

**TOWARDS THE 2022  
MEETING OF THE MALAGA GLOBAL  
COALITION FOR MUNICIPAL FINANCE**  
MONDAY 14 JUNE 2021 · 15:00– 17:00 (CEST)



**A YEAR OF PANDEMIC:  
WHAT IMPACT ON LOCAL  
FINANCES? WHAT ROLE  
FOR LOCAL GOVERNMENTS  
IN THE RECOVERY PLANS?**



## **TOWARDS THE THIRD MEETING OF THE MALAGA GLOBAL COALITION FOR MUNICIPAL FINANCE**

Proceedings of the first preparatory meeting

June 14<sup>th</sup> 2021

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## The Malaga Global Coalition for Municipal Finance

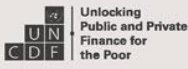
Officially created in 2018 and convened again in 2019, the Malaga Global Coalition for Municipal Finance gathers international finance organisations, public and private development banks, local and regional government officials and their national counterparts. These actors acknowledge that **sound subnational finance is instrumental to the localization and achievement of the SDGs**, the Paris Agreement and other global agendas. The Coalition understands the need for a financial ecosystem that works for local and regional governments (LRGs) and enables them to access the public funding and private financing they need to provide sustainable public services and infrastructures and drive the required transformation. While these issues are territorial, context-dependent and often sharper in the Global South, the rigidity of the international and national financial ecosystems strongly inhibits LRGs' access to adequate finance and constrains the achievement of the global agendas in all countries. The strength of the Coalition is to **advocate as a multi-stakeholder platform by showcasing actionable solutions and a concerted policy agenda**, in order to gain visibility and impact for its call to improve municipal financing.

After the first two gatherings hosted by the City of Malaga before the pandemic, and the setting up of the International Municipal Investment Fund, the Coalition deemed essential to **reexamine its common mandate in light of the lessons of the COVID-19 crisis**.

The latest [draft roadmap of the Coalition for 2021-2022](#) identifies **three main working areas** to enhance the capacity of LRGs to manage and mobilise financial resources. The first priority is to expand and rebuild the local fiscal space with diverse and new sources of revenue, in order to secure a sufficient and stable stream of revenues for LRGs. The second priority consists of promoting partnerships between LRGs, civil society, public institutions and private investors. As long as the risks are fairly distributed and accountability is enforced, these external actors are key for the successful provision of services together with the operation and management of infrastructure assets, which in turn increases local productivity and revenue collection. Finally, the roadmap addresses the challenges and opportunities to mobilise capital for impactful local infrastructure projects. New mechanisms should be devised to overcome the lack of internal technical capacities as well as institutional or legal barriers.

By the end of 2021, two preparatory meetings will have allowed to consult LRGs and their national and regional associations on the Coalition's focus areas, and confront their proposals with representatives of international financial institutions, development banks and national governments. The two preparatory discussions will shape and deliver the final

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policy agenda and roadmap to be approved **in the first semester of 2022**, at the **third convening of the Malaga Coalition**.

On Monday June 14<sup>th</sup> 2021, the first preparatory meeting of the Malaga Global Coalition was convened by United Cities and Local Governments (UCLG), in collaboration with the Global Fund for Cities Development (FMDV) and the United Nation Capital Development Fund (UNCDF), on the topic: **“A year of pandemic: What impact on local finances? What role for local and regional governments in the recovery plans?”**. This high-level discussion addressed the ongoing effects and the aftermath of the pandemic, focusing on nation-wide recovery plans. Two roundtables allowed to hear from elected officials of LRGs who faced the pandemic on the frontline and from representatives of national and regional associations of LRGs with their overarching perspectives. This note outlines the proceedings of the meeting held virtually on June 14<sup>th</sup> 2021.

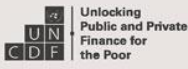
## Opening remarks: A renewed commitment towards a supportive financial ecosystem for cities and regions

In their introductory statements, **Emilia Saiz**, Secretary General of UCLG, **Preeti Sinha**, Executive Secretary of UNCDF and **Francisco de la Torre Prados**, Mayor of the City of Malaga, all reasserted the **full engagement of their respective institutions** in the collective initiative that is the Malaga Global Coalition. The valuable experiences and lessons of the pandemic throughout 2020 and 2021 will nourish the debates in sight of the next gathering in 2022.



Although the pandemic has reconfigured priorities, the initial preoccupations that led to the creation of the alliance have only been reinforced. A lot has been expected from subnational governments throughout the crisis, no matter the degree of decentralization

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in place in their countries, and therefore all available resources should be directed to reactivate local economies and rebuild the local fiscal space. Reflecting on the progress of the Malaga Coalition and the evolving context, Preeti Sinha addressed the urgency and importance of reshaping a new global financial ecosystem that enables economic recovery and sustains resilient local development.

