

# Event Report: EIB Africa Day and Financing Sustainable Urban Development Workshop

27 & 28 February 2020

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Note: The following notes were made from both English and French translation. Comments have not been verified and therefore it is requested that this document is not cited. The document is primarily information sharing for those unable to attend so they can learn key issues in the urban sphere from the prolific speakers. All mistakes that of author. Only certain sessions were captured.

## Event 1: EIB Africa Day 270220



#AfricaDay

### Opening remarks and video

Host introduction

1. Day of solutions not just problems.
2. Want some innovative ways to make our cities more pleasant to live in

Video from the youth of Dakar

1. 'One should decentralise the population because there are too many'
2. Key issues highlighted included
  - 2.1. Insecurity and pollution
  - 2.2. Infrastructure and employment
  - 2.3. Lack of parks, places for young people to meet
3. One proposed the solution instead of choosing men to be Mayors, we could choose women. Because women can also make decisions.
4. It was concluded after hearing from the youth that 'What we do here should be demand driven. Rather than supply driven.'

## Opening Keynote

### Edgar Pieterse, – Director of the African Centre for Cities, University of Cape Town, South-Africa

1. Included quote on slides: “The future is already here, it is just not easily (equally) observed”
2. Years ago, at a similar forum, urban practitioners gave a standing ovation for Operation Murambatsvina. Yet this slum clearance was a human rights violation.
3. 20 years ago, we were in dark place on what we thought of urbanisation and whether it was a good thing.
4. The Promise of the City is clear – is has not been possible for a country to improve incomes in the absence of urbanisation.
  - 4.1. Cities are where higher productivity needs and can be achieved.
5. Africa is one of only two world regions are still going to see increasing urbanisation. The other is S.Asia.
6. West Africa and East Africa will see by far, the largest increases or urbanisation.
  - 6.1. Different context to South, Central and North Africa
7. Different type of expected urban growth depends on city diversifiers and city type
  - 7.1. As shown by OECD and Africa Development Bank Graph
8. The most important characteristic in urban Africa is informality.
  - 8.1. 61% of urban employment in Africa is informal.
  - 8.2. Lack of infrastructure as a key driver. Not just lack of money. But inbuilt policy and political biases. New towns climatically inappropriate. They reinforce spatial inequalities.
  - 8.3. Not enough discernment on what kind of investment makes sense. Can we be more picky on investment? We need to talk about terms of investment.
9. Naturally there are risks of the city. But with this comes the promise of the city. It can deliver. It can be gateway to dignity for urban residents. We can help figure out how to develop climate risks.
10. Cities represent spaces of profound human flourishing.
11. How can we reconcile potential with reality?
  - 11.1. Stay close to the data (evidence) about realities of daily life
  - 11.2. Political and policy leadership to translate “grand” policy commitments into action. There is a disturbing lag in terms of institutional follow-through to implementation
  - 11.3. Strengthening self-reliance and autonomous action (civic power)
    - 11.3.1. Children need to be equipped with citizenship skills
  - 11.4. Genuine accountability
    - 11.4.1. Mo Ibrahim Governance Index one element – but still a long way to go
12. Agenda 2063 could assist in this.
13. Significant growth in National Urban Plans – yet most African governments remain risk averse and technocratic.
14. Despite this, positively, Africa Region was only region that went into Habitat III with a common position. Really significant, particularly considering policy deficit at macro level.
15. Recognition on breakthrough from IPCC report. Urban central to curb global warming.
16. Macro policy demand & Emergency policy nexus
  - 16.1.1. Infrastructure deficit, growth imperative, employment imperative, sustainability
    - 16.1.1.1. This structural transformation anchored in cities
17. There are considerable structural differences between mega cities and settlements of less than 300,000 people.
18. However, it is important to push forward with democratic decentralisation.
19. Edgar Pieterse’s Keynote was brought to a close due to arrival of Presidential team.

## Opening Remarks & Session

### Werner Hoyer, President of European Investment Bank

1. Africa Day is the largest investment conference ever held in Africa by EU Bank
2. With an aim to catalyse transformational investment
3. Currently all taxpayers money in the world will never suffice to reach the SDGs in which we are committed.
4. EU Bank has unique role in supporting transformational investment. Supplying finance to quality projects needed. Strong focus on climate and environment.
5. Invested in Africa for 47 yrs
6. Last year, supported €3Bn investments, in doing so mostly with private partners making €10.7Bn available. Some examples included.
  - 6.1. Ensuring sufficient access to finance
  - 6.2. Empowering African women through €1Bn
  - 6.3. Reduce cost of currency risks
  - 6.4. Sustainable oceans
  - 6.5. Sustainable transport, renewable energy
  - 6.6. Fragile states investment
7. Commitment to closer African collaboration with EU Bank. Financing to increase from €3Bn to over €4Bn.
  - 7.1. One focus will be to support improvement to access to business

### Mme Maimunah Mohd Sharif, Executive Director of the United Nations Human Settlements Programme (UN-Habitat)

1. Africa is the fastest urbanising continent in the world
2. Absolute number – 2.5x increase between 2020 and 2050. Nearly 1.5Bn in urban areas.
3. We need capacity to formulate urban policy, translate into practice, build capacity and secure financial investment
4. Urbanisation in Africa, is mostly triggered by poor moving to cities, looking for opportunities and access to services.
5. Urbanisation in Africa, still seen as problem rather than solution. We need paradigm shift. UNHabitat convinced sustainable urbanisation can be a real solution.
6. Huge potential in intermediate cities in Africa. Needs to be harvested to reach territorial balance.
7. National Urban Plans, secondary cities and small towns where to invest for territorially balanced investment.
8. Inclusive, safe, resilient and sustainable manner...
9. Targeted, cities can work as well durable poles.
10. If cities work, then can control uncontrolled flight to Europe
11. Need good governance & strong institutions
12. Financing SUD, needs to create integrated finance solution
13. Public expenditure and bankable projects need to be harmonised
14. Need demonstration projects as catalysts for others to crowd in investment.
  - 14.1. For example, in Somaliland, OSR increases in 15 cities. This is one of UNHabitat's projects.
15. UNHabitat keen to continue partnership with European Investment Bank.
  - 15.1. Supporting formulation of key policies strategies and investment plan.
  - 15.2. Let us formulate policy, to plan, to action, to impact.

Bridgitte Markussen Director, Deputy Managing Director for Africa, European External Action Service

1. Europe is aiming to be the world's first climate neutral continent
2. Urbanisation in Africa, still short of bankable projects.
3. Africa Day is to be a listening event.

Marie-Laure Akin Olugbade Director General, West Africa Regional Development and Business Delivery Office, African Development Bank

1. We cannot postpone the focus on cities any further.
2. Urban mobility has unfortunately led to increased pollution.
3. We need capacity to harness more urban funding.
4. 2Mn people will join labour market each year. Need attractive jobs for them.
5. Go out to border between Senegal and Gambia, see some of the infrastructure by African Development Bank.
6. Also, ADB has invested in socio-economic infrastructure in Senegal.
7. Board of Directors recently allowed ABD to work with Municipalities. To drive income generating activities. For instance, in cities we have youth and women that are affected by precarious employment.
8. Useful to look to Boost Africa initiative.
9. Local government also need to claim central role in cities.

H.E Macky Sall, President of the Republic of Senegal

1. Welcomed and thanked EIB & UNHabitat, particularly in choosing Senegal for the event.
2. Interested in pursuing partnership that links with EIB, particularly for the development of a number of economic and social projects
  - 2.1. Mentioned infrastructure, energy and agriculture as examples.
3. Requests UNHabitat Executive Director to come more often in West Africa, input on topics, help young people in dubious position and engage with challenges on collective mobility, sanitation, hygiene, basic social services.
4. Looking to hold meeting in three months time. Hosted in new city of Diamniadio the second transformative summit with Islamic Development Bank for safe and resilient cities
- 5. Sustainable urban development**
  - 5.1. Reflecting today on sustainable urban development and building cities. Outcome is to put cities in core of public policies
  - 5.2. Given population boom – recent studies in 2050, cities host 70% of global population
  - 5.3. Challenges on exponential growth of cities. Challenges on health, sanitation. Without being exhaustive, need to take care of burning issues which a lot of cities are facing such as insecurities and pollution
  - 5.4. All these fragilities will affect Africa in a pressing manner if rate of development is sustained
  - 5.5. Forecasts say that in 2050, the African population will exceed 2Bn inhabitants. More than 1Bn city dwellers. Highest urbanisation rate in world.
- 6. Planning**
  - 6.1. Figures show we would need 30Mn SqM for 2Bn inhabitants. With proper planning, Africa should be able to work in decent manner. Problem lies in resource mobilisation for urban planning. For development of networks and above all, development of spaces. But not properly planned. Planning is imbalanced.
- 7. Youth and the demographic dividend**



