

EFFECTIVE IMPLEMENTATION

The realization of transformative commitments set out through the New Urban Agenda will require national, sub-national, and local governments to ensure an enabling policy framework, integrated by planning and management of urban spatial development, and effective means of implementation at the national, sub-national, and local levels.

SUB-CHAPTER ON

Enhancing Means Of Implementation Of The New Urban Agenda: Financing And Other Tools Of Implementation

ENHANCING MEANS OF IMPLEMENTATION OF THE NEW URBAN AGENDA: FINANCING AND OTHER TOOLS OF IMPLEMENTATION

125. We recognize that sustainable urban development, guided by national urban policies, rests on integrated national and international financing frameworks that are supported by an international economic environment, since without adequate financial resources and capacities at all levels, none of the challenges and opportunities of urbanization can be addressed and none of the objectives laid out in this agenda could be achieved.
126. The implementation of an ambitious New Urban Agenda will need the deployment of a wide range of means, tapping into all available traditional and innovative sources. Mobilization of resources will be embedded in the concept of partnership including international, national, and local, as well as public and private, based on the principle of equity and solidarity with people that are the poorest and that are in vulnerable situations.
127. The immense infrastructure financing gap is one of the most pressing challenges to be addressed in order to secure adequate service provision to the people. We realize that bridging this gap, especially at the local level, is a prerequisite for achieving the New Urban Agenda and the SDGs. In this course, we recognize that the enormous investments needed, can only be realized by leveraging on domestic resources and tapping into external financial sources and enabling local government to access these resources.
128. Each country context requires specific instruments and mechanisms in order to improve the financial situation necessary to achieve sustainable development. We therefore, call for context-sensitive approaches in financing urbanization and in enhancing financial management capacities at all levels of government.

Domestic public resources

129. Resource mobilization will focus on endogenous resources and revenues generated through the capture of the benefits of urbanization, as well as the catalyzing effects and maximized impact of public and private investments. It is crucial that all financial means of implementation are firmly embedded into national legal and policy frameworks.

Sound financial policy framework

130. We will ensure a strong and transparent system of intergovernmental transfers from higher levels of government to subnational and local governments that provides for adequate and predictable transfers matching the functions and mandates of local governments, guaranteeing a minimum of at least 20% of national resources to local government and thereby contributing to minimizing the fiscal gap directly and by leveraging further resources.
131. We commit to implementing sound sub-national fiscal policies, increase local government autonomy over taxes, revenues, expenditures, debt financing as appropriate and will implement specific mechanisms, as appropriate, to enable shared authority and financing between municipalities or metropolitan areas and state or national governments agencies.
132. We plan to develop vertical and horizontal adequate models of distribution of financial resources to decrease inequalities between territories and urban and rural areas, as well as to promote integrated and balanced territorial development. In this regard, transparency in data spending should be ensured to allow public analysis of resource allocation from national government as a tool to assess progress towards equity and spatial integration.
133. We will implement specific mechanisms to capture the increase in land and property value generated by public investments, including the increased value of residential and commercial buildings brought about by provision of economic and social infrastructure and quality public space. Measures will be put in place to prevent its solely private capture as well as land speculations, by introducing fair taxation and site and city-wide redistribution of gains with the aim to ensuring the contribution of land owners to a more equitable urban development.

Financial Management

134. Effective financial management systems are the precondition for any improvement of the municipal finance situation and to achieve creditworthiness. We therefore commit to strengthen local administrations capacities in planning, budgeting, accounting, procurement, reporting, auditing and oversight including the capacities to develop, implement and operate bankable projects and to manage public-private and people partnerships. Capacity development should be anchored in a multi-level institutional coordination framework.
135. We encourage local governments to implement municipal financial management reforms through incentives such as performance based intergovernmental fiscal transfer systems.
136. We recognize that it is vital to establish transparent and accountable mechanisms for expenditure control as well as clear regulations and control mechanism that ensure a prudent debt management and prevent unsustainable debt financing.

