



## Annual Meetings of the African Development Bank, Marrakesh, Morocco, 27-31 May 2013

### Side-event on the development of an instrument for the funding of urban investments in Africa

#### Report

On 29 May 2013, a side event on the theme "Towards a sub-national instrument for the funding of urbanization: Funding local governments, new opportunities for Africa," was held in the framework of the 48th Annual Meetings of the African Development Bank in Marrakesh, Morocco. This side-event was co-organized by the African Development Bank (ORPC1 and OIVP departments) and UCLG Africa, with the support of the UCLG Local Finance & Development Committee (LFDC).

The side-event started at 03:30 p.m. It brought together about one hundred participants, including staff members of the AfDB departments in charge of the implementation of the bank's urban development strategy, experts, elected officials and decision makers of local governments in Africa as well as partners engaged in the support for urban development, including rating agencies, development partners, development banks, representatives of central and local governments, and representatives of the private sector and the media.

The side-event was chaired and moderated by Mr. Jean-Pierre Elong Mbassi, Secretary General, the United Cities and Local Governments of Africa (UCLG Africa). It was marked by three highlights: (1) introductory presentations on the challenges of urbanization in Africa, AfDB proposals to take on these challenges, including through its urban development strategy, and presentation of the international experience in the area of urban investment funding, (2) A roundtable of mayors during which city officials from Dakar, Rabat and Maputo presented their reactions to the introductory presentations and their recommendations to improve the funding of urban investments in African cities, (3) Recording of remarks and proposals from participants, including from the representatives of rating agencies, the experts from the Global Development Fund for Cities, and from the private sector.

#### 1. Introductory presentations

The paper on urbanization challenges in Africa was presented by Mr. François Yatta, UCLG Africa consultant, expert in economics and local finances. He began by underscoring that in general since 2007, one out of two inhabitants of our planet lives in a city. Now all regions across the world including Africa - though its level of urbanization is only 40% -, face the prospects of a predominantly urban population. This average of 40% city dwellers in Africa conceals in reality significant disparities between regions: Northern and Southern Africa already have over 50% of urban dwellers; West and Central Africa have a proportion of urban dwellers neighboring 40%; East Africa has the lowest level of urbanization with 24% of urban population.

According to the experts, the urban population of Africa is expected to increase twofold by the year 2030. This marked urban growth will be accompanied by a change in the urban structure of the continent with the rise in importance of the medium-sized cities whose weight will be more important than what it is today. The rapid urbanization of Africa is also accompanied by an increase in informality, economically and in terms of housing. This increase in informal settlement areas that may account for up to 70% of the land area of cities is to a great extent the result of a lack of anticipation of decision makers and the abandonment of town planning practices during the 20 years of

implementation of adjustment policies during which attention was focused on macroeconomic policies at the national level, and much less on the realities experienced by the people at the local level. Without a substantial investment in this area, and a resolute determination to reverse the huge deficit in infrastructures and urban facilities, the situation of African cities may become uncontrollable, with all that it entails in terms of political, economic and social unrest.

Cities contribute over 60% of GDP in most African countries. Therefore the economic health of African countries depends increasingly on the attractiveness and competitiveness of their cities and territories. This is why it has become so crucial to re-include cities and territories in the development strategies and to better take into account the macro-economic, micro-economic and social implications of urban investment. The chronic under-investment in African cities has resulted in low profitability and competitiveness of companies which are established in these cities, most of them incorporating in their balance sheets, expenses relating to public services delivered by local governments to businesses elsewhere. There is consequently a close relationship between the level and quality of local public investments and the profitability and competitiveness of local businesses. In other words, ensuring that local governments provide a conducive environment for the profitability of businesses should form part of the AfDB interventions in favor of the development of the private sector.

According to the experts, there is a need to invest annually close to 5% of the continent's GDP over the next 20 years that is 90 billion U.S. dollars per year, in order to be able to take on the challenges that rapid urbanization poses to Africa. This figure is to be linked up with the total official development assistance invested annually worldwide (i.e. 100 billion U.S. dollars), or the amount of the annual investments of the World Bank or the African Development Bank in the sector of urban development (that is US \$ 8 billion and US \$ 0.4 billion respectively).

Concluding on this intervention, Mr. Jean-Pierre Elong Mbassi stressed that a major effort is needed to scale up in terms of volumes of mobilized funds, the presently committed amounts are very low, in view of the needs of African cities.