- 7.1. Cities facing challenges which are very complex. What we are facing is no longer a probability. It is a reality we need to consider. We need appropriate public policies. Hence need to have evaluation of concept of demographic dividend. We want the young people to be an asset. Other countries are facing aging of population. The demographic dividend only beneficial to Africa if we prepare youth for a productive life. Go through education to vocational training, both tailored to needs of country. To success in demographic dividend, we need to take up challenge in need for youth and entrepreneurship. Support would be welcomed from EIB to work with states to work on genuine bank for youth employability.
- 7.2. Mix of youth unemployment, frustration, anger and radicalisation of all thought.
- 8. Funding for renewables**
- 8.1. Other issue in funding of needs for vital infrastructure. Growing demography needs more infrastructure, clean energy. Possible Africa will reduce carbon emissions. Senegal currently stands at 22% of renewable energy. With aim to reach 30% by next year
- 8.2. To that, from 2022, Senegal will have clean energy from gas at 70%
- 8.3. Africa to get rid of polluting energy from coal. New renewable energies in our reach need to be competitive.
- 9. Urban planning and new cities**
- 9.1. Basis of vision of Senegal for tomorrow, from initiatives and programmes e.g. creation of urban poles. Is alternative to Capital city in peninsular where there is no extension possible
- 9.2. For example, the new planned city of Diamniadio. Also, urban development around 'Pink Lake' and other areas.
- 9.3. Desire to promote these poles to do development and attract real estate leaders to do better for urbanisation plan.
- 9.4. Also need funding of various networks which should support any urban planning
- 10. Programme to modernise cities**
- 10.1. Need to support communes, particularly since they cannot fund urban networks and infrastructure
- 10.2. Also need to build roads to eliminate sand desertification
- 11. Programme for rural Areas**
- 11.1. Important community development programme
- 11.2. Brings electricity, drinkable water through the promotion of rural roads
- 11.3. Also supports women's efforts through greater empowerment of women.
- 11.4. Helps keep young people in rural areas. In order to provide opportunity there.
- 12. Economic development**
- 12.1. Looking for in this plan is economic recovery, growth,
- 12.2. Construction of every house needs to create 15 jobs?
- 13. Connectivity**
- 13.1. In addition to help with growing urbanisation – commend ADB and commend all partners involved in Dakar Regional Express Train
- 13.2. Programme help transport 400,000 every DAY
- 13.3. So it is about collective mobility, fighting pollution, loss of time that is detrimental to economic growth in cities
- 14. Waste**
- 14.1. Zero waste programme is about cleaning cities. First Saturday of each month. Go out with neighbours to clean district. Take part with national momentum to clean up district. Going to continue to clear up effort. Need all Mayors of Senegal to work to clean up garbage. Cannot accept what is happening in Dakar.
- 15. Tree planting**
- 15.1. Needs help. Also promoting highways needs help.
- 16. Informal settlements**

- 16.1. Need to believe in zero shanty town policy. Also working with partners in order to transform this

#### **17. Smart Senegal project**

- 17.1. Enhance connectivity across country  
17.2. Promote dematerialisation with regard to procedures  
17.3. Admin needs to be more electronic  
17.4. More digital procedures.  
17.5. Many communes have addresses civil registry by digitising this file  
17.6. All future planning should consider these imperatives

#### **18. Africa Day Agenda**

- 18.1. Taking look at agenda. Please to note tackling relevant agendas such as climate change, digital and funding of development project. This is very important to the President. This is in line with my concern on addressing youth issues in defining and implementing all urban policies which is meant to be credible and sustainable.  
18.2. Stressing in issue, solution will heavily depend on success and building of Africa's city of tomorrow. Addition of youth is phenomenon which is looking for some expression. But when countryside is deserted through lack of activities for youth, if cities offer them, then nothing can break their dreams beyond our borders. If this doesn't work then they might go abroad through whatever means they are able.  
18.3. Problems addressed by partners have an impact on population. Today shouldn't be deliberation, but instead a working exercise. Exchange respective opportunities.  
18.4. There are evils of cities. I do know the evils and issues facing Mayors with lack of resources with a lot of conflict we have to address. Have to arbitrate conflict among taxi drivers and among cart drivers. Still have horses in Dakar. This is a difficulty but these people also want to work.

#### **19. The way forward**

- 19.1. When it comes to planning we are facing anarchy.  
19.2. Need to work at community level, so states have same ambition in conjunction.  
19.3. Work in tandem in pragmatic manner. Work on challenge of present by learning from each other. Drawing lessons from success stories, and also our failures. Sharing experiences.



## Session 1: Facing the challenge...Mayoral Panel

### Isidore Gnonlonfoun, Mayor of Cotonou, Bénin (IG)

#### 1. Flooding

- 1.1. Main issue in Cotonou is combatting flooding. We have put in place a number of programmes in bid to curb this.
- 1.2. With help from central government
- 1.3. Most important project one with rainwater runoff. Helps break city out of waters. This project is expected to construct 42KM of road. And about 85KM of gutters. Natural or side gutters.
- 1.4. Awareness raising projects, grouping with stakeholders is the approach.
- 1.5. Citizens & populations come and lay down garbage on road. This does not make lives easy. Need to take case to court so violators can be disrupted.

### Soham El Wardini, Vice-President, UCLG West Africa Region, Mayor of Dakar, Senegal (SEW)

1. Unfortunately missed opening remarks due to translation headset not functioning.

### Yvonne Aki-Sawyer, Mayor of Freetown, Sierra Leone (YAS)

#### 1. Flooding

- 1.1. Common phenomena
- 1.2. Climate change and mitigation. Flood mitigation mechanism brought in some 20 months ago.
  - 1.2.1. Was driven by systematic work with communities. Getting citizens to work alongside you.

#### 2. Transform Freetown

- 2.1. Transform Freetown Plan. Involved participation of residents. Focus groups of 15,000 residents to understand what their priorities were.
- 2.2. Flooding comes under this but part of wider story.
- 2.3. Need a longer-term fix, ensuring proper drainage. Working on citywide drainage programme

#### 3. Solid waste management

- 3.1. One thing to mention is garbage when we speak to sanitation issue.
- 3.2. Also silt. Cutting down trees from mountains, this leads to extra water and silt runoff, blocking drains.

#### 4. Tree planting - #FreetowntheTreetown

- 4.1. Aim to plant 1m trees in 2020. Both mangroves and trees back up in hills.
- 4.2. Can't look at anything through lens of single sector. Has to be integrated. Have to have systems pulling all these together. Not enough to just deliver 'programmes' but need a value chains approach.
- 4.3. Start with behaviour change. Can't take one piece and work on it, because the chain will break.
- 4.4. Approach not just to plant trees, but to grow trees. Trees are often planted, but they don't survive. Community need to be brought on board.

#### 5. Inter-governmental relationships

- 5.1. Difficulty in relationship between national government and local government. For instance, who is delivering these plans and who is writing these plans. One current problem if have building permits issued by central government but then local government dedicated for waste collection, they cannot coordinate as well. Can have serious consequences. Drivers not necessarily aligned.

## Mariam Iddrisu, Mayor of Sagnarigu Municipality, Ghana (MI)

### 1. On secondary cities

- 1.1. Runs an intermediary city and believes it is time for donors to pay particular attention on development of intermediaries/secondary cities in order to help capital cities.

## Dialogue and discussion

### 1. YAS

- 1.1. In quest to SDGs 2030, localisation, need structures at local level. Needs to have structure that says decentralisation is a catalyst for development. Need clear funding available. Own source revenues for what cities need, but also investment – direct funding to municipalities. Need capacity for financing. Particularly human resource capacity.
- 1.2. Concept of decentralisation proven to work all around the world.
- 1.3. Need not the lip service. But instead need financing, capacity and mandates. Key to this is fixing legislation.

### 2. MI

- 2.1. Need holistic approach to urban and rural. Social and economic factors appreciated by all.
- 2.2. Need services at local level. So people wouldn't think about migrating again.
- 2.3. Give amenities to rural areas. So rural folks can stay and farm for us.
- 2.4. Also invest in municipalities and ensure no place left behind.

### 3. IG

- 3.1. Need to define role of each actor. In each complicity of sustainable development. Emphasis on flooding and urban mobility.

### 4. SEW

- 4.1. Also consider children, children on street.
- 4.2. Dakar is not green anymore, need to make it green again.

