HABITAT III POLICY PAPER FRAMEWORK
5 – MUNICIPAL FINANCE AND LOCAL FISCAL SYSTEMS

31 December 2015

(not edited version)
This Habitat III Policy Paper Framework has been prepared by the Habitat III Policy Unit 5 members and submitted by 31 December 2015. It has followed the Habitat III Policy Paper Framework template provided by the Habitat III Secretariat to all Habitat III Policy Units1.

Habitat III Policy Units are co-led by two international organizations and composed by a maximum of 20 experts each, bringing together individual experts from a variety of fields, including academia, government, civil society and other regional and international bodies.

The composition of the Policy Unit 5 can be consulted at www.habitat3.org

1 Note by the Secretariat: In specific cases slight changes to the Habitat III Policy Paper Framework template have been accepted such as addition of executive summaries, introductions, bibliography, etc. However all frameworks have been adapted to the three basic expected accomplishments: challenges, priorities and implementation. The Habitat III Policy Paper Framework template can be consulted at: www.habitat3.org
Overview

Fiscally healthy municipal governments enable communities to invest in social and economic infrastructure that promotes higher quality of life, sustains economic growth, and helps localities to prepare for and mitigate the effects of natural and financial crises. Municipal finance is the operational fulcrum on which the success of ongoing, rapid urbanization rests.

Sound performance of local government is also fundamental to the achievement of SDG 11, the New Urban Agenda, and the realization of climate change mitigation goals agreed at COP21. Key points include:

- Municipal governments oversee the provision of public goods and services to a growing majority of the world’s inhabitants. Accordingly, improving the capacity of municipal governments to fund those services, and the transparency and accountability of the funding process, impacts the quality of life and level of citizen engagement in the political process.
- There is strong, but widely unacknowledged, national interest in ensuring productive urban economies, as they represent a disproportionate and growing share of nations’ GDPs. Steady economic growth requires properly financed and functioning municipal governments, institutions, and infrastructure.
- Cities around the world face rapid growth and increasingly complex responsibilities (for example, responding to climate change and promoting economic growth). This is complicated by chronically insufficient funding to meet local needs in many parts of the world.
- Often, the cities facing the most pressing problems also face resource and capacity constraints. These include, for example, cities in developing countries that require significant infrastructure investment to provide basic services to growing populations and expanding urban areas. It also includes second- and third-tier cities (by population size), which represent collectively a larger share of national population than mega-cities but receive significantly less attention from national governments.
- The design of municipal finance systems can have a significant impact on equity, both within and between a nation’s cities. How revenues are raised and how expenditure responsibilities are defined and implemented can exacerbate or alleviate social, political, gender and economic inequality, or access to human rights.
- Some of the most reliable and effective revenue sources and financing tools used by municipal governments are land-based. Proper use of the property tax and land value capture, among other land-based tools, can help to create sustainable and fiscally healthy communities.
Across the world, municipal finance systems comprise five key elements:

1. Rules of the game and capacities
2. Expenditures
3. Revenues
4. Financial management
5. Borrowing

The relative strength or weakness of these aspects of municipal finance systems determines whether a local government will be able to make the necessary investments to deliver public goods and services to meet the basic needs and preferences of its population. Moreover, an appraisal of the strengths or weaknesses of these aspects of municipal finance systems can help national, sub-national, and the local governments to identify interventions that can improve the performance of their respective financial systems.

It should be stressed that country circumstances, and the concrete characteristics of municipal finance systems within the five areas outlined above, vary widely. In some countries, municipal finance systems function fairly effectively across all five dimensions outlined above. At the other extreme, there are countries in which systems and capacities are weak in all areas. Between, there lies a complicated spectrum in which countries may have fairly effectively functioning systems in some areas (e.g. intergovernmental transfers), but deep-seated weaknesses in others (e.g. own source revenues, or borrowing). Clearly, these differences need to be understood in defining the specific challenges and related remedial actions that are required in any given country. This Framework Paper – and the Policy Paper which will follow - aims to provide a generic understanding of the key issues in order to guide such efforts.

