

High-level Policy Dialogue on Municipal Finance

Transforming Municipal Finance: Towards a Financial Ecosystem for Municipalities to Achieve the SDGs

Gran Hotel Miramar, Salon Real
Málaga (Spain), 9 April 2018

Background

The year 2015 was a watershed year for our collective future security and well-being. The Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda and the Paris Agreement on climate change, provide a roadmap for development and have the potential to increase our resilience to environmental shocks, build the economic security of all global citizens and accelerate the transition to a low-carbon and sustainable future.

The SDGs are universal. Their call to leave no one behind requires a universal effort and national governments alone will not be able to secure their implementation. 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. The SDGs cannot be met, and our future on the planet cannot be secured, without active engagement from local governments.

Climate change, urbanization, migration, and globalization are shaping a world where the local level and local solutions have become part of the global response to wider sustainable development challenges. In this context, municipal finance becomes central to addressing these phenomena. This is particularly important for secondary cities, including in the least developed countries, that do not currently have access to the required resources. The New Urban Agenda, approved in Quito in 2016, recognizes this central role of cities.

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 of the Addis Agenda promotes international cooperation “to strengthen capacities of municipalities and other local authorities.”¹

However, mobilizing adequate revenue for long term investment in inclusive and sustainable local development is not easy for secondary cities, especially in the least developed countries. The challenges include meeting recurrent expenditure obligations, maximizing own source revenue, achieving predictable and stable levels fiscal transfer from central government, developing alternative sources of finance, such as loans, PPPs and bonds. Weak institutions, inadequate legal frameworks, underdeveloped capital markets, and a lack of substantive and administrative capacity all contribute to deepen these challenges. Yet an adequate ecosystem for municipal finance is essential if we are to meet the SDGs.

Objectives

The objective of the event is to build a coalition that will advocate for, and achieve, the repurposing of municipal finance towards a *financial ecosystem for municipalities* that meets the SDG challenge.

This global coalition, led by United Cities and Local Governments (UCLG), believes that the challenge of municipal finance is fundamental to the SDGs (and indeed to our survival on the planet). The coalition will promote 4 or 5 global policy goals necessary to unlock finance for cities. These include issues of public accounting on national debt, issues on pooled financing and also asset allocation strategies of institutional investors. The coalition will include a network of cities and financial institutions that are showing what can be done. The coalition will elevate municipal financing from a niche to a mainstream issue. It will not be delivered through new projects or initiatives but will be delivered by sustained advocacy through existing channels and structures. Coalition members will be united by a common purpose and a common understanding.

The United Nations Capital Development Fund (UNCDF) will convene a meeting of the coalition each year, hosted by the Ayuntamiento de Malaga. The event will nourish the advocacy efforts by showcasing innovations in municipal finance and by identifying the financial mechanisms and regulatory reforms required. UNCDF will deploy its sub-sovereign and municipal financial instruments and technical assistance, together with partners such as Fonds Mondial de Développement des Villes (FMDV) and Cities Alliance to design, test and invest in innovations in municipal finance in a way that leads to their scale up and replication by central governments, development banks, pension funds and commercial banks. Together, the advocacy and innovation of the coalition will forge a new financial ecosystem for municipalities.

The High-Level Dialogue brings together mayors, government ministers, development banks and commercial banks to define what is required for a financial ecosystem conducive to municipalities:

- the paradigm shift required in municipal finance to make it central to the implementation of the SDGs;
- the policy reforms required;
- the innovations and actions required around expanding financial tools and capital available for local governments to bridge their financing gaps.

¹ United Nations (2015). Addis Ababa Action Agenda of the Third International Conference on Financing for Development.