Mr. Désiré Vencatachellum, Director of the AfDB Department of Operational Policies, speaking also on behalf of Mr. Amadou Oumarou, Director of the AfDB Department of Transportation, presented the AfDB urban strategy, the proposals developed for its implementation, and the questions that this implementation raises.

Mr. Désiré Vencatachellum first commended the excellent cooperation with UCLG Africa and the UCLG Local Finance & Development Committee for the organization of the side-event. He pointed out that the AfDB interest in this side-event was primarily to hear and listen to the stakeholders in the field, most especially the elected officials present, in order to collect ideas for the operationalization of the Bank's Urban Development Strategy, adopted in 2011.

The AfDB urban strategy forms part of the AfDB long-term strategy that focuses on inclusive growth and the transition to green growth. Five intervention priorities are laid down in this context: 1. infrastructure development 2. development of the private sector 3. regional integration 4. good governance 5. Capacity development. For these intervention priorities, AfDB mobilized three main funding windows: the AfDB non-concessional window; the ADF concessional window and the Nigeria Trust Fund, also concessional.

AfDB is well aware that it must increase significantly its interventions in urban development, which should be close to 15-20 billion U.S. dollars. It also knows that investing in cities has the advantage of serving most of its intervention priorities: infrastructures, private sector, governance, capacity development.

Mr. Vencatachellum underscored that AfDB is already supporting urban development through its sector-based interventions in the areas of water and sanitation, energy and transports. It is also a partner in a unique organization, 'Shelter Africa,' which operates in the field of housing. Within the framework of its activities in the field of Governance, AfDB also supports mobilization of funds at the local level and has developed innovative local governance solutions such as the Urban Dashboard implemented in partnership with Microsoft.

The two series of questions still arising for the operationalization of the AfDB urban development strategy, and for which it hopes to find some guidance during the side-event are the following: 1. What financial instruments to design and set up in order to meet the urban investment needs of African cities? Should emphasis be laid on direct loans, and with which guarantees? Or should AfDB opt for indirect interventions, and with which intermediaries? 2. AfDB is evolving and has the ambition to become a knowledge Bank. How to accelerate and deepen this agenda in the field of urban development? What tools and innovations to set up for this purpose? What place and what role are expected from AfDB in the areas of advice and assistance to African cities?

Mr. Thierry PAULAIS, Deputy Director of the Africa Department of the French Development Agency (AFD), author of the publication "Funding African cities" co-edited by AFD and the World Bank, introduced his remarks by stressing the need for African policy makers and their partners, to scale up and change the paradigm of urban investment in Africa, and the need for them to consider the reality of the markets of African cities and their segmentation in order to be able to adapt tools and mechanisms taking into account the different contexts of intervention.

There is a need to bear in mind that African countries are diverse, and that showing interest in the local governments implies considering the reality of the market; and consequently the different institutional cultures, and the diverse political and economic conditions. We therefore cannot use the same tools everywhere, most especially as the markets of urban investment in Africa are split up, very often of small dimension, and we are faced everywhere with poor investment implementation capacities. International experiences in city financing show that there is a strong legitimacy for the resort to borrowing by local governments, and a fortiori in Africa where cities are experiencing a strong population growth. However, the current funding systems in Africa are not organized to meet the needs of the local market, whether development banks or commercial banks. These institutions do not have a good command of the business potential of African local governments. Advocacy and sensitization work is to be carried out, and AfDB and UCLG Africa should make contribution in this respect. The international experience shows good successful examples on the involvement of the banking system in the financing of urban investments, and one case in point is the one of Mexico, which has one of the world's most active markets of bank financing of local development.

One notes in Africa a lack of interest of the banking system for loans to local governments. Furthermore the resort to the capital market is the exception and not the rule. The practice of innovative instruments such as local investment funds which play the role of interface between local governments and the private sector is exceptional. The resort to the public / private partnership that has grown remarkably in other parts of the world, including the United States, Europe and Asia, is encountering difficulties to develop in Africa on an adequate scale in relation to the potential.

In order to be able to take on the challenges posed by the rapid urbanization, African countries must, without delay, set up mechanisms of regulation and control of local government debt and undertake reforms aiming at using land development and valorization operations to finance urban investments. Whenever possible, the philosophy to apply must be 'city finances city.' Over the past 20 years China financed investments in its cities by resorting systematically to anticipation and collection of the capital gains of urbanization and urban areas. This practice can usefully inspire the definition of financing strategies for urban investment in Africa.

