LOCAL 2030
LOCALIZING THE SDGS

# ROAD TO SEVILLE: THE LOCAL WAY

## Local Financing Solutions Delivering the SDGs

**June 2025**

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# Introduction

In a context of multiple, interconnected crises hampering sustainable development progress everywhere, systemic transformation at scale is the only way to accelerate the achievement of the 2030 Agenda for Sustainable Development. Subnational governments and local development stakeholders are central to this shift, as they own a significant part of the solutions and can ensure residents' ownership and articulation between local needs, priorities, and potential; national policies; and global agendas. Yet, the potential of these territories is often constrained by limited access to appropriate and coordinated sources of financing.

In February 2024, the Local2030 Coalition, the United Nations platform on localization of Sustainable Development Goals (SDGs) comprised of 14 UN entities and five constituencies (national governments, local governments, civil society/academia, the private sector, and youth), created a working group on financing the localization of the SDGs to bring the focus and expertise on local financing to the Fourth International Conference on Financing for Development (FFD4) process. The recommendations generated by this group have provided a framework for the Coalition's global engagement to promote and enable the localization of finance as a key driver for the implementation of FFD4's outcome. These recommendations are articulated in the Local2030 Coalition policy brief entitled **"Local Finance is Development Finance,"** published in December 2024.

The policy brief provided recommendations for the FFD4 outcome, and triggered wide support and engagement across the local development constituency. The policy brief contributed to informing intergovernmental negotiations; promoted successful, contextualized financing solutions from all parts of the world; and helped to build strategic partnerships to scale up these solutions for coherent implementation after FFD4.

As a part of the *Road to Seville: the Local Way*, the Local2030 Coalition–through its 14 UN entities and five constituencies, with strong support and leadership from Spain, FFD4's host country–engaged extensively in international fora (i.e. the Integrated National Financing Framework Partners' Meeting, the World Local Economic Development Forum, the Organization for Economic Co-operation and Development (OECD) Urban Days, the European Union (EU) – UN Policy Dialogue, etc.), to exchange and promote the recommendations laid out in this policy brief.

Moreover, consultations were organized worldwide through 30 workshops in all regions and at all levels, led by 20 organizations in total, including international organizations (e.g., the EU, the OECD, and the World Bank), Member States, regions/cities and their networks, civil society, private sector organizations, and youth. Over 1,000 people participated, and multiple local financing solutions were collected, complementing and providing concrete examples to illustrate the impact and deployment of the Local2030 Coalition's policy recommendations.

This synthetic report of the consultations is meant to present a sample of these local financing solutions with a proven track record of transformative impact, which, if brought to scale, can significantly accelerate the implementation of the FFD4 outcome at all levels. It will be delivered to the FFD4 co-facilitators, Zambia, Norway, Nepal, and Mexico, by Ms. Anaclaudia Rossbach, UN Under-Secretary-General and Executive Director of the United Nations Human Settlements Programme (UN-Habitat).

UN-Habitat is the lead of the Secretariat of the Local2030 Coalition and views localization as a key means of implementation of UN-Habitat's Strategic Plan 2026-2029, which puts housing, land, and basic services at its core as essential priorities to advance inclusive, safe, and sustainable urban development worldwide. All stakeholders featured in this report are part of the Seville Platform of Action on localizing development finance submitted by Spain, the Local2030 Coalition, and the OECD.

## Structure of the Report

Organized by regions, the report highlights solutions to key financing challenges and the lessons learned from addressing them. It is important to note that while the solutions in this report are organized by their primary response to specific challenges, they often address multiple issues. Annex 1 includes a matrix of case studies outlining the various challenges each solution tackles.

***"The Local2030 Coalition exemplifies the United Nations's commitment to uniting diverse stakeholders in addressing global challenges, beginning with the local communities and cities where transformative change occurs."***

Anaclaudia Rossbach
Under-Secretary-General and Executive Director of the United Nations Human Settlements Programme
UN Summit of the Future's Action Days


UN Photo

## Local Financing Solutions from Africa

Across Africa, local financing solutions are advancing fiscal decentralization, expanding community-driven funding, and improving revenue systems – particularly for youth, women, and underserved areas. These innovations are responding to deep-rooted structural and institutional constraints.

### Some of the main challenges addressed in Africa are:

1. **Structural Fiscal Constraints & Weak Legal Frameworks** – Local governments rely heavily on central transfers and lack the legal authority for borrowing, public-private partnerships (PPPs), or autonomous fiscal action.
2. **Weak Own-Source Revenue (OSR) Mobilization** – Tax systems are outdated, poorly enforced, and hampered by limited technical capacity in assessment and collection.
3. **Limited Financial Inclusion for Marginalized Groups** – Youth, women, and rural communities face exclusion due to inaccessible finance, poor product design, and low trust in formal systems.
4. **Institutional & Technical Capacity Deficits** – Local entities lack digital tools, SDG-aligned planning systems, and coordination mechanisms for effective implementation.
5. **Overdependence on Donors & Governance Weaknesses** – External funding dominates, while weak political commitment and low accountability threaten sustainability and scale.

The following examples address **structural fiscal constraints and weak legal frameworks**: the **African Union Commission** promotes continent-wide fiscal reforms to enable subnational borrowing; **Gauteng** demonstrates full funding for Integrated Development Plans (IDPs) through legal alignment and decentralization; and **Cabo Verde** advances OSR reforms by closing legal gaps in tax enforcement and property valuation to strengthen local fiscal autonomy and subnational action.