Revenue and Expenditure

137. We commit to establish policies and capacities that will enable local governments to register and expand their potential revenue base, and to establish and collect user charges and fees to cover expenditure costs, while ensuring that poor households and marginalized groups are not disproportionately affected. Tax avoidance should also be addressed along with considering the insertion of anti-abuse clauses and transparency mechanisms.
138. We commit to promote transparent and accountable expenditure control instruments, based on legislative control and public participation which support open and fair tendering processes, procurement mechanism and reliable budget execution.

Borrowing

139. We acknowledge that access to debt financing is a key element of urban infrastructure investment schemes to bridge the infrastructure investment gap, especially for necessary investments with high public dividend and benefits. We commit to establishing robust regulatory frameworks for municipal borrowing, flanked by revenues and capacities and expressed by local creditworthiness as well as to expand sustainable municipal debt markets when appropriate. Resources will be mobilized to support credit guarantees or other credit enhancements such as interest subsidies, limited guarantees and limited reserve funds to facilitate favorable borrowing in a transparent and responsible way.
140. Together with partners, donors, development financiers and private sector, we will consider the establishment of financial intermediaries for urban financing, such as national municipal development funds or national development banks.
141. We understand that, as a number of cities lack experience in borrowing and that some governments are responsible for debts that cities may incur, there is a need for strong cooperation with national and sub-national governments. We are willing, at the request of all implicated levels of government, to participate in the dialogue over fair and rational ways to allocate financial responsibilities to both encourage local governments to source funds for capital-intensive projects that help to achieve the objectives of this Agenda as well as to limit the exposure of the reputation and finances of the central government.

Climate Finance

142. We recognize that the infrastructure planning and financing decisions that are made today will determine the world's climate and development outcomes for the next century and that cities have the potential to lead the global community in implementing low-emission, climate resilient projects when the conducive frameworks for their actions are in place. We will implement measures to reduce the cost of capital and stimulate private sector and households to participate in urban resilience programs and resilience-building efforts, including access to risk transfer mechanisms. New opportunities for developing countries have emerged through the Climate Fund, to be used for adaptation and mitigation practices to counter climate change. We will seek and support a sub national window in the Green Climate Fund to enable cities to secure adaptation and mitigation funding. We will collaborate with local financial institutions to develop climate finance infrastructure solutions and to create appropriate mechanisms to identify catalytic financial instruments. We will collaborate with national and international insurance and reinsurance institutions to develop feasible solutions for future climate risks in cities, with regard to investments in urban infrastructures, urban assets as well as for local populations to secure their shelter and economical needs.

Partnerships

143. Partnerships with a variety of stakeholders are an important means to financing urbanization. Thus, we promote the use of partnerships in urban development processes, establishing clear and transparent legal and financial frameworks and administrative procedures, as well as planning guidelines for multi-stakeholder partnerships and will consider the establishment of public-private partnership units and/or sectorial nodes to advise municipalities on all aspects of partnerships and provide systematic training and capacity building for local officials and other stakeholders.
144. We acknowledge that private business activity, investment and innovation in the urban sector are major drivers of productivity, inclusive economic growth, and job creation and we call on all businesses to apply their creativity and innovation toward solving sustainable development challenges in urban areas.

International development cooperation

145. We underline the high relevance of Official Development Assistance (ODA) and cooperation initiative, next to their direct financial support for urban development measures via grants and loans, as promoters of further public and private investments in local economies, catalyzing new sources of finance by acting as de-riskers for potential investors and enabling capacity-development.
146. We will promote better articulation of Official Development Assistance (ODA) and cooperation initiatives at national, regional, and international levels on issues related to financial engineering transfer, especially in low-income countries. We will expand the opportunities for international cooperation, including North-South, South-South, triangular, decentralized, and city-to-city cooperation, to contribute to the implementation of the New Urban Agenda.
147. We support the effective engagement of local authorities in the implementation of the New Urban Agenda, also by implementing the paradigm set out in the Addis Ababa Action Agenda that includes access to adequate flows of Official Development Assistance (ODA) and additional frameworks that facilitate blending ODA funds with debt financing.
148. We will support countries as well as international networks to establish project-preparation facilities that provide significant support to create, plan, implement and operate bankable projects.
149. We urge international and multilateral financial institutions, such as the World Bank Group and regional development banks, to consider and integrate the priorities of the New Urban Agenda in their disbursement criteria for infrastructure and development projects to developing countries.

