Why Local Government Finance is Important for the Sustainable Graduation of the LDCs

March 2023

Abstract

Ahead of the upcoming LDC5 conference in 5-9 March 2023 in Doha, Qatar, this policy paper aims to highlight the importance of recognizing and elevating the role of local government finance in achieving global commitments outlined in the Doha Programme of Action (DPoA).

Globally, we are living at a time of great economic, social and geopolitical uncertainty. The Least Developed Countries (LDCs) have been dealt a particularly bad hand and need to accelerate three transitions in this uncertain time: 1) **urban transition** from rural to sustainable urban spaces; 2) **green transition** from unsustainable to clean development; and 3) **productive transition** from low to high productivity level [1]. These are more urgently needed at the city and local government levels given they are closest to citizens and deliver immediate and visible impact on their lives. At the local level, the COVID-19 pandemic also reversed progress made in these transitions as the associated fiscal impact has been asymmetric for cities and local government. [2] Aligned with the three transitions, a number of international and regional strategies set targets related to the sustainable LDC graduation, and one such upcoming conference is the LDC5. This is the second part of the DPoA conference, bringing together world leaders, governments, civil society, private sector, and youth representatives to build plans and partnerships to deliver on the Sustainable Development Goals (SDGs) by 2030. It is a once every ten-year conference to raise support and action on the priorities of the world's LDCs.

The paper argues that the current global financial ecosystem is not working for sub-national governments, and therefore, it puts forward a Malaga policy agenda as a conceptual framework on how LDC leaders and their development partners can advance a global financial ecosystem that indeed works for cities and local governments. The Malaga agenda includes five building blocks: intergovernmental fiscal transfers, own-source revenues, domestic capital markets, city-friendly investment funds, and global guarantees. These policies increase the capacity of sub-national governments by equipping them with the necessary financial and technical support to realize their full potential in providing sustainable public services and infrastructures. To further strengthen the case, the report showcases practical examples and solutions based on the evidence from UNCDF's pilot initiatives and programming in LDCs, including Uganda, Tanzania, Senegal, and Bhutan, and in non-LDCs to share replicable lessons for the LDCs. It also draws from the UNCDF's recent flagship publication – **Local Government Finance is Development Finance**, and the **2022 edition** of the **World Observatory on Subnational Government Finance and Investment (SNG-WOFI)**, featuring dedicated research of 31 LDCs. The paper ends with policy recommendations to specifically reference the role of local governments in the DPoA commitments and their associated technical and financial support in alignment with the Malaga agenda. Through this paper, UNCDF, as the UN's sub-national finance hub, calls government leaders, development finance institutions, and other UN agencies for urgent action to leverage the outlined policies as a guiding framework to further strengthen and advocate for the role of local government finance in ensuring sustainable and irreversible LDC graduation.

[1] Jackson, David (2022). Local Government Finance is Development Finance. The United Nations Capital Development Fund. New York.
[2] OECD and UCLG (2022). 2022 Synthesis Report: World Observatory on Subnational Government Finance and Investment. Paris.

Background

More than half of the world's population now live in urban areas, and it is projected to reach more than two thirds by 2050. [3] Against the backdrop of urbanization trends worldwide, the urban transition requires infrastructure investment to drive productivity, but many cities in LDCs will not be able to raise the required finance due to the projected gap of $1.2-2.3 trillion.[4] This is further exacerbated by funding needs for COVID-19 recovery given the urban poor were heavily impacted in terms of reduced economic activities and the associated municipal finances. According to a World Bank study of the impact of COVID-19 on municipal revenues in several cities in the global South, municipal own-source revenues declined anywhere between 5 and 30 percent in 2020. [5]

The 2022 SNG-WOFI report stated that between 2019 and 2020, the increase in subnational spending in 61 countries was mainly due to the increase in current expenditure (2.7% on average in real terms), with almost no increase in capital expenditure, which is as a result of COVID-19 response measures that were implemented. [6] This suggests the need for fiscal space of cities and local governments to be rebuilt, in addition to facilitating access to external financing to address the funding gaps for infrastructure. The ongoing climate crisis of rising global temperatures, natural disasters, and soil degradation also intensifies the funding gap as many developing countries reached 80% urbanization level, but still need to urgently upgrade their built environment to reduce emissions, adapt and build resilience. [7] As for productivity levels, it requires a shift to more efficient public and private institutions, increased fiscal space, and deeper domestic capital markets. Increases in fixed capital formation and in fiscal space as a proportion of gross domestic product (GDP) are indications of the economic transformation. For example, a ten percent increase in infrastructure development contributes to one percent growth in the long term. [8]

According to the Least Developed Countries (LDC) report from 2021, the average private investment for the 38 LDCs in the post-COVID world would need to more than double from $457 billion in 2017 to $1,050 billion in 2030, and about one-fourth of total investments should be financed by the public sector (26 percent) to finance the realization of the SDGs by 2030. [9] Even though the need for both public and private investment in LDCs is evident, the reality is not aligned according to the SNG-WOFI report from 2022, subnational governments play a key role in public investment, but such investment remains low in many regions, particularly in LDCs. For example, in 2020, subnational government investment amounted to 39.5% of total public investment and the level of subnational investment exceeds 50% of total public investment in 29 countries, and even 65% in 14 countries, mainly in non-LDC economies. However, in Africa, subnational public investment is less than 25% of total public investment, while it amounts to 47.2% in the Asia-Pacific. [10]

The research makes it clear that the level of subnational finance is not sufficient to realize the three transitions towards more green, urban, and productive society. It requires a financial ecosystem that enables cities and local governments to achieve the SDGs. However, it is key to acknowledge that each LDC country has its own systems, stages of development, and other contextual circumstances, hence the importance of assessing the entire ecosystems of the countries before applying any policies and practices. To this end, UNCDF conducts diagnostic assessments with donors before piloting innovative financing mechanisms, such as our most recent diagnostic assessment – "Improving the Ecosystem for Urban Finance in Africa" – in collaboration with the European Union. In 2018, the Malaga Global Coalition for Municipal Finance was created by the United Nations Capital Development Fund (UNCDF) and the United Cities and Local Governments (UCLG), in collaboration with the Global Fund for Cities Development (FMDV).

[3] The World Bank (2022). Urban Development Overview. Washington, DC.

[4] Floater, G., Dowling, D., Chan, D., Ulterino, M., Braunstein, J., McMinn, T. (2017). Financing the Urban Transition: Policymakers' Summary. Coalition for Urban Transitions. London and Washington, DC.

