

OPENING REMARKS BY CLR MPHO PARKS TAU, EXECUTIVE MAYOR
OF JOHANNESBURG AND VICE PRESIDENT OF FMDV, AT THE
MARRAKESH-2014 CONFERENCE RESOLUTIONS AFRICA, MARRAKESH,
MOROCCO, 11 DECEMBER 2014

Ministry of Interior, Mohamed Hassad

Ministry of Finance, Mohamed Boussaid

Wali of the Marrakech-Tensift-El-Haouz Region, Abdeslam Bikrat

President of the Marrakesh City Council, Fatima Ezzahra El Mansouri

Senior Government Officials of Morocco

Ministers

Mayors

Academics

Ladies and gentlemen

Many thanks for giving me the opportunity to open this conference. On behalf of Global Fund for Cities Development (FMDV) and the United Cities and Local Government-Africa (UCLGA), I greet you all. Most importantly I would like to thank the Marrakesh City Council, through you, Fatima Ezzahra El Mansouri, President of the City, for your generosity and for welcoming us to this beautiful city. And again through you, President of the City, our warm wishes to the entire government of Morocco and to His Majesty the King of Morocco, Mohammed VI.

This conference has brought us under one roof under the theme of “*Financing African cities: Which Agenda, Alliances & Solutions?*” It seeks to address a subject that is close to my heart, as Mayor of one of Africa’s great cities, Johannesburg: how to organize an enabling environment for working together to bring about the

sustainability of our cities. Furthermore, considering the theme of the conference, as political leaders, donors, companies, investors and local development actors, we ask ourselves: how can we meet the financial needs of our expanding cities especially in light of the fact that the African population will most likely double by 2050 with an even greater proportion of our people living in the cities? It is expected that the African population will grow from 1.1 billion to around 2.4 billion by 2050 with Sub-Saharan Africa taking the lead. How do we organize and ensure decent housing, adequate education, efficient transportation, a sound healthcare system, access to food, water and sanitation for our ever growing city population, taking into consideration the pressures of time and resources?

For instance, it is estimated that to bridge the infrastructure gap in African cities about 80 billion US dollars per year is needed. But only 45 billion is being invested at the moment. However, recent data indicates that African banks are largely in liquidity excess with the ratio of liquid reserves to total assets varied between 11% and 19% in Sub-Saharan Africa vs. 5% in the OECD region. This shows that given the right conditions, there is an opportunity to fund additional infrastructure and socio-economic programmes. Strong private groups achieve better results here than in Indian and Chinese markets. Moreover, the economic weight of African cities exceeds 50 billion US dollars.

Since the Global Financial Crisis of 2007/2008, Africa proved to be an attractive investment destination for international investors. This is shown through the increasing Foreign Direct Investment (FDI) and economic growth in the region:

- FDI alone as at end of 2013 increased by 12.9% with Southern Africa and Northern Africa having 33% share each, West Africa having 15% share and East Africa having 17% share;
- Job creation from FDI has been on the rise for Southern Africa, Western Africa and East Africa between 2007 and 2013; and
- Compound Annual Growth Rate of GDP for Africa as a whole between 2007 and 2013 was at 7.7% with Southern Africa taking the lead at 7.8%.

The global economy remains fragile and Africa provides hope to the world from a growth perspective. The “Africa Rising” story has always been closely linked to the commodity super-cycle. However with the recent weaker commodity prices, including brent crude oil’s freefall, African growth blue-sky is further constrained. In the current economic climate, sovereign funding remains limited and challenged, requiring cities to look for alternative funding mechanisms in order to address the infrastructure deficit in the continent.

Answers to these fundamentals are most likely going to be proposed in the numerous papers that are going to be presented in this conference: how to efficiently mobilize local resources in the local development strategies? How to create financing instruments adapted to our needs? How to develop innovative financial strategies for cities so that they can access the resources necessary to ensure environmentally and socially responsible development for our populations? How to sustainably leverage the city’s balance sheet in order to accelerate

infrastructure provision? How to attract unconventional investors such as pension funds into investing their funds in infrastructure projects within their cities?

Surely there's no single answer to our predicament. However, the various themes covered by this conference could lead us towards mobilizing cities and our respective partners around the construction of durable solutions to our problems. By engaging in serious discussions, we will be meeting the objectives of this conference, which is to stimulate discussion and exchange ideas with our diverse stakeholders, enabling us to move both towards principals and proposals for joint actions, and to commitments that seek to agree on a common position to our problems and to the funding of African cities.

We need to engage seriously in this conference and find a common purpose, taking into consideration that there is an intense programme of international conferences for cities scheduled for 2015 and 2016. I will only name a few of them. They include the Addis Ababa Summit on Financing the Development in Ethiopia in July 2015, the COP21 to be held in Paris in December 2015, the Third United Nations Conference on urban Habitat III, and the Africities Summit that I, in my capacity as the Executive Mayor of Johannesburg, have the honor to host in December 2015. All of these will be strategic platforms for African cities and this is why it is essential to agree on our positions and declarations.

In addition, FMDV, the International Alliance of cities dedicated to local government financing solutions, will develop several activities in Africa that will enable cities to access the necessary funding. We will focus on developing

innovative financing strategies, mobilizing local resources, organizing national and regional financial instruments dedicated to cities, and attracting investors and donors on your local projects. As a voice of cities, governments and spokesmen of civil society in Africa, we will accomplish this by working closely with the main institutional stakeholders some of which are present here today. They include the African Development Bank, the French Development Agency, and the Swiss and German cooperation agencies, Cities Alliance, IFC and UN-Habitat represented here today by Mr. Alioune Badiane.

Notwithstanding the challenges faced by Africa, I remain convinced that the collective leadership in this conference will find innovative funding mechanism for the cities whilst ensuring that Good Governance is observed at all times. Investors have credit appetite for well governed counterparties and this often finds expression in the pricing that is offered to cities, the City of Johannesburg is a case in point.

It is necessary for us to constitute our own Agenda for our developmental partners to understand issues that affect us. This will enable them to organize their support based on our realities. That is the whole point of the Marrakech Declaration that we will sign on Friday afternoon just before the end of the conference, guided by our conference deliberations.

In closing, let me take this opportunity to acknowledge the tremendous work of UCLGA's Chairman, Khalifa Sall, who is also the Mayor of Dakar, as well as the organization's Secretary General Jean-Pierre Elong Mbassy for positioning African cities in important gatherings, focusing on their livelihood and sustainability.

Once more I would like to thank the President of the Marrakech City Council, Fatima Ezzahra El Mansouri, for her hospitality. I also congratulate her for being recognized by the prestigious Forbes magazine as the "young [and] most powerful woman in Africa". This recognition by Forbes is also testimony to her excellent work and her achievement as Executive Head of the Urban Council in assuring its worldwide recognition.

Finally, and on behalf of FMDV and UCGLA, I would like to thank all participants for your presence in this conference and for the lively discussions that I know will follow over coming days. Your presence here today symbolizes our ability to mobilize, the spirit of working together, and the unity amongst Africans.

I wish all of you a very good and productive conference.