Agenda

8.15 am – 8.20 am	Bus Departure
	Participants will meet in the lobby of Hotel Barcelo at 8.15am to depart to the meeting venue, Gran Hotel Miramar. Bus will depart at 8.20am sharp.
9.00 am – 10.15 am	Opening and Keynote Speech
	<p>Opening remarks</p> <ul style="list-style-type: none"> Ms. Judith Karl, Executive Secretary, United Nations Capital Development Fund (UNCDF) Mr. Francisco de la Torre, Mayor of Malaga <p>Keynote Speech: Transforming Municipal Finance towards a Financial Ecosystem for Municipalities to Achieve the SDGs</p> <ul style="list-style-type: none"> Mr. Mpho Parks Tau, President of the United Cities and Local Governments (UCLG) <p>Setting the scene for the day's work: Four roundtables to redefine the city as a development actor</p> <ul style="list-style-type: none"> Mr. David Jackson, Director, Local Development Finance, UNCDF
10.15 am – 11.30 am	Roundtable 1
	<p>Municipal Finance: The Local Government Perspective</p> <p><i>This roundtable will identify the strategic challenges the municipalities face in financing their development and then focus on some practical suggestions for meeting these challenges, including regulatory reforms and access to capital markets.</i></p> <ul style="list-style-type: none"> Mr. Oscar Angulo, Delegate of the Municipal Agency of Cooperation, La Paz, Bolivia Mr. Kiomoni Kiburwa Kibamba, City Director, Mwanza, Tanzania Dr. Nkosindiphile Xhakaza, Acting Executive Mayor, Ekurhuleni, South Africa Mr. Majid Batambuze, Mayor of Jinja, Uganda Mr. Francisco de la Torre, Mayor of Malaga, Spain Mr. Emmanuel Grégoire, Deputy Mayor, Paris <p>Moderator:</p> <ul style="list-style-type: none"> Ms. Emilia Saiz, Secretary General, UCLG
11.30 am – 11.45 am	Coffee break
11.45 am – 1.00 pm	Roundtable 2
	<p>Municipal Finance: The Central Government Viewpoint</p> <p><i>This roundtable will analyze the issues national governments face in supporting local governments and then look at what possibilities exist to increase the local fiscal space through greater local access to capital markets and private sector finance. It will also identify some of the potential risks involved.</i></p>

	<ul style="list-style-type: none"> • Mr. Benjamin Kumumanya, Permanent Secretary, Ministry of Local Government, Uganda • Mr. Barnabe Dassigli, Minister of Decentralization and Local Government, Benin • Mr. Muhammad Abdul Mannan, MP, Honorable State Minister, Ministry of Finance and Ministry of Planning, Bangladesh <p>Moderator:</p> <ul style="list-style-type: none"> • Dr. Rathin Roy, Director and CEO of the National Institute of Public Finance and Policy (NIPFP), India
1.00 pm – 2.15 pm	Lunch
2.15 pm – 3.30 pm	<p>Roundtable 3</p> <p>Municipal Finance: The Financial Institution's Outlook</p> <p><i>This roundtable will identify how financial institutions view sub sovereign finance and what constraints they currently face in financing municipal investments and municipal sponsored PPPs. It will then sketch out how these constraints could be overcome in the long term and what quick wins could be pursued to illuminate the path forwards.</i></p>
	<ul style="list-style-type: none"> • Mr. Anthony Nyong, Director for Climate Change and Green Growth Division, African Development Bank • Mr. Yohann Chaigneau, Senior Mandate Management Officer for Development and Impact Finance, European Investment Bank • Ms. Kirsten Offermanns, Senior Sector Economist, KfW Development Bank • Ms. Lada Strelnikova, Lead Investment Manager of the European Energy Efficiency Fund, Deutsche Bank • Mr. Alex Chirmiciu, Associate Director, Lead Economist, Infrastructure Economics, Policy and Governance, European Bank for Reconstruction and Development (EBRD) • Mr. Lars Gronvald, Head of Section – Cities, DEVCO/C5, European Commission • Mr. Vicente Ruiz, Economist, OECD Development Centre <p>Moderator:</p> <ul style="list-style-type: none"> • Mr. William (Billy) Cobbett, Director, Cities Alliance
3.30 pm – 3.45 pm	Coffee Break
3.45 pm – 5.30 pm	<p>Roundtable 4</p> <p>Pulling the Coalition Together: City, National and Financial Sector Actors</p> <p><i>This session will establish the basis of a coalition that will advocate for, and achieve, the repurposing of municipal finance towards a financial ecosystem for municipalities to achieve the SDGs. It will identify a shortlist of key policy questions to be resolved and the priority reforms that could be piloted or tested. It will conclude with a discussion, involving the audience, on where the coalition would be by this time next year.</i></p>

	<p>Plenary and agreement on policy and action targets for 2018</p> <ul style="list-style-type: none"> • Mr. Jean-François Habeau, Executive Director, Global Fund for Cities Development (FMDV) • Mr. Octavi de la Varga Mas, Secretary General, Metropolis • Panelists selected from the previous panels and other participants <p>Moderator:</p> <ul style="list-style-type: none"> • Mr. David Jackson, Director, Local Development Finance, UNCDF <p>Closing Remarks: Next Steps for the Coalition to Transform Municipal Finance</p> <ul style="list-style-type: none"> • Mr. David Jackson, Director, Local Development Finance, UNCDF • Ms. Emilia Saiz, Secretary General, UCLG
5.45 pm	Depart from Hotel Miramar and transfer to Hotel Barceló
8.45 pm	Pick up in the lobby of Hotel Barceló and transfer to the City Hall of Málaga (Gala dinner venue)
9.00 pm – 11.00 pm	Gala Dinner at Malaga City Hall
11.00 pm	Transfer to Hotel Barceló