The United Nations Secretary General's report highlighted the role of LRGs in the COVID response and inspired UNCDF to issue a [Guidance Note](#) on the role of local government finance in the pandemic response.

*"A democracy is more authentic if it is further decentralised: the key role of municipalities is undeniable"*

*- Francisco de la Torre Prados, Mayor of the City of Malaga*

*"The current global financial framework is not fit for purpose when it comes to providing local governments with access to capital"*

*- Preeti Sinha, Executive Secretary of UNCDF*

Francisco de la Torre Prados affirmed that **fiscal decentralization**, which facilitates accountability and transparency, is a **key component of democracy**. In Malaga, a forum was set up to continue and uphold citizen participation in decision-making under quarantine.

Setting the scene for the discussion, Emilia Saiz presented some key findings of the [Emergency Governance Initiative](#) led by UCLG, LSE Cities and Metropolis. All over the world, LRGs have experienced a scissor effect of falling revenues and rising expenditure. LRGs in the Global North, with fiscal structures that depend on sectors heavily touched by the pandemic, were proportionally more affected than those in the Global South that rely more on intergovernmental fiscal transfers, although the economic crisis resulting from COVID-19 has also led to reductions in transfers.

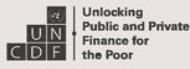
Overall, the **local public sector**, as the **frontline provider and caretaker of public services** during the emergency response, has proved to be an essential and indispensable institution for the good functioning of societies.

*"The pandemic has made it clear: public is back, because services were maintained due to local governments and public service providers"*

*- Emilia Saiz, Secretary General of UCLG*



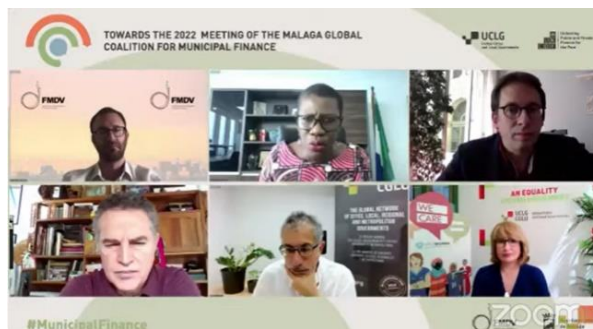
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## Roundtable 1: A wide range of subnational strategies to overcome ongoing financial constraints and pave the way for a sustainable recovery

The first panel discussion, moderated by **Luc Aldon**, Programme Manager at the FMDV, covered the financial challenges of LRGs during the pandemic, and the responses put in place or contemplated by elected officials, whether on their own initiative or in collaboration with higher tiers of government.

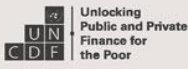


### Subnational financial impacts of the pandemic

Participants described the strain caused by the pandemic on their city or region's finances, focusing on the harsh fall of revenues. **Paul Simondon**, Deputy Mayor of Paris in charge of finances, mentioned his city's **dependence on the cultural sector, tourism and hotels**, for fees and tax collection. The health and economic crisis caused by the pandemic led to a reduction of €550 million in the revenues of the City of Paris, which usually operates with an annual budget of €10 billion. **Aníbal Gaviria**, who experienced the crisis as the governor of the department of Antioquia in Colombia, differentiated the financial impact on municipalities from that on intermediate levels of government. Colombian departments, which collect **taxes on imported goods** such as liquors, were **more heavily affected by the interruption of global trade** than municipalities that count on the less business-elastic property tax.

In Sierra Leone, the revenues of Freetown fell to a point where the administration had to rely on external donor funding and philanthropic gestures from residents. The Mayor, **Yvonne Aki-Sawyer**, pointed out the decision of the central government to halt, without compensation, the collection of **property tax**, which **accounts for 65% of Freetown's own-source revenues**. This contraction of the fiscal space is slowly being recovered in 2021 with the resumed collection of property taxes and a municipal campaign for taxpayer compliance.

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*"Freetown has felt the economic impacts of the crisis much more acutely than the health impacts"*

*- Yvonne Aki-Sawyerr, Mayor of Freetown, Sierra Leone*

While the pandemic has touched everyone in the Global North and the Global South, the effects vary in proportion and nature. The **inhabitants of Freetown suffered much more economic than health impacts**, mainly due to their economy's interdependence with global supply chains and the fall of commodity prices.

## Reactivity of local and regional governments

Among the emergency measures of LRGs, fiscal relief for specific sectors and in-kind support to vulnerable populations were recurrent answers. The City of Paris put in place a **€200 million local economic program** to support citizens with direct material assistance and companies through loans with favourable conditions. Similarly, the administration of Freetown provided masks, food and water for people who had to quarantine without a stable income, and is partially **exempting hotels from property tax payment** for the year 2021. In addition to property tax payment relief directed at small businesses, in Tirana, restaurants and cafés were allowed to **install furniture on the public space, free of usage fees**. Different approaches were taken to compensate for increased expenditures and losses in revenue.

