

2020 Highlights

The UCLG Strategy on Localising Financing for Sustainable Urbanisation is developed in close collaboration with the Global Fund for Cities Development (FMDV) in its capacity as the UCLG consultation mechanism for local finance. The Strategy is implemented with the support of UNCDF, as a major UCLG partner in the Malaga Global Coalition for Municipal Finance.



The UCLG local finance agenda in 2020 has got off to a strong start, building on the UCLG World Congress held in Durban in November 2019 where the International Municipal Investment Fund (IMIF) and its fund manager, Meridiam, were officially introduced. A [Technical Assistance Facility attached to the Fund \(IMIF-TAF\)](#) was later set up by UNCDF, the Steering Committee of which met for the first time in New York in January 2020. The **Committee agreed to give priority support to five pilot cities** among ten municipalities that had initially been selected for

potential access to the Fund: Porto-Novo (Benin), Chefchaouen (Morocco), Agua Grande (Sao Tome and Principe), Kumasi (Ghana) and Telita (Moldova).

Local governments' access to financing for sustainable development was high on the agenda of the **tenth session of the World Urban Forum** held in Abu Dhabi in February, with several sessions addressing the opportunities and conditions for increasing local and regional governments' access to private funding and innovative financing mechanisms. On this occasion, UCLG convened two special sessions to present the work of the [World Observatory on Subnational Government Finance and Investment](#) and of the [International Municipal Investment Fund and its Technical Assistance Facility](#).

Shortly afterwards, the **UCLG Retreat in Tangier** served to [take stock of the progress made in the implementation of UCLG Strategy](#) on Localising Financing for Sustainable Urbanisation and to engage in a common reflection on how to strengthen its ownership among UCLG members and synchronise efforts in order to have greater impact. Several recommendations were made to move the Strategy forward: the need to **increase the bargaining power** of local and regional governments, to **strengthen the capacity of local public administration** and to **fill the knowledge gap** on local finance to enable cities and regions to take an active part in multi-stakeholder and multilevel dialogue.



Then the Covid-19 crisis broke out, putting cities and regions in the spotlight to ensure the continuity of funding and delivery of basic public services.



Live Learning Experience: Beyond the Immediate Response to the Outbreak
Seventh Thematic Session - Local governments under financial strain: What solutions in the face of the COVID 19 crisis and beyond?
Thursday 23.04.2020, 15:00 - 17:00 CEST

For more information: policy@uclg.org
#BeyondTheOutbreak



The [online session on the impacts of the pandemic on local finances](#), which was held as part of the **Live Learning Experience** in April 2020, increased the sense of urgency to accelerate the localisation of financing. Jointly organised by UCLG, Metropolis and UN-Habitat in collaboration with the FMDV and UNCDF, this session mobilised more than 280

participants [and agreed on major recommendations for action](#): the promotion of **emergency mutual support mechanisms** through city-to-city cooperation; the **adoption of financial support packages** aligned with the rebuilding of local finances; a **continued and enhanced policy dialogue** between local, regional and national governments; and the creation of an **international relief and recovery fund** to unlock local governments’ access to funds in support of local service provision.

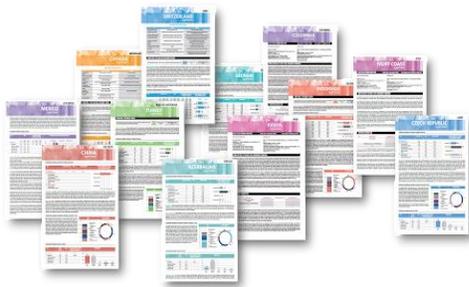
In the flurry of virtual meetings that arose during the lockdown, the issue of local finance received remarkable attention. Many **virtual events were held** by different parts of the UCLG network, either to cover [specific regional challenges](#) or to look at the aftermath [from a multi-level governance perspective](#). UCLG provided global insights on the challenges brought about by the outbreak in terms of local finance and fiscal decentralisation at the **annual meetings** of the [UCLG CIB Working Group](#) and the [DeLoG network](#). Also, as part of the **Emergency Governance Initiative for Cities and Regions**, jointly led by UCLG, Metropolis and the London School of Economics – Cities, UCLG contributed to an [Analytics Note](#) and [Policy Brief](#) to review the impacts of COVID-19 on local and regional government finances, and to chart ways forward towards more sustainable financial frameworks.