Note by the Secretariat: This Policy Paper framework has followed the main expected accomplishments: challenges, priorities and implementation. Subsections suggested in the template have only been partly followed and divided by the Policy Unit members in these subsections: Rules of the Games and Capacities; Expenditures; Revenues; Financial Management; Borrowing and Special Issues.
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<tr>
<th>1. Challenges</th>
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<td><strong>Rules of the Game and Capacities</strong></td>
<td>Much of what enables or constrains the ability of local government to manage its financial health lies outside of its control. For example, macroeconomic policies can affect, positively or negatively, the purchasing power of the population and therefore, the generation of municipal revenues. Among the most important enablers of municipal fiscal health is the broader intergovernmental system of which local government is a part, and the legal and institutional framework that define the powers of local government to manage its affairs. These include, but are not limited to, the authority to impose and collect taxes on people and corporations, and procedures to resolve conflicts and controversies that emerge between local governments, citizens, the private sector, and/or higher levels of government. Accordingly, many consider an appropriate “rule of law” to be necessary for the existence of effective municipal finance systems. Specific challenges include:</td>
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<td>• National constitutions, and statutory frameworks, that clearly and appropriately allocate powers and responsibilities between local and national governments, and sets an enforcement framework for rules and contracts, are often missing or weak.</td>
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<td>• Enabling legislation, and the institutional framework, required for effective local collection of own-source revenue, particularly in places where collection is weak or non-existent.</td>
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<td>• Judiciary procedures and capacities for resolving disputes regarding the collection of revenues and the enforcement of rules and contracts are non-existent or weak.</td>
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<td>• Municipal fragmentation poses a concern where the political boundaries of local governments and concomitant institutions that conform to the boundaries are incommensurate with the economic and demographic structure they are trying to support.</td>
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<td>• Municipal financial performance depends on local government organization, and the</td>
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capacity of local officials to manage finances and execute responsibilities and authority in accordance with policy and the rule of law. Local government capacities tend to be constrained, often severely, and particularly in developing countries, hampering municipalities’ ability to implement or improve sound fiscal stewardship.

| Expenditures | Two features that help to define the character of municipal finance systems are the scale and scope of their expenditure responsibilities. However, neither scale nor scope are static. As countries urbanize, it becomes increasingly imperative to devolve functions and mandates to local governments to ensure efficient and effective infrastructure investment and service delivery, in line with local needs and requirements. Specific challenges include:

**Expenditure assignments**
- Assignment of expenditure responsibility is often overly centralized. Across the (developing) world, devolution lags urbanization and/or incoherent intergovernmental systems have emerged, undermining capacities and incentives for effective urban development and management.
- Often, where expenditure assignments have been devolved to local governments, resources sufficient for the effective fulfilment and discharge of mandates have not been identified to meet these obligations.

**Expenditure efficiency**
- In many countries, poor planning systems, limited skills and competencies of government employees, weak accountability and corruption hamper the efficiency of municipal expenditures.
- Institutional coordination between financial planning, economic development planning, and land-use planning is largely absent or weak, precluding efficiencies of scope and scale with respect to expenditures. |
Local governments rely on three basic pools of funds to manage their financial obligations: own-source revenues; intergovernmental transfers; and debt, which is not a revenue source. Among the cities of the world there is a high degree of variation in the character and quality of revenues. Specific challenges include:

**Own source revenues: direct taxation, indirect taxation, user fees and charges**

- Where revenue collection is devolved, control over base and rate (or tariff level) setting is often retained by higher levels of government, weakening the ability of municipalities to assemble revenues that correspond to their obligations.
- Revenue management regulations are often inappropriate for country circumstances and/or local capacity and administrative systems.
- Capacities for revenue collection are often weak. Methods for valuing tax bases are un- or under-developed, and tax bases are small or undiversified.
- Informality (sections of cities excluded from tax base and service provision) can have serious implications for maintaining and growing local revenue, posing challenges to promote and maintain comprehensive and equitable fiscal systems.
- User fees and other charges are often chosen for their political expediency, at the expense of more efficient and sustainable sources of revenue.

