



SAVE THE DATE

Málaga (Spain), 9 April 2018

High-level Policy Dialogue on Municipal Finance

Repurposing Municipal Finance: A New Approach to Bridging Financing Gaps and Advancing Sustainable Development

What: High-level policy dialogue convened by UNCDF, co-hosted by *Ayuntamiento de Málaga*, which aims to bring together mayors, government ministers, development banks and commercial banks to discuss how to expand financial tools and capital available for local governments to bridge their financing gaps in achieving sustainable development

When: 9 April 2018

Where: Málaga, Spain

The year 2015 was a watershed moment for international development. The 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda and the Paris Agreement on climate change, provide a roadmap for sustainable development and have the potential to reduce poverty, bring about inclusive growth, and transition to a low-carbon and resilient future.

The SDGs are universal and their call to leave no one behind will require local as well as national efforts. Local governments and cities are often the most effective implementing platforms and the most appropriate units of measurement for SDG attainment and are also a legitimate convener and implementer of cross-cutting, multi-sector programmes directed towards the SDGs. Indeed, national efforts will often be delivered through local institutions. Universality does not only mean global coverage for each goal separately. It also recognizes the synergies and interactions between efforts to attain the goals.

Climate change, urbanization, migration, and globalization are shaping a world where the local level and local solutions have become part of the response to the wider sustainable development challenges. In this context, municipal finance becomes central to addressing these phenomena and realizing sustainable development.

Climate Change is arguably the biggest challenge of our time. The world is experiencing major changes in weather patterns. Human beings have always adapted to the prevailing climate, and necessarily this adaption is local and geographically specific. It mostly requires local investments and locally enforced regulations, including on land use. As cities grow, they will require increasing resources to make these investments. Otherwise cities risk becoming uninhabitable. Unfortunately, most climate finance does not

recognize this reality and is not focused on local governments. Our future on the planet requires us to change this perspective.

Since 2007, the majority of the world population has been living in urban areas. By 2050, an additional 2.5 billion are expected to live in cities¹. **Rapid urbanization** does not affect only larger cities but also smaller cities with less than 500,000 inhabitants. Local governments often lack the capacities, financial resources, public investments, and pipeline of investible projects they need to meet growing demands for clean energy, efficient public transportation, jobs, resilient infrastructure, and basic services. Improving municipal finance is an essential component of creating the conditions for local governments to withstand the pressures of urbanization and deliver services to an increasing urban population.

Migration is a global phenomenon and today's world is witnessing an "unprecedented level of human mobility."² Migration offers both opportunities and challenges for both migrants and host communities. Cities are playing an increasing role in hosting migrants. In the most recent report of the Special Representative of the UN Secretary-General on Migration, it is recommended that cities and local governments be given power and resources to manage migration and greater diversity³.

While positively influencing global growth and development, **globalization** has also presented challenges and contributed to growing inequalities. Despite significant progress in economic transformation in developing countries, persistent social and environmental issues such as natural disasters, conflicts and humanitarian crises have posed imbalances in the distribution of the benefits and costs of globalization⁴. Globalization often speaks to one part of the human experience as consumers. This needs to be balanced with other human development needs. Cities, if adequately financed, offer an opportunity to redress this by enabling citizens to meaningfully influence their environment and their (local) government as part of a purposeful livelihood.

The imperative to act on these priorities means that strengthening municipal finance is a global development priority. Specifically, the Addis Ababa Action Agenda commits to fully engage local authorities in the implementation of its global framework for financial sustainable development and its comprehensive set of actions. Paragraph 34 also promotes international cooperation "to strengthen capacities of municipalities and other local authorities."⁵ However, mobilizing adequate revenue – both in terms of own source revenue and central government transfers – to meet recurrent expenditures and making long term investments in support of inclusive and sustainable local development is a challenge for cities, especially in the least developed countries (LDCs). Alternative sources of finance, such as loans or bonds, are even more complex because of weak institutions and legal frameworks, lack of substantive and administrative capacity, and underdeveloped capital markets.

In this context, UNCDF will convene a high-level policy dialogue on municipal finance and its role in global development. The event will bring together Ministries of Finance, local governments, development banks and commercial banks to explore innovative financial instruments and capital available for local governments to deal with the financial challenges in advancing sustainable development.

¹ United Nations (2014). World Urbanization Prospects.

² United Nations General Assembly (2016). New York Declaration for Refugees and Migrants.

³ Report of the Special Representative of the Secretary-General on Migration (A/71/728).

⁴ Speech of the Assistant Secretary-General for Economic Affairs Department of Economic and Social Affairs (2013).

⁵ United Nations (2015). Addis Ababa Action Agenda of the Third International Conference on Financing for Development.

The objective of the event is to identify a roadmap towards a new approach to municipal finance that recognizes its role as a global development priority.

** This event will be followed by a High-Level Conference on Migration and Municipal Finance as well as an Expert Group Meeting in which participants will discuss concrete mechanisms and ideas at the technical level to increase funding for growing cities and to ensure that these resources are used effectively and efficiently. Separate communication will be issued.*