



# Africa Expert Consultation

Implementing the Addis Ababa Action Agenda and the Sustainable Development Goals: The Importance of Strengthening Municipal Finance

Dar es Salaam, Tanzania  
29 February-March 1 2016

DRAFT AGENDA

**Organizers:** United Nations Capital Development Fund (UNCDF) and Financing for Development Office of UN-DESA, in co-operation with the Government of Tanzania

## DAY 1: PANELS

9.00 – 10.00 a.m.	<b>Session 1: Opening</b> <ul style="list-style-type: none"> <li>• Introducing the project, setting the agenda for the meeting</li> <li>• <b>Keynote speeches: The importance of subnational finance for the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, the African context.</b></li> </ul>
10.00 – 10.15 a.m.	<b>Coffee break</b>
10.15 – 11.30 a.m.	<b>Session 2: Development context and economics: Strengthening municipal finance and rural-urban linkages in the context of increasing urbanization.</b> <p><b>Questions for discussion:</b> How has increased urbanization influenced political and/or fiscal decentralization in African LDCs in support of sustainable development? How to trigger a virtuous cycle of sustainable municipal finance and local private sector development? How can local value chains positively affect this cycle?</p>
11:30 a.m. – 1.15 p.m.	<b>Session 3: Local Fiscal Space: Promoting local revenue sources for sustainable development to ensure financial sustainability and affordability of services</b> <p><b>Questions for discussion:</b> What determines the effective choice, combination and design of appropriate revenue tools (user fees, property tax)? What is the potential for land value-capture as a source of revenue in Sub-Saharan Africa? How can local authorities improve revenue collection? How should we define financial sustainability at the subnational level? How can local authorities ensure proper cost accounting for basic services? What are the right policies to ensure affordability to pay (e.g., general subsidies like price regulation and/or targeted subsidies to households/cash subsidies or in-kind subsidies)? How should local authorities take other factors into account in the policy design when choosing the right tax and user fee revenue policies (e.g. efficiency, equitability, impact on the distribution of income, environmental impact)?</p>
1.15 – 2. 15 p.m.	<b>Lunch</b>
2.15 – 3.30 pm.	<b>Session 4: Grants and intergovernmental fiscal transfers</b> <p><b>Questions for discussion:</b> Which type/level or tier of government (central, state, subnational) does (or should do) what? Which type/level of government does (or should) generate which types of revenue? How can the coordination of different government levels be improved? How can intergovernmental transfers improve the capability of subnational governments to deliver public services and also strengthen the institutional capacity to generate revenues? How should government ministries design and implement intergovernmental transfers in support of sustainable development? How can vertical fiscal imbalances (between the center and units) and horizontal imbalances (across subnational jurisdictions) be addressed?</p>
3.30 – 3.45 p.m.	<b>Coffee break</b>
3:45 – 6.00 p.m.	<b>Session 5: Local fixed capital formation: Enhancing subnational access to long term-finance for capital investments</b> <p><b>Questions for discussion:</b> How can local authorities identify projects that are worthwhile to finance with market (expensive) resources? What does it take to</p>

	<p>formulate “bankable” project proposals and how can they strengthen the capacity in project development? When should local authorities pursue alternative forms of borrowing, including banks and capital markets? How should the macroeconomic environment and financial sector depth shape the decision to borrow? When is there potential for pooled finance to lower borrowing costs? What potential do subnational bonds hold in the most vulnerable countries, especially LDCs, where these instruments have not yet been effectively utilized? What are the costs, risks and prospects of issuing subnational bond in developing countries, especially LDCs? How can public investment banks and subnational development funds assist in promoting access to market finance for subnational governments? What is the role for national development banks? When should central governments empower subnational governments to borrow? Should the central government impose debt limits? How should the central government supervise subnational debt? How should the central government deal with subnational default? How should the central government address moral hazard problems at the local level? How can the development of subnational ratings agencies help build investor confidence?</p>
7.00 – 9.00 p.m.	<b>Dinner/Reception/Drinks</b>

## DAY 2: ROUND TABLES (WITH MODERATORS)

9.00 – 11.00 am	<p><b>Session 6: How to bridge the funding gap (1) Innovative local finance instruments</b></p> <p><b>Questions for discussion:</b> Is there any potential for introducing innovative instruments on LDC markets? What are the preconditions? What are the lessons learned? How can these instruments be progressively introduced? Is there any risk of crowding out vis-a-vis the more traditional financial instruments? How to capture new funding sources such as philanthropic foundations, pension funds and sovereign wealth funds?</p>
11.00 – 11.15 am	<b>Coffee break</b>
11.15 am – 1.15 pm	<p><b>Session 7: How to bridge the funding gap (2) Enhancing access to long term capital investments: PPP</b></p> <p><b>Questions for discussion:</b> What is the potential role for public-private partnerships in reducing risks for issuer and investor (e.g. through guarantees and other credit enhancements)? What are the experiences with different PPP models (build-operate-transfer, build-own-operate-transfer, etc.)? What is the prospect of PPPs in Africa’s LDC cities? How can we ensure that PPPs add value for money? Should we move towards common guidelines for PPPs in LDCs?</p>
1.15 – 2.30 pm	<b>Lunch</b>
2.30 – 4.30 pm	<p><b>Session 8: Strengthening international cooperation for municipal finance. Identifying priority areas for international cooperation on subnational finance</b></p> <p><b>Questions for discussion:</b> How can donors ensure a holistic approach that addresses capacity, revenue and regulatory constraints? With limited resources, which projects can add the highest value? How can the international community best reconcile national, subnational and donor priorities? How should the</p>

	international community mainstream the 2030 Agenda and AAAA into international cooperation? What steps can the international community take for greater bilateral and multilateral collaboration and coordination? How can the international community ensure donors extend their assistance beyond one-off engagements and take a longer-term, systematic and sequenced approach to engagement of development partners? Where is the greatest potential for South-South Cooperation and what role is it already playing? How can we increase subnational access to ODA and climate finance? How to coordinate more effectively with central governments on subnational priorities?
4.30 – 4.45 pm	<b>Coffee break</b>
4.45 – 6.00 pm	<b>Session 9: Conclusion and press release</b> <ul style="list-style-type: none"> <li>• Presentation of initial key messages</li> <li>• Next steps</li> </ul>