### African Union Commission | Development Fund for Local Impact

***Financing Solutions and Institutional Arrangements***

The **African Union Commission (AUC)** has recognized the need to create regionally coordinated financing tools that can support **localized development efforts** and reduce dependency on external aid. Promoted innovations include:

- **The African Union Development Fund (AUDF)**: Proposed as a pooled investment vehicle to mobilize and channel regional and domestic resources – including remittances, sovereign wealth, and private capital – towards development initiatives with local impact. The AUDF is designed to complement national efforts by targeting investments in community infrastructure, municipal services, and youth employment at subnational levels.
- **The Peace Fund**: While primarily focused on conflict prevention and peacebuilding, the AU Peace Fund has inspired the design of localized resilience financing mechanisms. Its structured governance, earmarked funding windows, and regional oversight serve as a model for local-level financing instruments that require stability, transparency, and political commitment.
- **Alignment with Agenda 2063 and National Development Plans**: The AUC has established mechanisms to support member states in aligning national plans with Agenda 2063 priorities. This includes integrating subnational targets and supporting data systems to monitor local implementation. The AU also facilitates peer learning and policy harmonization across countries to foster a shared investment ecosystem.
- **Advocacy for Fiscal Decentralization and Domestic Resource Mobilization**: The AUC promotes legal and policy reforms to enable municipal borrowing, enhance local revenue systems, and build creditworthiness of subnational entities. This includes supporting countries in establishing frameworks for municipal bonds, credit guarantee schemes, and public-private partnerships at the local level.

***Results and Scalability***

There is Increased recognition across African member states of the importance of **localized financing mechanisms**, with growing momentum behind the **AU Development Fund** as a regional tool that can co-finance local development efforts. In addition, the Peace Fund's governance structure is being used as a **blueprint** for similar funds that aim to enhance **community resilience** and local ownership of development financing. Cross-country dialogues on **municipal credit enhancement** and the legal reforms are required to enable **subnational borrowing**.

These developments show potential for **scaling through regional blocs** (e.g., ECOWAS, SADC, EAC) and **replication in national frameworks**. Peer learning platforms and continental monitoring systems are key enablers.

## South Africa | Fully Funded Municipal Planning: SDG Targeted Investments in Gauteng

***Financing Solutions and Institutional Arrangements***

Gauteng's financing approach centers on fully funding **integrated development plans** at the municipal level and aligning them with the **National Development Plan (NDP 2030)** and the **Sustainable Development Goals**. This alignment ensures public investment coherence across governance levels towards inclusive, climate-resilient, and sustainable development.

Gauteng promotes **targeted Investment for Inclusive Growth** through **municipal budgeting processes** are explicitly linked to socio-economic goals such as employment creation, spatial transformation, access to housing and services, and support for township economies. The province's "**Growing Gauteng Together 2030" (GGT2030)** strategy emphasizes **youth employment, skills development,** and **support for small businesses** as priority areas for public spending. Infrastructure investment is channeled into underserved areas to reduce urban inequality – for example, through housing upgrades, public transport expansion, and digital connectivity in townships and peri-urban zones. Gauteng municipalities have access to **equitable share allocations** and **conditional grants** from the national government, enabling them to fund locally driven development priorities without reliance on external donors. Furthermore, Gauteng integrates climate resilience, circular economy, and green infrastructure principles into its planning and finance frameworks. The Gauteng Climate Change Response Strategy is cross-referenced with city-level budgets, ensuring that mitigation and adaptation targets are costed and implemented at local scale.

Institutional arrangements for financing and coordination are structured to support effective local governance for sustainable development. The **South African Local Government Association (SALGA)** plays a key coordinating role, helping municipalities access national transfers and develop bankable, climate-resilient projects. The **Gauteng Provincial Treasury**, in collaboration with the **Department of Cooperative Governance (CoGTA)**, ensures fiscal discipline and project alignment across local municipalities. Transparency and accountability in fund allocation are maintained through the use of the **Municipal Standard Chart of Accounts (MSCOA)** system. These efforts are underpinned by the **Intergovernmental Relations Framework Act**, which provides the legal foundation for coordinated planning between provincial and local governments—crucial for achieving long-term SDG targets.

In addition, a parallel process is expected to further strengthen Gauteng's efforts through **Voluntary Subnational Reviews (VSR)**, promoted by SALGA. These reviews serve as a pioneering model for integrating local governments into SDG reporting, revealing a BRL 58 billion (USD 3.2 billion) funding gap for SDG-aligned services and emphasizing the need for regulatory reforms to enhance public-private partnerships and donor engagement. Provinces and municipalities, including Gauteng, have actively contributed to SDG localization and informed Voluntary National Reviews (VNRs) through subnational reporting, consultations, and institutional alignment.

***Results and Scalability***

Cities like Johannesburg and Soane lead in implementing urban initiatives, and Gauteng contributes to G20 processes on sustainability. The provincial plan, Growing Gauteng Together 2030, provides a roadmap to achieve a more inclusive economy and better quality of life. Institutional coordination, especially through the South African Local Government Association (SALGA), strengthens multilevel delivery. Climate funding has supported projects aligned with SDG 13 (Climate Action), SDG 12 (Responsible Consumption and Production), and SDG 15 (Life on Land), such as: Nature-based solutions to flooding and erosion, community recycling and waste reduction initiatives, and climate-smart agriculture in peri-urban zones.

