

NEWS



Economic development

Shifts in municipal finance required to implement the SDGs

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Last April 9, UCLG, together with the United Nations Capital Development Fund (UNCDF) and the City Council of Malaga, convened a High-level Policy Dialogue on Municipal Finance. The Metropolis Secretary General attended the event and joined mayors and representatives of local government networks, national ministries, development banks, and commercial banks in discussions about the importance of financial

mechanisms for local governments to implement the Sustainable Development Goals (SDGs).

The dialogue led to the conclusion that a paradigm shift is required to make municipal finance become a central aspect in the implementation of the SDGs. For this shift to happen, thus, not only policy reforms are required, but also innovative methods and actions to expand financial tools and provide direct access to capital by local governments.

The event started with the interventions of Mrs. Judith Karl, Executive Secretary of the UNCDF, Mr. Francisco de la Torre, Mayor of Malaga, and Mr. Parks Tau, President of UCLG, who pointed out the need to acknowledge the insufficient allocation of resources to meet the challenges of sustainable urban development and the importance of rethinking local finance.

The session was then structured around four round tables, each one related to the perspective of different levels of government and other stakeholders. The first one, regarding the local governments' perspectives and the challenges they are currently facing, counted on the participation of a Metropolis member, La Paz, which shared its innovative experience in bonds and risk management. The second table focussed on the point of view of national governments and the issues they are facing in supporting local governments. And the third one tackled the financial institutions outlook.

Finally, the fourth round table fixed the basis for a global coalition of partners advocating to transform local finance and to promote a financial ecosystem for municipalities that supports them in the achievement of the SDGs. Mr. Octavi de la Varga, Metropolis Secretary General, intervened at this round table, highlighting the need for this coalition to:

- develop a systemic approach to municipal finance, which takes into account the different actors involved, the infrastructure needs, and the “hard” and “soft” available resources;
- build trust vis-à-vis local governments;
- promote the development of enabling conditions in terms governance frameworks and financial instruments (both at global and national levels).