Science, technology, innovation and capacity-development

Capacity-development

150. We promote capacity building as a multi-faceted approach that addresses the ability of multiple stakeholders and institutions at all levels of governance and combines the individual and institutional capacity to formulate, implement, manage, and enforce public policies towards sustainable urbanization. We commit to strengthen the capacity of local, national, and regional governments, international authorities, local government associations, as well as the academia and research institutions in order to enable them to actively engage and contribute to the implementation of the Quito Implementation Plan for the New Urban Agenda.
151. Apart from strengthening individual competencies related to sectorial service delivery and planning tasks, management skills for shaping organizational and institutional governance processes and for involving multiple stakeholders in public decision-making have to be improved.
152. We will implement investments by national and sub-national governments in improving technical and human resources needed for an effective urban planning and management, and to maintain effective local tax systems, as appropriate. Awareness-raising activities and capacity development programmes should be launched to promote the shift from a local financial system (based mainly on grants and subsidies from the national government) to a system based on a financing mix. Performance-based grants and incentives to change behaviors and management culture will be applied.
153. We will implement programs to increase knowledge and capacity in the use of legal land-based revenue and financing tools as well as real estate market functioning. Policymakers will be informed on the legal and economic foundations of value capture, and local public officials will be capacitated to determine and capture land value increments.
154. We will strengthen cooperation between local governments and civil society to deliver on capacity development programmes by means of peer-to-peer learning, subject-matter related partnerships, and collaborative action such as inter-municipal cooperation, including the establishment of practitioners' networks and other policy interface mechanisms, and apply peer-to-peer learning formats based on exchange of experience and dialogue formats for collegial advice.
155. We will implement training programs and government initiatives that should be geared specifically toward strengthening the skills and abilities of the persons in vulnerable situations to enable them to overcome the causes of their vulnerability and exclusion. These initiatives should be oriented to improve the capacity of community leaders, with particular attention to women's effective participation in decision-making for urban development.
156. Local government associations need to be recognized as one of the providers of capacity development and important instruments for knowledge sharing. Public institutions should engage in dialogue and support collaborative partnership approaches.
157. We will implement capacity development programs to help local governments achieve targets and set the foundation, as appropriate, for transparent and independent oversight/ monitoring processes to review local and municipal performance and compliance, with a focus on improvement and digitalization of the accounting process and records.

Technology and Innovation

158. We will implement the appropriate use of new and existing technologies to improve city management as well as accountability and transparency, mindful of the protection of public goods and of specific constraints in terms of access to digital information and local habits.
159. We will implement capacity development programs in order to make information and communications technology accessible to citizens, to enable them to develop and exercise civic responsibility, broadening participation and fostering responsible governance. On-line platforms can be developed to improve access to urban services.
160. Ensure the successful development and implementation of citizen-centric digital era governance that continuously taps into technological innovations. This will require strong political will, collaborative leadership and new institutional frameworks, "including a national ICT policy and e-government strategy, as well as strengthening institutions and building the capacities of public servants.

Data collection and analysis

161. Good governance is evidence-based and builds on a shared knowledge base using both globally-comparable as well as disaggregated and locally-generated data. The crucial role that cities may play in data collection, monitoring, and reporting on progress at the local level regarding sustainable development should also be honoured, and corresponding capacities built.
162. Data collection and indicators are essential at the international, national, and local levels to monitor progress achieved and to make decisions to adjust implementation strategies. The generated data should be transparent, openly accessible, and disaggregated as appropriate to capture existing inequalities and efforts to promote inclusive development.
163. We will implement the creation, promotion, and enhancement of participatory data platforms using technological and social tools available to transfer and share knowledge among national, sub-national, and local governments and other stakeholders, including non-state actors and people to enhance effective urban planning and management, efficiency, and transparency through e-governance, ICT-assisted approaches, and open data.