## Cabo Verde | Strengthening Own-Source Revenue Collection in Cabo Verdean Municipalities for Sustainable Local Development

***Financing Solutions and Institutional Arrangements***

A central component of the program **"Promotion of Local Development in Cabo Verde"** focuses on **increasing local authorities' own-source revenues** through the application of an adapted **Rapid Assessment of Local Revenues (ROSRA)** methodology. This approach includes a comprehensive budgetary analysis to evaluate revenue trends, baseline surveys to understand actual collection potential, development and validation of recommendations, and incremental implementation of interventions. It also involves working with the national government to resolve legislative gaps and enhance transparency in local revenue collection.

The Ministry of Territorial Cohesion (MCT) provides general supervision, with technical supervision from MCT and the National Association of Municipalities (AMNCV). All 22 municipal councils actively participate, particularly their Finance Departments and Municipal Secretaries. The program is funded by the Grand Duchy of Luxembourg with the implementation support of UN Development Program (UNDP) and UN-Habitat.

In addition, a parallel process is expected to further strengthen Gauteng's efforts through Voluntary Subnational Reviews.

***Results and Scalability***

Preliminary results from the initial **budgetary analysis** indicate a significant potential for improving OSR collection, especially for IUP. The study has identified crucial challenges in municipal revenue streams, such as payment resistance, valuation difficulties, and outdated systems.

**Some municipalities have already implemented measures** like interest reductions, installment payments, and diverse payment methods. The program's strategy of individualized municipal engagement, baseline definition, and incremental implementation ensures high **scalability and adaptability across all 22 municipalities.**

The proposed guidelines for voluntary compliance, institutional strengthening, and regulatory frameworks are broadly applicable.

Addressing **weak own-source revenue mobilization**, Addis Ababa's experience (Property Tax Reform) shows full OSR reform with digital tools and valuation improvements, while Nairobi digitized 150 revenue streams and introduced green bonds, showcasing effective urban revenue innovation and improved own-source income aligned with climate-smart investments.

## Ethiopia | Addis Ababa: Enhancing Own-Source Revenue through Property Tax Reform and Digital Innovation

***Financing Solutions and Institutional Arrangements***

Addis Ababa undertook a set of financing reforms centered on **property taxation and system modernization**. One of the most significant changes was the **revision of outdated property tax rates**, which had long remained at a nominal 0.2%. These were raised to over **3% of assessed property value**, aligning more closely with actual market values and significantly increasing revenue potential. Complementing this, the city introduced a **comprehensive digitalization of its tax collection and financial management systems**, including the use of geospatial property mapping, electronic billing, and automated revenue tracking tools. This shift not only reduced inefficiencies and leakage but also enhanced transparency and taxpayer confidence.

Furthermore, Addis Ababa implemented a **structural reform of its property tax framework**, which included updated valuation methods, integration with land registries, and clearer delineation of taxpayer obligations, public awareness campaigns to build trust and encourage compliance, and institutional restructuring of tax collection authorities to improve efficiency and accountability. Together, these measures formed a coordinated financing strategy that improved the city's fiscal performance and laid the groundwork for sustainable urban development.

***Results and Scalability***

Over a five-year period, the city's **revenue increased** dramatically from ETB 30 billion to ETB 230 billion – an almost **eightfold rise**. This growth was driven by the digitization of revenue systems, which improved transparency and reduced leakage. Enhanced property tax compliance and collection efficiency also played a key role.

The success offers a scalable model for other African cities aiming to **strengthen fiscal autonomy through domestic revenue mobilization**.

## Kenya | Nairobi City County: Local Innovation in Green Bonds and Urban Resilience

### *Financing Solutions and Institutional Arrangements*

Nairobi City County has introduced **green bonds as a climate-smart financing tool** to attract private and institutional investment for sustainable urban infrastructure. These bonds are specifically structured to fund environmentally friendly projects that align with the Sustainable Development Goals and global climate objectives. Projects financed through green bonds include flood management systems, resilient public transport, solar-powered schools, climate-proofed markets, and the development of green public spaces.

To ensure credibility and attract investor confidence, Nairobi partnered with key institutions such as the Nairobi Securities Exchange (NSE), the Capital Markets Authority (CMA), and development finance institutions. These **partnerships supported regulatory compliance and facilitated third-party green certification**. The city targeted a **range of investors** including domestic institutional investors like pension funds, multilateral development banks, and green finance consortia. Importantly, all green bond-funded projects incorporate built-in monitoring frameworks aligned with SDG indicators, particularly SDGs 11 (sustainable cities), 13 (climate action), and 9 (infrastructure and innovation).

Beyond green bonds, Nairobi has implemented a **series of institutional reforms** to enhance financial sustainability and urban governance. The county digitized all 150 of its own-source revenue streams, significantly improving efficiency, transparency, and revenue collection. To strengthen coordination, Nairobi institutionalized a **multi-stakeholder forum** that brings together donors, community-based organizations (CBOs), and private sector actors to align development efforts. Additionally, public-private partnerships have been leveraged to deliver key services, particularly in the areas of urban mobility and waste management.

### *Results and Scalability*

Nairobi City County has achieved notable improvements in service delivery through SDG-aligned investments. Key outcomes include the implementation of **school feeding programs** that address multiple development goals—such as Zero Hunger (SDG 2), Good Health (SDG 3), Quality Education (SDG 4), Decent Work (SDG 8), and Sustainable Cities (SDG 11). The county has also advanced **climate adaptation efforts through the development of green infrastructure, climate-resilient markets, and expanded urban greening. Urban mobility** has been enhanced with the construction of non-motorized transport corridors and climate-resilient roads, promoting safer and more sustainable transportation.