### 5. YAS

- 5.1. Focus on what relationship should be, the importance of it being collaborative
- 5.2. From local to regional to national. Concept of progress dependant on our relationship. This comes from legislation. But also, it comes from spatial plan.
- 5.3. Understand critical role cities must play. For example, schools are given approvals by central government but no access from local government. Importance of urban planning cannot be overstated. Needs a long term view.

### 6. Khady Dia Sarr, UNCDF (audience response)

- 6.1. Have to pay attention to competencies that are transferred. Mayors are facing a lot of challenges. Benefit to share reactions of what African Mayors should have to the opportunities provided. So local communities can have funding. Also, key what are key actions Mayors should take to get out of box – from no resources.

### 7. IG

- 7.1. Funds available, but so far, Mayors or communes do not have access to funding without sponsorship of top management.

### 8. YAS

- 8.1. 70% of residents who had never previously paid property rates. Will be now. In return, they can identify projects on their ward. Reinforces relationship in everybody's mind.

## Interview with Mayor Yvonne Aki-Sawyerr of Freetown, Sierra Leone

1. Mayor of Freetown Yvonne Aki-Sawyerr joins IGC's Policy Director Astrid Haas in conversation to discuss development in Freetown, revenue generation, climate change and more.
2. <https://www.facebook.com/internationalgrowthcentre/videos/212988563180633/>

## Special Session: The Global Climate City Challenge

### Svetla Stoeva. Head of Unit for EIB Activities in West and Central Africa

1. Aim to unlock significant investment for climate action
2. Increase proportion of climate lending from 31% to 50% in 2025. Maintain minimum for long term
3. There is a financing gap. Plus a shortage of bankable projects well recognised.
4. Private sector wishing to invest in this sector but without bankable projects is an issue.
5. Useful benefits in One Planet Summit.
6. Need for in house experts analysing proposals and clarify scope.

There were six presentations for the Global Climate City Challenge from, **Cocody**, *Ivory Coast*; **Cotonou**, *Benin*; **Makindye**, *Uganda*; **Monastir**, *Tunisia*; **Sekondi-Takoradi**, *Ghana* and **Yaoundé**, *Cameroon*.

## Session 3: Financing Projects and Development Programmes

### European Investment Bank

1. African's need for infrastructure – gap is 100BN\$ annually which is about 2/3rds of what is currently spent.
2. Day Zero Cape Town is a useful case study
  - 2.1. Infrastructure capital low. If had water storage, wouldn't have that problem.
  - 2.2. Also, such future changes will be effected largely by climate change

### Abdou Karim Fofana, Minister of Town Planning, Housing and Public Hygiene, Senegal

1. Often talk about funding sustainable cities. Impression issues that come back – infra, environment. Sustainable cities need to be tackled with population's capacity to live in city. Cities being developed, but are they too expensive for cost of living? Dakar for example, cost/standard of living very high.
2. Infrastructure funding there. But need to put human at core of funding. Housing a qualitative element, not just numbers.
3. Senegal
  - 3.1. One option is reducing cost by giving land free of charge
  - 3.2. Another is helping developers by reducing cost for them.
4. Major problem is that 90% of those interested in housing is in informal sector.
5. Significant Km of highway needed? Question on how do we get inhabitants to access finance to funding on housing? Also, on how to help people get access to capital markets. Blending of funding important to produce.

### Astrid Haas, Policy Director, International Growth Centre (IGC), Uganda

1. Difficult to find bankable project tis funding size. Involves taxing and raising revenues. In Kampala, there are 2Mn resident, 4Mn during the day. Own source revenue in Kampala is about \$6 per person. Taking on financing, that money would have to be used to be paid back. Have to have parallel conversation about funding.
2. Funding untapped potential in Africa. Key focus needed on land and property-based revenues as well as user fees. Land value increases with sanitation systems (for example in Senegal) but not captured. Most cities do not capture this, it is going into private hands.
3. Innovations is how to adapt current systems to complex mechanisms.
4. For example, in Hargeisa where they do not have capacity not there to deliver high property tax. But still, through their system 50% of property and land is through their own source revenue.
5. User fees one area of charge for services. But on political economy side very difficult. And also can be slow with legislation changes.

### David Jackson, Director, Local Development Finance, UN Capital Development Fund

1. Endorse comments of Astrid and previous speakers.
2. **Urbanisation**
  - 2.1. Huge speed in transition. But we know transition is coming.
  - 2.2. There are density issues. Cities growing in sprawl. Urbanising but low rise.
  - 2.3. Also urbanising but without industry.
  - 2.4. Even as urbanising, the inequalities are still there.
3. **Geography and bankability**
  - 3.1. We see a different set of rules for Africa

- 3.1.1. All this talk about bankable projects. Yes important, but other places are not functioning sustainable cities
- 3.2. Not necessarily shortage of bankable projects? Not issue, but issue is how combine bankability with public sector and public finance to provide this kind of development.
- 4. Intergovernmental transfers are a key component.
- 5. Funds**
  - 5.1. International Development Fund such as with UCLG, managing pipeline of developments. Largely focused on Africa and part of Asia. Delivering Long term loans of up to 25 years.

### Lars Gronvald, Team Leader urban development, DG DEVCO, European Commission

- 1. Financial tools are available
  - 1.1. Grant aid. Increasingly turned to urban scene.
  - 1.2. Grant funds and public funds will never do the job.
  - 1.3. Blended finance, bring in social objectives.
- 2. Upstream, quality of planning. Complement through technical assistance.
- 3. If it is not done now, it can't be done. As Professor Tony Venables said, there is a surge in population and infrastructure needs.

### Open discussion and dialogue

- 1. DJ**
  - 1.1. Globally financing doesn't work for local governments. Central government has access to capital at lower price than local governments. Need to rebalance this zero sum game. The cities after all, are the country.
  - 1.2. An example can be taken from Nepalese local government has developed revenue bonds. With town development fund. Done with guarantees from national government so didn't effect Nepal's overall debt ratio.
  - 1.3. S.Korea for example, at high point of urbanisation was spending 45% of GDP on infrastructure.
- 2. AH**
  - 2.1. Rate African cities growing is unprecedented and unknown. Unknown risks people are unable to take on in investment. As LG said. Retrofitting extremely expensive.
- 3. AKH**
  - 3.1. There is a desire for underprivileged population to own housing
- 4. DJ**
  - 4.1. Other potential options**
    - 4.1.1. Diaspora funding for example Rwanda in UK
    - 4.1.2. Islamic Funding for example WAKF area for types of urban infrastructure
    - 4.1.3. Climate finance since minute proportion of climate finance managed by LG. Sovereign level of local finance.
- 5. LG**
  - 5.1. Informal settlement needs focus.

## Event 2: Cities and Experts meeting “Strengthening the Financing Position and Investment in the Cities of Developing Countries”



Attendees ~36

### Opening Remarks 1: Mme Mainmunah Mohd Sharif Executive Director of the United Nations Human Settlements Programme (UN-Habitat)

1. Great honour to open workshop on SUD and promote global partnership effort
2. EIB and UNHabitat agreed to strengthen cooperation to support sustainable urban development in Africa. They are already outlining the steps they are going to do to take this forward to improve the quality of life of people in Senegal and Africa as a whole.
3. Africa Day was focused on Cities for People
  - 3.1. Lined up step forward to move together – improve quality of life in Senegal and Africa.
4. UNCDF needs to find solutions for financing sustainable urban development.
5. Modern airport far from the city is good, but vacant land needs to be filled, otherwise we are recreating a history of open land/urban sprawl.
6. We would like to partner with everyone to make a change – this is a decade of action. Joint initiatives work. Particularly this European Parliament and UNHabitat one in 'Supporting the Urban Dimension of Development Cooperation: Enhancing financial positions of cities in developing countries to achieve sustainable urban development.' It is useful to address the needs. Finance one of the needs to achieve sustainable urban development.
7. Happy to see governor of Kisumu, planned waterfront development together, but need finance to make this plan happen.
8. First effort by UNH – Cities Investment platform - how to become a bridge between the private sector and mayors.
9. Need to tie industrialisation in with urbanisation for FSUD. If we don't plan the secondary cities, they will end up the same as the mega-cities, how do we link and make them complementary with the big cities.
10. Mme Sharif believes in the integrated approach, urbanisation is a package, need connectivity. How can we act and increase transfer from central government, also innovative ways to scale up finance.
11. 'If you don't have the municipal revenue, you can talk but not implement'
12. There are dollar signs scattered all over the city. But you as a Mayor don't know how to collect it.