[5] Wahba, Sameh (2022). Can Cities Bounce Back Better from COVID-19? Reflections from Emerging Post-Pandemic Recovery Plans and Trade-Offs. The World Bank. Washington, DC.

[6] OECD and UCLG (2022). 2022 Synthesis Report: World Observatory on Subnational Government Finance and Investment. Paris.

[7] United Nations (2020). The Climate Crisis – a Race We Can Win. New York.

[8] UNCTAD (2020). Productive Capacities for the New Decade. The Least Developed Countries Report 2020. Geneva.

[9] UNCTAD (2021). The Least Developed Countries in the Post-COVID World: Learning from 50 Years of Experience. The Least Developed Countries Report 2021. Geneva.

[10] OECD and UCLG (2022). 2022 Synthesis Report: World Observatory on Subnational Government Finance and Investment. Paris.

The Coalition argues that without changing the current system, it will not be possible to transform our economies and address the challenges associated with human well-being, planetary health, and urban growth. Therefore, the Malaga policy agenda is proposed as a concrete path to developing the required financial ecosystem that consists of the five policy elements: 1) intergovernmental fiscal transfers; 2) own source revenues; 3) domestic capital markets; 4) city-friendly investment funds; and 5) guarantee funds for cities. Since 2018, the five elements are now fully set in motion, systematically addressing cities' and local governments' financing gaps for the achievement of the SDGs, Paris Agreement, and New Urban Agenda. The associated examples and solutions for each policy area will be outlined in this paper to prove the concept of using this framework in the DPoA to highlight the importance of local government finance.

LDC Programmes of Action: There is a number of global and regional programmes of action that outline plans and targets to make strides towards sustainable LDC graduation. In 2011, the Istanbul Programme of Action (IPoA) was established to overcome the structural challenges faced by LDCs to eradicate poverty, achieve internationally-agreed development goals and enable eventual graduation from the LDC country category by 2020. It outlined vision for the sustainable development of LDCs with a focus on developing their productive capacities during the decade of 2011-2020, reducing LDC vulnerabilities and addressing new challenges to development, such as effects of interlinked food, fuel and economic crises and climate change. As of 2021, the IPoA's progress towards enabling half the number of LDCs to meet the criteria for graduation by 2020 has accelerated.It set the goal of half of the LDCs, of which there were 24 at the time, meeting graduation criteria by 2020, and to date, 4 have graduated and 16 are at different stages of graduation. Unfortunately, consequences of COVID-19 impacted all areas of development progress in the IPoA of LDCs, enhancing the risk that the graduation of some countries might be delayed.

In general, the IPoA fell short of its goals and targets on achieving sustained, inclusive, and equitable economic growth, poverty eradication, and other areas of social and economic transformation. As a follow-up to the IPoA, in 2022, world leaders gathered in Doha with civil society, the private sector, youth, and governments at all levels to renew and strengthen commitments between the LDCs and their development partners. As a result, the Doha Programme of Action (DPoA) was adopted, and it lays out six priority areas, including: investment in people, utilization of science, technology, and innovation, structural transformation, international trade and regional integration, climate change and adaptation, and global partnerships.[11] The upcoming second part of the DPoA meeting will be held in March 2023 to finalize the plans and partnerships, and to raise support on the priorities of the LDCs. There are also regional-level programmes of action on LDC graduation, such as the New Partnership for Africa's Development (NEPAD) – the continent's blueprint and master plan to achieve social and economic transformation by 2063. As of 2022, the NEPAD agenda made significant progress in all objective areas from 37% to 84% achievement rates in inclusive growth, regional integration, good governance, investment in people, peace, culture, and global partnerships. [12]

While such global and regional programmes of action are broadly encompassing the entire ecosystem of relevant actors in LDCs, the role of local governments in the LDC graduation and the provision of dedicated technical and financial support to them need to be explicitly emphasized and recognized throughout these strategic documents. Currently, the DPoA mentioned local governments a few times in the importance of technical and financial support provision to them under Article 215, and in the need of wider stakeholder engagement as part of the larger system alongside national governments, civil society, academia, and the private sector under Article 27. [13]

[11] The United Nations (2022). Fifth United Nations Conference on the Least Developed Countries. New York and Doha.
[12] NEPAD (2022). 2nd Continental Report on the Implementation of Agenda 2063. Midrand.
[13] The United Nations (2022). Fifth United Nations Conference on the Least Developed Countries. New York and Doha.

However, local governments – in urban, peri-urban, and rural areas – should be recognized as one of the main agents of change because they are best-positioned to link global goals within their areas of work to benefit their local communities given their close proximity to the frontline realities and understanding of local needs. Many global leaders, UN agencies, and development partners are increasingly acknowledging the contribution of cities and local governments in the delivery of the SDGs. For example, the UN Economic Commission for Europe (UNECE) reiterated the importance of cities for achieving global goals, emphasizing that local-level actions are closest to citizens and have the most immediate and visible impacts on their lives. [14]

In the DPoA, one exemplary recognition of the role of local governments was connected to the localization of climate action, where support for local governments and building resilient communities was specifically called out as an extremely important action because local governments understand contextual needs and are on the front line of climate change adaptation action, and disaster risk reduction, response and recovery. In particular, under the heading – "Climate adaptation and building resilience, including sustainable management of natural resources," Local Climate Adaptive Living Facility (LoCAL), designed and launched by UNCDF in 2010, is earmarked as an 'existing initiative to support the LDCs on formulating and implementing national adaptation plans. LoCAL serves as a standard and internationally-recognized country-based mechanism to channel climate finance to local governments in LDCs, Small Island Developing States and African nations, as part of the Malaga Coalition. In order to not lose sight of important progress in made in local government finance worldwide, it is critical for these strategic documents to specifically reference the role of and the associated technical and financial support for sub-national entities.

To this end, UNCDF leverages its technical expertise and financial instruments to support LDCs and their local governments in strengthening basic service provision, improve governance and accountability, and smooth their urban, green and productive transitions. UNCDF's Local Transformative Finance (LTF) practice applies the Malaga policy agenda and its unique understanding of LDC structural transformation needs. While graduation is not an end to LDC development, it is a measurable means to more sustainable, resilient and inclusive development in the long run, even after countries transition to middle-income-country status. Enhancing economic transformation and productive capacities at the local level will accelerate LDCs' national recovery from the COVID-19 pandemic and bridge their development gaps. In this transformation process, the Malaga agenda's five elements will need to be utilized in LDCs, and each of the policy areas will be further discussed in this paper, along with practical examples.