These initiatives have increased domestic investment in public infrastructure by leveraging local capital markets, particularly through the innovative use of green bonds. Nairobi's **integrated approach is now being considered a scalable model by other counties** in Kenya and cities across East Africa seeking to **tap into climate finance and green capital markets for sustainable urban development**.

Responding to **limited financial inclusion for marginalized groups**, Mali and Burkina Faso use community-managed revolving funds for rural youth and women-led businesses. Makueni's PPPs support youth-led green enterprises through public co-financing and mentorship, expanding inclusion while aligning with environmental goals. These models foster trust, access, and empowerment for excluded groups.

## Mali | Youth-Managed Revolving Funds for Agro-Entrepreneurship in Koulikoro and Sikasso Regions | Financing for Local Governance and Youth Economic Inclusion

### *Financing Solutions and Institutional Arrangements*

In the Koulikoro Region, **youth-managed revolving funds** have been successfully established through a partnership between youth cooperatives and local governments, primarily aimed at supporting agro-entrepreneurship among rural youth. These funds have become a cornerstone of local strategies to boost youth employment and inclusive economic development.

**Municipalities played a crucial role in launching these funds, contributing up to 40%** of the initial capital — particularly in high-performing communes. This financing came from national decentralization transfers and local tax revenues earmarked for youth employment and economic development. The revolving funds were formally integrated into the Communal Development Plans (PDSEC), with annual budgetary allocations ensuring long-term sustainability. Local elected officials also take part in the multi-stakeholder management committees alongside youth leaders and civil society actors, providing both oversight and political legitimacy.

**The seed capital for these funds comes from a mix of municipal budget**s (typically 10-25% co-financing), **contributions from international development partners** such as SNV and Swisscontact, and **in-kind or savings contributions from youth cooperatives themselves**. The funds are managed by Youth Economic Interest Groups (GIEs) or cooperatives, under the oversight of municipal finance and planning commissions. Loans—either interest-free or low-interest—are issued to cooperative members, and repayments are recycled to sustain the fund.

**Local Management Committees (CLGs) govern the funds and include youth representatives**, municipal staff, civil society organizations (CSOs), and microfinance institutions. These committees are supported by ongoing capacity-building initiatives that strengthen financial literacy, cooperative governance, and agribusiness planning. The institutional setup ensures both community ownership and alignment with broader development policies, making the model resilient and scalable.

### *Results and Scalability*

Between 2017 and 2022 in Koulikoro, over **300 youth accessed a revolving fund**, with 70% engaged in value-added agricultural activities. The initiative achieved **loan repayment rates above 80%**, driven by strong peer accountability and local ownership. It also spurred the creation and formalization of youth-led cooperatives under OHADA cooperative law. The model's success led to its replication in at least eight neighboring communes in Sikasso, as reported by SNV. This approach shifted perceptions of youth from passive beneficiaries to active economic actors and development partners, while also strengthening trust as communities witnessed government commitment to investing in young people's futures. In addition, a parallel process is expected to further strengthen Gauteng's efforts through Voluntary Subnational Reviews

## Burkina Faso | Decentralized Community Finance Platforms Supporting Youth Agro-Entrepreneurship in Banfora and Gaoua

### *Financing Solutions and Institutional Arrangements*

In order to improve access to finance for youth and women in rural areas, **community-managed microfinance platforms** were established with initial **seed capital from local governments**, and supported by donor-funded projects such as the **Participatory Local Development Project (PDL)**, to offer small, targeted loans for income-generating activities.

The funds are **managed by local youth and women's associations** under the supervision of municipal authorities. **Municipalities typically allocate 5-10% of their development budgets** to establish and sustain these funds, drawing on both transfers from the national Fonds Permanent pour le Développement des Collectivités Territoriales (FPDCT) and their own-source revenues. The funds function as **revolving credit pools**, supporting youth-led activities in livestock fattening, vegetable gardening, poultry, and agro-processing. To ensure transparency and participatory governance, **local monitoring committees**—comprising elected officials, youth leaders, and civil society representatives—oversee fund management and implementation.

### *Results and Scalability*

Between 2018 and 2022, over **1,200 youth and women in Banfora and Gaoua accessed start-up capital**. With average **loan repayment rates exceeding 85%**, the initiative helped build trust in youth-led enterprises and demonstrated their viability. **Municipalities integrated the model into their five-year communal development plans**, ensuring continuity and dedicated budgetary space. The approach has been replicated in at least six other communes across southern and central Burkina Faso. The model also fostered stronger collaboration among local governments, civil society organizations, and youth associations in development planning.

## Kenya | Makueni County: Public-Private Partnerships Supporting Youth-Led Green Start-ups

### *Financing Solutions and Institutional Arrangements*

A county-level public-private partnership was established between **Makueni County Government**, the **Kenya Climate Innovation Center (KCIC)**, and **DANIDA** to fund and support youth-led green businesses. Makueni County allocated public funds to support youth green enterprises, matched by donor funds from DANIDA's Green Growth and Employment Programme. The Kenya Climate Innovation Center (KCIC) managed disbursement of seed grants and offered free business incubation and mentorship.

