

PRESS RELEASE:

Ensuring income and investment in local service provision is critical for global recovery

#BeyondTheOutbreak

The COVID-19 pandemic is affecting local service provision throughout the world. The Live Learning Session on local finance highlighted how essential it is for local and regional governments to have access to finance and to bring all stakeholders together in order to protect global resources and promote the universal development agendas now in the midst of the crisis, and during the aftermath.

The Live Learning Session that took place on 23 April 2020 organized in collaboration with the Global Fund for Cities Development (FMDV) and the United Nations Capital Development Fund (UNCDF), provided an opportunity to foster exchanges among local and regional governments and key partners such as the French Development Agency (AFD), the Rockefeller Foundation and the European Commission, on the steps necessary to guarantee access to finance for local and regional governments in the face of the crisis and to address the recovery.

Mayors, vice mayors, representatives of regional governments, councillors, and representatives of national governments from all over the world shared their experiences and challenges in accessing finance. **Mpho Parks Tau**, Deputy Minister of the South African Department of Cooperative Governance and Traditional Affairs and former President of UCLG; **Moloantoa Geoffrey Makhubo**, Mayor of Johannesburg; **Juan Espadas**, Mayor of Seville; **Osei Asibei Antwi**, Mayor of Kumasi; **Anibal Gaviria**, Governor of Antioquía and President of Cities Alliance; **Pauline Lukwayi**, Deputy Mayor of Gulu; **Bev Esslinger**, Councillor of Edmonton; **Diana Alarcón**, Chief Advisor and International Relations Coordinator of Mexico City, analysed the current situation regarding local and regional governments' access to finance, initiatives to provide services to their citizens, and how the system needs to change to become more sustainable in the aftermath.

Partners such as **David Jackson**, Director, Local Development Finance, UNCDF, **Frédéric Audras**, Head of the Urban Development, Planning and Housing Department, French Development Agency; **Lauréline Pla**, Investment and Innovative Financing Unit, European Commission's Directorate-General for International Cooperation and Development (DG DEVCO, European Commission); and **Elizabeth Yee**, Chief of Staff, President's Office, The Rockefeller Foundation joined in to elaborate on the role of international institutions and foundations in

facilitating local governments' access to funding in the current emergency context and beyond.

Maimunah Mohd Sharif, Under-Secretary-General of the UN and Executive Director of UN-Habitat, introduced the session by addressing the emergency being faced by many local governments around the world, and urged participants to think about how to provide support for those most vulnerable. The role of local governments in facilitating this support, she argued, is critical: *"Cities need funds, first to tackle the emergency and the immediate social economic impacts; and then they need funds to recover better, with more resilience against future shocks, leaving no one and no place behind."*

"It is now time to set up a new dialogue. Time to plan for more accountability mechanisms for budgeting and spending; build new compacts and improve budget management at all levels", she added, highlighting the importance of trust among different spheres of government and the need to enhance local and regional governments' access to borrowing.

Mpho Parks Tau, Deputy Minister of Cooperative Governance and Traditional Affairs of South Africa highlighted the response in South Africa to the pandemic, including stimulus packages for local and regional governments and called for everyone to think collectively on how to support local governments to create their own revenue systems. He also called for a recovery fund that includes local governments, in order for all levels of government to be able to respond to the challenges being faced now, and after the outbreak.

"Collectively, as a global community we need to think how to support local governments to create their own revenue systems, as well as how they access financing mechanisms. Finally, we should think of some sort of a recovery fund that includes local governments so that all levels of governments are able to respond to the challenges we are facing."

David Jackson, Director, Local Development Finance, United Nations Capital Development Fund set the scene by presenting local government financing as one of the key solutions to accelerating the response to this crisis, but also as one that has not yet not been structurally developed in the system. He argued for the need to rebuild the fiscal space as we build "the new normal", and to rebuild the local economy, through tools such as the **International Municipal Investment Fund**, which is developed in partnership with **UCLG** and **FMDV**, looking at projects that have both a local economic impact and contribute to consolidating local fiscal space.

"We are seeing who are the essential workers but also the essential institutions. Health ministries are of course of the utmost importance, but local governments are integral to the recovery."

The **first round table**, facilitated by **Jean-François Habeau**, Executive Director, FMDV, presented key challenges and solutions, and centred on three key questions to participants: 1) how COVID-19 is affecting local governments' finance; 2) what measures are developed to cope with the unprecedented financial pressure; and 3) what lessons can be learned to prepare the future.

Moloantoa Geoffrey Makhubo, Mayor of Johannesburg, highlighted the response in his city had been directed, first, towards ensuring public health and purchasing sanitary equipment, and then the city had issued a bond for families to be able to access food. For the aftermath, he called for the continuation of public services, and to support those most in need in times of economy contraction.