In parallel, advancing the technical and financial structuring of IMIF pilot cities’ projects was a clear priority. As on-site appraisal missions couldn’t take place as planned, **remote due diligence processes** were conducted, to analyse project maturity and assess pilot cities’ technical assistance needs. Progress was also made in building up the Fund’s project pipeline over time, with the signing of a **Memorandum of Understanding between UCLG and ICLEI-TAP (Transformative Actions Programme)**. This agreement provides for the introduction of TAP-certified projects into the IMIF project pipeline. Some TAP-projects are currently under review prior to their submission to the IMIF-TAF Evaluation Committee.

While our work during Covid-19 had to adapt to mobility constraints, the pandemic also opened up **new ways of learning and experience-sharing on local finances** through the appropriate use of digital tools. In close collaboration with FMDV, a number of specific topics were identified to feed into the exchanges of the [Community of Practice on Local Finance](#): climate finance, land value capture, green bonds and pool financing, among others. A **Knowledge Hub on local finance** is being set up by FMDV with a set of products on each of these issues in various digital formats, aimed at informing dialogues between UCLG members and with financial experts.

In addition to these many activities, we have started to prepare for a **second edition of the Report of the OECD-UCLG World Observatory on Subnational Government Finance and Investment** which we hope to publish in early 2022. Based on the feedback of the UCLG and UNCDF experts who worked on data collection for the 2019 Report, several methodological adjustments are proposed for the preparation of the next Report, including **adapting data collection templates** and **establishing more direct contact with national authorities** and ministries that could facilitate access to data. The last months of the year were also devoted to **the consolidation of the repository of data sources** with a view to easing the [updating of the 62 country profiles under UCLG's responsibility](#). This consolidation process will continue over the first months of 2021 to **include a Covid-19 perspective on local finances** in each country and to identify data sources for several new countries that could be included in the next edition. Similar work was carried out by the OECD for the countries under its responsibility.





In order to increase the dissemination and uptake of the World Observatory's work, the country fact sheets for **all French- and Spanish-speaking countries** covered by the 2019 Report have been **translated into French and Spanish** and are all [available on the Observatory's website](#). In the same spirit, a **massive open online course on local public finance** is currently being designed, that will be available upon free registration from mid-2021. Discussions are also underway with several partners including GIZ, UNCDF and UCLG Africa

to organise a **workshop in West Africa** in the second quarter of 2021 to engage in a debate on fiscal decentralisation at the regional level, drawing on the work of the World Observatory.

Our efforts to enhance local and regional governments' access to external funding also included the development of a study, in collaboration with PLATFORMA, [to identify European innovative financial mechanisms](#) in support of **local and regional governments' development and decentralised cooperation programmes**. A final report of the study is expected in the first quarter of 2021. Its main findings and recommendations will be presented during a webinar to be convened by UCLG and PLATFORMA.

All these activities have gone hand in hand with a continuous effort to mainstream the issue of local finance in UCLG's policy agenda. The **UCLG World Council** in November 2020 dedicated a [special session on the International Municipal Investment Fund](#) (IMIF). This was an

opportunity to assess the progress made in the first year of implementation of the Technical Assistance Facility, with feedback from bilateral donors and partners as well as IMIF pilot cities. As part of the UCLG World Council, a [policy debate on leading the way to the recovery](#) also discussed financial recovery packages and how to ensure that local and regional authorities are fully involved in their design and implementation. On this occasion, the appointment of a new UCLG UBUNTU advisor on local finance,

Barbara Samuels, Executive Director of the Global Clearinghouse for Development Finance, was validated. Along with the **renewal of the UCLG Policy Council on Territorial Multilevel Governance and Sustainable Financing**, this shall give a new impetus to the implementation of UCLG's local finance strategy.



As we enter 2021, the local finance agenda driven by the UCLG network must continue to build momentum with the aim of increasing local and regional governments' access to finance. A sustained effort to strengthen local and regional authorities' capacity to mobilise adequate resources for the recovery will be key to achieving the global agendas.

Related links:

- Visit [UCLG webpage on local finance](#)
- Follow [@LocalFinances](#) on Twitter

