



Mairie de Sao Paulo Secrétariat des Affaires Internationales

Cher membre de la Commission Finances Locales de CGLU,

Le contexte dans lequel les gouvernements locaux financent leurs activités évolue. La mondialisation accélère la vitesse des changements économiques ; la décentralisation est en train de remodeler la portée de l'action des gouvernements locaux et le défi de la réduction de la pauvreté exige de nouvelles façons d'investir.

La mondialisation, la décentralisation de la gouvernance, le cadre fiscal ainsi que le niveau des investissements nécessaires exigent de nouvelles initiatives pour répondre aux besoins sociaux, en particulier dans les grandes villes.

Cependant, les conditions dans lesquelles les gouvernements locaux travaillent diffèrent d'une collectivité à l'autre. Ces tendances mondiales sont dominées par des contextes locaux différents, dans lesquels les possibilités de financement comme les contraintes varient énormément. Les différences de taille, les activités économiques et la structure fiscale des gouvernements locaux imposent de porter une attention plus grande aux problèmes que chaque ville affronte en terme de besoins financiers. Les investissements étrangers directs et les partenariats publics/privés sont deux exemples des stratégies récemment mises en place à travers le monde pour obtenir des investissements sur le long terme en infrastructures pour le développement social.

La ville de Sao Paulo, la plus importante de l'hémisphère sud, avec plus de 10 millions d'habitants et une population de 18 millions de personnes dans sa zone métropolitaine, est fière d'accueillir tous les membres de la Commission afin de partager les expériences et de mettre en place des stratégies concernant les problèmes liés aux finances et les solutions envisageables. Au nom de la ville de Sao Paulo, j'ai le plaisir de vous inviter à la première réunion de la **Commission Finances Locales**, qui se tiendra le **10 février 2006 à Washington**, à l'occasion de la réunion du **Bureau Exécutif de CGLU**. Un Programme de travail pour la Commission Finances Locales ainsi qu'un questionnaire seront envoyés à chaque membre, en même temps que le programme des réunions. Ces documents feront l'objet d'un débat à Washington. D'avance, nous vous remercions pour votre collaboration.

Secrétariat des Relations Internationales

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Cette Commission symbolise l'effort commun pour rendre les efforts des gouvernements locaux plus efficaces et améliorer le niveau de vie grâce à la promotion des investissements, la création d'emploi et le développement économique. J'espère que tous les membres partagent ces objectifs et sont impatients de participer à notre première réunion.

Dans l'attente de vous rencontrer à Washington,

Mme Helena Maria Gasparian
Secrétaire des Relations Internationales
Mairie de Sao Paulo (Brésil)



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**PROVISIONAL WORK PROGRAMME OF THE
MUNICIPAL FINANCE WORKING GROUP**

The context within which local governments are financing their activities is changing dramatically. Globalisation, decentralisation of governance and fiscal frameworks and the sheer scale of the investment requirements are demanding new initiatives to meet the MDG challenge. These global trends are over laid on to quite diverse local financial market conditions within which local governments are operating.

First, globalization is increasing the velocity of economic change and the need for cities to be responsive to new competitive pressures. For local government, to be competitive requires provision of quality infrastructure so as to attract investments necessary stimulate growth and employment.

Second, decentralization frameworks are increasingly reshaping the scope for action and role of local government. A crucial dimension of this is creating more autonomy and flexibility for local government to control their finances. In principle this should make it possible for local governments to improve the management of their finances and invest in city infrastructure.

Third, the scale of the challenge of sustained poverty reduction and slum upgrading is necessitating new thinking on how to access and service finance for investment. Increasingly, local governments have turned to *public – private partnerships* to improve the management and operations of urban services. However, more investment is needed if serious inroads are to be made to meet the challenges emerging from the MDGs. Within this context, there is growing appreciation that the mobilization of domestic long term private debt capital will be an essential component of the overall financial package. Critical to this will be getting the policy, regulatory and financing instruments fit for purpose. This in turn is made more likely if local governments are able to learn from the experience of those cities that have successfully demonstrated this financing approach and are able to translate this into local appropriate frameworks.

Fourth, local municipal financing contexts are diverse and thus require approaches and policy responses that recognize this complexity.

Objectives of the Municipal Finance Working Group are:

- To act as an Advisory Body to UCLG members, the Cities Alliance and its recently formed Municipal Finance Task Force on matters relating to municipal finance and resource mobilization;



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- To assist UCLG members access current thinking and innovations on ways to increase the flow of domestic long term private capital to developing cities in support of their city development strategies and citywide slum upgrading.
- 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); and

Activities

Gathering of information on practices among the UCLG members and its partners

Raise awareness among the international financial organizations about the importance to create funding facilities for local authorities by representing UCLG in meetings of these financial institutions.

Contribute to the analysis of strategies and frameworks to mobilize long term capital

Contribute to discussions with financial institutions on developing access to funding - domestic and international.

Develop partnership with Financial institutions to make them aware of the funding needs of local authorities.

Develop innovative funding mechanisms for Local Government, namely through actively engaging in the initiative lead by the Metropolitan Section to create of a World Bank of Cities

Provide advice and act as a sounding board to the Municipal Finance Taskforce within Cities Alliance to strengthen the linkages between city finance needs and demands and financing options.