13. Revenue collection coincides with services you give. If don't give services, they don't pay.
14. Used to be 84% not paying tax, now 8% now paying tax. Then they got taken to court. Something about building trust.
15. Cities need development cooperation? Knowledge and innovation in one city can inspire others.
16. Mme Sharif says she supports the strengthening of this partnership. Scaling up the urban dimension of development cooperation.
17. Voluntary Knowledge (Local) Review – a useful platform to discuss.
18. Poverty, gender, inequality, environment, climate change. Need to know how to increase mobilisation, not of just finance but of political action.
  - 18.1. Raising ambition and turning ideas into solutions.

## Opening Remarks 2: Oumar Sylla, Regional Representative for Africa, UN-Habitat

1. Thanked everyone for coming together and facilitating this workshop.
2. When asked 'what is the cost of the implementation of the urban agenda?' they couldn't answer. After 5 years of adopting SDG framework, we are still talking about financing.
3. Becoming harder and harder for cities to stay ahead of providing services for the growing populations. One is of particular opportunity is land – you can miss anything but not land. Land is connected to housing – need to have affordable land for affordable housing. In Africa 80% of land is out of the cadastre. We always say it is complicated and we can't touch it. What is the untapped potential for revenue opportunities – why have these not been put on the ground? What are the bottlenecks we are facing? What are the good practices that have been implementing?
4. Can we talk about smart city without having the basic policy and regulation in place? For active investment you need guarantees for donors. Met the associations of municipalities in Dakar. Need help for plans – need to put vision into action. What are the basic needs for cities in Africa. To lift the bottlenecks we need to know what has been successful. Innovation today is connecting communities and cities. What are the low hanging fruit that we can show and from there start building capacity.
5. We look forward to working together.



## Session 1: Introduction of the initiative and its first findings

Mr. Paulius Kulikauskas, Ag. Chief of Office for Europe and European Institutions, UN-Habitat

1. Very many reports over past 20 years. Reports all same conclusions. See if conclusions in these reports are still valid.

Mr. Lars Gronvald, Team Leader, Urban development, Directorate-General for International Cooperation and Development, European Commission

1. Project to find good practices, but from yesterday took away the need for cost savings through increasing densities etc, the need for funding. Normative statements of where we have modern cities. But need to learn the practical steps of what we need to do to take things forward.
2. Particularly we need to understand whether we have stellar examples?
  - 2.1. This is where the case studies from IGC come in.
  - 2.2. Need new ways of doing funding.
3. Indicates interest to see some of the conclusions moving towards new elements. Need thematic issues.
4. Particularly how do we centre these on particular areas?
  - 4.1. Raising finance
  - 4.2. Raising local revenues – scope but won't solve the financing gap
  - 4.3. Investment
  - 4.4. Municipal agencies as a way to find a lower cost of moving this forward.

Ms. Astrid Haas, Policy Director of International Growth Centre

1. We chose the four cities as each has done something to learn from and be unpacked. But each also has reached limits and has ongoing challenges.
2. **Kampala**
  - 2.1. Have a primacy issue. One major city.
  - 2.2. Kampala increased own source revenues through only reform of administrative systems.
  - 2.3. 151 bank accounts, but Uganda only has 18 banks.
  - 2.4. Using digitalisation – eCities platform.
  - 2.5. When they came in they changed perception of taxpayers as non-compliers, to treated the citizen as a client.
  - 2.6. Take this further to launch a bond.
  - 2.7. World Bank came to achieve creditworthiness – received a credit rating. But legislation in Kampala represented a cap. 10% cap on borrowing. For BRT in Kampala, raising a bond for 14m of a BRT line based on current estimates.
  - 2.8. Furthermore national legislation limits city debt.
    - 2.8.1. Legislation is far behind and not the case.
    - 2.8.2. Systems can enhance ability to raise finance in other ways.
    - 2.8.3. Training and internal capacity allowed much broader benefits.
  - 2.9. The cap is being pushed to be removed. But even if this was removed, how do we create bankable projects.
  - 2.10. National governments very happy to decentralise service provision. But much less happy to raise money for what it means for fiscal decentralisation.
3. **Dakar**
  - 3.1. Meant to launch a bond, by the day before it was launched it was stopped.

- 3.2. But the case study goes a bit further. The creditworthiness initiatives they went through allowed them to take on loans and raise financing in other ways.
- 3.3. Internal training – group within the Dakar city government which meant the reforms were much more sustainable over time.
- 3.4. City has the legislation environment; but also has its hands tied in raising its own revenues.
- 3.5. Central government decentralise revenues, but not finances.
- 3.6. Local and national misalignment there is a coordination problem. Vicious circle emerges.
- 3.7. While Kampala had 151 bank accounts, Dakar is not able to have any bank accounts not co-signed by the central government.
- 3.8. Incentives and accountability problems.

#### **4. Mzuzu**

- 4.1. Not just about raising the revenue, but also communicating to citizens what the revenue is going to be paid for.
- 4.2. Update valuation roll, went up from 10000 properties to 40000 properties. The valuation roll was costly and complicated to update. Costs you more money to update the roll, than the revenue you get from it. Piloted it, and found this could be a permanent way to do things. Piloting in secondary cities is easier in capital cities.
- 4.3. Two sides to reform. One is the technocratic, the other is political reform. Surveyors Institute of Malawi (SIM), 24 people. They stopped the reforms being implemented, legislative side.
- 4.4. Development fund for local authorities (apply for funding at national government rate), take on smaller loans and build the capacity to become creditworthy. Recapitalisation.

#### **5. Hargeisa**

- 5.1. Somaliland not recognised as a country. Issue in getting development partner assistance – they have become self-sufficient in property tax collection.
- 5.2. Hargeisa, preparing for urbanisation, demarcating plots, leaving space for roads and infrastructure. 30% left for roads etc. Not only an important planning exercise, but also an important form of land value capture.
  - 5.2.1. Extremely forward thinking.
- 5.3. Raising own-source revenue – many cities think they need more taxes, 42 46 then 67 taxes in Hargeisa. 8 taxes provide 50% of the revenue. Not creating more taxes, but rather focussing on collecting best taxes well.
- 5.4. Constraint of taking on finance if not Islamic banking.

#### **6. Key messages**

- 6.1. Issue of complex land tenure. There is more that can be done even with the complexities of our land systems. Land and property-based systems, given our conditions, how can we adapt.
- 6.2. Reforms of administration can be very powerful, they are in the remit of the city to do, don't require parliament. Investing in system reform, it's not something that looks exciting to show residents, need development partner support.
  - 6.2.1. These are the things than can increase revenue from one day to the next and benefit from development partner support
- 6.3. Even if we can't float a bond, what are those creditworthiness reforms that we need to do.
- 6.4. As ever, need to build internal capacity.

#### **7. Challenges on working with development partners**

- 7.1. This is particular feedback from cities
- 7.2. Dakar parking garage versus market
- 7.3. Bureaucracy in decision making – losing the political window to act.

- 7.4. Coordinating development partners – there is enough projects to go around; 5 feasibility studies on the BRT from 3 development partners, but no BRT yet.
- 7.5. Capacity building for pipeline of projects.
- 7.6. Trial and pilot projects in secondary cities, also have the chance to get it right before massive urbanisation hits.

Mr. Paulius Kulikauskas, Ag. Chief of Office for Europe and European Institutions, UN-Habitat

- 1. This is a very good example about what exists as a knowledge base about urban finance in developing countries
  - 1.1. At same time, trying to look at policy messages we cannot only focus on technical solutions, but also look at the policy issues – why are things as they are, but also how we can move this forward?.
  - 1.2. Every presentation starts from statistics
  - 1.3. In SSA, every year, there will be from now, 20Mn people coming to live or naturally increase. Working with IGC and University of Oxford Prof Tony Venables made lucid statement – people come into cities and settle, then everybody comes to improve since water etc is not there. Very expensive way of doing it. So, if not preparing for massive growth of cities in organised way. Not find money for improving spontaneously growing areas.
    - 1.3.1. Falling into danger of population growth population growth. But all cities are not the same. Will be growing at different rates. Strategies have to be spatially contextualised.
    - 1.3.2. If we look at cities as a problem, there will never be enough money to solve that problem.
    - 1.3.3. If you do it right, it is a vehicle and driver of productivity growth. Paul Collier message. Then firms, then productivity.
    - 1.3.4. Use money and throw it at project is not enough. Needs coordination.
    - 1.3.5. If you go to very top of priorities, urbanisation will never be there. But urbanisation is a driver and vehicle that helps you achieve these ‘top three goals.’

Open discussion and dialogue

**1. LG**

- 1.1. Commended the set up as recommendations for key actors.

