City and subnational and local governments in Africa (also named cities and territories) intend to significantly contribute to the African Union’s Agenda 2063. To this end, African cities will have to invest about 25 billion US dollars a year to host, in good conditions, 450 millions additional inhabitants by 2030, while eliminating the accumulated deficit in terms of equipment and infrastructure. Such financial volumes are vastly higher than current instant savings of cities and territories, even if such savings are supplemented by the funds allocated by the national States to local investment. On the other hand, the debt service capacities are constantly growing and make it possible to consider raising significant resources on the financial markets.

It is for this reason that African leaders of cities and territories take the initiative of creating the Africa Territorial Agency, a financial institution dedicated to the financing of infrastructure, equipment and urban services. Drawing lessons from the international experience, the Africa Territorial Agency will be a cooperative institution of which cities and territories will be the shareholders alongside development banks (African Development Bank, regional development banks in Africa, etc.), institutions specialized in the financing of cities and territories, international financial institutions, and any fund interested in investing. The political and financial involvement of a hundred political leaders and of management of these institutions is necessary to ensure the credibility of the project.
Africa Territorial Agency
a financing institution for cities and territories

**Meeting the Financing Needs of Local Authorities**
- 17 million new inhabitants each year in African cities
- The local financing needs of African cities are enormous
- The investment capacities of cities represent 4% of the GDP
- The municipal bonds market represents over 4 billion dollars worldwide and African taps less than 1% of this market.

**A Financial Institution Created by an Enabling Institutional Environment**
- For many reasons, African city and subnational and local governments face many difficulties in issuing bonds on national and international markets.
- Africa Territorial Agency is an instrument aimed at pooling the means available.

**A Financial Institution Funding a Stimulus for a Better Management**
- Programs of support to local investment do not make it possible to meet all the needs.
- The transparency of municipal management is progressing on the continent.

**An Enabling Institutional Environment**
- In 75% of the countries, the legislative framework supports autonomous management of cities and territories.
- Cities do enjoy support to improve their financial management.
- Africa Territorial Agency is a solution aimed at increasing the financial resources for the development of cities and territories.

**A Financial Institution Created by and for Cities and Territories**
- An initiative of the members of UCLG Africa
- An institution managed by the leaders of the member local governments
- A governance that guarantees the independence of management
- An institution dedicated to the financing of cities and local governments.

**An Enabling Institutional Environment**
- Programs of support to local investment do not make it possible to meet all the needs.
- The transparency of municipal management is progressing on the continent.

Africa Territorial Agency
an instrument aimed at pooling means

**BENEFITS**
- Issuance of larger bond loans, which are of interest for international public and private investors
- Reduction of interest rates for cities and territories to levels that are close to, or equal to, those obtained by the Central Government
- Reduction of transaction costs for municipalities
- Offering a guarantee system that reassures investors
- Allowing small and medium-sized cities to access funding on the same terms as very large cities.

**OPPORTUNITIES**
- Rewarding good management efforts through access to loans in good conditions
- Helping each other to spread the culture of financial accountability
- Facilitating the implementation of municipal programs and loans of the international development banks

**CHALLENGES**
- Attracting private investors to finance local public investments
- Boosting local investment to improve public services.

**At the Service of African Local Cities and Territories**
- Provides long-term financing (15 years)
- Helps on to other players the roles of its resources with a small margin
- Finances the community’s investment program (line of credit)

**Good Service**
- Building a financial institution of international standing: Africa Territorial Agency is a credit institution that must comply with internationally recognized conditions in order to issue bonds under excellent financing conditions (low rates, long term). It is a recognized financial institution.
- Ensuring the control of the strategy by the members.
- Getting support from recognized international financial institutions.
- Offering solid guarantees to international investors.

**Investors and Territories**
- US$ 15 billion
- Europe 8
- North America 8
- Rest of the world 4
- Number of funds per geographical area
- Number of funds that are wholly-owned by local governments.

Africa Territorial Agency
an institution at the service of the city and subnational and local governments

**Ad hoc financing vehicles around the world**

**For many reasons, African city and subnational and local governments face many difficulties in issuing bonds on national and international markets. Africa Territorial Agency is an instrument aimed at pooling the means available. It allows cities and territories to go together to find the financing they badly need.**

 Municipal financing vehicles are aimed at local governments that wish to combine their efforts to access the financial market. The most advanced level of cooperation is the creation of an ad hoc financing vehicle to act as a bridge between cities, territories and the capital market.

- Cities and territories are encouraged to combine efforts to access the financial market.
- The municipal bonds market represents over 4 billion dollars worldwide and African taps less than 1% of this market.
- For many reasons, African city and subnational and local governments face many difficulties in issuing bonds on national and international markets.
- Africa Territorial Agency is an instrument aimed at pooling the means available.
- It allows cities and territories to go together to find the financing they badly need.

**BENEFITS**
- Issuance of larger bond loans, which are of interest for international public and private investors
- Reduction of interest rates for cities and territories to levels that are close to, or equal to, those obtained by the Central Government
- Reduction of transaction costs for municipalities
- Offering a guarantee system that reassures investors
- Allowing small and medium-sized cities to access funding on the same terms as very large cities.

**OPPORTUNITIES**
- Rewarding good management efforts through access to loans in good conditions
- Helping each other to spread the culture of financial accountability
- Facilitating the implementation of municipal programs and loans of the international development banks

**CHALLENGES**
- Attracting private investors to finance local public investments
- Boosting local investment to improve public services.

**At the Service of African Local Cities and Territories**
- Provides long-term financing (15 years)
- Helps on to other players the roles of its resources with a small margin
- Finances the community’s investment program (line of credit)

**Good Service**
- Building a financial institution of international standing: Africa Territorial Agency is a credit institution that must comply with internationally recognized conditions in order to issue bonds under excellent financing conditions (low rates, long term). It is a recognized financial institution.
- Ensuring the control of the strategy by the members.
- Getting support from recognized international financial institutions.
- Offering solid guarantees to international investors.

**Investors and Territories**
- US$ 15 billion
- Europe 8
- North America 8
- Rest of the world 4
- Number of funds per geographical area
- Number of funds that are wholly-owned by local governments.