In addition to this approach, one of the most sustainable financing solutions is the resort to the local financial market that is to local savings, for the funding of local investment, in the local currency. In Africa, however, there is a lack of mechanisms and financial instruments able to get to the investment capacity where it is, including for the small cities. The examples of India, the United States and Latin America show that institutional and technical solutions exist, and they allow the different organizations and financial institutions to raise money in the local capital markets and redistribute it for the benefit of local governments, including the smallest, by using notably the method of syndication.

In Africa, and elsewhere, local governments' resort to the loan and financial market requires the implementation of an effective decentralization, with financial transfers from the central level to the local level, that are commensurate with the costs of the powers transferred to local governments; those transfers should be released on regularly

basis and in a predictable manner. Effective decentralization also presupposes a significant increase in the local governments' own resources, by granting to the latter a fiscal power notably for taxes linked to economic activities such as VAT or taxes relating to the added value gained by land from the urbanization or agglomeration processes. In this regard Mr. Thierry Paulais indicated that the land and property taxes represent 80% of local governments' own resources in the United States, 70% in most of the other developed countries, and only 6% in Africa. Significant progress can therefore be made in this area, on the express condition that one addresses the difficult issue pertaining to the land system and the land market in the context of African countries. Furthermore an essential prerequisite of any financial intervention in a local government is the sincerity of the accounts presented by the local government in support of its application for funding. Hence the importance of updating the financial and accounting data of local governments, and calibrating the financial information of local governments so as to be able to produce assessed elements of comparison, with a view to improving the performance and bankability of local governments in Africa.

Mr. Thierry Paulais wondered about the role that the development banks such as AfDB should play in the field of financing of urban investments in Africa. According to Mr. Thierry Paulais, AfDB interventions should look primarily at the structural effects in favor of endogenous financing and maturity of local financial markets, and should not be driven primarily by the direct financing of urban investment projects. AfDB interventions should contribute to: (i) the establishment of the necessary conditions for the sustainable development and mobilization of local savings, (ii) supporting intermediation and guarantee mechanisms systems, (iii) improving the performance of local governments in the field of preparation of bankable projects and of governance of local finances. Mr. Thierry Paulais highlighted the specific case of cities in fragile states. Africa accounts for 2/3 of fragile and post-conflict states in the world. In these states, many cities, such as Kinshasa (10 million inhabitants), appear as fragile cities, caught in a twin trap of poverty and funding, and no one wants to finance cities confronted with so many problems, whereas their needs are important and pressing. This is the reason why for this category of cities, Mr. Thierry Paulais suggested the establishment of a multi-donor facility, an initiative for which the AfDB should play an important role.

## 2. Roundtable of Mayors

The roundtable began with the reaction of Mr. Khalifa Sall, Mayor of Dakar, Senegal, UCLG Africa President. He first commended the organization of the side-event within the framework of the AfDB annual meetings, what demonstrated the commitment of the institution to invest in the effective implementation of its urban development strategy adopted since October 2011. It also demonstrates a new state of mind of the AfDB which should be welcomed, and which showed its willingness to open up to other stakeholders for the realization of its objectives. Mr. Khalifa Sall welcomed particularly the new AfDB orientation in support of inclusive growth. He considered that this shift would reconcile economic growth with human development which is the yardstick on the basis of which the progress of any society should be judged. From this point of view, the local governments which are the level of public governance closest to the people are particularly well placed to ensure that the AfDB interventions have a positive impact on the concrete improvement of the living conditions of local people. This is why cities and territories in Africa should now be regarded as fully-fledged interlocutors of AfDB in the implementation of its urban development strategy.

In Dakar, the French Development Agency (AFD) or the West African Development Bank (BOAD) showed the way, by intervening in the funding of investment programs in Dakar, offering the opportunity to the City to start addressing its investment problems. This shows that it is indeed possible to develop innovative financing methods, compatible and consistent with the reality of African local governments. AfDB should draw inspiration from this example for its interventions in the field of urban development. Realizing the development potential of Africa requires a mobilization and an empowerment of the African people, and this, first and foremost at the local level. This is the meaning of the work undertaken by UCLG Africa in favor of all cities and territories in Africa, convinced that Africa is to be built primarily from its territories. It is this experience that UCLG Africa would like to convey to AfDB for the implementation of its urban development strategy. A proposal of partnership was formulated within the framework of a Memorandum of Understanding between AfDB and UCLG Africa. We hope that

AfDB will review this partnership proposal positively as soon as possible, at its convenience.