Policy Area I: Intergovernmental Fiscal Transfers

Intergovernmental fiscal transfers (IGFTs) from the central to local government are the most important source of revenue for local governments in all countries, including rich and poor countries at both urban and rural levels. According to a review of 96 countries, IGFTs constitute over 50% of total revenues of local governments, which illustrates the significance of IGFTs for local governments and the associated development implications. [15] Effective IGFTs allow cities and local governments to deliver efficient and equitable public services, respond to global challenges at local level, such as climate change, and achieve development goals. This is because localities have both the mandate and comparative advantages to determine solutions tailored to local circumstances and adapt to external changes. The COVID-19 pandemic was a clear example of how targeted but fungible, discretionary IGFTs can equip local governments with the capacity to effectively respond to an unexpected challenge.

[14] UNECE (2019). UNECE Event Recognizes Local Governments' Role in Achieving SDGs. Geneva.
[15]Jackson, David (2022). Local Government Finance is Development Finance. The United Nations Capital Development Fund. New York.

While LDCs are heavily dependent on IGFTs from the central government, many developing countries face common challenges with designing and implementing effective IGFT systems for development finance at the local level, such as transfer size, transaction costs, and interference level.

Transfer size: Transfers are often only $1-2 per capita on average, which does not allow local governments to deliver a meaningful level of public services. This is often exacerbated by the high costs of achieving service standards, salary increases, and unfunded or underfunded mandates. While there is no best practice for the size of transfers since it depends on a specific context, it is key to ensure predictability and security for regular transfers to local governments. For example, safeguarding grant size in the medium term or providing a clear framework for adjusting transfers against tasks could provide some level of predictability and stability for local entities to plan accordingly. Another practice is to determine up-to-date expenditure needs and provide rough estimates based on reliable data, which was successfully carried out in Indonesia and the Philippines.

Distribution criteria: A lack of clear, transparent, and consistent systems for determining allocations can cause disparities across territories, reward poor performance in service delivery, and disincentives for local revenue mobilization and expenditure management. It is important to base grants on a clear set of criteria by factoring in the revenue potential and expenditure needs and costs of local governments. Best practices from Viet Nam suggest that allocating transfers based on service delivery outputs can also lead to more positive incentives for better performance.

Transaction costs: Fragmentation of funding via multiple earmarked schemes can overwhelm local governments and cause high transaction costs associated with grants management. These can be reduced by using a common reporting and monitoring system across national and subnational governments, and selecting a limited number of transfers by focusing on strategically important grant streams. For example, Denmark distributes a balanced combination of block grants and targeted earmarked grants in the areas of national priorities, which allows them to minimize transaction costs and increase efficiency.

Interference level: Excessive control by the central government will harm budget autonomy and flexibility at the local level, which would eventually harm the quality of public services being delivered to citizens. Finding the right balance between giving local governments the necessary discretionary power and minimizing the risk of bailouts should be carefully planned by national governments. For example, in China, they use a combination of general and specific grants, which ensures local-level discretion while still pursuing national targets.

Well-designed IGFT systems can help build trust in local governments, and shift from vicious cycles of deteriorating local governance to virtuous ones of performance improvement. The IGFT system should be managed efficiently in terms of predictability, timeliness, and transparency of fund allocations and be well-coordinated across government agencies. One such example under successful IGFTs is the Local Climate Adaptive Living Facility (LoCAL), which was designed in 2010 and launched in Bhutan in 2011 by UNCDF to promote climate change–resilient communities. As referenced in the DPoA, LoCAL serves as a standard and internationally-recognized country-based mechanism to channel climate finance to local governments in LDCs, Small Island Developing States and African nations.[16]

LoCAL promotes strategic use of IGFTs for development finance at the local level by increasing awareness and capacity to respond to climate change, integrating climate adaptation into local government planning and budgeting in a participatory and gender-sensitive manner, and increasing finance available to local governments for such adaptations. LoCAL combines performance-based climate resilience grants (PBCRGs) with technical and capacity-building support.

PBCRG can be seen as a targeted cross-sectoral grant with conditions attached to the use of its funding for climate change adaptation. Combined with regular allocations, PBCRGs enable investments in climate-sensitive sectors to become climate resilient over time. The Doha Programme of Action for the LDCs for 2022-2031 highlighted LoCAL as a measure to build resilience in LDCs through capacity-building and finance for adaptation to climate change, and encouraged its continued use in LDCs.

[16] The United Nations (2022). Fifth United Nations Conference on the Least Developed Countries. New York and Doha.

LoCAL's continued notable achievements include:

- As of 2022, LoCAL has engaged with 332 local governments in 18 countries since 2014, with a potential reach of over 15.6 million people. Another 16 countries expressed interest in joining LoCAL, which makes the total number of country reach 34. The potential scale-up is over half a billion people so far.
- Since 2014, LoCAL has mobilized more than US $130 million from own resources, donors, and parallel funding from governments.
- A LoCAL Ministerial Ambassadors' group of 10 ministers from LoCAL member countries are committed to taking a lead role in advocating for LoCAL as a country-owned mechanism for climate finance delivery.

A successful example is from Bhutan where LoCAL provided a scalable model for mainstreaming locally-led adaptations with grants to invest in community resilience-building projects. The first LoCAL investment was a climate-resilient bridge that continues to enable school attendance for hundreds of children. Today, the PBCRG system is being adopted as an integral part of the decentralized approach to adaptation and, with EU funding, is scaling up nationwide. More than 344 small-scale investments have been realized in 100 Gewogs, Bhutan, including bridges, farm roads with slope stabilization of landslide-vulnerable areas, drainage systems, rural water supply schemes, irrigation systems, soil conservation and erosion prevention, stormwater drainages and culverts to mitigate flood and landslide risks to farmlands, schools, homes, and other public and private properties in rural areas.

Another successful example is from Mozambique. Mozambique is severely affected by weather-induced disasters. Over the past two decades, the country has experienced an increase in extreme weather events such as droughts, floods and storms, which are expected to become increasingly frequent and intense in the future. To address these challenges, the LoCAL facility was designed to provide solutions by providing access to climate finance for local governments in eight districts in Gaza province and five districts in Inhambane province in 2014.

