Mayor Bradley, City of Belize at Round Table A "Domestic and international public resources" Wednesday, 24 May 2017 at the 2017 ECOSOC Forum on Financing for Development

Distinguished Ladies and Gentlemen

Dear colleagues and friends,

It is a great pleasure to join this high level discussion on *Domestic and International Public Resources.* On behalf of all the members of the Global Taskforce of Local and Regional Governments – that brings together all the global and regional networks of local and regional governments – allow me to reiterate:

Local and regional governments have a central role to play in domestic resource mobilization, essential for achieving the sustainable development goals. As the UN Secretary General said: "many of the investments to achieve the sustainable development goals will take place at the subnational level and be led by local authorities."

A recent study carried out by the OECD, in collaboration with UCLG shows that, from a sample of 101 countries, representing 82% of the world's population, sub-national governments currently generate as much as 40% of public investment. This potential to enhance local investment is fundamentally linked to more enabling decentralization and legal frameworks. In fact, where 30% of national resources are granted to local governments, they are able to produce

50% of the public investment effort. What is more, the study shows that in these, often developed, countries, local taxes represent as much as 20% of national tax revenues. Meanwhile, where only 8% of national resources are transferred to local governments, they can only provide 7% of public investment.

This vertical imbalance is induced by an unfair redistribution of national tax resources and capacities. Actually, on average, local governments in such countries only levy 2.2% of national tax revenues, in other words, 10 times less than developed countries.

In Belize, cash transfers from the central government represent only 6% of the annual budget for the Belize City Council and the actual sum transferred has remained constant for the past fifteen years despite an increasing population and an expansion of the city's boundaries. Local governments in Belize have had to make due largely on own source revenues, mainly property taxes and trade license fees, together with other income from traffic revenues and fees from liquor licensing, building permits and other user fees. While these provide a reliable source of finance, it is not sufficient for local governments to carry out their development mandate. Local governments in Belize have had to fill the finance gap through creative strategies, including that in 2013 the Belize City Council implemented a policy to restrict the issuance of a driver's license for persons who owe property taxes and this contributed to a 17% improvement in collection of arrears. In 2013 the Belize City Council successfully floated a US

$10 million general obligation bond to finance street infrastructure with the opportunity for the bond to be re-subscribed at intervals of two, five and ten years, allowing the city council to tap into finances at these points to carry out additional infrastructure projects. This was followed in 2016 when the Belmopan City Council in Belize successfully floated a US $3 million bond. The success of these, and other, finance initiatives require strong local leadership with a commitment to good government and transparency, meaningful citizen engagement and working in collaboration with development partners. It also requires that national governments create and supplement the legal, structural and policy framework that allows an empowered local government to develop into a relevant, effective and complimentary arm of government.

We must not leave our potential for sustainable development untapped. In a context of greater needs, we are advocating for a decisive shift to foster return on investment at the local level and mobilize endogenous resources. Local governments acknowledge the positive results that the inter-agency platform for collaboration on tax are delivering, and the toolkits paving the way for more inclusive international cooperation between national tax authorities.

But where are local governments?

We encourage you to strengthen regional networks of local tax administrators and to take into account local governments in strategies to reduce illicit financial flows, tax avoidance and tax evasion. In a nutshell, include local governments within your enabling action plan to create ownership of the national tax system.

It is necessary to achieve fairer distribution of public revenues between levels of government. It is also very important to focus on strengthening local government's capacity to collect its own resources. This also implies a sounder dialogue among tiers of government. Cities have implemented and shared efficient tools to capture land added-value and diversify local taxation, however in smaller local authority areas, other taxes may be more appropriate to ensure a reliable, locally generated income source. Asserting sufficient autonomy of resources will enhance the fulfillment of local government's potential for sustainable economic, social, environmental and cultural development.

In Belize, there has been a concerted effort to enhance own source revenue collection, including with stronger enforcement but also through deliberate steps by local government to improve governance and to connect tax collection with quality service delivery so that local government is seen as a relevant actor and partner in achieving the national development agenda. Local government legislation also provide for the setting up of public-private companies to further PPPs and this has been a tool utilized to secure additional funding. Despite gains made, local government still has difficulty in connecting with international public financial institutions and to attract concessionary loans and most infrastructure projects and loan agreements are routed through and implemented by the national government.

Building upon structural resources, the magnitude and the urgency to invest and move beyond the short term investment return cycle; improve municipal financial infrastructure; and grant local governments' access to long term external resources are key priorities for future sustainability.

In this regard, in Quito, the 2nd World Assembly of Local and Regional Governments launched a global call for a Global Partnership for localizing SDGs. This call chimes with the urgency to increase local investment. The Global Commission on the Economy and climate's Better Growth: Better Climate Report 2014, says that over the next 15 years the global economy will need to invest $90Trillion in infrastructure assets, which equates to $5-6 trillion of investments per year in cities, transport systems, energy systems, water and sanitation, and telecommunications. This implies doubling the current infrastructure spending.

Local Governments call upon National Development Banks to play a leading role by supporting national reforms for greater local empowerment, and catalyzing additional resource mobilization from a cross section of financial actors. We stress the catalytic role of Multilateral Development Banks in this matter. Both are fundamental to bringing ODA and Climate Finance into line with local public goals, and to helping local and regional governments trigger these powerful instruments. Development Banks support investments in essential public services, enhance creditworthiness and de-risk investment projects. We must all join our efforts to leave no one behind and channel the abundant global resources to the territories where they are most needed.

Dear colleagues, we must continue building on the commitments of paragraph 34 of the Addis Ababa Action Agenda to achieve sustainable development.