Reacting on his turn, Fathallah OUALALOU, Mayor of Rabat, President of the UCLG Local Finance and Development Committee (LFDC), recalled that Europe took a century and a half (or 5 generations) for the majority of its people to become urban dwellers. In Africa, this passage is taking place within a generation (30 years). Urbanization in Europe was realized in an environment dominated by national economies led by the central governments, whereas urbanization in Africa is taking place in an environment dominated by the dynamics of globalization, with significantly reduced central government action capacities. African cities have become as a result of this evolution the heart of the competitiveness of national economies. However these cities are at the same time - and today more than ever -, at the center of social imbalances, lack of symmetry of African Development, despairs, but also expectations.

If Africa is today confronted with serious urban problems, it possesses on the other hand the means to solve these problems, with a strong economic potential, linked to its young population, but also an improvement in the management of the macroeconomic framework over the last ten years. Since the development of Africa is increasingly tied to the role of cities, it is necessary for the AfDB to recognize it and to include systematically in its dialogue with Member States, a discussion on the importance of decentralization and of transfer of some of the political and financial powers from the national level to the local level.

Actually, the financial autonomy of local governments is essential to guarantee the financial health of cities, and to allow them to access to borrowing on the domestic and international market, with a view to creating conducive conditions for investment and attractiveness of their territory. This is why it is appropriate that the dialogue on AfDB assistance to Member States be enlarged to embrace other relevant stakeholders, including notably the local authorities through their national associations. This dialogue can even be organized continuously around the national committees of local finance, and local authorities would appreciate that these committees be set up with the support of AfDB. This ongoing dialogue can also be based on the works of an observatory on local finance which establishment is underway on the initiative of UCLG Africa, and which could produce reference information on the management performances of local governments in Africa.

The intervention of Mr. Rogerio NKOMO, Municipal Councilor in charge of finance, City of Maputo, Mozambique, highlighted the reality of the problems that African local governments are confronted with everyday. Maputo, the capital city of Mozambique, has today 1.5 million inhabitants, actually, over 2 million when we take into account the urban areas surrounding Maputo, composed of cities of smaller size, but benefiting from the externalities of Maputo in terms of public services and economic activities.

The economy of the city is based heavily on a large informal sector and many residents live in informal settlement areas on the outskirts of the city.

With regard to resources, the city encounters real difficulties in generating its own resources under the classical methods of finance (taxation, land revenues, etc.), and the overall level of resources is very insufficient to enable it to cope with the growing demand for public services. 75% of the city budget comes from central government transfers or international grants. However, as at today, these resources are not sufficient to finance all the powers transferred to the city during the decentralization process initiated 20 years ago. These structural problems are compounded with a strong resistance of the inhabitants to pay local rates, since they have the feeling that they are paying twice since they already paid these taxes to the central government. The collection difficulties are further compounded with the lack of cadastral documents and the scope of informal settlements. The City of Maputo finds itself thus in the face of a dilemma, between a growing need for public services, and an inability to (i) collect fiscal revenues, and (ii) increase its own resources.

The few international funds that the city enjoyed - a World Bank funding for infrastructure, and a Cities Alliance funding for the realization of an urban planning strategy - are not up to the financing requirements of the city. It was with great hope that Maputo welcomed the entry of the African Development Bank in the field of urban development, hoping that its intervention would help to make significant advances in financing investments in the cities and territories in Africa.

### 3. Remarks and comments of participants

The roundtable of mayors was followed by a number of interventions of experts and partners involved in the field of urban development and financing of African cities.

Mr. Habib Abichou, AfDB Consultant, stressed that local governments' access to borrowing requires the conduct of a serious and professional diagnosis of local finance, and that the mobilized financial mechanisms should be adapted to the specific type of each local government. Large cities in Africa must now be able to have access to borrowing and the financial market, either directly or through public / private partnerships. The medium-sized cities are still fragile and dependent upon central government transfers. That is why it was suggested to finance through the central government, and by using for this, the city contract tool successfully developed by the World Bank. Interventions in the small cities should primarily take the form of grants from credit lines negotiated for this purpose, between AfDB and the central government.

Serge ALLOU, Senior Urban Specialist at Cities Alliance, presented Cities Alliance's work and methods of action.