The LoCAL Facility supported budget allocation based on performance, by encouraging the districts that stand out the most through the State's Financial Administration System. The facility combined performance-based climate resilience grants, with technical and capacity-building support. By 2022, 30 of Mozambique's 154 districts are covered by the LoCAL methodology in nine of the country's 11 provinces, reaching approximately 3 million people. [17]

Policy Area II: Own-Source Revenues

An essential element of local government finance is own source revenues (OSRs), which consists of taxes and fees that a local government is authorized to collect. OSRs are strategically important for transformative infrastructure development because they often support the operation and maintenance of local assets. Ensuring proper budget allocation for the financial, human, and material resources to manage assets over their lifespan is critical because it allows continued delivery of essential services for citizens, such as transport, water and sanitation, and solid waste management.

The importance of OSR is acknowledged in the DPoA under Article 21 as a key contributor to the development process of the LDCs. [18] However, underinvestment on maintenance of infrastructure is often a financing gap and it is estimated to cause up to 2% loss in gross domestic product (GDP). Therefore, optimizing local OSRs is strategically important in ensuring day-to-day operations of local assets, delivering the promises of decentralization, and enhancing local governance and accountability, especially in low-income countries. OSR also provides a means for local governments to collect information about the level and quality of public services that their citizens desire as local governments need to provide improved services in exchange for taxes. Increasing OSR can also provide funding to cash-strapped localities whose responsibilities often surpass funding received from the national government, which could help facilitate access to credit for more infrastructure investment at the local level.

[17] UNCDF (2022). LoCAL Promotes Locally-Led Climate Action in Mozambique. New York.
[18] The United Nations (2022). Fifth United Nations Conference on the Least Developed Countries. New York and Doha.

While OSR benefits are widely accepted, using OSR systems in an adequate, effective, and efficient manner remains a challenge for many local governments in developing countries. For example, local governments in low-income countries generate only $12 per capita per year from OSR, compared to $2,944 per capita per year in high-income countries. Some of the key bottlenecks that explain these drastic differences include the following:

Authority: While local governments can influence national-level legislation on using and administering revenue sources, they do not possess sufficient OSR authority. This is because taxation is a key component of the national government's power, and it is not always easily or sufficiently devolved, compared to decentralizing functional responsibilities. Because local governments do not have the necessary OSR authority, low compliance rates become another challenge, which leads to decreased revenue at the local level. This structural challenge needs to be tackled by creating an enabling environment for local governments to possess the appropriate level of OSR authority for effective decentralization and regional equality.

Capacity: Developing the right OSR policies and building effective administrative systems to implement those policies require significant capacity from local governments, including on asset management. However, many localities in developing countries are often small and underfunded, lacking the human resources needed to develop OSR systems. These challenges are compounded by the fact that the nature of taxes and fees devolved to local governments is often not the easiest to administer or control politically. For example, taxes on land or property require costly, complicated, and contentious valuation rolls and are politically difficult to enforce against the will of local landowning elites. To address this bottleneck, capacity-building efforts are needed for local civil servants to devise and implement improved policies and practices, such as diagnostic tools or data systems for better OSR administration.

Incentives: Effective OSR policies and systems are often not in the interests of tax collectors, politicians or economic elites, all of whom benefit from tax loopholes, lack of enforcement, or reduced business or property tax rates. Since raising taxes is generally politically unpopular, local governments are often unlikely to optimize OSR, especially when they have access to politically 'cheaper' sources of funding, such as IGFTs. Such incentive challenges could be addressed by making information more readily available through adequate data management, reporting, and control systems to hold government officials accountable. Another solution is to make OSR optimization a precondition for local governments to receive funding, such as intergovernmental transfers and external credits from development partners.

In many local government contexts, old assets are often neglected and new ones are built without putting in place an asset management framework for proper maintenance over time. This hinders the economic and social sustainability of public infrastructure investments, leading to loss of OSR that could have been used for other purposes. To help address this challenge, UNDESA and UNCDF have developed a UN handbook for local and national governments on infrastructure asset management. The toolkits include a diagnostic tool, asset management action plans, emergency response plans, climate vulnerability assessment, and a tool for building enabling environment. Many developing countries participated in the pilot phase, including Tanzania, Uganda, Nepal, and Bangladesh, by engaging their local government staff in capacity-building and assessment activities to understand their current status quo and determine a framework for future actions. Such asset management practices can help local governments to better plan the allocation and spending of OSR across local expenditures in economically and socially sustainable ways.

Another example of UNCDF's work in promoting effective OSR reforms is its collaboration with ODI on the "Rebuilding Local Fiscal Space Initiative," which aims to provide tools and recommendations on improving local fiscal space in light of the challenges caused by COVID-19, including loss of OSR, non-conducive intergovernmental fiscal transfer systems, increased costs of service delivery, and loss of local economic development.

The diagnostic phase resulted in a report assessing the impact of the COVID-19 pandemic on the fiscal and economic health of the six pilot subnational governments (Chandpur, Bangladesh; Kumasi, Ghana; Gulu, Uganda; Telita, Moldova; Chiapas, Mexico; and Harare, Zimbabwe). Based on the initial findings, concrete workplans on enhancing OSR were developed for each government. Currently UNCDF and ODI are supporting five governments in the implementation of their workplans through three pillars: Policy, Practice and Learning; Technology; and Municipal Investment Finance. Support is focused on taxation reforms such as taxpayer registration and communication, capacity building and technical assistance in revenue generation, local economic development and accessing infrastructure financing. These reforms will help rebuild and strengthen local fiscal space and secure sources of OSR in the long term, which could be replicated in other local government contexts in the near future.

At the system level, UNCDF supports local tax administration in LDCs, using the International Monetary Fund (IMF)'s Tax Administration Diagnostic Assessment Tool (TADAT). In 2022 alone, UNCDF trained 273 local government officers on revenue administration, and supported development of fiscal decentralization strategy for new Member States. For example, in Somalia, the Financing Durable Solutions (FDS) initiative mobilized resources from IMF, who provided three Technical Experts to train Somali officials to enhance revenue administration in local governments and enhance subnational fiscal space.

A total of 60 subnational officials were trained on asset management. In Uganda, two cities of Arua and Gulu undertook TADAT to improve their OSR performance as part of the FDS initiative. In Kenya, TADAT was administered in three county governments (Nairobi, Wajir, Narok) to identify needs of capacity development, and assessment reports highlighted strengths and weaknesses of county revenue administration systems. In DRC, UNCDF supported local tax administration through improving OSR administration and management of the collected funds for greater transparency, accountability and better public service delivery. UNCDF also developed a pilot scheme, Local Authority Finance Institution Assessment (LAFIS) in Guinea, Mali and Benin.