In Tirana, the city counted on **fiscal and financial solidarity to revamp the public sector** which stayed at the disposal of citizens throughout the pandemic. A city scheme was designed to attract construction projects and charge wealthy developers.

*"If you're in the politics of solidarity, you have to charge big players more than you charge little players"*  
*- Anuela Ristani, Deputy Mayor of Tirana, Albania*

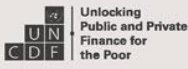
*"A responsible credit strategy, taken to its necessary limit, is fundamental to overcome a difficulty like the one we are going through"*

*- Aníbal Gaviria, President of Cities Alliance*

In Antioquia, **responsible access to credit** has been a fundamental part of the strategy to overcome the crisis and reinforce the capacity of action of LRGs. The department increased borrowing by 10% and is currently studying the possibility of emitting a subnational bond.

These resources are being **invested in housing refurbishing and road pavement improvement**, generating employment and wellbeing for citizens. Moreover, Antioquia

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opened credit lines of \$100 million for small and medium-sized urban, family and agribusinesses, and **concessional loans for all municipalities of the department** through the regional bank - IDEA. For the medium and long term, Aníbal Gaviria suggested to put on the agenda the creation of a **global bank for cities and regions**, an institution where LRGs would simultaneously be part of governance, fund providers and beneficiaries.

## Limitations to local and regional government action

The trend has been towards **recentralisation since the outbreak** of COVID-19, with national governments seeking to regain control of policies and functions related to the management of the crisis. In general, LRGs have not received additional support from their national governments and have **not been included in decision-making on recovery strategies**.

According to Paul Simondon, neither the EU recovery funds nor the French recovery plan have involved cities in the negotiation or as a lever to restart public investment. The French national government still makes rather **centralised decisions about local development projects** and pays little attention to the role cities could play in the economic recovery and the ecological transition.

*“Under a crisis situation, national governments want to step into city space and take decisions for cities”*

*– Yvonne Aki-Sawyerr, Mayor of Freetown, Sierra Leone*

*“It is clear that cities are not recognised as the key players they could be in the ecological transition and post-COVID recovery”*

*– Paul Simondon, Deputy Mayor of Paris in charge of Finances, France*

Yvonne Aki-Sawyerr went further by arguing that even if a recovery package was being set up, **municipalities in Sierra Leone are not in a position to negotiate**, because of the pervasive influence of the central government over local activities and finance and its unwillingness to ease this hold.

The almost two-decade old promise to devolve the issuing of building permits and land-use planning, has not been followed through. More efforts should be made to identify complementary funding sources for LRGs, build new partnerships and **set up a platform to counter the temptation of recentralisation**. **Anuela Ristani**, the deputy Mayor of Tirana also acknowledged that many of the city's competences were overseen, assisted and sometimes even handled by the central administration.

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Nevertheless, she recalled that intergovernmental coordination began to take place when two major earthquakes struck Albania in 2019. The **pandemic has consolidated the relationship and partnership with the national authorities**, which approved funding from the European Investment Bank to reinforce cities' finances.

*"We came out of the crisis better off than before in terms of our relationship and synergy of financing between the central and local levels of government"*

*– Anuela Ristani, Deputy Mayor of Tirana, Albania*

## Roundtable 2: Local and regional government associations, vital channels for bridging local demands with national recovery priorities

In the second roundtable moderated by **Mathilde Penard**, Local Finance Officer at UCLG, representatives of local and regional government associations (LGAs) gave their insights on the work done since the beginning of the pandemic.

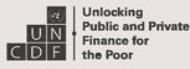


### Direct support to members

LGAs are well-placed to **collect data and draw a clear picture of the overall situation of LRGs**. **Xolile George**, Chief Executive Officer (CEO) of the South African Local Government Association (SALGA), explained how LRGs had to repurpose and reallocate expenditure lines for the maintenance of public services, right after having approved their budgets at the start of the pandemic. South African LRGs were reactive to offer fiscal discounts and postpone payment obligations for citizens and companies under their jurisdiction. **In the United States, 65% of subnational government budgets were impacted**, according to **Clarence Anthony**, CEO and Executive director of the National League of Cities (NLC).



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Purchases, investments and programs were cut, leading to massive job loss and furloughing, which **touched more people of colour, especially black persons**, people with healthcare issues like diabetes and women.

**Frédéric Vallier**, Secretary General of the Council of European Municipalities and Regions (CEMR), stated that the **government-guaranteed social and health public services in Europe were crucial safety nets** to face the crisis. To share and spread the information in a more efficient way, CEMR is preparing a study on LRGs in Europe, with a special focus on crisis resilience and response, local health services and local financial impacts.