Cities Alliance is a global partnership of bilateral cooperation, multilateral institutions, central governments in the developing countries, representatives of local governments, and international development NGOs. Established in 1999, Cities Alliance has set as objectives to give impetus to the strategic planning of cities in the South (CDS, City Development Strategy) and to assist in the definition and setting up of the programs of Cities Without Slums (CWS). The amounts involved are modest, but are raised in the form of grants for the benefit of several stakeholders. Cities Alliance promotes the setting up of national urban forums aiming at bringing together and establishing dialogue between all stakeholders of urban development: central governments, local governments, private sector, civil society, inhabitants. This work is essential to achieve the consensual definition of urban investment programs, the guarantee for their acceptance, ownership and sustainability. This approach has very practical implications, as shown by the example of Uganda where Cities Alliance established with the Ministry of Town Planning a support program targeting the 14 most important medium-sized cities of the country. In the same vein, Cities Alliance also initiated with UCLG Africa an evaluation work of the more or less favorable institutional environment for the initiatives and actions of local governments, in 50 African countries. This work is currently being reviewed peers with a view to its publication on the occasion of the UCLG World Congress in October 2013.

Speaking on behalf of the French Official Development Assistance Agency (AFD), François TIROT, Head of the Division of Local Governments and Urban Development within the agency, presented the AFD intervention strategy in the area of funding of urban development. This strategy rests on three pillars: (1) The recognition of a major role for the local governments, based on the idea that without a strong political steering within the framework of a territorial project implemented under the leadership of local authorities, the urban investment interventions are doomed to failure, (2) The importance of paying attention to the operation and maintenance of infrastructures and equipments realized through AFD loans, what strengthens the strategic role of local governments, (3) the urgent need for a comprehensive and integrated approach to territories, in order to supersede the sector-based approach often put forward in most urban development projects. This integrated approach is the only one that can take into account the physical aspects of a territory and their strong interactions with the economic and environmental dimensions. This approach also ensures consistency of projected investments with the requirements of long term territorial development, including in its interactions with other territories.

AFD lends directly to cities when this is possible, or to operators of urban services e.g. the case of "Casa transport" for the tramway in Casablanca, Morocco. When the level of decentralization is insufficient to lend directly to local governments, AFD lends to central governments, but it does work with the local governments for the implementation of loans. Finally, some loans are awarded by the agency to specialized financial institutions handling financial intermediation on behalf of local governments, such as DBSA in South Africa, or FEC in Morocco.

Another point to which AFD attaches great importance is the monitoring and financial analysis of local governments. This must be one of the priorities of AfDB intervention upstream the setting up of its interventions. Indeed before any intervention, AFD

ensures that the finances of the local government allow it to borrow, and that the balance of the budget will be assured in the long term. It should also be noted that AFD lends to local governments without central government guarantee. One device it uses to minimize the risk of default is to ascertain effectively the credibility and reliability of the borrower. This is why AFD makes a great effort to build up the capacities of candidate cities for its interventions with the establishment of a tool for the evaluation of financial performance, also known as PEFA (Public Expenditure Financial Assessment). The implementation of PEFA was conducted in the cities of Dakar, Ouagadougou and Cotonou, in collaboration with PPIAF, as a prelude to the sub-sovereign interventions of AFD in these cities. It should be noted that thanks to this capacity building effort, AFD has a very good repayment rate of its sub-sovereign loans.

Stanislas ZEZE, CEO of Bloomfield Investment Corporation, presented the benefits of using credit rating agencies to facilitate access to borrowing for the local governments.

According to Stanislas Zeze, before committing themselves, the investors are always eager to find out the repayment capacity of borrowers and the local governments' ability to absorb and manage funds put at their disposal. From this point of view, financial rating is an indispensable tool for investors and aid donors wishing to take the least possible risk of default for their investment. Rating helps to identify structural problems affecting local government resources, for instance when there exists a decentralization of competences which is not accompanied by the necessary resources to exercise these powers. Rating helps thus to identify areas for improvement from which a political dialogue to make the necessary corrections can be initiated. Public or private institutions which are rated can use the capital market resources without tendering a central government guarantee, the rating indicates the level of default risk resulting from the analysis of the institution conducted by the rating agency, and justifies an interest rate given for the borrowed money. The monitoring of the institution handled by the rating agency helps to accompany it over time in improving the quality of its rating. Mr. Stanislas Zeze informed the participants that the regional stock exchange market in Abidjan was ready to issue local government bonds on the regional financial market without central government guarantee provided applicant local governments have been rated beforehand.

The Microsoft team then presented the Urban Dashboard, developed and implemented in Fez, Morocco, with co-funding from AfDB.