LAFIAS is a concerted approach that aims, through analytical tools, to grasp problems linked to local management and governance and, in particular, the organizational operations of the authorities, their financing and the economic dimension of their development. It relies on diagnostics (organizational, financial and economic), public consultations and action plans created with input from all concerned stakeholders. The conclusions and lessons learned from the LAFIAS pilot were shared publicly to help improve finances and management of local authorities worldwide. [19]

An effective OSR enabling environment should also create space for local governments to tap into innovative sources of finance, which may include taxes on the digital economy. The digital economy is the economic activity that results from billions of daily online connections among people, businesses, devices, data and processes. As of 2017, research estimated that the digital economy was worth $11.5 trillion globally, equivalent to 15.5 per cent of global gross domestic product (GDP). Moreover, it has grown two and a half times faster than global GDP over the past 15 years. [20] The digital economy has brought about many benefits that may reduce the vast economic gap between developed and developing countries. And many wealthy countries reap the various benefits of the digital economy's success, but the story is not the same for LDCs. To change this, low-income countries should enact laws and make policies regarding digital platforms and their impact on their shores. If done correctly and effectively, such legislation and regulation could prove critical to the economic development they seek to achieve.

Several mechanisms for taxation of the digital economy exist, including direct (e.g. income tax, corporate tax, and digital service tax) and indirect types (e.g. consumption tax, VAT, goods and service tax, tourism tax, and occupancy tax). Taxing digital assets is challenging for everyone, but particularly for LDCs. Their existing tax regimes are inadequate to sufficiently address the pressing need to tax digital platforms. While local governments may not be able to access direct taxes on them, they could institute some form of revenue sharing with the central government in its taxation of digital platforms.

[19] UNCDF (2022). Local Authorities Financial and Institutional Management System. New York
[20] Jackson, David (2022). Local Government Finance is Development Finance. The United Nations Capital Development Fund. New York.

Central governments can impose indirect taxation on these digital platforms – and then remit some to local governments. One such way could be implementing a tax regime for digital vacation rental companies to benefit local governments. Unregulated short-term vacation rentals result in tax losses across all levels of government, and rental companies, such as Airbnb, will not voluntarily remit taxes without an arrangement or agreement in place. Until a standard regime is in place, central governments can implement indirect taxes, such as VAT, service and consumption with immediate effect. A policy or an amendment to existing laws can be implemented to bring digital companies into compliance. Once laws and policies are put in place, central governments should enter into collection and remittance agreements with the digital platforms. For example, for short-term vacation rental digital platforms, central governments can enter into a voluntary collection agreement through their department of revenue with the companies offering these services. The agreement will facilitate the reporting, collection and remittance of VAT to the central government either monthly, quarterly or annually, depending on the most suitable model.

Policy Area III: Domestic Capital Markets

Investing in city infrastructure is integral to most development strategies, and it is well recognized that such investments contribute to economic growth and human well-being. For example, improved roads and transportation allow for greater mobility of people, goods and services; cleaner water and sanitation lower morbidity; and green spaces improve sustainability. Under Article 244, DPoA calls for support from development partners on strengthening the capacity of domestic financial institutions, banking system, and affordable as well as stable financing for SMEs through credit lines that encourage venture capital funds and facilitate access to capital markets. [21]

This is because the current level of traditional financing mechanisms alone cannot deliver the necessary volume of local investments due to growing populations and the associated high demand for public services, increasing land values, and expanding local fiscal space. Reforms to improve both assigned and own sources are important if local governments are to be empowered to take proactive decisions on infrastructure rather than continue as passive responders to scattered grants.

These reforms are a first step towards empowering local governments to blend public sources of finance with private sources, so local public goods, such as infrastructure projects, can be created on a scale that lifts the city to higher growth in an equitable and environmentally responsible manner. Given the gaps between the investments needed and the available public sources of finance, blended finance becomes critical, and a key component of the package is access to capital markets by cities and local governments. In particular, local government borrowing and the issuance of municipal bonds would play a key role in achieving sustainable and transformative infrastructure finance by attracting investments at scale.

Despite the inherent value proposition of investing in municipal infrastructure, domestic capital markets remain significantly underdeveloped in most parts of the world due to a number of challenges. For example, cities must have the legal authority to borrow, create and pay for the use of the assets over time; however, many cities and local governments do not have this level of authority, and if they do, the direct borrowing is highly regulated with specific formulas that limit the amount of debt. Cities also have to be able to demonstrate a clear revenue stream to repay the borrowings for potential lenders to assess, which depends on the rationality of intergovernmental fiscal rules and the stability of own source revenues, including powers to levy and raise user charges. Another challenge is excessive borrowing at the national level, which reduces fiscal space for cities to borrow locally and invest in infrastructure. Such lack of domestic savings increases borrowing costs for cities and stimulate capital flight, making long-term funding scarce for local governments.

Cities and local governments need a holistic support of national and municipal policies that strengthen own source revenues, intergovernmental fiscal rules, and municipal borrowing frameworks to expand access to capital for cities of all sizes. In particular, below is the summary of best practices for promoting domestic capital markets, followed by different country cases that illustrate the successful practices of creating enabling conditions that linked capital markets with municipal finance.

- Promote debt that can lend to local and regional governments for transformative projects
- Implement equity partnerships that crowd in investment to local projects from domestic and international investors and build confidence through replicable projects

[21] The United Nations (2022). Fifth United Nations Conference on the Least Developed Countries. New York and Doha.

- Create specific budget lines for technical assistance for local and regional governments to build their capacity to structure transformative financeable projects
- Establish and increase intermediary instruments that channel climate finance to local and regional governments for effective public and private investment
- Create non-sovereign regional or global guarantees for local transformative investments
- Develop blended finance instruments and public-private alliances for city investments
- Advocate for local infrastructure investment as a prerequisite for national development

While connecting cities and local governments to capital markets may seem difficult at first glance, there have been many examples of success. For instance, UNCDF is working on the Blue Peace Bond that builds on progress in transboundary water basin management to provide the larger infrastructure at scale that can sustainably deliver water to the rapidly growing towns and cities and the Gambia River Basin. The four governments along the Gambia River Basin are committed to an innovative non-sovereign vehicle that will mobilize international finance for the anchor project linked to a masterplan of small, medium and large investments in both the public and private sectors. This is the first proposed bond in Africa that finances transboundary water infrastructure, and under this initiative, UNCDF will work with transboundary water entities to support peaceful collaboration along shared bodies of water.