Open discussion followed

**2. George Okong’o**

- 2.1. Kisumu – Kenya
- 2.2. Big question on credit rating and creditworthiness. Notably the balance between mobilising resources to finance Particularly considering macro-economic environment and sovereign debt,

**3. Mohamed Hassan Saed Hargeisa, Somaliland**

- 3.1. Question on municipal revenue mobilisation. In Hargeisa, the revenues are lower and 10% GDP lower, but population same. What are details to why this is less than Kampala?

**4. Dr Aloysius N.Bongwa, Erasmus University (AD)**

- 4.1. Lack of clarity. We hear this all the time. Everybody just keeps saying they don’t match. But what can change?

**5. AH**

- 5.1. In response with her own opinions
- 5.2. Greater Kampala – 60% of GDP for country. Place of 4M people in 40M of country.
- 5.3. More needs to be done to unlock productivity cycle.

- 5.4. Between Kampala and Hargeisa, the question is more what lessons can we draw rather than comparison.
  - 5.4.1. Key difference between the two is intergovernmental revenues. Also loan between World Bank in form of KIDIP
- 5.5. Many central governments, decentralisation of finance and responsibilities.
  - 5.5.1. Worry about cities becoming too independent in national sphere.
- 6. Cap was recently lifted in KCCA act. But now can borrow endlessly.

## Session 2: Inspiring international examples

Dr. Xing-Quan Zhang, Senior Adviser, UN-Habitat

1. Opened the session with a call for caution when designing tax system, must be careful not to ask people to pay too much tax.
2. Noted, a big issue in financing cities is mega projects.

Mr. Olgierd Roman Dziekoński, fmr. State Secretary of Poland and fmr. Vice-Mayor of Warsaw (ORD)

“The growth rate and the factors- the case of self-government in Poland”

1. Opportunity to take part of process. Elected as Deputy Mayor of Warsaw.
2. Local government expenditure at 14.3%. one of higher ones in Europe.
  - 2.1. 1990 was 39% of EU. Now 2018 – 74% of EU.
3. Level of fiscal decentralisation in Poland, one of highest in European countries. This has been evolving in years.
4. Own revenue is about 50%, with the most (20%) comes from a share in personal income tax, legally guaranteed for the future, but sometimes central government want to give incentive to the population and give tax deduction and the local governments suffer. Property tax is about 9%.
5. Wallet of state budget 50Bn, but wallet of LG 42Bn.
6. Poland 16 regions, 380 counties and 66 cities. And 2477 Municipalities (or communes) Own income has been increasing.
7. 82% of all self-governments income is at lowest level (theirs). Counties and regions only represent 18% of income of local government
8. Property tax is about half of that income tax delivered from personal income tax.
9. 32% for all funds allocated to country allocated via regions (12%)
10. Operational budget cannot have deficit. But capital budget can have some deficit.
11. Capacity of all local governments in Poland are a little bit above capital investment than central government.
12. Debt volume and debt/income relation in Warsaw. The law requires to have a multi-year financial forecast until the maturity of the debt. Safeguard risk when taking on debt. The regions are indebted in a relatively low level.
13. How to avoid credit risks
  - 13.1. Legal limits – capital budget with borrowing limits
  - 13.2. Legal requirement – financial forecast with all investments planned
  - 13.3. Institutional framework – regional audit
  - 13.4. Public control – transparency and openness. Have to be subject to local government review and open to public.
14. Key factors for smooth development
  - 14.1. Legal and institutional framework for M&E
  - 14.2. Understanding banking sector
  - 14.3. Adequate level of OSR, without these you can forget about any development in the future.
15. Urban development led by local government stabilising land management. This is one of the weakest parts of the reform in the last 30 years, but is of vital importance.
16. Professional ability and tools of the local staff in debt management and finance forecasts. Treasurers are independent in some way and the guardians of local finance.
17. Mutual trust of the future of municipalities & their financial situation strengthened by public overview
  - 17.1. Trust in local government higher than national government. This is key to success.

18. From infrastructure to cultural investment. In 1992 only a sewerage only 50%, in 2020 only 10% of them didn't have. The 20% of EU funds are a catalyst for the process and directing the other spending.

Mrs. Ilhame Maaroufi, Finance, HR and Administrative Director, Zenata Eco-city, Morocco  
"Financing Zenata Eco-city"

1. A Leading African Eco-City
2. Core business is pension fund management – developed financial expertise. Focussed on a land management portfolio.
3. Key question was how to secure funding to achieve a major project like Zenata. Strategic location 1830ha with a catchment area of 8 million inhabitants.
4. In major hub of Casablanca. Most dense part of Morocco. Between Rabat and Casablanca 30 mins each way.
5. Local brainstorming. Key for city's success. Needs to account for specific needs.
6. Important to transforming constraints into opportunities.
  - 6.1. Expropriation and settlement in line with world bank standards.
  - 6.2. If one is looking to build a city, welcome residents, build jobs, land is free to manage as they wish.
  - 6.3. We need to understand the nature of the projects compels us to be inclusive with is critical.
  - 6.4. Zenata a project within a project.
  - 6.5. The constraints are shared at the African level.
  - 6.6. Start from design and address constraints
7. Nature of project compels inclusivity.
8. 1830 ha, with ambition for 300,000 inhabitants and 100,000 jobs structured around high value added activities.
9. This is not a land and property project. Need to innovate over time.
10. New cities need a lot of money. To secure financing need a lot of money, there is a new approach taken. Need to have a vision or strategy. Need to talk about structure or planning. Not just a management plan, need to cater for needs, that is what makes it special. Need inspiration from international processes.
- 11. Standards**
  - 11.1. Right from the beginning – need to achieve quality standards and achieve international standards to secure funding.
- 12. Planning**
  - 12.1. In Planning we need to be innovative, this is not a land property project. Environmental innovations, try and create strong social link to create a dynamic and active city. Generous in terms of green spaces as the city needs to breath. Health, education and trade, caters for major needs of Casablanca residents. These are not projects developed overnight, these have supra regional attractiveness. For the similar project, we need strong partners. An adaptive approach for emerging countries. Used a tool to see how they performed relative to the SDG's.
- 13. Funding**
  - 13.1. For a sustainable city we need sustainable funding. Compliance with international standards is key to secure funding. Bankability is so important. Study by climate city compliance, initially we wanted to create climate-friendly cities. Enhance the quality of our project by imposing standards that are clear. Work on bankability together.
    - 13.1.1. To summarise – structured project around benchmarks. How to explain clearly and sufficiently?
14. Make it bankable
  - 14.1. Clear project structure

- 14.2. Financial modelling
- 14.3. (Others) please see slides on event page.
- 15. Make it profitable!
  - 15.1. Interest rate subsidy grant relevant investment cost
  - 15.2. Risk capital mobilising additional funding
  - 15.3. Guarantee mechanisms
  - 15.4. Grants are important and key
- 16. Grants: the engine to financing – make it impactful.
- 17. Private financing unlocks potential -make it attractive.
- 18. Developing PPP, bring financial innovations, enhance risk reputation, lowering project costs, financing smart solutions, bringing expertise and processes implementation

Ms. Ana Beatriz Jordao Carneiro-Monteiro, Spanish Development Cooperation (AECID)

- 1. Under European external investment plan
- 2. Initiative called InclusIFI, RECIDE, Renewable Energy Support Programme.
- 3. RECIDE crowds in private sector funding to implement resilient infrastructure projects adapted to climate change in urban contexts. Characteristics – mobilising donor capital and guarantees to de-risk private investment in cities resilience infrastructure. Through debt instruments and equity. Partnership with AECID, World Bank Group.



## Session 3: Round Table of Governors/Mayors/City Directors: obstacles for investment in sustainable urban development

Moderated by Ishaku Maitumbi, Senior Human Settlements Officer, UN-Habitat (IM)

Yvonne Aki-Sawyer, Mayor of Freetown, Sierra Leone

### 1. Challenges of own source revenues & fiscal transfers

- 1.1. Came into office. Social contract broken. Underinvestment meant residents saw no reasons in paying taxes. No revenue meant city had given up paying services.
- 1.2. Focus groups 15,000. Ranked services 0 – 10. For not a single sector was an average score of over 4/10.
- 1.3. Very quickly – to overcome these challenges, 100 day plan. Quick wins, process redesign, formed Transform Freetown strategy.
  - 1.3.1. Quick wins – flood programme – got funding from private sector and development partners. Took action, with no flooding in city for over 5 years. Relationship between service delivery and tax compliance key.
  - 1.3.2. Revenue mobilisation at city level. Focus on tangible delivery. Justification to pay taxes.
  - 1.3.3. Other challenge, overstep of central government to where city is supposed to take revenue. Challenge with building permits issued by Ministry of Lands. Revenue source goes from local, but they have to deliver.
  - 1.3.4. Vehicle clamping by roads authorities – these are unregulated parking fees collected by others. Social contract where residents need to understand and evidence why pay taxes. And mandate confusion which needs to be worked out/at.
- 1.4. Fiscal transfers
  - 1.4.1. Problem two fold. The percentage allocated incredibly small. 67% of government's own revenue pays salaries, its workforce. Pays government staff. Very bloated. Then 33% left allocated to cover everything else. Of that amount local councils receive 3% in theory. As of October 2019, had only received 20% of this already low budget
  - 1.4.2. No legislation to force government to give set percentage. Even when budgeted they say, budget is plan.