*"In most European countries there was a big financial backing from social services and the government, so there was not as much backlash in unemployment and social issues"*

*– Frédéric Vallier, Secretary General of CEMR*

While LRGs were expected to respond quickly to the demands of their citizens, LGAs also carried pressure to find concrete solutions for their members. SALGA encouraged its employees to donate to a solidarity fund, which was set up to purchase basic protection equipment and vouchers for public workers. As a regional organization, CEMR brought together local officials and national associations' staff in a **newly conformed taskforce**, which held **regular meetings to share experiences** on reaching out to citizens during the quarantine or organising municipal councils online.

*"As a national organization we had to [...] be the organization that created the sense that -we're going to be okay-"*

*- Clarence Anthony, CEO and Executive Director of the NLC*

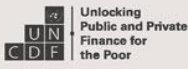
In the same vein, NLC's Cities Are Essential response aimed to **build capacities adapted to a virtual world** and share best practices to inspire peers, on issues such as housing affordability and quality or the increase of homelessness.

This type of technical assistance is also a way to ensure that the money destined to crisis management is spent in an equitable and inclusive manner, especially in small communities.

## **Advocacy at national or regional levels**

Several methods were used to engage with other tiers of government and negotiate space and benefits for LRGs in the recovery plans. As part of the Cities are Essential Response, the NLC deployed a campaign to show the distress of LRGs, focusing on their financial needs. In order to extend its outreach, the association **involved national media to showcase stories of cities and communities responding to the crisis**.

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*“Getting money in the hands of local authorities is the most powerful way to ensure recovery happens and we rebuild our nation”*

*– Clarence Anthony, CEO and Executive Director of NLC*

Relentless advocacy led the newly inaugurated Biden administration to grant **direct funds to all subnational governments over 50,000 inhabitants**, through the American Rescue Plan. Clarence Anthony hopes that this recognition of local authorities as foundations of an inclusive society and as leaders of the national recovery, will not be discontinued or altered by politics.

For Nicolas Gharbi, Principal Advisor on International Affairs at the Madrid City Council, **the CEMR and the Committee of Regions are key to voice and defend the positions of LRGs**. According to the **partnership principle** which is part of the procedures of budgetary instruments in the European Union, **LRGs should take part in all negotiations**. By advocating at the European Commission, CEMR succeeded to insert a recommendation asking EU Member States to involve LRGs in concerted national recovery plans that will benefit from the €750 billion EU fund. In practice, however, LRGs are still sparsely taken into account in the design or implementation of EU policies. To counter this situation, the association is thoroughly monitoring the implementation of each national plan and the city government of Madrid prepared a long-term plan unveiling projects and capacity of implementation, to convince the Spanish government that **it is worthy to count on subnational governments to spend EU funds**. Recovery plans should give LRGs the required levers to implement the SDGs for a social, just and ecological transition, without creating competition between territories.

In South Africa, **SALGA plays a key role to represent LRGs on high-level instances**. Whether in parliament, the national command council or at cabinet level, the association has pledged for a fair compensation of LRGs that are enduring on the frontline. As a result, **a grant was repurposed to give more leeway in expenditure decisions**, and two new grants were allocated to meet the financial needs of public service provision. In parallel, SALGA contacted international organisations and **established a partnership with UNDP** which unlocked additional funding for more than 30 municipalities.

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*“Going forward, part of the recovery phase should entail the rethinking of national policies about financing for development”*

*– Xolile George, CEO of SALGA*

Considering the disproportionate weight carried by LRGs during the crisis and to ensure quality public services for all, networks of LRGs and the Malaga Coalition should instigate the **remodeling of financing for development at the local level**, based on renewed financial instruments, allocation of resources and distribution of responsibilities, and **centered around the Addis Ababa Action Agenda**.

## Closing remarks: A first step to build momentum towards the 2022 meeting of the Malaga Global Coalition

Summing up the debates of the first roundtable, **Serge Allou**, Special Advisor on Local Finance at the World Secretariat of UCLG, recalled the importance to **counter the tendency of national governments to recentralize** certain competences. It is crucial to work on the **restructuring of the local fiscal space**, by carrying out tax reforms and renewing relationships with higher levels of government. Equally important is to **improve the ability of LRGs to raise funds on the capital markets**, a key enabler for sustainable impact investments and territorial recovery.

On his end, **Jean-François Habeau**, Executive Director of FMDV, emphasized the **multifaceted role of LGAs**, including: direct support and advocacy to foster rapid local responses; policy advice to stimulate a rethinking of financial models; and intermediation to facilitate partnerships and connections with peers, international organisations and donors.

**David Jackson**, Director of Local Development Finance at UNCDF, evidenced that the current **short-term paradigm of financing for development is not adapted to local infrastructure financing**. Cities need to access low-rate and long maturity capital without depending on sovereign liability and credit ratings.

