to the production of the second GOLD report, dedicated to local finance. The Committee will contribute to regional reports which will allow for recommendations adapted to each section of UCLG.
- Implementation and reinforcement of the network of local finances (FINET). The Committee will raise the awareness of the network among local authority associations, thus encouraging them to join; the network will then receive contributions of the necessary local authority financial data for the second GOLD report on local finances. The Committee will organize workshops and/or seminars to improve the financial capacity of network members.

The following notable observations were made during the meeting: the necessity of collaborating with the international network of Treasuries which, particularly in francophone countries, centralize and hold the financial data of local authorities; the proposition of the Canadian Federation of Municipalities (FCM), to support FINET in the task of reinforcing capacity; giving the second GOLD report a more practical and more political dimension in its analysis of local finances, etc.

The 2009 work programme was approved.

The Committee Technical Secretary, François Paul Yatta, announced the launch of a pan-African support initiative for local economic development titled LEDNA (Local Economic Development Network of Africa, website [www.ledna.org](http://www.ledna.org)).

The President of the Committee, Mr Comiche, thanked all the participants for their useful exchanges and announced the onset end of his term in the municipality of Maputo, which also signified the end of his mandate as President of the Committee. The Committee paid tribute to the outgoing President, Eneas Comiche, and thanked him for his personal commitment, which lies at the heart of the positive results the Committee has obtained, and wished him the best in his future career.

The President of the session, Eneas Comiche, transferred the presidency to Mr XX, of the Canadian Federation of Municipalities.

The representative of the Moroccan association of local authorities proposed the Mayor of Rabat as a candidate to fill the position of the outgoing President, Mr Comiche, Mayor of the city of Maputo.

The President of the session proposed that, taking into account the success of Mr Comiche's chair of the committee, Mr Eneas Comiche should continue his involvement with the Committee, holding the title of Honorary Chairman. The motion was strongly applauded.

Having reached the end of the agenda, the President thanked the participants for their positive contributions to the Committee meeting.