### 2. Lack of resources

- 2.1. These need to be reconciled.
- 2.2. Planning and prioritisation. Identify four clusters and 11 priority clusters. Whole world knows targets. For example, Corona virus – what this will do to city? This was not in plan, but how will it change? Need for following structure against targets. Directing where revenues are going.

Peter Anyang' Nyong'o, Governor of Kisumu, Kenya

1. Hub of economic activities in the county. Third largest city in Kenya.
2. Most important obstacles to advancing urban financing. The first is lack of integrity of the urban development strategy. UN-Habitat developed integrated strategy for urban development. This was not enough. Put in place a consulting firm who did a new physical and spatial plan to anchor city development. The plans tell us the do's and don'ts of using urban space for development. Tell us what money lies out there in terms of potential financial resources that can be collected (land rights, business licences etc.)
3. Unfortunately, a big outlay of debt.
  - 3.1. Since country had problem – poor collection of OSR and financial management issues.
4. Need to identify where revenue is. Done through 'Collection Africa'

- 4.1. They now have a framework for revenue collection in the future.
- 4.2. For example, don't collect land taxes in whole areas. Very sensitive. But source of revenue needs to think about.
5. Need to automate revenue collection. Inherited system, but incentives in people collecting own revenues stopped changes. Need autonomy over this, otherwise can lead to pilferage.
6. Other ways in which to get resources in country for development.
  - 6.1. Possibility of PPPs. But PPP laws are developed at national level. Counties unable to change this.
  - 6.2. Leaves very little room for local governments to manipulate to suit their needs.
7. Investing in urban development is an expensive affair.
  - 7.1. Relies on relationship with development partners. Raise resources in that regard. Kisumu must also develop own abilities.
  - 7.2. In the long run Kisumu must establish own framework for raising revenue.
  - 7.3. Have 'Lakefront Development Corporation', utilised Lakefront waterfront. Lake is an important source of revenue – transport tourism etc.

#### Brian Kondwani Nyasulu, Mayor of Mzuzu, Malawi

1. Really take advantage of presentation and team who visited Mzuzu. Really advanced what we are talking about here.
2. In terms of revenue collection from property taxes, really improved. 2012 about 78MK to about 225MK.
3. Slogan of 'my City' was a good way of informing communities to help take change in their own hands.
4. Unsustainability issue – but then awareness drives helped improve. Went from door-to-door. Helped improve security. Went into banking. Allowed this transfer of money.
  - 4.1. Included a mapping exercise and all stakeholders. Transparent and accountable – awareness and sensitisation done
5. At time, system of automation not taken into account. Currently at local government financial committee. For transparency sake, can therefore drive automation. Help improve collections.
6. Mayor's Development Initiative. Give ownership to stakeholders.
  - 6.1. Previously there were suspicions because of the lack of accounting. There is a large pool of retired people. The people who developed the automated systems are at the university, they have the people there.
7. Rebranding of city. Want it to look 'new'.
  - 7.1. New slogans, as well as infrastructure development – plant trees and clean the city once a month.
  - 7.2. Before we can go out to look for funding. Let's start from our own. Drive process and move forward. Need to get back to them with no shortfalls.

#### Samuel Sserunkuuma, Ag. Executive Director, Kampala Capital City Authority, Uganda

1. In 2011 parliament enacted a law to have other additional cities. Residents between 1.5 to 2 million to become a city. To make it attractive to citizens. One area introduced, revenue mobilisation so create more services. Fixing problem of revenue assignment was first issue. Automation therefore came first.
  - 1.1. Resultantly saw money moving in from all directions. Solving problems of leakages etc.
2. Ensure roads and paved. Once roads paved, increase value of property. Virtuous circle.
3. Created things to sensitise the public. Do things to ensure central government is in the know. The money they get is ringfenced, tying money to a particular expenditure.
4. Important to build systems and processes. These will stay beyond office title.
  - 4.1. Continuity requires systems and processes to live beyond your office time.

5. Challenge we still have, going into political period. Sometimes a disorder in way revenues managed. Revenues given waivers – issue since owners don't paid. They still need services. As elections end in Jan, government will have to accept this. Certain can generate OSR beyond what have.
6. Target is \$50M over next 5 years. Big congestion problems, a lot of vehicles, why don't they contribute something to road?
  - 6.1. Have to identify mass transport to replace these vehicles.

#### Mohamed Hassan Saed, Advisor to the Mayor of Hargeisa, Somaliland

1. Normally, authorities have a maximum they can tax.
2. Municipality in 1987. Still very young city. Since a lot was destroyed. Revenue collection has started from grassroots. When local authority and citizens have been consulted. But data was absent.
  - 2.1. So could not profile service delivery etc.
3. Hargeisa has achieved PPP (privatisation) as part of service deliveries as part of waste collection. Each district they hand over to waste. Now coverage is 70%.
  - 3.1. The fees paid are higher than property rates but people are willing to pay.
4. Revenue mobilisation needs a saleable way. Cannot rely on others externally. Needs something long term they can work on year after year.
5. 2021/22 – plan on reaching three times current revenue. \$27M. But how are supposed to achieve this? Thanks to UNH, the GIS system helps contribute.
6. Registrations driving to reduce lag in getting approvals.
7. Coverage is 50% of current registered taxpayers. But this current registered is only 40% of what should be in system. Point is how these things are related.

#### Mourade Dieye Gueye, Secretary Général, Dakar Municipality, Senegal

1. Want to share Dakar experience. Like all big cities, face exponential issues. Dakar is a peninsular, with more than 1M population on limited surface. So creates pressure in Dakar. Lack of infrastructure, lack of basic services.
 

These challenges push us to think about investment. Need to improve on QOL.
2. Transfer of powers not followed by transfer of finances.
3. Central state still controlling, a major issue.
4. Facing this challenge, to have resources, those available revenue from tax and municipal tax / government endowment with respect to needs for Dakar.
5. Had to build creditability and financial solvency. Dakar was lucky enough to engage and build municipal finances. Applied at state level.
6. In 2008, complete evaluation, which made possible to reinforce strategies.
7. Proposal was not perfect, had shortcomings. But recommendations gave potential to follow. Also, an opportunity to build a strong partnerships with state services. With Law 1996, had decentralisation, but state government still manages everything.
8. The city has no control whatever for recovery. How can we work with populations on services we do not control. Had to think about other means of funding. This has helped a great deal in revenue collection. LG has limitations. Previously 30% to investment, 70% to operations. Dakar has revolved, now 60% is on investment, the rest on operations. Did that on control through operating expenditures. So figure was very important to move from operating mode to investment mode.
9. Build credibility. 2009, AFD, to Dakar loan. First time loan to LG. Direct loan. This in an experiment and experience. Response was major lighting programme. A lot of neighbourhoods that did not have light. Able to do that. Allowed city to do something.
10. Able to move to commercial banks.
  - 10.1. Municipal credit project being launched – bank for young people. Partner with commercial banks and partners.

## Open dialogue and discussion

1. Discussion on asset management at local level
  - 1.1. Plans in Dakar to put in place SPEED. Leverages asset to get to market. Mixed society built on PPP model works for Dakar. Leverage for Dakar to build partnership with private sector for commercial partners.
  - 1.2. Plans in Kisumu to first determine what assets we have. Municipal budgets we developed from this. Currently completing evaluation role. Focussing on future of emerging African cities.
  - 1.3. Particularly for 9<sup>th</sup> Edition of Africities in Nov 2021.
2. Changes in KCCA where
  - 2.1. In 2012 established asset register for the last time. Uncovered many properties taken over, by including the military. This was the bases for getting the positive bond rating
3. Discussion on what would be one thing to change
  - 3.1. KCCA – attitude that city cannot manage own resources. Attitude that will be borrowing now and then needs to change.
  - 3.2. Kisumu – time is not on our side. The time is now. A lot of issues in our hands. Must grapple with them now. Revenue collection.
  - 3.3. Mzuzu – Delink most local authorities to operate on own. Rather than depending on politicians. Only asset we have in Malawi is land. Everyone grabbing for land. Fair sharing of land for resource mobilisation.