**Intergovernmental transfers**

- Aggregate funding flows from national or subnational governments to municipalities are often declining or not keeping pace with city investment and service-delivery burdens, and funding allocation often fails to reflect the expenditure and infrastructure needs of local governments or their limited own-source revenue capacities.
- Grants are often ad hoc, non-transparent and allocated according to political rather than
| Financial management | It is incumbent on local governments to steward resources effectively, manage relationships with higher levels of government, properly account for public funds to citizens and creditors, and maintain the fiscal transparency and strengthen the accountability that is the foundation of the social contract between citizens and local government. Importantly, access to capital markets is built on this foundation. Specific challenges regarding financial management include:

- Weak or non-existent citizen participation in budgeting.
- Loss of important and scarce public resources due to corruption and/or impunity of public officials.
- Local governments often lack the organizational capacity to implement sound financial management practices, including multi-year budgeting and capital investment planning, cash management and ensuring sustainability of investments through effective asset management as well as timely maintenance.
- Implementing and utilizing information systems for efficient resource management;
- Heterogeneous data collection and accounting practices, variations in quality and consistency of reporting and auditing.
- Effective monitoring and oversight of local government finances. |

- equity/efficiency imperatives, and may be structured in ways that narrow local autonomy. Little attention is paid to the ability of local authorities to comply with grant provisions; often, intergovernmental grants to local governments are not fully utilized, often because the institutional capacity is lacking within local government offices.
  - Where there are multiple grants made from higher levels of government and other donors, there is little effort to align goals and local government is left to resolve conflicting objectives.
  - Delays in intergovernmental transfers to local governments can engender cash-flow problems and difficulties in expenditure planning and result in ineffective and inefficient spending. |
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<th><strong>Borrowing</strong></th>
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<td>In many countries, municipal debt markets are poorly developed and municipalities do not have effective access to debt financing, which leaves them to fund long term investments from current revenues or financial transfers from higher levels of government. Under the right conditions, debt can be an efficient and inter-generationally equitable way to fund infrastructure investment. However, because debt is a mechanism that encumbers future revenues in order to raise the capital that is necessary to make current investments within a municipality, too often municipalities access debt markets in ways that are unsustainable in view of their current and long term liabilities. Overuse of debt markets in this fashion can have disastrous consequences for fiscal solvency. Specific challenges include:</td>
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<td>• Municipal debt markets are un- or under-developed in many countries where the proper institutional and legal frameworks are missing to support the development of a primary and secondary capital market.</td>
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<td>• Growth in municipal debt markets is constrained and does not reflect the growing economic wealth of cities, or the needs of developing nations to access capital.</td>
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<td>• There are prevalent weaknesses and limitations in under-developed regions to the own-source revenue bases necessary to secure and service debt, and the fiscal systems that allow for evaluation and reporting of the credit and liquidity profile of municipal governments to the capital markets or investors.</td>
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<td>• Municipal indebtedness: Across the income/development spectrum (low- to high-income countries), situations can be found were municipal governments and urban development corporations are in fiscal difficulties, to the point where they appear to confront deep, structural fiscal imbalances. These situations compromise municipalities’ ability to function effectively, and may accumulate to the point of posing significant fiscal risks for higher-level governments.</td>
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<td>Special issues</td>
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Moreover, the cities that need additional capacity the most are often the least able to negotiate successful P3s. Globally, the track record on municipal/urban P3s has been decidedly mixed.

**Metropolitan financing:**
- Across the developing world, large cities – and particularly megacities – are becoming increasingly metropolitan in character. Among other things, this raises horizontal coordination financing challenges as the need to invest in cross-jurisdictional infrastructure projects is becoming both pervasive and urgent. Often, financing instruments and institutional modalities capable of addressing these needs do not exist, the consequence being that core strategic infrastructure, vital to enhance both the productivity and the accessibility of areas which are critical to countries’ economic performance, often remains underdeveloped.

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<th>2. Priorities</th>
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<td>National and subnational governments must recognize their critical reliance on cities and metropolitan areas as the economic engines driving their national economies. In order for a sound fiscal foundation to be established under the world’s cities, a basic policy and systems-strengthening agenda needs to be prioritized globally. The implementation of this agenda should be customized and take into account the local context: national and subnational rules of the game and capacities; expenditure assignments and responsibilities; the character and quality of local revenues; the character and quality of financial management systems; and the state of development of municipal debt markets and municipalities’ access to them.</td>
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| **Rules of the Game and Capacities** | National and subnational governments must commit to creating the right enabling framework to foster financially sound and stable local governments that are capable of meeting the needs of local residents and the additional public responsibilities that devolve from national and subnational governments. Priority elements of this enabling framework include:

- A commitment to establishing and maintaining the rule of law.
- Clear definitions of the roles and responsibilities of each level of government.
- The legal and institutional frameworks required for effective local collection of own-source revenue.
- Judicial mechanisms that have sufficient capacity to oversee the enforcement of rules and contracts, and the adjudication of controversies, grievances, and disputes.
- Efforts to minimize municipal fragmentation and to promote intergovernmental coordination. |
| **Expenditures** | Cities need some predictability of their expenditure assignments in order to effectively manage their finances. In addition, cities need to commit to maintaining discipline and fidelity in managing expenditures. Policy priorities to enable cities to better understand and manage their expenditures include:

- Narrowing the disconnect between the devolution of expenditures and municipal resourcing, in other words, minimizing unfunded mandates or providing municipal governments with funding avenues to meet such mandates.
- Strengthening national and subnational regulatory systems to bolster accountability and improve fiscal discipline.
- Strengthening local accountability systems to improve transparency and expenditure efficiency.
- Structuring intergovernmental transfers with incentives to build local capacity and improve expenditure efficiency. |
| **Revenues** | Cities can only achieve fiscal health if they are able to establish and maintain sufficient revenues to meet their expenditure needs. These include both reliable and predictable intergovernmental transfers, and sustainable own-source revenues derived from a growing tax base, built through effective planning and sound investments in local systems. Policy priorities to promote cities’ ability to establish and maintain sufficient revenue streams over the long term include:

**Own-source revenues**
- Establishing local authority in base estimation and rate setting to support local autonomy for assembling revenues to meet obligations.
- Promoting revenue regulations that are appropriate for country circumstances and/or administrative systems.
- Improving capacities to accurately and equitably value tax bases.
- Supporting efforts to strengthen equitable and effective revenue collection methods.
- Helping to grow and diversify local tax bases, including by extending the local tax net.
- Promoting efficient and effective user fees, subsidies, and other charges.

**Intergovernmental transfers**
- Identifying alternative revenue sources to match devolved responsibilities.
- Establishing funding flows from national or subnational governments that keep pace with city investment and service-delivery burdens.
- Building local capacity to comply with provisions of intergovernmental transfers and other subsidies. |
| Financial management | In order for local governments to steward resources effectively, maintain good relationships with higher levels of government, and establish the fiscal transparency and accountability that maintains the social contract between citizens and local government, attention must be paid to improving both local financial management practices and the systems that support them. Policy priorities for the promotion of better local financial management include:

- Investments in building sound financial management, cash management, and planning capacity.
- Providing technical support to implement more sophisticated financial management practices, including multi-year budgeting and capital investment planning, cash management and sustainable asset management and maintenance.
- Promoting uniform standards to homogenize heterogeneous data collection and accounting practices, and minimize variations in quality and consistency of reporting and auditing.
- Helping to acquire, implement and utilize information systems for efficient financial management.
- Setting up systems for the regular monitoring and oversight of municipal finances. |
| --- | --- |
|  | - Limiting conditional grants in favour of less restrictive funding, once local accountability is established.
- Minimizing conflicting objectives among different transfers, grants, and other revenue sources.
- Reducing delays in payments to local governments to minimize cash-flow problems and difficulties in expenditure planning.
- Establishing allocation rules for intergovernmental transfers that better support the expenditure and infrastructure needs of municipal governments. |
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<th>Borrowing</th>
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Cities will face increasing pressures to make long term investments in expensive infrastructure in order to meet the needs of citizens and to maintain the competitiveness of their local economies in global markets. This will require expanded access to private finance and capital markets. In order to close the gap for the thousands of cities that cannot access municipal debt markets, national governments will need to help build the creditworthiness of their local governments, and develop the legal framework and institutions that are necessary to establish a primary and secondary capital market. Policy priorities to help cities to manage borrowing and responsibly access debt markets include:

- Developing effective national regulatory and legal frameworks which expand municipal debt markets where risk is appropriately allocated and properly priced
- Developing domestic institutions and municipal debt instruments designed to give local governments experience managing debt so that they can access financial markets responsibly.
- Removing limitations and strengthening access by municipalities to revenues so that municipalities can use such revenues to secure and service debt.
- Improving the ability of cities to manage their finances and provide financial data which investors can understand and rely upon.
- Increasing the supply of capital in broader domestic capital markets.
- Developing fiscal disclosure systems that allow citizens, investors, and capital market participants the ability to assess the credit worthiness of municipal borrowers and helps local governments monitor changes in their debt profile to avoid structural fiscal imbalances or insolvency when they begin to issue debt.
### Special issues

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<th>Inequality:</th>
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<td>• Configuring own source revenue portfolios to reduce social and economic inequities.</td>
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<td>• Evaluating investments to determine whether they promote social, economic, gender and political equality.</td>
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**Climate finance:**
Establishing systems that allow municipal governments to access capital from a broad spectrum of public and private sources to invest in climate adaptation that does not place unreasonable fiscal burdens on local governments.

