

Means of Implementation for a Transformative Post-2015 Development Agenda

High-level Thematic Debate convened by the President of the United Nations General Assembly

Draft Speech of Dr. Kadir Topbaş, Mayor of Istanbul President of United Cities and Local Governments, representing the Global Taskforce for 2015 towards Habitat III.

Dear Co-Chairs, Excellencies,

We, local leaders gathered in United Cities and Local Governments as well as the Global Taskforce *are keen to contribute to the discussion on the means of implementation* for a Transformative Post-2015 Development Agenda.

As the level of government with much of the responsibility for meeting any development targets, I would like to bring to you today the commitment of hundreds of thousands of local governments worldwide to address these responsibilities. We are convinced that a way can be found to combine poverty reduction, prosperity and sustainable development.

What actions are needed to scale up resource mobilization for cities and territories to ensure the implementation of the SDGs

I would like to underline some key aspects of the *Elements Paper released on 23 January 2015* by the co-facilitators of the preparatory process for the Financing for Development Conference.

They highlight that "***subnational entities, such as cities, often do not have sufficient resources or capacity for investments in infrastructures and other areas***".

Its policy recommendations summarize well some key points:

- "increase technical assistance and capacity building for subnational entities, including project development, debt management, and sector finance".
- "ensure appropriate fiscal decentralization"
- "provide suitable regulatory and legal environments at the national level"

Indeed, **the new agenda will need to count on mechanisms enabling local public authorities to mobilize part of the wealth produced within their jurisdiction to be reinvested in local development in a transparent and efficient manner.**

National and local governments need to join forces to scale up domestic resource mobilisation, setting appropriate taxes and tariffs levels, improving efficiency of budget management and experimenting with innovative financing models

However **local taxation** remains underdeveloped in many countries and conditions that enable local authorities to capture a portion of the capital gains in land value and the added value of economic activities are often not met. As proposed in the Report of the Intergovernmental Committee of experts on

Sustainable Development Financing, “fiscal decentralization can strengthen local governance and create local ownership for the disposition of funds”.

Long term financing is also critical to allow cities and local governments to be in the capacity to develop services and infrastructures. Access to loans and financial markets has been the backbone of most significant infrastructure investments in Western cities over the past two centuries. Today, in emerging countries, an increasing number of cities are borrowing to expand service provision through loans and bonds.

However, restrictive institutional frameworks, weak creditworthiness and local administrative constraints curb access to finance for local governments in a majority of middle and low income countries, particularly outside of metropolitan areas and large cities.

Furthermore, private investors and banking institutions require sound financial management by local governments, long-term stability and ability to generate revenue in a sustainable way. Providing increased institutional capacity to local governments should be a priority in both the national and international agenda.

International and regional development banks already play an important role in financing urban basic service infrastructure in different regions. However, these banks tend to lend to national governments and the private sector, rarely granting credit directly to local governments. To strengthen investments in infrastructures and basic services, they should explore more options such as innovative credit enhancement for sub-national loans to improve local governments’ access to private finance and reduce foreign exchange risks, for granting credits directly to local governments, being respectful of macroeconomic equilibrium. Some success stories of municipal financial institutions for the credit enhancement of subnational governments and utilities are worth considering.

International institutions and partners can play a critical role in supporting reforms, strengthening fiscal decentralization, creating legal frameworks for public-private partnerships, securing investors and helping to develop sub-national markets.

ODA will continue to play a significant role in financing basic infrastructure and social service investments, particularly in low-income countries. However ODA finance should also contribute to strengthening domestic frameworks to foster resource mobilization and to balancing national and local and territorial financing.

Climate-finance mechanisms should also be made accessible to the local level for enabling local governments to invest in resilient infrastructures

Tapping this funding potential implies that reforms must be undertaken in many parts of the world in order to encourage, secure, and adapt the funds to the needs and capacities of local governments.

We should also improve access of subnational governments to new technologies, particularly clean technologies to contribute to climate change mitigation and to build resilient infrastructures to reduce risk treaths. We need to address data gaps: develop indicator that measure results and provide metrics for urban and

territorial development that can be readily collected at a city and local level and aggregated to the country level. Consensus building on data and resourcing its collection is a classic public good. It is necessary to strengthen the *capacity of local authorities and city managers to collect data.* Frameworks for assessing how and when local engagements can be scaled up into national urban development programs need to be developed.

Tackling the institutional and financial capacity of sub-national spheres will significantly increase the efficiency of whatever agenda we define.

To conclude, we are all convinced that the success of alternative development strategies depends on a fundamental revision of the global partnership, the institutional and financial framework that should underpin the goals and targets. The new framework should be supported by a stronger and more democratic international governance structure that includes new stakeholders and covers issues and regulations not being addressed at present.

In this sense, **the explicit recognition of the specific character of sub-national authorities as specific and accountable spheres of governments in international policy making will be key to the definition of a realistic agenda that will need to open up new political spaces of local and regional leaders at the decision making table.** The potential of the local level, leaders, citizens and stakeholders in bringing solutions to the global challenges will be critical to the achievement of the future SDGs.

Finally, me and my peers around the world would like to stress the importance of a **successful, well resourced and significant Habitat III Conference** that will not only define a new Urban Agenda but also a new role to local and sub-national governments in the Global Development Agenda.

We believe that developing, renewing and enhancing effective and mutually beneficial partnerships between states including the LLDCs, their transit neighbors and development partners, with creating the necessary conducive political conditions are important.

I am looking forward to seeing you all in Istanbul in 2016 for the World Humanitarian Summit where I hope we will all be able to make our contributions to the humanitarian efforts.