A joint steering committee comprising the County Government, KCIC, and DANIDA was established. Local implementation was coordinated through ward-level youth offices and community committees.

### *Results and Scalability*

Between 2021 and 2023, **45 youth-led businesses** were supported, resulting in the creation of over **300 jobs**. These initiatives promoted the adoption of clean energy, sustainable agriculture, and circular economy models, contributing to more resilient and environmentally friendly livelihoods. The co-investment structure and locally driven implementation approach have proven effective and offer a scalable model for replication in other counties across Kenya.

Responding to **institutional and technical capacity deficits**, Zimbabwe enhances planning and tracking through LADFMS, performance-based grants (PBGs), and revenue tools tied to SDG performance. Zanzibar builds coordination and forecasting via INFFs, digital tax systems, and district-level planning tools—key to building institutional readiness and technical capability.

## Zimbabwe | Advancing Local Financing for the SDGs in Zimbabwe

### *Financing Solutions and Institutional Arrangements*

Zimbabwe has adopted a multi-pronged approach to local SDG financing, anchored in its **Devolution and Decentralization Framework**. Key financing mechanisms include:

- Intergovernmental Fiscal Transfers (IGFTs) – There is a constitutionally mandated allocation of at least 5% of the national budget to local authorities. These transfers are designed to reduce fiscal disparities and support service delivery in underserved areas.
- Performance-Based Grants – Disbursements are tied to compliance with financial management standards and service delivery benchmarks. Thus mechanism, Implemented in partnership with the World Bank, encourages accountability and results-driven local governance.
- Community Co-financing – This mechanism mobilizes in-kind contributions and local resources from communities (e.g., labor, materials like sand and water). Citizens's participation in small-scale infrastructure and social projects strengthens social ownership and cost-efficiency.
- Internal Revenue Mobilization through enhancements in property taxation, business licensing, market fees, and service charges. Mobilization has been supported by the rollout of the Local Authorities Digital Financial Management System (LADFMS) to improve billing and revenue tracking.
- Blended and Innovative Financing – the Zimbabwe SDG Acceleration Fund was established to leverage donor, public, and private financing. The government is also promoting PPPs with cooperatives, diaspora networks, and local chambers of commerce to finance local development.

These mechanisms work together to **deepen fiscal decentralization**, strengthen local systems, and align public investment with SDG priorities at the community level.

### *Results and Scalability*

Zimbabwe is committed to sustainable, inclusive development, with local financing at the core of delivering SDG-aligned outcomes. The government is scaling up intergovernmental fiscal transfers, performance-based grants, and community co-financing to empower local authorities and citizens to drive development — one clinic, school, and borehole at a time. Key initiatives include the rollout of Local Economic Development (LED) strategies in Bulawayo, Mutare, and Gweru; urban infrastructure upgrades in Harare and Beitbridge (supported by AfDB and UN-Habitat); and community co-financing in rural districts like Mutoko and Gokwe.

These efforts have strengthened fiscal discipline, improved service delivery, and deepened community engagement in planning and implementation. Early results show successful scaling of LED and community financing models, particularly in rural areas, backed by strong partnerships with development and private sector actors. Zimbabwe's approach has supported multiple SDGs: 1 (No Poverty), 5 (Gender Equality), 8 (Decent Work), 9 (Innovation), 10 (Reduced Inequality), 11 (Sustainable Cities), 13 (Climate Action), and 17 (Partnerships).

Scalability is high. With targeted capacity-building, digital tools, and peer learning, the model can be adapted across diverse local contexts in the region.

## Tanzania | Zanzibar: Integrated National Financing Framework: Aligning Local Financing with Development Priorities

### *Financing Solutions and Institutional Arrangements*

The Revolutionary Government of Zanzibar localized the INFF approach and developed the 2024 Sustainable Financing Strategy (ZSFS), fully aligned with the priorities of the Zanzibar Development Plan (ZADEP) 2021–2026. Some important mechanisms and structures include:

- **Institutional Arrangements and Governance**: A dedicated INFF Oversight Committee was established, co-led by the Ministry of Finance and the Zanzibar Planning Commission, supported by a multi-stakeholder platform including sector ministries, private sector, and civil society. A Technical Working Group ensures coordination and implementation of the ZSFS.
- **Development Finance Assessment (DFA)**: A subnational DFA tailored to Zanzibar identified financing gaps, mapped public and private flows, and prioritized reforms. It provided the analytical foundation for the ZSFS and broader financing policies.
- **Capacity Building**: Targeted training strengthened government capacities in domestic revenue mobilization, blended and impact financing, and debt management.
- **Public Financial Management**: Building on the Public Service Reform Program, Zanzibar reviewed, redesigned, and digitized its local tax systems to enhance accountability and revenue performance.
- **Sovereign Sukuk Framework**: With support from UNDP and the Debt-for-SDGs teams, Zanzibar developed its first sukuk framework to finance social and climate projects in sectors like the blue economy, tourism, and infrastructure. It awaits a second-party opinion to certify alignment with global sustainability standards.
- **SDG Investor Mapping**: Launched by the Zanzibar Investment Promotion Authority (ZIPA) in 2024, the SDG Investor Map identified eight investment opportunity areas across four sectors – food and beverage (agriculture), renewable and alternative energy (technology), infrastructure (waste management), and services (hospitality and recreation) aligning investment promotion with ZADEP priorities.