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The Malaga Coalition should work towards the creation of a global non-sovereign guarantee mechanism to facilitate capital financing for LRGs. It is also urgent to reshape the local fiscal space with **new considerations on multilevel governance and public service provision**. The Coalition shall draw inspiration from the key statements of paragraph 34 of the Addis Ababa Action Agenda.

*“At the next meeting in Malaga, we will define our collective advocacy as a strong global coalition, to be a game-changer and enable a financial ecosystem that works for cities and regional governments”*

*– David Jackson, Director of Local Development Finance, UNCDF*

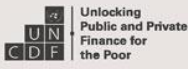
## Key messages

This first preparatory meeting towards the 2022 gathering of the Malaga Global Coalition, provided an opportunity to **share local experiences and discuss how to tackle global systemic barriers** facing municipal finance. When responding to the pandemic, the continuation of public services was a major challenge for cities and regions with pre-existing financial strain, while other subnational governments were able to deploy additional economic and social safety nets. COVID-19 recovery packages in many countries either do not exist or have not taken LRGs into account as implementing partners or negotiating equals. The following key messages emerged from the first roundtable:

- **Be vigilant** against recentralization tendencies in times of crisis and uphold already acquired fiscal rights and devolved competences which are constitutive of local autonomy.
- **Improve the structure** of the local fiscal space to ensure stable, sufficient and predictable revenues, for LRGs to have more leeway of action when facing crises. Implement transparent, performance-based formulas for intergovernmental fiscal transfers and give flexibility for LRGs to repurpose perceived grants. Establish new partnerships and identify new sources of finance, for example the taxation of digital services.
- **Make LRGs partners** of national sustainable recovery and development strategies with full inclusion in design and decision-making processes. Negotiate concerted plans with coherent policies from the local, through to the national level.
- **Establish a permanent space** for debate and consultation in the multilevel governance framework, to improve coordination, create synergy and develop mutual understanding between levels of government.



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- **Promote responsible borrowing** on capital markets as a lever to gather the necessary resources to respond to and recover from emergencies through resilient investments. This requires an enabling national legal framework, as well as the possibility to borrow without depending on sovereign guarantees.

LGAs have experience in interacting with higher level bodies and are able to aggregate and leverage demands of LRGs and increase their negotiating power. The role of LGAs is instrumental to:

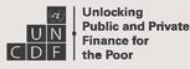
- **Guide LRGs** to use virtual tools and platforms for meetings, governance and citizen participation, foster peer-to-peer exchange and provide technical capacity building on the maintenance of public services during quarantine.
- **Advocate for and amplify the voice of LRGs** to be included in national and regional recovery plans and sustainable development strategies. Arguments should be documented, based on evidence and data and spread through national media or formal publications.
- **Connect LRGs** with all potential partners such as peers, international actors or donors, acting as intermediaries and representatives of LRGs in national fora and international spheres.

## Next steps for the Malaga Global Coalition

In a quest to identify the obstacles to a financial ecosystem that works for LRGs, the recent and ongoing experiences of LRGs and LGAs open up new possibilities in a post-pandemic context where all the givens can be questioned. The following key considerations and outcomes of the first preparatory meeting will help fine-tune the draft roadmap and should provide a strong basis for the coming debates at the second preparatory meeting of the Malaga Global Coalition, scheduled for November 2021. Convened by UNCDF in collaboration with UCLG and FMDV, this second meeting will bring together LRGs, institutional investors, development finance institutions, Central Banks and Ministries of Finance.

1. Highlight the efforts made by LRGs during the crisis, stretching their budgets and deploying innovative solutions, to implement adaption measures and maintain **basic public services**.
2. Raise awareness on the tendency of central governments to recentralize devolved competences and funds in times of crisis and facilitate a platform dedicated to **counter recentralisation** and protect acquired progress in decentralisation.

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3. Rethink and **reshape the local fiscal space** through innovative financing mechanisms and new partnerships, to gain stability, flexibility and ensure sufficient income for LRGs.
4. Advocate for a **transformation of the current financial architecture**, in order to provide more credit lines and financing options for LRGs. Overcome legal obstacles and provide capacity building for LRGs to have the organisational and human resources to develop investable projects and raise funds on capital markets.
5. Establish a **global non-sovereign guarantee mechanism** to facilitate borrowing and access to capital markets for subnational governments, without the need to depend on the goodwill and credit ratings of their national governments.

