



COMMONWEALTH LOCAL GOVERNMENT CONFERENCE 2017

Fit for the future: resources and capacity for effective local government

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VALLETTA MALTA
21-24 NOVEMBER 2017

The Valletta Outcomes - fit for the future: resources and capacity for effective local government

Preamble

The Commonwealth Local Government Conference *Fit for the future: resources and capacity for effective local government*, Malta 21-24 November 2017, inaugurated by Hon Dr Joseph Muscat, Prime Minister of Malta and dedicated to the memory of Cllr Joe Attard.

Recalling the Agenda 2030; The Addis Ababa Action Agenda (AAAA); HABITAT III, all of which recognise the key role of local government in global development;

Acknowledging the work of the Global Taskforce of Local and Regional Governments for ensuring global recognition of the role of local government in achieving global sustainable development;

Building on the 2015 Commonwealth Local Government Conference, and the Gaborone Declaration, where local government's role in global development was asserted;

Recognising that the SDGs are a universal and progressive agenda, and that aligning vision and action with them will be a powerful tool for taking communities towards sustainable local development;

Welcoming the agreement that if countries are to achieve the SDGs, local government must be engaged as a full and willing partner and a leader in its own right in ensuring that no-one is left behind;

Expecting that the forthcoming Commonwealth Summit and other high-level meetings will give formal and practical recognition to the importance of adequate resourcing of local government to play its full role in achieving sustainable development;

Accordingly agrees the adoption of the *Valletta Outcomes – Fit for the future: resources and capacity for effective local government* by CLGF members and partners as follows:

I. Delivering sustainable development through fiscal decentralisation and local revenue mobilisation

- I.1. The adoption of the SDGs provides a new lever to refocus attention on the importance of effective decentralisation.
- I.2. Local government and central government must work together as allies to achieve national development goals. Local governments are fundamental partners in reaching these goals. Fiscal decentralisation, local democracy and local taxation are important elements in mobilising resources

and matching them with locally accountable decision making, within the context of national regulatory and legislative environments. With respect to accessing private sector resources, different blended financing mechanisms provide different returns and political judgements as to what will be appropriate for a given context must be made, ultimately decentralisation must result in improving the lives of the citizens. To ensure no one is left behind, special attention must be paid to those whose voices have often not been heard including *women, youth, and marginalised communities*.

1.3. In pursuing sustainable development, local government must be open, receptive, and worthy of the people's trust with the administrative capacity for public financial management and revenue generation from local tax systems. Trust is built when zero tolerance for corruption is coupled with political stability, transparent systems, enforcement, oversight and political will. In all cases Intergovernmental transfers remain an important component of local government finance. There is an opportunity for central government to realise the potential of local government and to incentivise own-source revenue creating a revenue generation ecosystem that enables them to deliver. The new global paradigm means that existing funding sources of transfers and own-source revenues need to be supplemented by new sources of finance and blended finance models with a range of partners.

2. Local governments working smarter to be more efficient and effective

2.1. Effective partnerships help maximise capacity and are central to the achievement of sustainable local development. Good governance, probity, increased efficiency and effective use of funds are essential elements to ensure local government is an attractive partner. Local government must start by getting the basics right. Funds will not be used effectively unless they build on a foundation of political stability, and transparency, performance culture, clear enforcement and consistent oversight. Effective partnerships with the private sector, civil society and other actors involve navigating the different priorities, cultures, and expectations of these partners so as to build trust and target mutually beneficial outcomes. Planning for development and sharing plans publicly is a key element in increasing clarity for all community members on where there will be synergies with their projects and opportunities for investment and development.

2.2. A lack of experience in public private partnerships and/or multi-stakeholder relationships can limit local government's ability to seize key opportunities and draw on the expertise of the private sector. Greater investment in education, skills development and capacity enhancement within local

government is essential for local government across the Commonwealth. Staff and leaders must be ready to work on a regenerative model of development, across silos and departments, and in partnership with other spheres of government to achieve their targets, using tools such as audited key performance indicators to monitor progress.

2.3. Local leaders must be empowered to act at the local level, and central and local governments must work together to build capacity and develop frameworks which allow leaders to draw on the widest range of tools available, while ensuring adequate oversight. Training and capacity building cannot be disconnected from devolution and decentralisation. Without an empowering framework and a holistic vision of how local and central government will work together to achieve development, no amount of training or efficiency savings will be effective.

2.4. While it is not a substitute for human social skills and interaction, ICT is a critically important tool which can help councils reach out to citizens (including through social media) and enable data to drive policy. Technology is a driver of innovation and efficiency. Local leaders need to ensure they use ICT as a tool to make communities better, and critical thinking on priorities, as well as paying special attention to those whose voices have traditionally been marginalised is important prior to choosing any technological solution so as to avoid widening the digital divide. It must be remembered that there is no one size fits all solution, national context and local capacity and priorities will determine what actions will be the most effective. Data can inform decision making processes and better use of data can help councils target investments, improve services and respond to community needs.

3. Stronger local economies as a basis for effective local development

3.1. Economic development is a vehicle for social development and poverty reduction. It creates social mobility and generates increased taxes for public investment and infrastructure projects. Local governments must be enablers and facilitators of local economic development, creating spaces that support and stimulate opportunities for local economic development, with

policies to encourage the participation of women in the local economy and models of LED. Sustainable local economic development is a context specific process of harnessing local resources, skills and capacity, taking account of environmental needs, to enable more equitable economic growth and opportunity. A new perspective on LED based on the importance of place with a shift from needs alone to resources using asset mapping methodologies needs to be adopted.