Another example of effective domestic market development practices is the ongoing work of first-ever water infrastructure green revenue bond in Tanga, Tanzania. Due to population growth and expansion of service areas and economic activities, water demand increased yearly in Tanzania, and the water production level does not match installation capacity and the required demand/supply gap increase. The loss of revenue is still high due to dilapidated water supply infrastructure, which posed an opportunity for UNCDF to help scale up water investment projects.

Since government funds were limited, UNCDF provided technical support to the Tanga Urban Water Authority and Sanitation (UWASA) to issue a 15-year water revenue bond amounting to US$23.1m as part of project investment cost, with third-party credit guarantees from development partners, including UNCDF and other local and international organizations. The revenue raised from water bills would be used to service the debt, including principal and interest payments. This example illustrates the feasibility of meeting dire infrastructure needs by leveraging domestic capital markets with the required technical assistance and credit guarantees.

Policy Area IV: City-Friendly Investment Funds

City-friendly investment funds increase the ability of local governments and other sub-sovereign entities to address key urbanization challenges, such as local infrastructure gaps, through sustainable sources of public and private financing. In particular, this type of solution can work for certain infrastructure investments with dedicated revenue streams, such as mass transit systems. Such funds open up the local market for further investments by promoting policy and regulatory reforms, strengthening domestic capital markets for subnational finance, expanding international capital deployed to subnational finance, and building the capacity of local governments to access finance. In these investment funds, risk is mitigated by an investor owning the asset and managing it privately while producing the transformative outcome required. When these funds are designed and implemented through the “city-friendly” perspective, they can demonstrate the potential of municipal and local government finance to national regulatory authorities and international investors to deploy public and private capital for infrastructure needs of cities and local governments. While the DPoA references the importance of private and public investments at both domestic and international levels, it does not specifically talk about dedicated city-friendly investment funds in the context of LDCs.

Cities and local governments lack the necessary capacity to tap into investment funds and receive external credits. For example, they need coordinated support on conducting economic analysis and planning for capital investments, business plan development for investment projects, and tools for financial modeling and other projections.

They also need an enabling environment from policy, legislative, and regulatory perspectives, including technical support to financial mechanisms, such as project finance and domestic bond markets. Another area of support is on the pipeline of revenue-generating investments, such as support to projects in catalytic sectors that address the urbanization and climate imperative, value add to local economies, and proof of concept to market regulators and domestic financial institutions. However, at the root of these bottlenecks is the lack of transformative investments that are financeable. Many investment funds are focused on finding bankable projects, which could preclude transformational impact by restricting revenues to be ringfenced to create a commercially bankable structure and adjusting risks to repay commercial finance, but the same project may not meet transformation objectives. Instead, cities and local governments need an investment fund that promotes transformative and financeable projects that improve local productivity levels, contribute to planetary health, and impact local economic development.

One clear example of this solution is the creation of the International Municipal Investment Fund (IMIF) that has been designed as a ‘city-friendly’ fund. In alignment with the Malaga Coalition agenda, UNCDF launched the IMIF in October 2019 to serve as an instrument of the Coalition to support local SDG-oriented projects in developing countries. The IMIF is a unique, bespoke investment fund that raised over 350 million EUR to exclusively help cities and local governments leverage concessional and commercial capital in domestic and international markets. The Fund aims to finance urban resilient and sustainable infrastructure projects by investing in equity and quasi-equity securities to accelerate the achievement of the SDGs. In November 2019, UNCDF appointed Meridiam, a private infrastructure investment and global asset manager, to manage the IMIF. The IMIF features city-friendliness through its Technical Assistance Facility (IMIF-TAF) that was created and managed by UNCDF.

The TAF provides capacity strengthening and policy support to cities and local governments by helping them finalize investment projects to access credit and with relevant policy and regulatory reforms at the national level. The TAF harnesses the UNCDF Dual Key system to support local governments in developing a pipeline of revenue generating investments that ensures both development impact and financial sustainability. Support is targeted towards developing and emerging countries in particular sectors, including solid waste, water management and sewerage, urban development, transportation, and energy (renewable source and efficiency).

Under the IMIF-TAF, a successful example is UNCDF’s recent agreement with the city of Chefchaouen, Morocco, to finance a green public lighting project. With this project, the city of Chefchaouen aims to finalize the modernization of its public lighting network through compliance and safety investments in electrical cabinets, streetlights, cables, and energy efficiency investments by switching to low-energy LED lamps and other energy-saving equipment. The Chefchaouen project was selected through a competitive call for proposal jointly launched by UCLG and UNCDF for the IMIF-TAF. This project comes at no cost for the municipality as all the reimbursements will come from the savings of the municipality on public lighting, and a revolving fund will be created and funded by Moroccan partners. This will bring modern solutions for public lighting in most secondary cities in Morocco, and helps expand city access to the international finance, hence contributing to the achievement of global agendas, including the DPoA.

This innovative solution aims to provide proof of concept that municipalities can be capable of honoring financial obligations and therefore builds a case study that may be leveraged by other municipalities in Morocco and beyond to finance their infrastructure for upscaling. In particular, this can provide practical lessons for LDCs to potentially pilot the project in their own contexts. Another example at global level is Cities Bridge Facility, which is a collaborative initiative between UNCDF and Local Governments for Sustainability (ICLEI) that provides concessional loans, guarantees, reimbursable grants, and technical assistance to secondary cities and local governments in LDCs. UNCDF and ICLEI would work together to raise funds for the facility, source commercially viable projects, prepare projects, and provide end-to-end project management support.

The Cities Bridge Facility aims to make bankable projects more transformative by bridging the gap between profitability and impact, and make transformative projects more financeable by bridging the gap between public subsidies and reimbursable financing. The fund also aims at building national financing mechanisms for city infrastructure by bridging the gap between individual isolated projects and national pipelines. This facility is available to projects in secondary cities and local governments in LDCs, and it will consider projects seeking to raise a minimum of USD $500,000 and a maximum of USD 20,000,000 in total project costs, in local currency where possible The facility will deploy capital up to 30% of the total project cost to crowd in other investors and interested parties. The priority sectors include subnational public infrastructure in energy, transportation, water, sanitation, and climate adaptation. This is a USD 50 million program for five years and will support up to 50 projects in LDCs.