This innovative governance tool using the new information and communication technologies functions based on the open data model. It collects data for approximately 70 indicators helping to know better the city and evaluate its operation, at the level of equipments, utilities or financial health. This decision making support tool, guides on a rational basis, the choice of investments to be made. The Microsoft team is prepared to develop this tool and to set it up within the African cities, so that the programming of investments can from now on be made on the basis of a better understanding of the evolution of the main parameters of the dynamics of territory.

Ghazi HIDOUCI, former Minister of Economic Planning and Finance of Algeria, former president of the Board of Governors of the African Development Bank (1989-1991), Director of the Global Cities Development Fund (FMDV), closed the interventions and comments from the participants. He first pointed out the need to develop a sustainable urban ecosystem in order to be able to take advantage of the rapid urbanization of the continent. This ecosystem should aim in as much as possible at developing autonomous and sustainable financial resources within the territories, taking advantage of all the potentials they contain. Local governments are at the forefront in the creation of this favorable ecosystem notably through the establishment of public services which are necessary for the proper operation and profitability of businesses. Everything starts in reality from the capacity of territories to define a vision shared by all endogenous and sustainable development stakeholders. The work upstream is needed to establish the legitimacy of investments to set up, what will facilitate the repayment of the corresponding loans. Hence the urgent need for AfDB to focus on capacity building and equipping the management officials of cities and territories so as to enable them to create this favorable ecosystem, the guarantee for the good budget health of cities and territories. FMDV offers services of experts having an in depth knowledge of local governments for the development of City strategy for the establishment of a favorable ecosystem. It also carries out useful analyzes for the choice of instruments and funding

strategies based on the different types of envisaged investments. It can also support the cities and local governments in the development of bankable projects, and in the technical evaluation of proposals for funding received by local governments, notably within the framework of the public / private partnerships. FMDV cooperates in this regard, with UCLG Africa, and is willing to cooperate with AfDB for the implementation of its urban development strategy. It offers within this framework to work for the setting up of a specific instrument, the African Fund for Urban Development (FADU) whose contours could be discussed within the framework of a working group created for this purpose by AfDB, and for which FMDV would be pleased to contribute alongside UCLG Africa and other stakeholders that AfDB wishes to regroup on this occasion.

The establishment of such a fund will help to educate cities and local governments to borrow sustainably. If AfDB wishes to support the realization of concrete investments, this means that cities have to be able to present sound projects, and must display adequate repayment capacities. This is the meaning of the action of FMDV which emphasizes the specificity and the prerequisite nature of the local government action for any winning urban strategy in Africa.

Mr. Jean-Pierre Elong Mbassi concluded the side-event by insisting that it was important to pursue the dialogue initiated between AfDB and local governments through UCLG Africa and UCLG, in order to work together for the opening of a new era for the funding of urban investments in Africa.

It is obvious that a question arises regarding the access to medium and long term resources, and the need for the concessional rates for these resources to be at the level of the demands for urban investments in the cities and territories in Africa. There is a need in order to address effectively this question, to ascertain know if within the framework of the implementation of its urban development strategy, AfDB can draw concessional resources from ADF, including for interventions in the cities and territories in the countries that do not have access to this window. There is also a need to find out if the new African infrastructure facility being discussed, may be considered for the creation of a specific window for the urban investments, allowing direct access to AfDB funds for the sub-sovereign entities. Also remains unresolved the question of specific financing mechanisms for cities in the fragile States and / or in post-conflict situations, for which original and specific solutions must be found. Undoubtedly the adoption and implementation of its urban development strategy vests AfDB with a privileged role in the revitalization of reflections on the best way to address the challenges of the rapid urbanization of the continent. In order to sustain the reflection in this area, it is suggested to the AfDB to create with its governing bodies an advisory committee of mayors and local authorities who will help AfDB to benefit from the information and first-hand reflections on the expectations and proposals emanating from cities and territories in Africa. It is also proposed that AfDB should take the initiative to organize annually on a fixed date at its Headquarters, an African week of urban development that would make a plea in favor of investments in the cities and territories, and identify priority actions to carry out to ensure cities and territories become truly competitive and are the driving force of growth and development in Africa. An important part of these proposals is contained in the draft Memorandum of Understanding (MoU) that UCLG Africa has just submitted to AfDB for approval.

The meeting was closed at 05:45 p.m. after the usual courtesies.

Marrakesh, 29 May 2013

**The Side Event Moderator**

**Jean Pierre Elong Mbassi**  
**Secretary General, UCLG Africa**