## Information shared in the Zoom conversation

- Alexander Heichlinger; The group Cities for Sustainable Public Finances showcases inspiring examples throughout Europe of well-managed local public finances for a greener society. <https://www.kdz.eu/en/services/european-cities-or-sustainable-public-finances-cspf>
- Nicolas Gharbi; Madrid's Recovery, Transformation and Resilience Plan for 2030, is in line with the National Recovery Plan and proves that there is capacity and willingness at subnational level, to use efficiently the resources attributed from the European funds. <https://www.comunidad.madrid/gobierno/transparencia/estrategia-recuperacion-resiliencia>
- Windy Massabni; The Hague Academy for local governance has opened a training course on inclusive fiscal policies and the reallocation of resources at the local level. <https://mailchi.mp/thehagueacademy/nuffic-1870810?e=0fb6f71962>
- Samer Saliba; Through the Global Cities Fund, the Mayors Migration Council and UCLG are working to channel resources to city government projects that aim to better include newly-arrived migrants. <https://www.mayorsmigrationcouncil.org/gcf>

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Annex

**Local and regional governments' involvement in recovery packages by country: overview and relevant materials**

The following table provides a brief description of how local and regional governments (LRGs) and their associations (LGAs) have been engaged, to varying degrees, in the COVID-19 recovery plans in 16 countries across the world. Two main aspects are considered: (i) the provision of direct financial support to LRGs for the recovery and (ii) LRGs' involvement in the design, governance and implementation of financial packages at national level – and where relevant regional level.

<i>Country</i>	<i>Description</i>	<i>Sources</i>
<b>AFRICA</b>		
Kenya	The Council of Governors has worked closely with the national government, coordinating and developing the 3-year COVID-19 socio-economic reengineering and recovery strategy at county level. The LGA is currently assisting Kenyan counties in implementing a USD 1.19 billion recovery plan, which will largely be funded by county government budgets. Further resource mobilization for implementation of the economic stimulus is ongoing and entails collaboration between national and county governments, support from development partners, public-private partnerships and involvement of non-state actors including NGOs.	<a href="https://www.newtimes.co.rw/africa/kenya-launches-post-covid-19-recovery-strategy-counties">https://www.newtimes.co.rw/africa/kenya-launches-post-covid-19-recovery-strategy-counties</a>
South Africa	The national government granted municipalities an extra USD 1.4 billion COVID-19 relief in 2020/21, including USD 630 million in reprioritization of conditional grants. It will provide an additional USD 560 million to provincial governments through the provincial equitable share in 2021/22 to sustain healthcare sector activities. The South African Local Government Association (SALGA) is involved in many national high-level councils to advocate for additional financial support to all municipalities.	<a href="http://www.treasury.gov.za/documents/National%20Budget/2020S/review/FullISBR.pdf">http://www.treasury.gov.za/documents/National%20Budget/2020S/review/FullISBR.pdf</a>
Togo	Transfers from the national government and development partners to local governments increased by 779% in 2020 compared to 2019, indicating the commitment of both donors and the national government to support LRG responses to the pandemic. The national government provided USD 0.6 million to LRGs in 2020 in the form of grants to support their operating and capital expenditure. In addition, through	AGBOLAN Kossi Dodji, <i>Report on the analysis of the economic and financial measures affecting local and regional authorities in the 2021 Budget</i>

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	the Support Fund for Local and Regional Governments ( <i>Fonds d'appui aux collectivités territoriales</i> ) an additional USD 3.6 million was allocated to all 117 municipalities, and the 2021 budget law plans to increase the Fund's allocation by 50%.	Law – Togo, 2021 (unpublished)
<b>ASIA-PACIFIC</b>		
Indonesia	Regular meetings held between the national government and LGAs have provided localised data on the needs and priorities of LRGs. An Economic Recovery Programme has been set up by the national government, comprising various policies including national loans to municipalities, regencies and provinces to support local economic recovery through investment in infrastructure development or funding for basic service provision. In 2020, around USD 1.3 billion were allocated as loans to LRGs, and an additional USD 1 billion is potentially available for 2021. The government also adopted a specific envelope worth USD 24 billion to boost the implementation of this national programme in 2021, of which USD 9.6 billion will go to ministries, institutions and LRGs.	<a href="https://indonesien.gfk.de/infothek/news/news-details/covid-19-developments-in-indonesia">https://indonesien.gfk.de/infothek/news/news-details/covid-19-developments-in-indonesia</a> ; <a href="https://www.kemendagri.go.id/publikasi/berita/pinjaman-pemda-jadi-alternatif-pembiayaan-kegiatan-prioritas-daerah/">https://www.kemendagri.go.id/publikasi/berita/pinjaman-pemda-jadi-alternatif-pembiayaan-kegiatan-prioritas-daerah/</a>
Malaysia	The national government adopted a 6-step plan to tackle the COVID-19 pandemic. The fourth stage of the plan started in June 2020 and focusses on the National Economic Recovery Plan including a set of 40 initiatives amounting to USD 8.4 billion. An Economic Action council was set up to revise and improve the package with new or modified measures, including a specific envelope of USD 31 million destined to the 13 state governments in support of their local economies.	<a href="https://www.bdo.my/en-gb/insights/featured-insights/covid-19-national-economic-recovery-plan-en">https://www.bdo.my/en-gb/insights/featured-insights/covid-19-national-economic-recovery-plan-en</a> ; <a href="https://www.channelnewsasia.com/news/asia/malaysia-government-rm600-million-health-covid-coronavirus-12566848">https://www.channelnewsasia.com/news/asia/malaysia-government-rm600-million-health-covid-coronavirus-12566848</a>
<b>EUROPE</b>		
Belgium	Under the EU Recovery and Resilience funds, a maximum of EUR 5.9 million will be granted to Belgium for the period 2021-2027. The federal government has submitted its plan, alongside regional plans prepared by Wallonia, Flanders and Brussels. In Flanders, while LRGs and the association VVSG were not structurally involved in the definition of the Flemish recovery plan, they have a more active role in its implementation phase: VVSG supports the design of specific calls for proposals through which LRGs can apply for project funding.	<a href="https://www.vlaanderen.be/uw-overheid/beleid/vlaamse-veerkracht/europese-herstefonds">https://www.vlaanderen.be/uw-overheid/beleid/vlaamse-veerkracht/europese-herstefonds</a>