At the regional level, UNCDF also worked with the United Cities and Local Governments Africa (UCLGA) and set up the Africa Territorial Agency (ATA) to facilitate the access of African cities and local authorities to domestic and access international capital markets for city-friendly investments on affordable terms. The ATA will invest in local transformative infrastructure projects across Africa with a focus on investments driven by local governments that accelerate climate resilience and boost local economic development as cities emerge from the COVID-19 pandemic, which has severely impacted local fiscal space and local economies.
The ATA aims to create a city-friendly mutual investment vehicle, owned by the cities that invest in its shares. The ATA would invest in local currencies across Africa and would re-invest the surplus into the Agency or pay dividends to the city shareholders. The ATA would strengthen domestic capital markets by co-investing in the nascent municipal bond and local infrastructure bond market in Africa. The ATA would not be accountable to, nor would it repatriate profits to, international financial institutions. This would enable the ATA to develop a transformative investment policy to spearhead new sectors and business models for municipal infrastructure. If successful, the ATA will also provide a mechanism for the rebuilding of local fiscal space and the recycling of city reserves into Africa's sustainable transformation.

At the country level, UNCDF collaborated with Senegal's sovereign wealth fund, the Sovereign Fund for Strategic Investment (FONSIS) that makes equity and quasi-equity investments in projects that drive economic growth and job creation. FONSIS has a proven track record and a well-documented pipeline of projects and is focused on local development only (including funds dedicated to SMEs). UNCDF designed a joint program with FONSIS to establish an innovative financial mechanism addressing structural barriers faced by women while unlocking domestic public and private capital for gender transformative investments. The project engages with local authorities, project developers and women's groups to identify, fund and implement medium-sized projects that have a transformative impact on the livelihoods of women. The WE! Fund provides financial advisory services to each of its investment projects to further leverage its capital by bringing additional public and private funds into the financial structuring of the projects. UNCDF supported the fund in building their capacity on pipeline sourcing, deal structuring, due diligence and impact measurement standards, and piloting SME investments. The total cost for this initiative is USD $1.8 million of which 36% was granted by UNCDF and the remainder was raised locally, and the total investments are expected to result in 1,250 new full-and part-time jobs. In 2020, the Fund announced their first investment in the Senegalese startup – a women-led enterprise, MBURU. It is a bakery brand created in 2019 in Ngaparou, and specializes in the production and marketing of breads and pastries made from local raw materials, such as millet, corn, sorghum, and seasonal fruits. MBURU has developed a whole range of bakery products around the promotion of dry local cereals as a substitute for commonly imported wheat.

Another country-level example is the START facility that aims to support implementation of Development Initiative for Northern Uganda (DINU) programme's food security and nutrition component by improving access to affordable finance for agribusiness SMEs. START is structured as a blended finance facility providing business development services, project development and finance structuring services, and financial products. It aims at providing seed capital to incubation projects along agricultural value chain to promote supply of diversified food options in the region.

It provides seed capital in the form of concessional loans, zero interest loans (subject to special conditions), project-based guarantees and pre and post investment technical assistance grants. As of 2021, STAR provided concessional loans to 22 projectsand small business recovery support to 10 projects, in the total amount of over USD $8 million. Overall, the facility created market for 85,000 farmers in maize, livestock, and cassava production.

Policy Area V: Global Guarantee Mechanisms

Guarantees are a financial instrument to unlock public and private funding for local infrastructure by mitigating risks, increasing investor confidence in cities and local governments, and bringing down the cost of capital for municipal borrowing. In particular, concessional or publicly-funded guarantees for subnational governments can significantly accelerate transformative investments at the local level. The COVID-19 pandemic has presented a new, unprecedented source of investor risk that is depressing business confidence to historic lows. According to the World Bank, global foreign direct investment fell by 42% in 2020, from $1.5 trillion in 2019 to an estimated $859 billion—the lowest level since the 1990s. Against the backdrop of the COVID-19 pandemic and declining investments, it is critical now more than ever to unlock private financing for developing economies by mobilizing a diverse set of instruments, including guarantees.

The DPoA references the importance of guarantee arrangements and supporting LDCs to gain access to existing facilities under Article 118 connected to infrastructure investment gaps, Article 231 connected to climate and disaster risk financing, and Article 261 in relation to financial and technical support for the LDCs under guarantee mechanisms. [22] In the LDCs, the current level of local government lending and the associated financial mechanisms is not sufficient to enhance development finance and address critical infrastructure gaps. While there are some guarantors that operate a business model similar to insurance by collecting a premium for a guarantee and providing either a full or partial guarantee to the lender in the event of default, this type of scheme is not conducive to cities and local governments given their weak fiscal positions.

There are some public guarantors, such as the World Bank Group's Multilateral Investment Guarantee Agency (MIGA), but it operates at the sovereign level for priority projects of national governments by mitigating political and other risks for high-value transactions. Such lack of public or private guarantors in the sub-sovereign infrastructure space is due to the limitations of sovereign and private finance, a small market of transactions to guarantee, and the policy and regulatory restrictions on sub-sovereign finance. In order to facilitate credit access for cities and local governments, partial or full guarantees from the central government or international development partners are required.

Under this component, a successful example is a guaranteed investment facility for LDCs, which was established by a partnership between UNCDF and Swedish International Development Cooperation Agency (SIDA) to mobilize capital to the LDCs to contribute to the achievement of the SDGs. The SIDA guarantee issues a guarantee to UNCDF to support eligible SMEs, local municipal financing, and other eligible projects. The partnership would also enable financing to financial institutions, infrastructural projects, municipalities leading to enhanced market participation, resulting in poverty reduction, improved livelihoods, and economic growth. The investment focus of the partnership mainly aligns with the investment focus of UNCDF, including in priority sectors of food security, and nutrition/agribusinesses, financial inclusion and innovation, green economy and renewable energy, and infrastructure.

Similarly, in 2022, UNCDF has also been selected to carry out investments under the I European Fund for Sustainable Development Plus (EFSD+) as an exemplary initiative of the Malaga Global Coalition for Municipal Finance, featuring city-friendly guarantee funds. This investment programme will support transactions in secondary cities and river basins in Sub-Saharan Africa and South-East Asia to pilot and test innovative and scalable infrastructure financing solutions. The pipeline would consist of non-sovereign transactions sponsored by public entities, such as local governments, utilities, and regional water management organizations. These transactions will be accompanied with regulatory reforms to solve market failures and leverage additional financing from the market.

[22] The United Nations (2022). Fifth United Nations Conference on the Least Developed Countries. New York and Doha.