- 3.2. Local government can provide the space to nurture and create industries, skills and talents to promote LED.
- 3.3. An enabling environment comprising constitutional, policy and legislative frameworks is essential for cities and local governments to be catalysts for economic development; institutional arrangements that enable different tiers of government to coordinate economic development; strong leadership; and creation of a favourable macro-economic policy environment (by central government) that is conducive to trade and investment at a city/local government level is key.
- 3.4. In many countries the informal sector, particularly in cities, is often a significant contributor to the local economy, yet seen as a problem or even illegal. Equitable local economic growth requires this to change in favour of greater engagement, support and facilitation of the informal sector. National urban policies that take account of all towns and cities, as well as their relationship with rural areas, can enhance sustainable local economic development, and local governments should adopt inclusive strategies that promote trade, innovation and resilience.
- 3.5. Special attention needs to be placed on the needs of small states and particularly their ability to rebound from natural disasters to stay on track with the sustainable development goals.

4. Identifying innovations in finance to support sustainable development

- 4.1. For local government to be fit for the future, particularly to successfully localise the SDGs, adequate resources and capacity are essential prerequisites, without which local government cannot be drivers of change.

- 4.2. Own source revenue and intergovernmental transfers are insufficient to meet the growing infrastructure gap due to pressures from rapid urbanisation, the effects of climate change, and the imperatives of meeting the SDGs. Alternative sources of revenue to ensure sustainable development at local level need to be explored. However there is no single solution and local development financing needs to be looked at as an ecosystem with several integrated components.
- 4.3. Development finance options available, include public-private partnerships (PPPs), municipal bonds, sub-national pooled financing, climate financing, diaspora bonds, pension funds, land value capture, community work, crowd funding and social enterprise partnerships. Opportunities to use local government controlled land as a resource for infrastructure and revenue generation should be pursued where appropriate.
- 4.4. Each local government is different and local authorities should be allowed freedom to experiment with financing options best suited to their specific circumstances. However some important foundations need to be in place to ensure sustainable development is achieved.
- 4.5. An enabling policy and legislative environment is required for local government to access more innovative mechanisms. This requires open dialogue and healthy working relationships between local and other tiers of government, among local governments and with other actors. Local government must optimise its available own source revenue streams, including collection and compliance. Working to access new sources of funding does not abdicate local government's responsibility to generate own source revenue.
- 4.6. Robust financial management and good governance systems and practices need to be in place, as well as technical capacity to develop successful capital investment programmes and service delivery plans to be implemented through blended finance solutions, etc. This requires effective institutional and human capacity. Creditworthiness and fiscal capacity to repay debts requires comprehensive planning, as well as management of the many risks involved.

4.7. Relationship and partnership building at several levels is critical. In particular local government understanding the dynamics of working with the private sector and vice versa, together with building and maintaining trust and credibility are essential.

Recommendations

1. Promote greater dialogue and engagement, and enhanced political will and management, between the local government sector, ministers of finance and local government financing agencies at the national, state/provincial, regional and Commonwealth level, to encourage a more holistic approach to fiscal decentralisation to enable local governments to contribute effectively to the achievement of Agenda 2030;
2. Establish a Commonwealth taskforce, building on CLGF's intergovernmental mandate, on mobilising finance for development at the local level, providing a space for dialogue and identifying options and innovations to deliver on the recommendations of the Conference;
3. Support local government advocacy efforts for greater access to the Green Climate Fund and other sources of development finance;
4. Strengthen local capacity to enable local government to lead in the achievement of the Agenda 2030 through policies based around strong service delivery. Core skills and capacity to deliver their existing mandates should be enhanced with new skills to enable more effective partnerships. Efforts to professionalise the sector are essential and CLGF must support capacity development; promote and facilitate knowledge and experience exchange between cities and local government, and draw on existing mechanisms and institutions, including dedicated local government training institutes and the Commonwealth Innovation Hub;
5. Mobilise the Commonwealth Network of Women in Local Government, launched at the Conference, to ensure gender equity leading to better staff and elected leadership capacity across the sector and more inclusive decision-making, planning and service delivery;

6. Promote practical steps to encourage young people to participate in local decision making and political processes, through awareness raising, mentoring, training, establishment of municipal youth councils, etc and ensure that young people have the space to meaningfully engage in local democracy;

7. Provide safe spaces for experimentation in innovative approaches to engagement and more efficient and effective service delivery, including greater use of ICT.

Expresses warm appreciation to the Government and People of Malta, especially Hon Prime Minister Dr Joseph Muscat, to Rt Hon Patricia Scotland QC, Commonwealth Secretary-General, Rt. Hon Helen Clark, Patron of CLGF for their contributions; to HRH the Prince of Wales for his video message; to HE Marie-Louise Coleiro Preca, President of Malta for her address at the launch of the Commonwealth Network of Women in Local Government; to Hon Owen Bonnici, Minister of Justice, Culture and Local Government, Cllr Joe Cordino, Local Councils Association, Malta for hosting the CLGF Conference, and for their kind hospitality; to Dr Marc Sant for his work; to all speakers and resource persons for their participation, to CLGF's corporate partner Microsoft, DFID; EU, UN Habitat and other sponsors, and to the exhibitors for their support.

Valletta, 24 November 2017

