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# Resource Mobilization and Sub-National Fiscal Autonomy: A Development Finance Perspective

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## Summary

The 17 Sustainable Development Goals (SDGs) and their 169 sub-targets form the core of the 2030 Agenda of the United Nations. The SDGs balance the economic, social, and ecological dimensions of sustainable development, in addition to aligning the twin goals of fighting poverty and achieving sustainable development. Among other things, the SDGs are aimed at tackling issues related to health, education, gender equality, environmental degradation, and poverty reduction.

The SDGs are aligned with the World Bank Group's twin goals of ending poverty and building shared prosperity in a sustainable manner. The 2030 Agenda recognizes the pivotal role of sub-national government entities in development finance. Among other things, the 2015 Financing for Development conference in Addis Ababa revolutionized the development finance space by including a framework aimed at scaling-up international cooperation to strengthen capacities of sub-national governments to leverage blended finance across key development sectors. Such recognition of the critical development gap in sub-national development finance, especially in the context of fiscally decentralized federations, has major implications. Not only for external financing from bilateral and multilateral sources, but also for domestic resource mobilization in local and regional contexts.

The COVID-19 pandemic has disrupted global value chains and caused unprecedented damage to economic and health care systems, resulting in a fiscal squeeze in many jurisdictions. Unfortunately, Africa's pre-pandemic economy was bedevilled by many challenges. To the extent that building a more resilient economy after COVID-19 is crucial, it is important to rethink current development financing frameworks to incorporate other non-traditional financing tools and mechanisms. Public-private partnerships (PPPs) fall in this category.

With both domestic and external financing drying up in the face of the pandemic, the continent's existing unmet financing needs are being further exacerbated. For instance, the need for substantial investment to close Africa's huge infrastructure gap has attracted considerable attention in the international finance and development circle in the last two decades. Estimates from the African Development Bank indicate while about \$130-\$170 billion per annum is needed to close this gap, unmet financing needs are in the \$68 -\$108 billion range every year. Closing this gap is important for the continent's ability to achieve the SDGs.

Not only are PPPs important for addressing financing gaps in physical and digital infrastructures like bridges, roads, power generation and broadband, but they are also vital for several components of soft infrastructure like education, health, and other social services. Devising innovative financing tools to execute development priorities without compromising the quality of life for future generations has never been more important. We examine the nuances in the context of sub-national fiscal autonomy.