### *Results and Scalability*

Zanzibar's SDG financing strategy has led to **increased local revenue** through digital payment systems and streamlined tax collection. Some key results are:

- The **digitalization of revenue collection** has enhanced interoperability, with digital systems now operational in **10 of Zanzibar's 11 regional administrations**.
- In February 2025, the President's Office launched Zanzibar's first sukuk—**TZS 1.115 trillion** (**approx. USD 450 million**) with a 10.5% return—to finance 12 major projects in fisheries, health, road infrastructure (TZS 498.4 billion), port (TZS 399.8 billion), and airport development (TZS 62.4 billion).
- Zanzibar's first Sukuk has been rated at **BBB+ long-term rating** based on its government guarantee, financial safeguards and economic foundation.

• Under the leadership of Zanzibar's Investment Promotion Authority (ZIPA), the SDG investor maps has allowed ZIPA to re-design its investment promotion marketing tool in line with the INFF approach and has already attracted **USD 5.5 billion in private investments**.

Addressing **overdependence on donors and governance weaknesses**, Ghana's CIFs demonstrates local ownership through co-financing and integration into district plans, reducing donor dependency, improving transparency, and ensuring sustainability via strong community monitoring and political commitments, Burkina Faso's revolving funds were sustained post-donor exit by municipalities integrating them into local budgets, showing strong political commitment and resilience against donor volatility.

### Ghana | Community Investment Funds for Women and Youth Empowerment in Northern Ghana

***Financing Solutions and Institutional Arrangements***

**Community Investment Funds (CIFs)** emerged as locally managed financial mechanisms embedded in district development strategies. CIFs are **district-level revolving funds** established to provide small grants or loans to women's groups and youth cooperatives for agri-processing, horticulture, shea butter production, and small ruminant rearing.

**District Assemblies contribute 20–30% of CIF financing annually**, drawing from the District Assemblies Common Fund (DACF) and Internally Generated Funds (IGF). This local commitment is **complemented by co-financing and technical support from development partners**, including the USAID RING Project (Resiliency in Northern Ghana) and, subsequently, the USAID ADVANCE program. **In-kind contributions from communities**—such as land, labor, and materials—further strengthen local ownership and sustainability of initiatives.

**The CIF is managed by District Planning and Budget Officers** under the oversight of the **District Planning Coordinating Unit (DPCU)**. Funds are distributed through community-level **calls for proposals**, with a focus on supporting registered women's groups and youth cooperatives. **Monitoring** is carried out by **Area Councils and Zonal Committees** in collaboration with local NGOs, ensuring accountability and alignment with local development priorities.

***Results and Scalability***

Between 2015 and 2019, CIFs supported over **4,500 women and youth beneficiaries across 17 districts**. Funded enterprises in districts such as East Mamprusi and Saboba reported productivity and **household income increases of up to 40%**. The **CIF model has been successfully integrated into District Medium-Term Development Plans (DMTDPs)** and reinforced by gender-responsive budgeting. Notably, several districts, including Sagnarigu and Gushegu, have sustained the CIF beyond donor project cycles by continuing funding through their own DACF and IGF allocations, demonstrating strong local ownership and institutional commitment.

### The key lessons learned from Africa are:

1. **Empower Local Fiscal Autonomy** — Local development thrives when legal frameworks enable borrowing, revenue generation, and financial management at the subnational level. Aligning local plans with national priorities further strengthens policy coherence and funding access.
2. **Strengthen Revenue Systems through Reform and Innovation** — Modern tax policies, digital tools, and transparent systems improve efficiency, compliance, and public trust—leading to stronger and more sustainable local revenue mobilization.
3. **Expand Inclusive and Locally Managed Finance** — Inclusive financing models embedded in local governance structures promote access for marginalized groups, build trust, and support community-led entrepreneurship and economic participation.
4. **Build Institutional and Technical Capacity for Delivery** — Robust digital systems, performance-based incentives, and integrated planning tools enhance the ability of local governments to plan, monitor, and implement development initiatives effectively.
5. **Foster Local Ownership and Accountability** — Sustainability improves when financing mechanisms are locally co-funded, integrated into official budgets, and supported by strong leadership, transparency, and community oversight.



UNHCR Photo

## Local Solutions from Asia

Asia is pioneering integrated financing frameworks, climate-aligned instruments, and coordinated public-private mechanisms to strengthen local investment. These efforts directly address barriers to sustainable local development.

### Some of the main challenges addressed in Asia are:

1. **Limited Fiscal Autonomy and Weak Creditworthiness** — Local governments lack revenue authority and strong credit ratings, limiting their ability to finance development or attract investment.
2. **Fragmented Institutions and Low Technical Capacity** — Poor coordination and limited expertise hinder planning, execution, and use of complex financing tools.
3. **Barriers to Climate and Green Finance Access** — Cities face regulatory, technical, and financial hurdles in accessing green and climate-related funding.
4. **Regulatory and Market Constraints** — Restrictive policies and underdeveloped capital markets block local access to private and innovative finance.
5. **Financial Exclusion and Gender Gaps** — Women and marginalized groups are excluded from formal finance and budgeting processes, limiting inclusive development.

In response to **limited fiscal autonomy and weak creditworthiness**, Japan's Finance Organization for Municipalities (JFM) addresses vertical fiscal gaps through centralized, pooled borrowing supported by strong national credit ratings. It ensures affordable, long-term financing for all municipalities.

