

Global  
Experts  
Group  
Meeting



# URBAN DEVELOPMENT FINANCING: THE CHALLENGES OF LOCAL GOVERNMENTS IN THE DEVELOPING COUNTRIES

Barcelona, 25-26 June 2014



**UN HABITAT**  
FOR A BETTER URBAN FUTURE

With the collaboration of:



**Ajuntament  
de Barcelona**





GLOBAL EXPERTS GROUP MEETING

**URBAN DEVELOPMENT FINANCING:  
THE CHALLENGES OF LOCAL GOVERNMENTS IN DEVELOPING  
COUNTRIES**

**Barcelona, 25-26 June 2014**

With the collaboration of:



**Ajuntament  
de Barcelona**



**URBAN DEVELOPMENT FINANCING:  
THE CHALLENGES OF LOCAL GOVERNMENTS IN DEVELOPING COUNTRIES**

GLOBAL EXPERTS GROUP MEETING

Barcelona, 25-26 June 2014

## TABLE OF CONTENTS

<b>1. BACKGROUND</b>	<b>6</b>	Session - Innovative governance mechanisms and institutions to support the efficient and equitable provision of public services in metropolitan areas countries	<b>15</b>
<b>2. INAUGURATION AND OPENING REMARKS</b>	<b>7</b>		
<b>3. THEMATIC SESSIONS</b>	<b>7</b>		
Session - Local Financing Instruments and its Challenges: The Experience of the Barcelona City Council	7	Session - Public service provision in peri-urban areas and small towns in developing countries	18
Session - Challenges facing urban authorities in developing countries in mobilizing adequate financial resources	9	<b>4. CLOSING REMARKS</b>	<b>21</b>
		<b>5. KEY MESSAGES</b>	<b>21</b>
		<b>ANNEXES</b>	<b>25</b>
a) Political economy challenges facing urban authorities in generating revenues from within and solutions to these challenges	9	Annex 1: Final list of participants	
b) Challenges in the use of various mechanisms for mobilizing financial resources for urban development and solutions to these challenges	12	Annex 2: Final Programme	

## 1. BACKGROUND

Local authorities in all parts of the world play an increasingly important role in the delivery of fundamental basic public services. But they also face huge challenges. Most local authorities in developing countries are facing even bigger challenges today as a result of rapid and chaotic urbanization and the impact of more frequent natural disasters due to climate change. The recent global financial and economic crisis has aggravated the challenges cities are facing.

The fundamental problem most local authorities are facing, especially those managing cities in developing countries, is the widening gap between the availability of financial resources and municipal expenditure needs. One of the main reasons for this increasing fiscal gap is the rapid growth of urban population, which creates an ever-increasing demand for public services and new public infrastructure and its maintenance.

Most cities depend largely on central government transfers and to a lesser extent on revenues derived from property taxation and service charges, while more lucrative sources of revenue potentially suitable for fi-

ancing urban areas, such as income taxes, sales taxes, and business taxes, continue to be fully monopolized by the central governments. Where local authorities are able to derive revenues from property taxes and service charges meaningful tax increases are sometimes refused or delayed by central governments for fear of eroding political support from the urban population or by the local authorities themselves for fear of political backlash from local taxpayers. In most countries, there are huge vertical imbalances in terms of sharing responsibilities and resources between central governments and local authorities. Stated differently, many central governments continue to refuse to pay the political and financial costs of the decentralization of roles and responsibilities.

In addition to addressing vertical fiscal imbalances, two other important factors that could significantly contribute to the more efficient and equitable delivery of public services in urban areas in developing countries are introducing more responsive and accountable governance practices and ensuring that public service provision becomes more viable in peri-urban areas and smaller cities and towns.



## 2. INAUGURATION AND OPENING REMARKS

Joan Clos welcomed the EGM by outstanding the importance of the methodology process of intervention to support cities develop practical and specific exercises of planning and design to deal with certain issues. Among these, a “three legged” main approach stands out: components of rules and regulations; urban design; and financial strategy, mainly referred to either the payment of planning city extensions or land field recovery. The biggest problem within this “three-legged approach” is the lack of understanding of the roles of regulations in the process of urbanisation, followed by an inappropriate financial strategy, especially resource movements and value sharing when not having a prioritised investment plan. In addition, he reminded how urban growth is regarded as an opportunity to generate wealth, and when well handled, its development can be self-generated.

Joan Clos pointed out that it is vital to start substituting the rapid disorganized urban sprawl into well-planned cities, failure to do so will lead to problematic cases, this include for instance, having a fantastic master plan but not a good financial management to implement it. He also explained that in the case where there is an inexistent financial model, then this model should be self-sustained through means of value sharing or recreation of the local taxation system, for instance. He also recalled the fact that there is no need for a financial plan to be complex. There should be an implementation of a simple plan if needed when economic conditions are not on our side; “we simply have to look backwards to where cities were well managed in the past”, referring to the Roman presence in Barcelona.

He concluded stating the main difference between the main approach; rules, regulations, and financial

plans, even buildings, can be modified but urban design and public space will persist, “this is a crucial fact and will stay forever”.

Albert Civit summed up that Urban Habitat tries to match five different areas: urbanism, residential, infrastructure, environment and telecommunications and put them to work together in public space, rules and financing. Thus, there is a huge interest to discuss urban issues and share experiences. He concluded by stating the alliance between UN-HABITAT and Barcelona City Council as part of a series of projects they have together seeking to make cities more efficient and improve people’s life quality.

### INTRODUCTORY REMARKS

Carmen Sánchez-Miranda explained the aim of the EGM and the consistence of it. The way Barcelona City Council works as the main event sponsor to support the knowledge management strategy of UN-HABITAT as a key input towards Habitat III, the third UN conference on sustainable urban development matters in 2016 and how there has been other EGMs focused on several urban topics such as city extensions, national policies, mobility and safety.

Gulelat Kebede proceeded by mentioning the importance of this topic by giving particular emphasis to local revenue and resources mobilization so cities can have adequate autonomy and make right decisions when linking accountability and public expenditure. Kebede also remarked the importance to emphasize on pragmatism; reform processes for changes and policies at a national level but multilevel governance, locally speaking.

## 3. THEMATIC SESSIONS

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_18638](https://www.yunbaogao.cn/report/index/report?reportId=5_18638)

