

**24th Conference of the International Observatory on Participatory Democracy
(OIDP)**

**“Connect, Integrate and Humanize: Cities facing the challenge of generating
Community”**

CONCEPT NOTE

Session 6

Debate on tax systems for local financing

Date: 22 May 2025

Time: 11:00 AM to 12:30 PM

Location: UNC Auditorium, UNC Cultural Center, Córdoba, Argentina

Thematic Area: **Community Building**

CONTEXT

In a context of accelerated urbanization, growing inequalities, and pressure on public services, local governments face a dual challenge: **meeting the needs of their communities with increasingly limited resources**. In this scenario, reviewing and transforming the **tax structure** becomes a strategic priority.

The local tax structure — the way in which the tax burden is structured and managed at the municipal level — defines not only the **capacity for revenue collection**, but also the **political autonomy** and potential of local governments to promote territorial equity and social cohesion. Additionally, the tax structure highlights the **relationship between local fiscal policies and national regulatory frameworks**. In many countries, the **reduction of national transfers** and **restrictions on increasing subnational taxes** have compromised the sustainability of local administrations, further limiting their capacity to act. This situation reinforces the need to defend the **fiscal autonomy and own-source** revenues of local and regional governments, which are fundamental for implementing proximity policies, **redistributing fairly**, and advancing the **localization of the Sustainable**

Development Goals (SDGs). This approach has been supported in spaces such as the **6th World Forum on Local Economic Development in Seville**, where the key role of local finances in achieving sustainable development was emphasized.

This session invites reflection and exchange of experiences on **how local governments can rethink their tax structures, emphasizing own-source revenue generation, tax simplification, inclusion of traditionally excluded sectors, and citizen participation in setting priorities.** Mechanisms such as participatory budgeting can enhance the legitimacy of local revenue collection by linking it to the community's collective decision-making. Experiences from territories advancing toward fairer, more efficient, and more transparent tax systems aligned with the principles of participatory democracy will be presented. The tax structure will be addressed **not only as a technical tool, but as a political instrument** capable of transforming power relations in the territory.

OBJECTIVES

- **Defend the role of the local tax structure as a key tool to promote territorial equity, social cohesion, and fiscal decentralization, especially in relation to national regulatory frameworks.**
- **Promote debate on municipal autonomy and tax distribution,** as well as the regulatory and fiscal frameworks necessary for local governments to manage their own resources and take on new responsibilities.
- **Analyze the fiscal challenges faced by local governments in contexts of rapid urbanization, growing inequality, and reduced national transfers.**
- **Reflect on the link between local democracy and taxation,** highlighting citizen participation — for example, through participatory budgeting — as a way to legitimize and strengthen local tax systems.

METHODOLOGY

This **90-minute panel** will begin with an introduction to establish the foundations of tax frameworks in the local context. A **panel of local government representatives will then share their experiences and models of tax systems and local finances,** addressing the challenges they face with budgeting and the tensions with national frameworks. The speakers will have the opportunity to comment on their experiences, discuss practices, and explore solutions to advance the defense of decentralization and municipal autonomy. An interactive questions and answers session will follow, encouraging audience participation.

GUIDING QUESTIONS

- What role can city networks, international cooperation, and global forums (such as the 6th World Forum on Local Economic Development) play in promoting and defending local finances as a pillar of democracy and sustainable development?
- What strategies can local governments adopt to strengthen their fiscal autonomy in the face of reduced national transfers and restrictions on raising taxes?
- What innovative experiences exist regarding own-source revenue generation, fiscal inclusion, and tax simplification at the local level? What lessons can be drawn from them?
- How can the local tax structure contribute to a fairer distribution of resources across the territory and to strengthening social cohesion?

SPEAKERS (Preliminary)

- **Maximiliano Raijman**, Professor of the Chair of Tax Law at the National University of Córdoba (Argentina)
- **Emilio Cordonnier**, Mayor of Ayacucho (Argentina)
- **Cássio Trogildo**, Secretary of Citizen Governance and Rural Development of Porto Alegre (Brazil)