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France	The national and regional governments coordinated their action in response to the crisis as part of the newly established Economic Council Etats-Régions. The national government launched a EUR 100 billion recovery package to support ecological transition, economic competitiveness and social and territorial cohesion, including a package for LRGs to support them in key sectors such as local investment, energy transition and ecological and digital transitions among others. Several regions have also created regional funds and provided specific aid to municipalities and inter-municipal authorities to support local public investment.	<a href="https://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-and-recovery-across-levels-of-government-a2c6abaf/#p-d1e7342">https://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-and-recovery-across-levels-of-government-a2c6abaf/#p-d1e7342</a>
Norway	The national LGA (KS) has been in regular contact with the national authorities through the Norwegian Coronavirus Commission, which was established by the national government. KS has also provided inputs to the national government's crisis packages regarding the role of the municipal sector in these packages. In 2021, an additional USD 879.6 million will be allocated to local authorities, on top of nearly USD 1.9 billion that the country's municipalities have already received as COVID-19 financial support in 2021.	<a href="https://www.ks.no/o-m-ks/ks-in-english/ks-and-the-coronavirus-situation/">https://www.ks.no/o-m-ks/ks-in-english/ks-and-the-coronavirus-situation/;</a> <a href="https://www.regjeringen.no/no/aktuelt/73-milliarder-kroner-ekstra-til-kommunesektoren-i-2021/id2848691/">https://www.regjeringen.no/no/aktuelt/73-milliarder-kroner-ekstra-til-kommunesektoren-i-2021/id2848691/</a>
Spain	The Spanish government has adopted the National Recovery, Transformation and Resilience Plan, aligned with the global agendas and the priorities of the EU Recovery and Resilience funds. Among the coordination mechanisms that have been set up to implement this Plan, a Sectoral Conference involves the local government association FEMP alongside regional governments. This allows LRGs to have a direct say in the negotiation on the allocation and management of EU funds for the recovery. In 2021, LRGs will receive half of the EUR 26.634 million budget of the national plan. The FEMP is calling for 30% of EU funds for social services to be directly handled by local and provincial authorities, without going through regional governments as is currently envisioned.	<a href="http://www.femp.es/comunicacion/noticias/la-femp-reafirma-su-demanda-de- asignacion-directa-del-15-de-los-fondos;">http://www.femp.es/comunicacion/noticias/la-femp-reafirma-su-demanda-de- asignacion-directa-del-15-de-los-fondos;</a> <a href="https://www.lamoncloa.gob.es/serviciosdeprensa/notasprensa/hacienda/Paginas/2021/190421-hacienda-plan-recuperacion.aspx">https://www.lamoncloa.gob.es/serviciosdeprensa/notasprensa/hacienda/Paginas/2021/190421-hacienda-plan-recuperacion.aspx</a>
<b>LATIN AMERICA</b>		
Bolivia	The national government adopted a COVID-19 Solidary Fund together with the Federation of Municipal Associations and the Association of Municipalities of Bolivia, amounting to USD 40 million in support of municipal self-governments and rural native indigenous autonomies. Municipalities will also be entitled to receive external donations through a mechanism decided in advance. The Federation of Municipal Associations has	<a href="https://www.economiayfinanzas.gob.bo/gobierno-desembolsa-mas-de-bs-279-millones-del-fondo-solidario-covid-19-para-los-">https://www.economiayfinanzas.gob.bo/gobierno-desembolsa-mas-de-bs-279-millones-del-fondo-solidario-covid-19-para-los-</a>