## Breakaway session 1: What urban development policies, goals and strategies should be provided at the national level, and what goals and strategies should be determined and managed locally?

Moderated by Mathias Spalivireo, Senior Human Settlements Officer, UN-Habitat (MS)

1. Enablers necessary. Not a sufficient condition but a necessary one.
2. Chair of session. Just came back from Diamniadio, park under construction, government buildings and UN offices. These will trigger urbanisation process. Where you invest is therefore very important. For example, Ethiopia investing in industrial parks, how to decide which will be the best location to leverage their benefits.
3. Interest in local finance, municipal finance. Presentation it came out – policy that promotes decentralisation, but lack of fiscal decentralisation not there.
  - 3.1. How can we promote a local and national dialogue to this?
4. ORD added a comment on his personal experience, in the case of Poland, half of the national GDP comes from the micro, small and medium size enterprises. Can the central government provide any real support from the national level? What can be done by the local government to provide real support to the small businesses?
5. What came out from the studies is that tax bases very weak. Willingness to pay and capacity to pay very weak. Multiple taxes in place but how to do collect them?
6. Ministry of Housing in Senegal using private developers – construction going on at massive scale. But public infrastructure often too small. Leads to weak or insufficient investment. E.g. too low water pressure.
7. Intervene in social housing. What is legal framework for social housing?

### Open discussion and dialogue

#### 1. SS

- 1.1. Property should be local tax. Have policy on taxation of buildings. Property rates collected by cities, but pay rental tax to the national government. Properties should be left to the municipalities and avoid double taxing. Roads are not paved, paving is very expensive – this should be a national government service given how expensive it is.

#### 2. Macloud Kadammanja, CEO Mzuzu Council

- 2.1. Pursuing decentralised local government. We have been lobbying for sector for such as water or electricity. To merge some sectors or collect taxes. One system of property taxing and let local authority manage that. Would be very simple.

#### 3. David Jackson (DJ)

- 3.1. Imbalance between revenue assignment and expenditure assignment. Solve national development problems by balancing the two.

#### 4. MS

- 4.1. The issue of rental housing is often ignored; strategy for city wide upgrading in Kigali. The share of rentals is more than people own. This is important for national policy – needs to account for seasonal workers etc. Do we want central government to control this? Do they have the capacity? Water, the infrastructure is not free, need to ensure maintenance etc.

#### 5. MHS

- 5.1. Since this morning we talk about revenue enhancement. But also need to think about expenditure. For urban growth overcomes by far the job production. This leads to a lose-lose. Job creation is key.

#### 6. Oliver Harman, IGC (OH)

- 6.1. Small and micro-enterprises, very unproductive compared to larger firms – should we rather be supporting larger firms? Skills conversation, what are we doing for that? We need reasons for people connecting to the cities.
- 7. Alice Nabalamba, AFDB (AN)**
- 7.1. SMEs informal, this is a key reason for lack of productivity. Have to get a way out of informality. Also important at local level is security – law and order. This is another local policy that can be sorted. Many local issues around security. #1 for this Mayor.
- 8. Christel Alvergne, UNCDG**
- 8.1. Informal SME's are still sometimes paying taxes and fees, need to bring trust between government and people
- 9. Senegal Central Government Representative**
- 9.1. Collect taxes for informal businesses is a real issue. Businesses that are created in our countries are limited, foreign competition, government does not create conditions for starting up businesses, incomes are low, there is a highly political system. Difficult or properly organise a market-based system. Industrial zone done in a residential area. We have some decentralisation, but very difficult to implement, how to get local governments to break out of this deadlock.
- 10. MH**
- 10.1. The issue of trust is essential, and participatory governance. Start a totally transparent process – can track all transactions online. Who is controlling the larger firms? Not the local ones – they are avoiding all kinds of taxes, and how can they be redistributed. Skills development and how this impacts job creation. On the issue of informality – most of the economy is still informal – not so simple to formalise. Formalisation can kill the business. Street sellers let us make a market, these stay empty as they don't want to pay taxes. The issue of security – responsibility of the city? What about migration and inequality? Investment for secure environment.
- 11. IM**
- 11.1. Given fragility, the location of the business disrupts the fabric that the municipality is trying to build, offering jobs but many people are coming from abroad. Most of the jobs are in the informal economy, rather than formalise to the structure? Or rather fit for purpose policy? Overarching security challenges, even mayors cannot guarantee their security. Where do I start to deal with this – all approaches create a problem for them. Start incremental rather than trying to do three or four things.
- 12. AD**
- 12.1. Water is right, but also a responsibility to pay for these. Are residents paying the true cost of providing the water. Need to subsidise, lower income may not be able to access, tariff setting in local government. The poor pay more for the water, paying 7 times more than the rich and middle class. An issue of human rights on the tariffs. Informal sector is strong in all of our cities, and they do things that government cannot do. Very small taxes that won't scare anyone off. Simple ways to work this out.
- 13. MHS**
- 13.1. Why Hargeisa is safe and secure is local ownership. The localisation of ownership. Hargeisa infrastructure development. 45% goes to road construction. Local community sometimes contributes and fills the gap. For payment for services, has to be transparent and accountable.
- 14. ORD**
- 14.1. Development of cities in a gradual process. First people have to become richer. Taking some risk themselves. This happened in Poland. City charges place for the camping bed. Then started to increase the charge and those unable to pay are removed. Then the city has organised the market. Now have without the street

sellers. Capital has to be accumulated, and the local government have to support the accumulation.

**15. PK**

15.1. Increasing the need to go up WB Ease of Doing Business rankings has caused large issues with the spatial aspects of planning.

**16. SS**

16.1. SME's fee could go into local government; graduate into bigger companies, their taxes go to central government.

**17. MS**

17.1. Believes in gradualism. No one size fits all. Have to go with country. Any policy development needs to have proper diagnostic and analysis. Seeing too much the top down policy formulation that doesn't account for locally. If the government doesn't propose the rules, we must find new rules.



## Presentation: Urban regeneration of the centre of Dakar to support new mobility solutions

Alioune Badiane, President The Urban Think Tank Africa-TUTTA (AB)

*Initiative Commune Du Bonome Dakar/Rabat*

*“Amenagement Urbain Sauvegarde et Mise En Valeur de Patrimoine Portant sur les Espaces Publics”*

1. Municipal Bond – Dakar wanted something strong on which to base their affairs.
2. Cities well run should float bonds.
3. The bond was oversubscribed by almost 2.5x and interest/anxious to getting your money where your mouth is
4. Wanted to undertake a Dakar planning programme ‘Upstream’. With MAJAL, the urban agencies of Morocco. MAJAL are also helping with 7 other African cities. Lots of African cities teaming up with Moroccan cities.
5. Safeguarding heritage in public spaces is critical.
6. Wanted to get area of Dakar in UNESCO presentation.
7. Teaming up with authority on transport, teaming up with railways guys.
8. Teaming up with Rabat. Programme shown to whole authority for consultation.

### Representative, Municipality of Dakar

1. ‘Urban planning safeguard and development of heritage in public spaces’
2. 2018, AfriCITIES meeting, wanted to work on an idea. This was followed by a workshop April 2019.
3. Made territorial analysis of two collectives.
4. City of Dakar to take a leaf from Rabat. Wanted concept note. Choice of project side. All plateau of interest. Public spaces particularly keen. So looked at Independence square (surrounding my monuments), Ministry of Foreign of Affairs.
5. Issue with traffic in peak hours. Partly due to Port of Dakar or harbour of Dakar. Autonomous port which is not integrated into city. So wanted to work on this.
  - 5.1. BRT and regional express train will enhance connectivity in Dakar.
  - 5.2. After we worked with partners like autonomous part of Dakar.
6. Key question - What city of Dakar wants to do on this part of territory is similarities.
7. Organised roundtable. What did you make or design in area?
  - 7.1. For example, public lighting, requalifying railway station. Huge potential and investment not connected.
8. Heritage is a wealth, but also land. City has some land reserved.
9. Need to put in place extended programme or plan. Need to put in place relevance of putting in place a coordination structure. An Urban agency but with public structure.
10. Going to Fastrack the process in terms of infrastructure – CETUD execution agency for transport. APIX is the major works agency.