### Japan | JFM: Bridging the Vertical Fiscal Gap Between Central and Local Governments

***Financing Solutions and Institutional Arrangements***

The **Japan Finance Organization for Municipalities** was established under national law to address this vertical fiscal gap by providing financial assistance to local governments. JFM supports municipalities through access to long-term, low-cost loans, enabling them to invest in public infrastructure and maintain fiscal health.

Key features of the JFM model include its **strong credit ratings**—S&P. A+, Moody's: A1, and R&I: AA+ as of March 2023—which allow it to borrow at low interest rates from domestic and international markets. These funds are then **on-lent to municipalities at stable, low-interest rates,** significantly reducing their borrowing costs. JFM operates under the **Local Government Borrowing Programme (LGBP)**, a nationally coordinated framework that establishes borrowing rules, promotes fiscal discipline, and aligns local financing with national policy objectives. As a **government-owned financial institution**, JFM also benefits from public oversight, ensuring transparency, accountability, and a consistent focus on the public interest.

***Results and Scalability***

As of FY2022, the Japan Finance Organization for Municipalities (JFM) held a loan portfolio exceeding **JPY 23 trillion** (USD 170 billion). Each year, it disburses **JPY 2–3 trillion** (USD 15–20 billion) in new loans through the Local Government Borrowing Program (LGBP), providing municipalities with stable, long-term financing for essential infrastructure.

JFM's pooled borrowing model has reduced municipal borrowing costs by **0.1–0.3 percentage points** compared to direct market access. Over **1,700 municipalities**, including small and rural localities, rely on JFM loans—often as their primary or sole source of affordable capital. Funds support a wide range of public services. Following the **2016 Kumamoto Earthquake**, JFM financed critical reconstruction, including roads, water systems, and public facilities. In rural areas, it has enabled infrastructure adapted to aging populations, such as accessible transport and community healthcare centers.

By offering low-cost, predictable financing, JFM enhances **local fiscal stability** and investment capacity. Its model—centralized credit access with decentralized implementation—is both **scalable and replicable**, offering a blueprint for countries facing similar subnational financing challenges.

Addressing **fragmented institutions and low technical capacity**, Punjab's Integrated Provincial Financing Framework (IPFF) unifies planning, finance, and PPP authorities, promoting inter-agency coordination and capacity-building. In addition, CCFLA/ESCAP National Assessment Tool supports national-local diagnostics and institutional reform, providing a replicable, systems-based framework across Asia.

### Pakistan | Punjab Integrated Financing Strategy for Sustainable Development Goals

***Financing Solutions and Institutional Arrangements***

To address its financing gap, Punjab adopted an **IPFF**, modeled on the Integrated National Financing Framework (INFF) to mobilize diverse public and private capital for the province's development priorities.

Key financing models include a **Provincial Climate Fund** for coordinating climate finance, and mechanisms like **voluntary carbon markets** and the **Clean Development Mechanism** to leverage carbon credits. **Impact investing** platforms are being developed to support investible businesses and attract investors 'private capital. In health and infrastructure, the IPFF promotes **telemedicine PPPs** to expand rural access and reduce costs, alongside **structured finance models** for hospitals and housing combining land, construction loans, and credit guarantees. An **Infrastructure Guarantee Fund (IGF)** is also planned to de-risk private investment and support long-term projects.

Strategy Implementation is anchored by the **Planning and Development Board, Finance Department, PPP Authority,** and development partners, aligning financing strategies with provincial development goals.

***Results and Scalability***

Punjab's IPFF has aligned key development frameworks—**Growth Strategy, Spatial Strategy,** and **Annual Development Program**—with financing plans, creating a coherent foundation for mobilizing resources. A validated **financing roadmap**, developed through multi-stakeholder consultations, supports a growing **pipeline of impact investments** and showcases investible businesses to attract private capital. Scalable models for **telemedicine** and **hospital financing** have been developed, while **green finance** and **climate mechanisms** open new revenue streams through global **carbon markets**. Early actions—such as policy alignment and pipeline development—offer a replicable model for other regions. The approach also strengthens the potential to **mobilize private capital** and deepen partnerships with **development agencies** and **local businesses**.

### Regional | National Assessment Tool to Evaluate Enabling Conditions for Local Urban Climate Finance

***Financing Solutions and Institutional Arrangements***

To advance improved access to local (urban) financing of climate and SDG-related actions, the Cities Climate Finance Leadership Alliance (CCFLA) and ESCAP introduced the **National Assessment Tool** under the Urban-Act project. Used by national governments with input from local actors, the tool evaluates and strengthens the enabling environment for urban climate finance. It assesses 64 dimensions across four areas—**Climate Policy, Budget & Finance, Climate Data,** and **Vertical/Horizontal Coordination**—to identify gaps, guide reforms, and align national systems with local financing needs. Through structured diagnostics and stakeholder engagement, the tool supports more effective and inclusive SDG implementation at the local level.

***Results and Scalability***

Pilots in India and Indonesia **revealed key gaps** in intergovernmental fiscal transfers and support for subnational green budgeting, while also **identifying opportunities to improve access to domestic and international finance**, including blended and innovative instruments. The tool informed follow-up actions such as roadmap development and integration of climate indicators into national planning. Its adaptable design allows for replication across diverse governance contexts, and a complementary Subnational Enabling Framework Conditions (EFC) Tool is being developed to generate more granular, city-level insights.

Addressing **barriers to climate and green finance access**, Yokohama facilitates access to climate finance through SDG-aligned certifications and MDB partnerships, helping local businesses connect with global green finance mechanisms.