Juan Espadas, Mayor of Seville; and **Aníbal Gaviria**, Governor of Antioquía, both highlighted the need to target innovation and sustainability in the aftermath. The Mayor of Seville highlighted that future investments need to be made in the "green economy", but also that, in the early stages of the recovery, it is essential to target those most vulnerable, and those who work in informal economies. The Governor of Antioquía argued that the green economy is a key to avoiding future crises. Enhancing work-from-home policies, health and education, and facilitating local governments' access to borrowing will be key. He also called on the local governments' networks such as UCLG to advocate for a **bank of local and regional governments** to enable access to funding.

Osei Asibei Antwi, Mayor of Kumasi, highlighted that conversations with the national government had been critical to developing a bond to prepare for the next crisis, while the Deputy Mayor of Gulu, **Pauline Lukwayi**, called on international organizations to help local and regional governments be prepared for the aftermath, and to plan responses globally.

Bev Esslinger, councillor of Edmonton, argued that local and regional governments needed to be mindful on how the recovery would affect different sectors of the population, and called for women to be engaged **in the solutions phase**, since they are being affected disproportionately by the economic effects of the crisis. **Diana Alarcón**, Chief Advisor and International Relations Coordinator of Mexico City, highlighted the efforts of Mexico City in tax collection in order to maintain a steady source of income during the crisis, and called for a new solid alliance to be developed with the private sector, through clear regulations, and a commitment with the whole-of-society.

The second round table, introduced by **Emilia Saiz**, Secretary General of UCLG, presented the views of key partners involved in the financial ecosystem of local and regional governments.

Frédéric Audras, Head of the Urban Development, Planning and Housing Department of AFD, stated that local and regional governments have a critical financial and fiscal role to play in the aftermath, and that the AFD has the mandate to lobby national governments to make sure they don't cut local and regional

budgets in such a critical time. Localizing finance, he added, as well as decision-making, are key to building resilient territories.

Lauréline Pla, Investment and Innovative Financing Unit, DG DEVCO, European Commission, said the focus of the European Commission was to increase the financing provided by financial institutions to local governments in Africa and countries neighbouring Europe, as well as to enable local financial institutions to improve knowledge on local finance.

Elizabeth Yee, Chief of Staff, President's Office, The Rockefeller Foundation argued that the safety nets in many countries such as the US, had been shown to be inadequate, and that the key goal is now to ensure that communities are more food secure, and to focus on low-wage workers and those that are not able to access social protection. She reinstated the commitment of the Rockefeller Foundation to improve today's and tomorrow's economic outlook.

Emilia Saiz, Secretary General of UCLG, closed the session by warning against lack of funding for local and regional governments. She highlighted the financial measures identified in the [Decalogue of Local and Regional Governments for the post COVID-19 era](#), and advocated that financial packages during the crisis should provide direct and immediate support to local and regional governments. She called for the consolidation of the global coalition on municipal finance, the **Malaga Coalition and redirecting** the funding of the **International Municipal Fund** to COVID-19 related reconstruction, a renewed public debate on fiscal transfers. Finally, she argued for the need to take a decisive leap forward in the international financial instruments available for the urban era: A global fund or bank should be developed if we want to ensure the service provision we need.

About Live Learning Experience Series:

The Live Learning Series hosted by UCLG, Metropolis, and UN-Habitat, has brought together more than 1,000 participants over the course of six sessions in which participants from local and regional governments, the UN system, and partners from civil society shared their experiences, initiatives, and actions to support their communities facing the pandemic through the provision of key basic services.

The Live Learning Exercises will continue throughout the month, taking place on Wednesdays and Thursdays during the crisis. Local Economic Development and Informalities will be among the topics covered as cities around the world are looking at how to overcome challenges with a new generation of solutions.

About United Cities and Local Governments (UCLG)

UCLG is the global organization of local and regional governments and their associations that represents and defends their interests on the world stage. Representing 70 per cent of the world's population, UCLG members are present in all world regions: Africa, Asia Pacific, Europe, Eurasia, Middle East-West Asia, Latin America and North America - organised in seven continental sections, a metropolitan section and a regional forum. This network covers more than 240,000 cities, regions

and metropolises and more than 175 local and regional government associations present in 140 countries. UCLG includes among its main areas of political interest local democracy, climate change and environmental protection, the achievement of Sustainable Development Goals, the role of culture in sustainability, local finance, urban development and city diplomacy for peacebuilding. Visit www.uclg.org and follow [@uclg_org](https://twitter.com/uclg_org) for more.

About UN-Habitat

UN-Habitat is the UN agency focused on our cities, towns and communities. UN-Habitat works in over 90 countries supporting people in cities and human settlements for a better urban future. Working with governments and local partners, its high impact projects combine world-class expertise and local knowledge to deliver timely and targeted solutions. The 2030 Agenda for Sustainable Development includes a dedicated Goal on cities, SDG 11 – to make cities inclusive, safe, resilient and sustainable. Visit www.unhabitat.org and follow [@unhabitat](https://twitter.com/unhabitat) for further information.

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