Habitat III open-ended informal consultative meetings

Statement by UN-Habitat

Friday 29 April, 10:00

MUNICIPAL FINANCE

This panel has stressed the importance of municipal finance. Without a doubt, it is critically important for cities to establish revenue enhancement mechanisms and allocate financial resources to programmes that support urban wealth creation. However, many cities simply lack the resources to build and sustain local finance that would ultimately support planned urban expansion.

Fortunately, there is much promise in endogenous sources of revenue, such as land value sharing, particularly when these sources are underpinned by plans for income generation, expenditure and investment. The revenues that result can be invested in urgent public policy issues such as providing adequate public space and housing finance. But even primary sources of endogenous revenues, such as land value sharing, require enabling elements, such as land readjustment tools and transparent land regulations.

Sound municipal finance ultimately supports urban financial sustainability. It also allows cities to provide public services and housing. But it must be part of an overall national urban policy if it is to truly unlock cities’ potential and capacities. Thank you.