The programme will focus on the 1) financing of infrastructure in secondary cities; and 2) financing of transboundary water infrastructure by linking capital mobilization to legal and regulatory reforms. In particular, EFSD+ will use pilot projects to identify areas of reforms needed for proper market functionality, and the pilots will be used to define market parameters of valuation, risk metrics, and regulatory process of bond issuance to allow other commercial participants to scale the interventions. The funding size is €154 million, and the facility aims to address market failures by crowding in public and private finance to transformative projects, stimulating capital market development through local government bonds and defraying sovereign contingent liability for sub-sovereign or non-sovereign investments.

For the selected pipeline of projects, the EFSD+ guarantee facility will provide partial guarantees, and engage line-by-line guarantees and portfolio guarantees. The EFSD+ will issue guarantees through multiple channels, including stock exchanges, insurance entities to issue guarantees on behalf of UNCDF (e.g. local banks), one-on-one guarantees, sovereigns (e.g. SIDA) and private entities to co-guarantee with the EU guarantee. The guarantee will partially cover credit risks through guaranteeing the first loss of the transactions and this is expected to crowd in other market-based guarantors to provide further credit enhancement to the level of investors' satisfaction during a bond issuance process. Currency risks will be managed by issuing bonds or accessing bank financing in local currency, and any other risks with intermediaries will be mitigated by directly supporting the local stock exchanges to increase their capacity.

UNCDF will also utilize its own guarantees backed by SIDA guarantees in a risk-sharing effort with EFSD+ by sharing the minimum of ten percent of the guarantee issued to the 50 percent of the guarantee issued. Lowering such risks will further enable cities and local governments to access long-term and affordable financing from commercial banks and other investors for investment in sustainable urban development.

This Fund is a strong example of how non-sovereign guarantee mechanism can complement sovereign and private finance in funding urban infrastructure gaps.
At country level, since many local governments operate in different contexts with different intergovernmental frameworks and have uneven levels of experience in subnational investment, guarantee structures need to be designed in line with the specific characteristics of localities. In this regard, UNCDF conducts diagnostics before testing innovative financing mechanisms. One such example is the joint assessment of Togo, Tanzania, and Cameroon with the European Union – "Improving the Ecosystem for Urban Finance in Africa." The study revealed a detailed description and assessment of urban infrastructure funding for each country, relevant and appropriate alternative channels and sources of financing, recommendations to improve the arrangements for and structure of urban finance in the selected countries, and recommendations on how the EU innovative financing instruments may best be deployed. Then based on specific criteria, five cities were identified to support their infrastructure financing needs by strengthening their financial ecosystem, including the application of the Malaga policy agenda, and collaboration with the respective national governments and other stakeholders. This study produced a set of country-specific technical and policy recommendations and opportunities for the EU and other partners to tailor their support, including on intergovernmental transfers, own-source revenue mobilization, creditworthiness, debts and loans, public-private partnerships, and bonds. The evidence from the three country studies and the selected cities demonstrated that pipelines of bankable projects for international finance are the not the only key to the sustainable financing of rapid African urbanization for the green transition and for productive livable cities. In fact, an ecosystem approach is required, that recognizes not only the role of public finance but also the need for differential avenues of non-grant finance aligned with the five policy elements of the Malaga Coalition.

Conclusion and Policy Recommendations

The upcoming LDC5 is a strategically important conference to raise support and action on the priorities of the world's LDCs. Ahead of this critical event, this paper emphasizes the importance of recognizing and elevating the role of local government finance in achieving global commitments outlined in the DPoA. This argument was evidenced by the outlined examples and success stories from the LDCs that proved the concept of significant contribution of cities and local governments to the realization of the SDGs and Paris Agreement. To catch up on the IPoA commitments and accelerate the achievements in sub-national finance in all LDCs, all stakeholders gathered in Doha should advocate for applying the Malaga conceptual framework to the planning and implementation process of the DPoA. In particular, the following practical recommendations emerged to ensure that cities and local governments are referenced as active parts of the DPoA in alignment with the Malaga policy agenda:

Recognize and mainstream the active role of cities and local governments in all six priorities of the DPoA. Currently, the only section that specifically highlights the role of subnational governments is the fifth priority area on climate adaptation and building resilience under Article 211. Other sections encompass local-level stakeholders as part of the broader ecosystem of the LDCs instead of specifically calling it out as a key agent of action on the delivery of the DPoA commitments.

Specify how cities and local governments will be supported technically and financially to fulfill their roles for each of the six areas in alignment with the Malaga policy elements. When specifying the role and associated support systems for cities and local governments, consider applying the five policy elements outlined in this paper that are proven to work in the LDCs. This includes intergovernmental fiscal transfers, own-source revenue, domestic capital markets, city-friendly investment funds, and guarantee funds. Currently, four out of the five policy elements are broadly referenced in the DPoA as important to achieve the successful LDC graduation. However, they need to be further specified in terms of a clear Malaga-aligned policy path toward the LDC graduation. City-friendly investment funds were not specifically mentioned in the document, which needs to be included as part of the policy path.

In both LDC and non-LDC contexts, cities and local governments are the main engines of the public service infrastructure delivery for social and economic transformation. Therefore, it is important to ensure their sustainable financing as we accelerate the urban, productive, and green transitions to create livable cities in the LDCs. In this effort, global and regional programmes of action, including the DPoA, should be at the forefront of advocating for the increased visibility of cities and local governments and crafting out the dedicated support to them in the achievement of the SDGs by 2030.

About UNCDF

The UNCDF 2022 – 2025 Strategic Framework identifies UNCDF as a sub-national financing hub for the wider UN system and most importantly for the member states, cities and citizens that we serve. This function is driven and managed by UNCDF's Local Transformative Finance Practice (LTF) and, where appropriate, utilizes complementary functions such as the loans and guarantees platform (LDCIP).

The LTF team is united by a shared belief and understanding combined with a technical specialization. The belief is that a financial ecosystem that works better for regions, towns, cities and local governments in a necessary accelerator of the global development goals, especially – but not exclusively – with regards to the Least Developed Countries.

The technical specialization is the competence and skills to work with partners to build a policy environment and to pilot financial mechanisms, public and private business models that bring about this change. This competence built on over 20 years of experience in local government finance and local economic development finance.

Contact

For relevant inquiries, please contact UNCDF office in your country or use the following contact:

Email: info@uncdf.org
@uncdflocaldev
Website: www.uncdf.org
Call: +1 212 906 6565

UN Capital Development Fund Two UN Plaza, 26th Floor, New York, NY 10017