

# Accessing resources: How can local government make more of the domestic and international funds available?

It was agreed that the key resources included finance, land and capacity to deliver.

## Major constraints

1. Inadequate resources with very few sources for local revenue in authorities without control of utility services. Most service provision is not income generating. In some cases options being further reduced – for example abolition of graduated tax collection in Uganda, which had previously generated 70% to 80% of local revenue.
2. Central government allocations are inadequate to fund the local service delivery expected, and frequently tied to conditional grants that prevent strategic planning on the basis of local priorities.
3. Centralisation of previously local revenue sources such as motor license fees and other traditional sources of local revenue.
4. Levels of resource allocation by central government as low as 3% contributing to chronic lack of capacity to deliver at local level.
5. Local government not embedded in national constitutions and lack of legislation governing resource allocation from central government.
6. Local councillors averse to arguing for building local revenue base preferring to pander to populist short-term opinion.
7. Lack of institutional capacity to enforce by-laws such as tax collection and a general lack of skilled human resources.
8. Inability to prove credit worthiness at local level because of national level actions.
9. Lack of information about options and potential support at international level. Where international support is available it is frequently onerous in practice due to interest rates and tied consultancy provision.
10. Lack of practical partnerships between local government, civil society, and central government resulting in resource use being skewed to discrete areas rather than prioritized local strategies.

## Identifying ways forward

1. The emphasis needs to be on effective decentralisation rather than deconcentration.
2. There are options to do local deals. For example in Swaziland a financial institutional planning a local development was able to access land in return for favourable interest rates on a loan needed to upgrade roads.
3. Local Government Associations have an important role to play in advocacy and lobbying. In Cameroon for example the local association organized a coordinated response to a cut in government (VAT) allocations to local government from 50% to 25%. The advocacy and lobbying campaign, working heavily with local media and civil society, led to agreement for a 75% allocation as of 2006.
4. The Aberdeen Agenda will be more effective if it has wider multi-lateral support from the Africa Union, UCLGA etc.
5. Local Government Associations need to be supported to become more effective lobbyists and advocates.
6. The creation of Local Government Finance Committees advising on mechanisms and modalities for local government allocations from central government to local authorities can lead to the nomination of national commissions able to provide a legislative basis for more equitable resource allocation. Experience from Uganda and Malawi particularly valuable.
7. Local government staff training remains a crucial element in ensuring that local authority work is considered "honourable".

## Recommendations

The CLGF should:

1. Ensure that the Aberdeen Agenda is adopted by additional multi-lateral agencies particularly UCLGA and the Africa Union in order to ensure effective peer pressure to take appropriate action.
2. Develop a programme to assist national local government associations to become more effective in lobbying and advocating particularly for more equitable and appropriate resource allocations from central government.
3. Provide a means for local government associations to share experience and information on local government financing in a more effective manner.
4. Facilitate the dissemination of information on existing international support and assistance relating to financing local development.
5. Document local case studies in a range of national contexts in order to increase understanding of the options for increasing access to resources. These should include documentation of examples of local government finance committees and commissions.