- Establishing new mechanisms that support climate change mitigation that provides revenue for cities that succeed in reducing GHG emissions.

**Public-private partnerships:**
- Ensuring that P3s are fit for purpose—e.g. the activities that are funded through P3s are appropriate for this funding structure.
- Developing strengthened regulatory frameworks for municipal P3s.
- Supporting the development of advisory capacity for municipalities pursuing P3s.

**Metropolitan financing:**
- Building on models developed in the US and elsewhere, develop financial and institutional modalities which provide the means and incentives for municipal governments within “metropolitanizing” areas to collaborate on financing strategic metropolitan infrastructure.
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<th>3. Implementation</th>
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<td>Most of the key policy decisions that enable more robust municipal financing systems are the responsibility of higher levels of government. Moreover, as with the other dimensions of local and intergovernmental systems (administrative and political), reform of municipal financial systems is largely driven and determined by national political factors. Efforts to implement proposals for improved municipal finance performance must recognize that while such reforms can – and do – draw on international practice and generic policy objectives, reform processes and outcomes tend to be country-specific. International coalitions of stakeholders with vested interests in improved outcomes (e.g. Local Government Associations) can be useful in providing support to these processes, but ultimately successful reform will require enduring engagement at the country level through which specific solutions are forged within the limits of what is politically and legally feasible at any given point. In order to implement policies to promote fiscally healthy municipal governments it is imperative, first and foremost, to meet municipalities where they are in the five focus areas: rules of the game and capacities, expenditures, revenues, financial management, and borrowing. When international or domestic agencies bring resources, along with technical assistance and training, the latter cannot be based on standard models or procedures but must take into consideration local (territorial) particularities. It also is useful to remember that other national and global policies, such as the reporting frameworks for SDG11 or COP21 can be leveraged to guide implementation of municipal finance interventions. However, it will be extremely important that when national governments commit to international or global agreements, they do not devolve responsibility for complying with the agreements to lower levels of government as unfunded mandates.</td>
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| Rules of the Game and Capacities | National governments and development partners need to expand their support of local government capacity-building programmes, drawing on experience of effective international practice in recent decades. National experiences with establishing successful enabling frameworks to foster financially sound and stable local governments should be documented and shared. These can assist other national governments to design and implement their own frameworks. Other proposals for implementing a municipal finance agenda include:  
- Studying and sharing international experience with defining and codifying the roles and responsibilities of each level of government.  
- Studying and sharing various national experiences with legal and institutional frameworks for effective collection of own-source revenues.  
- Documenting and sharing international experience with judicial mechanisms to oversee the enforcement of rules and contracts.  
- Documenting and sharing international experience with procedures for adjudicating competing claims, resolving grievances, and settling disputes in municipal finance.  
- Documenting and disseminating examinations of international experience with efforts to minimize municipal fragmentation and to promote intergovernmental coordination.  
- Developing technical assistance modules to provide training and assistance to national, subnational and local governments to help establish and implement effective rules of the game and to ensure that local government officials are well supported in undertaking implementation and evaluating progress. |
| Expenditures | Local governments need to implement measures that help them to plan and predict the expenditures necessary to maintain provision of basic public goods and services that are required by their residents. This will guide their efforts to secure the revenues necessary to cover these expenditures. In addition, they will need to implement measures that lead to better expenditure efficiency and coordination among other levels of government and institutional partners (land use planning, economic development agencies, civic partners). Specific proposals for implementing |
better practices around expenditures within a municipal finance agenda include:

- Closing devolution lags and/or incoherent intergovernmental systems that undermine capacities and incentives for effective local urban development and management.
- Where expenditure assignments have been devolved to local governments, establish the authorities and identify the resources needed to discharge mandates and meet these obligations.
- Devolve expenditure assignments in line with the subsidiary principle. Where this is not constitutionally possible, or is politically infeasible, narrow the gap between the devolution of expenditures and municipal resourcing (i.e. reduce unfunded mandates).
- Strengthen local (bottom-up) accountability systems (e.g. participatory budgeting; transparency in local procurement) to strengthen incentives for improving expenditure efficiency and promoting expenditure equity.
- Strengthen national (top-down) accountability systems (e.g. the scope, timing and effectiveness of municipal financial audits) to strengthen incentives for improving expenditure efficiency.
- Use fiscal instruments – such as performance grants – to strengthen incentives for improving expenditure efficiency.
- Strengthen collaboration among local land-use planning, economic development efforts and financial planning

| Revenues | Local governments need to establish regular, predictable, and diversified revenue bases. These sources should include a healthy mix of own-source revenues and reliable intergovernmental transfers. Specific proposals for implementing a municipal finance agenda focusing on revenues include:

- Reform of intergovernmental fiscal systems to expand own revenue sources, especially |
<table>
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<th>Financial management</th>
<th>Specific policy proposals for implementing better local financial management include building systems and local capacity in the following categories:</th>
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|                      | • Planning and budgeting.  
|                      | • Accounting, reporting and auditing.  
|                      | • Cash/Liquidity management.  

where these are particularly appropriate for the financing of local governments (e.g. property tax).  
• Increased devolution of base, rate and tariff setting powers to local governments over revenue sources which have been devolved to them.  
• Modernization of regulations pertaining to local revenue systems drawing on good international practice (e.g. for property tax, allow for mass valuation methods rather than individual parcel valuation), improved use of technology (e.g. tax/user charge payment by cellphone), and capacity-building.  
• Increase knowledge of and capacity to use land-based financing tools to generate revenue and credit (e.g. value capture, property tax, land value tax).  
• Ensure that aggregate value of fiscal transfers closes rather than widens the gap between expenditure and revenue assignments.  
• Grant design should be based on output-oriented formulae and transparently allocated, with the formulae reflecting clear policy choices within the parameters of fiscal constraints and affording the appropriate level of local discretion to minimize the proliferation of multiple conditional grants.  
• Incorporate performance-based grants and transfers, to fund and prioritize local capacity building.  
• Strengthen systems to ensure that fiscal grants to local governments are transferred efficiently and in the amounts due to them.
| Borrowing | A range of interconnected actions is necessary to implement better access to borrowing and practices involving municipal debt:

- The development, in the many countries which lack them, of robust regulatory frameworks governing municipal debt, focusing on ex ante rules governing the debt issuance and ex post rules governing obligations and events in the case of default in order to support the sustained expansion of primary and secondary capital markets.
- Developing disclosure frameworks for debt obligations that provide access to fiscal data for local governments to allow officials to track their changing debt profile, and allows the capital markets to assess the credit and liquidity profile of the local government as an issuer of securities.
- Development of bond pooling and credit enhancement mechanisms can be considered, but should be treated with caution due to practical difficulties and potential unintended consequences of leading to a commoditized or homogenous market that masks credit risk.
- Where appropriate, provide graduated access to capital, enabling municipalities to access credit markets under the umbrella of larger institutions in contexts in which municipalities lack direct access to capital markets. |
Other specific proposals for implementing a municipal finance agenda include the following:

**Inequality:**
- Pursue revenue sources that are progressive and stable (property tax, land value tax) in order to expand service networks to reduce end-user costs for the most vulnerable. Alert national governments to their role in determining the fiscal fate of cities, and the alignment to addressing issues related to inequality.

**Metropolitan financing:**
- Take meaningful steps to promoting processes and institutions which can plan, finance and administer strategic infrastructure networks that cross municipal jurisdictions in metropolitan areas.

**Climate finance:**
- Expand access to climate-focused financing tools (WB green bonds, carbon markets, and others); contribute to make finance flows consistent with climate resilient development (art. 2, Paris Agreement); contribute to pursue mitigation co-benefits from adaptation actions, provided that greater levels of mitigation can reduce the need for greater adaptation costs.
- Support the development of systems to finance cities' role in the implementation of nationally determined contributions under the Paris Agreement; provide financial resources with the aim of achieving a balance between mitigation and adaptation (Paris Agreement, Article 9)

**Public-private partnerships:**
- Create effective frameworks and provide technical assistance to help local governments negotiate stronger P3s.