

## Financing the new Urban Agenda: Towards a global observatory on local finances

### **Provide a summary of the main theme of your event \***

The Habitat III conference arises at the end of a round of negotiations whose results are rather consensual in terms of sustainable development goals for a sustainable urbanization. The major role that local governments will play to achieve the SDGs is also widely acknowledged. However, the issue that is still pending relates to the **effective implementation** of the public policies and infrastructures necessary to reach these objectives, and meet these challenges. Financing, together with planning and governance frameworks are the three main levers of implementation on which we must act.

As regards **local finance**, the imbalance between the responsibilities devolved upon local authorities and their resources have severe consequences on the wellbeing of inhabitants of urban and peri-urban areas. This topic is hard to tackle at the global level as local financing systems are closely related to the national and local institutional context, history, culture, resources, political situation, among others. Therefore, there is a huge variety of local funding systems, more or less performing, and no one-size-fits-all model to promote. As the urgency to meet the needs and the costs of inaction call for a quick and collective action, there is a need to draw some key fundamental principles based on general indicators and reliable data.

Yet, the range of instruments available to get a better knowledge of the financial health of subnational governments, including cities, is very limited. Several initiatives are under way at the national and international levels, but they don't give a global vision of the state of local finances worldwide, are not interconnected and are not updated on a regular basis. Many countries do not even have their own reporting system at the national level. Yet, reliable and comparable data on subnational finance is essential for the follow-up of fiscal decentralization processes and reforms at the local, national, regional and international scales, as this has been acknowledged during the Third International Conference on Financing for Development and in the Zero Draft of Habitat 3.

United Cities and Local Government (UCLG) and the OECD are preparing a statistical study which will be launched in October 2016. It will be the first step towards a global observatory on subnational finances. This study will present main organizational and financial indicators related to subnational governments in 100 countries worldwide, list the main information sources at international and national levels, as well as identify methodological and information gaps to be addressed. From then, we will need further support and commitment from a broader range of international development partners to transform this building block into a more comprehensive and permanent tool that would serve to effectively follow-up the implementation of the new urban agenda.

### **Key Objective 1 \***

The monitoring of local finances is key to follow-up the financial capacities of local governments worldwide to implement the recommendations of Habitat III. Such initiatives enable to have an overview of the financial health of local governments in general within the countries, and of their capacity to exercise the responsibilities that are devolved upon them, to design development policies and thereby to implement the new urban agenda.

### **Key Objective 2 \***

This initiative will promote and facilitate dialogue between the various levels of governments and enhance the multi-level governance framework through discussions on appropriate reforms based on reliable information. The aim is to collaborate and rely on regional and national initiatives to enhance transparency at the subnational level, and accountability of local governments.

### **Key Objective 3 \***

Gathering all potentially interested partners and organization, this event will be an important step to create a climate of trust and accountability between donors and local governments, and will facilitate subnational access to external resources (borrowing, PPPs, climate finance). It will also pool partners' efforts and enable to share the costs and the benefits of such a common tool.

### **Please select not more than two of the thematic Areas to which your event is relevant:**

Thematic Area 1: Social Cohesion and Equity - Livable Cities

Thematic Area 2: Urban Frameworks

Thematic Area 3: Spatial Development

Thematic Area 4: Urban Economy

Thematic Area 5: Urban Ecology and Environment  
Thematic Area 6: Urban Housing and Basic Services

**Indicate prospective speakers or panellists you plan to feature \***

Mayor of the City of Rabat-Morocco ; Josep Roig, UCLG Secretary General; Representative from OECD; Marco Kamiya, UN-Habitat; Catherine Farvacque, World Bank; Rémi Rioux, Chief Executive Officer of Agence Française de Développement; Representative from Lincoln Institute of Land Policy; Representative from Brookings Institutions.

**Which is the main language of presentation \***

- English

**Do you require interpretation for your event? (Organizer is responsible for paying interpretation service) \***

Yes - French