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	also pushed through Law 1307, which reallocates 12% of the resources obtained from the direct tax on hydrocarbons to the country's municipalities, governor offices and universities, to help them cope with the COVID-19 pandemic and to introduce measures to ensure food security and strengthen productive activities.	<a href="#">municipios-del-pais.html</a>
Mexico	The federal government announced USD 31.5 billion to address the health emergency and its economic fallout, in addition to the USD 699 million announced by state governments for the same purpose. No LRG participation in national recovery plans nor direct financial support to municipalities was reported from the federal government. Nonetheless, a number of state governments, such as those of Yucatan, San Luis Potosi and Coahuila, have adopted fiscal measures aimed to financially assist their municipalities in dealing with the emergency.	<a href="https://politica.expansion.mx/mexico/2020/05/04/susnavigilancia-gobierno-y-estados-lanzan-apoyos-por-636-372-mdp">https://politica.expansion.mx/mexico/2020/05/04/susnavigilancia-gobierno-y-estados-lanzan-apoyos-por-636-372-mdp</a> ; Patiño, M. y Cruz, G., <i>Las medidas adoptadas por las entidades federativas ante la emergencia del Covid-19. Cuaderno de Investigación No. 7</i> , DGDyP/IBD, CDMX, 2020.
<b>MIDDLE EAST AND WEST ASIA<sup>1</sup></b>		
Jordan	Two funds have been established to foster economic recovery: one managed by the national government, receiving donations from various entities and individuals; and the other managed by business owners under the “Himmat Watan” Fund (Nation’s efforts), receiving donations from the private sector. No LRG participation was reported in the design and implementation of recovery packages set up at national level.	
Lebanon	A national platform (impact) was launched in cooperation with the Ministry of Interior and Municipalities and the Ministry of Health to facilitate gathering data and providing services to all Lebanese municipalities. Additionally, the Union of Dannieh Municipalities launched a Crisis Response Plan, bringing together experts and youth volunteers to meet the needs of those most affected by the containment measures and foster socioeconomic solidarity among local residents.	
Turkey	The Union of Turkish Municipalities (UMT) worked closely with central government since the outset of the COVID-	<a href="https://home.kpmg/xx/en/home/insights">https://home.kpmg/xx/en/home/insights</a>

<sup>1</sup> Input for MEWA countries was compiled by the UCLG-MEWA Secretariat.

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	19 pandemic, to ensure that the priorities of member municipalities are reflected in national emergency and recovery measures. The national government has deferred local government debt repayment, in addition to providing specific support to certain sectors such as public transport. A Turkish recovery plan was announced in September 2020, amounting to USD 15.4 billion of which USD 344 million was earmarked for municipalities.	<a href="#">/2020/04/turkey-government-and-institution-measures-in-response-to-covid.html</a>
<b>NORTH AMERICA</b>		
Canada	The federal government announced a CAD 2.2 billion aid package to support municipalities in coping with the COVID-19 impact. The aid will be channeled in advance through the Federal Gas Tax Fund for 2020/21. The Federation of Canadian Municipalities (FCM) has recommended doubling the allocation of the Fund for three years as a Municipal Economic Recovery Fund, to provide CAD 4.4 billion per year to municipalities and stimulate local investment. In addition, the federal government adopted a Safe Restart Agreement worth CAD 19 billion to support provinces and territories in restoring their economies, which includes support for municipalities in the public transit sector. The federal Disaster Mitigation and Adaptation Fund is another mechanism that predates COVID-19 that is key to support municipalities in investing in local adaptation measures.	<a href="https://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-across-levels-of-government-d3e314e1/#p-d1e5669">https://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-across-levels-of-government-d3e314e1/#p-d1e5669</a> ; <a href="https://fcm.ca/en/resources/shaping-federal-budget-2021">https://fcm.ca/en/resources/shaping-federal-budget-2021</a>
United States	The National League of Cities (NLC) successfully launched the Cities Are Essential campaign to call for direct federal aid for local governments. The campaign was instrumental in securing USD 195 billion for states, territories and tribal governments and USD 130 billion for cities and counties, including USD 10 billion earmarked for infrastructure projects, as part of the USD 1.9 trillion COVID-19 stimulus package adopted by the U.S. federal government. This allocation formula allowed each city and town over 50,000 inhabitants to get direct financial aid, without going through state governments. Local governments below this population threshold will receive fiscal recovery funds indirectly, through the country's States and territories.	<a href="#">Campaign Roundup Report; Impact Survey Infographic; Impact Survey One Pager</a> ; <a href="https://www.hks.harvard.edu/faculty-research/policy-topics/public-finance/how-will-stimulus-package-aid-state-and-local">https://www.hks.harvard.edu/faculty-research/policy-topics/public-finance/how-will-stimulus-package-aid-state-and-local</a>
More examples of LRGs' involvement in national recovery packages can be found in:		
<ul style="list-style-type: none"> <li>Allain-Dupré, Dorothée, et al. (2021), "The territorial impact of COVID-19: Managing the crisis and recovery across levels of government." <i>OECD</i> (last update: 10 May 2021).</li> <li>IMF (2021), Policy Responses to COVID-19, available at: <a href="https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19">https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19</a></li> </ul>		