

2025 INFF Facility Partner Meeting

SESSION ELEVEN

Integrated local financing frameworks

Date and time: 23 January – 15:00-16:00

Session focal point: Tim Strawson (tim.strawson@undp.org)

Background

The global goals set out in the 2030 Agenda and Paris Agreement cannot be achieved without action at the local level. More than 100 of the SDG targets (62%) require the engagement and participation of local and regional governments;ⁱ 70% of climate solutions are within subnational jurisdictions.ⁱⁱ

Local and regional governments are at the forefront of service delivery in many social, environmental and economic sectors and are key investors in infrastructure. They play a key role in addressing cross-cutting challenges from food security and poverty reduction to gender equality and biodiversity loss. And they are primary responders and planners for managing risks associated with the triple planetary crises of climate change, biodiversity loss and pollution. Their proximity to local communities positions them to respond adeptly to emerging needs and is crucial for accountability, trust and the social contract.

Empowering local and regional governments to invest effectively in sustainable local development is crucial – yet the financial architecture and challenges they face often constrain their capacity to respond.

Local government mandates often far exceed the 21.5% of public spending that they account for on average.ⁱⁱⁱ Subnational infrastructure budgets are equivalent to just 1.5% of GDP globally and less than half that in Africa.^{iv} Local governments are reliant on fiscal transfers, which account for more than half of their revenue,^v and can often be unpredictable and designed to respond to national rather than local needs. Regulatory and capacity constraints often limit the ability to mobilise additional resources, diversify financing instruments or access international finance. At the same time, they must work within complex, multi-layered structures requiring partnerships with authorities at various levels of government for services and investment in different areas.

The Addis Ababa Action Agenda recognized the crucial role of local and regional governments in financing. It emphasized devolution of expenditure and investment and highlighted technical and technological capacity challenges. The Addis Agenda set out commitments to scale up cooperation to support local revenue and debt management, to promote lending and investment and support participatory approaches to financing.^{vi}

Since Addis many local governments have led innovations that are strengthening key components of the local financing architecture, mobilising and aligning resources with local priorities. Local and regional governments in more than 10 countries are using the integrated local financing framework approach to explore and strengthen financing for local priorities. The Revolutionary Government of Zanzibar, for example, is using the approach to advance financing priorities for blue economy, infrastructure, economic diversification, resilience and other areas, embedding an approach across public and private financing for these priorities within the planning and financing system. Innovations to strengthen tax collection, promote SDG-aligned investment opportunity areas and deploy an innovative sukuk instrument are ongoing.

Local and regional governments still face many of the challenges that were present when the Addis Agenda was agreed – and within a context often characterised by greater risk and vulnerability.

FfD4 presents an opportunity to build on the Addis Agenda. The zero draft of the FfD4 Outcome document^{vii} notes the importance of subnational finance within the larger objective of strengthening and aligning fiscal systems with sustainable development. It encourages stronger subnational finance, with diversified financing sources, by enhancing technical capacity, developing local municipal markets where appropriate and promoting fiscal transfers. It proposes support for both local and national governments to strengthen policies and practices in infrastructure management. As the preparatory process continues it will be important to reaffirm and go beyond the commitments at the subnational level in the Addis Agenda, to seek an ambitious, strengthened outcome that supports the crucial role of local and regional governments.

This session will reflect on the crucial role and needs of local governments, hear from the experiences of leading local actors and discuss priorities for strengthening commitment to local financing in the FfD4 outcome. It will also provide an opportunity to connect key partners who are supporting local financing for sustainable development.

Objectives

The primary objectives of this session are:

- Hearing from local policymakers on the growing application of the INFF approach at the local and subnational levels.
- Deepening collaboration across partners active and supporting the strengthening of local financing for sustainable development.
- Discussing priorities for local financing within the FfD4 outcome.

Guiding Questions

- What challenges hamper the ability of local and subnational governments to mobilise and unlock financing that responds to local sustainable development needs? How are governments using the integrated local financing framework approach?

- How can the national systems within which local and subnational governments operate be strengthened to make finance work for local sustainable development priorities?
- What support do local and subnational governments need to build capacities and gain enhanced access to financing?
- What commitments are needed in the FfD4 outcome to strengthen financing for local sustainable development?

Format

The session will begin by hearing from three local governments from partner countries about the financing challenges they face and how they are using the integrated local financing framework approach to strengthen local financing for sustainable development within their contexts. The panel will continue with representatives from two international networks/coalitions of organisations working to support local financing – the UCLG and the Local 2030 Coalition. Lastly, the panel will present the perspectives of the local ecosystem in Spain – FAMSI/WFLED and the actors of the decentralized cooperation -ECOPER. They will reflect on what they have heard, how they are supporting financing at the local level and ambitions for ILFFs in the FfD4 outcome. There will be 15/20 minutes for comments and questions from attendees of the Partner Meeting including one round of responses from panellists.

Agenda

60 minutes

TIME	SESSION	SPEAKERS
5 mins	Welcome + introduction	Moderator: Jordi Llopart , Senior Advisor on Strategic Alliances, UNDP and Coordinator of the Local 2030 Coalition's Working Group on Financing SDG Localization
30 mins	Panel discussion 5 minutes per panelist	Panelists: <ul style="list-style-type: none"> • Ana Fernanda Hierro Barba, Technical Secretary, Council for Strategic Planning, Nuevo León (Mexico) • Sipaphaphone Chounramany, Division Chief, Department of Planning, Ministry of Planning and Investment, Lao PDR • Pablo Fernandez Marmissolle-Daguerre, Assistant Secretary-General Partnerships, UCLG • Sébastien Vauzelle, Head of Secretariat, Local 2030 Coalition • Aitor Perez, Founder, Economistas de la Cooperación • Xavier Mestres Riera, FAMSI, World Forum on Local Economic Development
20 mins	Questions and comments	

5 mins	Key takeaways and implications for FfD4	Rapporteur: Andrea Costafreda , Director General International Cooperation, Government of Catalonia
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**Buffer time will be added to the above timetable to allow the transition between speakers*

ⁱ https://www.oecd-ilibrary.org/urban-rural-and-regional-development/a-territorial-approach-to-the-sustainable-development-goals_ba1e177d-en

ⁱⁱ Green Climate Fund.

ⁱⁱⁱ World Observatory on Subnational Government Finance and Investment, 2022 Synthesis Report.

^{iv} World Observatory on Subnational Government Finance and Investment, 2022 Synthesis Report.

^v World Observatory on Subnational Government Finance and Investment, 2022 Synthesis Report.

^{vi} Addis Ababa Action Agenda. See paragraph 34 in particular.

^{vii} <https://financing.desa.un.org/sites/default/files/2025-01/FfD4%20Outcome%20Zero%20Draft.pdf>