## Breakaway session 2: What needs to be improved to achieve complete financial ecosystem

Moderated by David Jackson, Director; Local finance; UNCDF (DJ)

### 1. DJ

#### 1.1. Three big aspects of focus

1.1.1. Habitat III – Quito. NUA great, bringing private sector in and I can save money in IGT. This was the misplaced message of MoF.

1.1.2. Transfers from central to local are a key component of LG finance.

1.1.3. Touch based with where we are on countries with status of central to local transfers. Some enshrined in constitution. Formula to calculate that. Others depends on mood of parliament or MoF. Want to talk about stability, predictability and volume of transfers from central gov.

#### 2. Requested how much each city received in central government transfers

2.1. Abdirahman Mohamed Ayidid, Mayor of Hargeisa. 10% of budget. Regularly get from them. Usually predicable because in national budget.

2.1.1. Ahmedi Yusef, UNHabitat (AY) – 51% of certain tax line is what it should be, but actually get 20%. But when elections or emergencies in insecurities, this changes.

2.2. PAN – at least 15% of national budget to counties. (audited accounts) But this is tricky with timings. But 15% is too small for counties to give services. Resources do not always follow functions. Services rendered, but not enough services to pay for it.

2.3. BKN – 5% from central government. Problems. So have to rely on local revenue contributions. Cannot be trusted.

2.4. Senegal – Alioune. 15% of national resources be transferred to local authorities. But not enough for the 47 counties in Kenya, but in most African countries what is actually transferred is less than 5%. (Khady Dia Sarr intervened this is 2% of GDP). But if include other funds about 5%. Need another round of negotiations to ensure local authorities are not only a custodian of function. But also, a custodian of resources. Thinks it is high time that innovative mechanisms have freedom and flexibility to grow in market. Or allow local authorities to get ability to find own revenues. Citizens need public bodies able to spend. Need intervention and negotiations.

### 3. DJ

3.1. There is a technical box of solutions. There is also a structural box of solutions. Put structural piece on table.

3.2. If one thinks about climate change, migration and pure speed of African urbanisation. It is breath-taking. Took Paris 100 years to go from 0.5M to 1M. Took Lagos just 15 years. Now Lagos is adding 0.5M a year.

3.3. Structural issue. Unless African leaders address fully. They will not move forward with development plans. Central government recycling resources back to place where they were generated needs to take place. Needs to be de-politicised and seen as win-win.

3.4. Technical things may not really be able to break through.

3.5. Hargeisa for example, 1.7M, but now USD\$9.5M. This is not bad going. Some cities are doing better, others doing a lot worse.

3.6. Asset management, tax collection, inability to levy property tax. Shortcuts and tricks able to try are available.

3.7. One key possibility it that of better Asset management.

### 4. Khady Dia Sarr, UNCDF

4.1. Budgets are all too often unrealistic.

- 4.2. Municipal tax collection – Treasury serves a tax collector. In Dakar, only one collector who is a state officer. Working on behalf of government but with city. Mayor wanted to work with collector, recruit more staff working with tax collection. Computerise system. This increased income by 20% - 30% in one year.
- 4.3. Issue in computerising tax collection. Automated tax collection going to state. Locally state still turning deaf ear to allow LG to use this. Even computerising roll. Serious matter. Need some serious advocacy. Needs greater efficiency in tax collection.

## 5. MHS

- 5.1. Has assets for rent. But rental price less than market price.
- 5.2. Leveraging property value. In Hargeisa basis of value of property. IGC sensitised the importance of reviewing the property tax on basis of value. Currently has flat system. Unable to provide infrastructure. Some people keeping land. In order to drive profit. Seeing value more importantly.
- 5.3. New database is allowing city to have property addresses and property registration. Establishing dashboards. Former GIS system is only up to one level. Coverage is 48% of what can be registered. Half of total properties in system. Now GIS allowing 100%. With addressing you know who paid and who didn't.

## 6. SS

- 6.1. Friends in Somaliland presenting best practice. Others can copy. Don't need to reinvent wheel. Some can just compare notes and adopt best practices. See improvements in revenue. Going to be a paradigm shift. Areas of competency in staffs. Municipalities need competencies. Need massive training on best approaches of revenue collection.
- 6.2. A lot of revenues stand uncollected despite being assessed. How is debt managed? Need to know how to manage debts?
- 6.3. Auditing and data collection – collect a lot of money. Using 20/80 law. Focus on those who are actually being collected from. Keep eye on them. Is this what other cities are doing?
- 6.4. Need centralised training on municipal revenue management.

## 7. PK

- 7.1. What do cities do with new development. Do any charge infrastructure fees? These are important.

## 8. DJ

- 8.1. This kind of fee, can get around regulatory issues. For example, if you build building [there], then have to [pay]
- 8.2. Bring this together and fill gap. This is where blended finance comes in.
- 8.3. Conversation shouldn't start with bankable projects. They should start with structural changes
- 8.4. Secondly, technical work that can be done in 101 different ways. Cities can become far more efficient. Doesn't need regulatory change.
- 8.5. Predictable transfers YES. Mobilised revenue YES. Yet not enough for a regeneration of Port area.
- 8.6. There needs to be a certain density with development. Low density doesn't work. It is unsustainable. Water has to be bottled since no infrastructure in place. Public transport inefficient. Environmentally bad. Economically inefficient.
- 8.7. Not so much size of business, it is the clustering. Small businesses has to work with other businesses to go up the value chain. That is what is needed. North of Italy famous SME cooperation.
- 8.8. Bankable projects vs bankable integrated plans.
- 8.9. Cannot develop city by just projects. Needs bankable integrated plan.
- 8.10. Needs grants and loans to fund this. Perhaps bonds or pooled financing?

## 9. KCCA

- 9.1. 'About to launch bond', the Kampala City Bond.
  - 9.1.1. Limits on borrowing changed. Preparation made. Could not borrow beyond 90M Ugandan shillings
  - 9.1.2. Consultations. Government lifting limit. With recommendation through Minister of Finance
  - 9.1.3. Consultation with WB. Ready for city bond? Given asset register, with new roads. Was taken as something that was ready for bond.
  - 9.1.4. Kampala one of highest cities with clear asset register and revenues. Now city ready for city bond?

#### **10. AN**

- 10.1. 2018 approved non-sovereign operations and policy. Approved guidelines for sub-national lending. Allows to lend to municipalities or other non sovereign entities. Including utilities companies. Still some cities not creditworthy.
- 10.2. First bank to issue such guidelines. (lending guidelines for sub-national)

#### **11. PAN**

- 11.1. Can use national government. Use sovereign guarantee. Gave Kenya loan, then given Kisumu as grant.
- 11.2. Issue is, to what extent is national government happy to let urban centres grow the extent necessary. This is the structural issue

#### **12. DJ**

- 12.1. No one single solution and a number of halfway houses.
- 12.2. To what extent to central governments see this as a priority?
- 12.3. Sub-national development banks. Owned by MoF. Carry a sovereign guarantee with them. Not really activated right now. They could be. For example in Nepal, towns repaying through revenue generating project. But still big problem with contingent liability issue. Until this nut is cracked, continued problems.
- 12.4. Contingent liabilities – IMF says sub-national liabilities are part of liabilities of national as whole. Because many countries are maxed out. No room for extra. Perhaps because some national governments like 'vanity projects'. Might not be keen on more.
- 12.5. S.Korea. 30% urban to 80% urban in 20 years. 50% of GDP spent on infrastructure in this time. Did this in short comparison time. Structural issue have to be cracked. Eastern Europe provides interesting lessons.

#### **13. PK**

- 13.1. Thanks everybody present for a very productive day. It was very diverse. All this has purpose. Purpose is twofold.
- 13.2. We have tried to bring in some examples to motivate the representatives to think broader. Also to show that things are possible.
- 13.3. 30 years ago. Polish cities wouldn't lend. Now they borrow billions from EIB.
- 13.4. Dakar's plan of cooperation shows things are possible.
- 13.5. What we are trying to do. Get together to help move process faster and in more integrated manner. Everybody has own role. Also bring industrial development organisation. With EIB to put heads together and see big investment in Africa.
- 13.6. Also technical assistance component to help build capacity.
- 13.7. Out of all these experiences. Put together some kind of report. Not another set of recommendations. Try to look at perspective from international institutions. The next steps to assist and encourage the possibilities for integrated urban development for Africa and elsewhere.
- 13.8. Quotes Governor of Kisumu. 'The time is now'
- 13.9. Once again big thanks to City of Dakar and Government of Senegal.
- 13.10. Thanks to academic partner IGC. Who are guiding us from research side. Thanks to UNCDF for being with us and building partnership.
- 13.11. Thanks to Katharina Rochell for coordination.