### Japan | Yokohama City's Bilateral Local-Global Financing Approaches and Contribution to SDG Localization

***Financing Solutions and Institutional Arrangements***

Yokohama City developed complementary **local and global financing strategies** through public-private collaboration and international partnership-building.

**Locally**, Yokohama launched the **Y-SDGs Certification System** in 2018 to incentivize businesses and organizations **working toward the achievement of the SDGs**. The system evaluates applicants across four domains—**Environment, Society, Governance,** and **Local Community**—using a set of 30 indicators. Based on the maturity of their initiatives, organizations are certified at one of three levels: **Standard, Superior,** or **Supreme**.

Certified entities benefit from both financial and non-financial incentives. These include increased visibility, use of the Y-SDGs certification logo, preferential treatment in public procurement, and subsidies for credit guarantee fees under city loan programs. The certification also provides standardized data for financial institutions to support ESG investment decisions. Currently, **10 financial institutions** offer tailored services to certified businesses, helping build a **self-sustaining local ecosystem** of capital recirculation and sustainable enterprise growth.

**Globally**, Yokohama promotes sustainable urban development through collaboration with multilateral development banks (MDBs). Since 2012, the city has hosted the **Asia Smart City Conference**, engaging institutions like the **Asian Development Bank (ADB)** and the **World Bank** to foster knowledge exchange, **enable business-matching**, and strengthen local-global partnerships in sustainable infrastructure.

Since 2024, Yokohama has deepened this engagement by hosting workshops for local businesses on MDB procurement and project development. Featuring MDB staff and case studies, these sessions help companies navigate multilateral project cycles and connect with global opportunities, positioning Yokohama as a hub for urban sustainability and international cooperation.

***Results and Scalability***

As of May 2025, **825 companies and organizations** have received Y-SDGs certification, reflecting a growing coalition of sustainable actors within Yokohama's local economy. The initiative has not only gained traction among businesses but also strengthened public-private cooperation around SDG implementation.

In **2023**, the Y-SDGs certification program received the **Urban Finance Award** from **UNESCAP** and **CITYNET** affirming its innovative approach to urban finance. The model has since attracted interest from other Japanese and Asian cities seeking to replicate its dual local-global strategy.

In **May 2025**, at the **ADB Annual Meeting**, Yokohama's Deputy Mayor presented the city's **carbon neutrality strategy** and its upcoming role as host of **GREEN×EXPO 2027**, in a high-level session alongside the ADB Vice President and the Mayor of Milan. Following the meeting, the **ADB Transport Sector Leadership Program** was held in Yokohama, spotlighting sustainable mobility and resilience strategies in the **Minato Mirai 21 district**. The program featured climate-adaptive infrastructure, reinforcing Yokohama's leadership in urban innovation.

Enabled by the Securities and Exchange Board of India's regulatory reform, Ahmedabad issued India's first green municipal bond, demonstrating how policy shifts can unlock sustainable infrastructure finance from capital markets. This experience showcases a clear response to **regulatory and market constraints**.

### Regional | Ahmedabad: Pioneering Municipal Green Bondsfor Urban Sustainability

***Financing Solutions and Institutional Arrangements***

In 2017, the **Securities and Exchange Board of India (SEBI)** eased regulations to promote municipal bond issuance, especially in the form of **green bonds** aligned with sustainability goals. Ahmedabad, with a history of prudent financial management and a **credit rating of AA+**, became the first Indian city to issue a **green municipal bond** in 2019.

Backed by fiscal discipline, transparent governance, and participation in central government programs like **Smart Cities** and **Swachh Bharat Mission**, the **Ahmedabad Municipal Corporation** issued a green bond worth **INR 2 billion (USD 26.2 million)**. The bond had a **five-year maturity** with an **interest rate of 8.7%**, and it was **oversubscribed**, signaling strong market confidence. The funds were allocated to environmental infrastructure projects, particularly **wastewater treatment and river rejuvenation along the Sabarmati River**, in line with **urban green growth principles** that promote resource efficiency, pollution reduction, and enhanced quality of urban life.

### *Results and Scalability*

Ahmedabad's oversubscribed bond issuance, which raised INR 2 billion (approx. USD 26.2 million) for green infrastructure, highlights how **access to capital markets can reward sound governance and environmental responsibility**. The initiative demonstrated strong investor interest in well-managed, sustainability-focused municipal projects and provided a clear template for other urban local bodies. It underscored the importance of strong credit ratings, transparent project pipelines, and the integration of green growth objectives into city planning. Aligned with national climate goals and supported by global and domestic frameworks, the Ahmedabad model offers a replicable pathway for cities that strengthen fiscal discipline and institutional capacity.

Two experiences address **financial exclusion and gender gaps**. SEWA's trust-based bridge financing model enables access to credit for excluded women in India. Penang complements this with a government-led institutional model for mainstreaming gender equity in budgeting.

## India | SEWA: Financing Women-led Collective Enterprises in India

### *Financing Solutions and Institutional Arrangements*

To meet the financial needs of Women-led Community Enterprises (WCEs), SEWA Bank pioneered and **localized the bridge institution model** in India as a catalyst for economic empowerment and gender equity. As a bridge institution, SEWA played a pivotal role in providing tailored soft loans, building capacity, and acting as an intermediary between WCEs and formal financial institutions. During crises such as COVID-19, SEWA and its partners implemented blended finance models that combined grants with low-interest loans to ensure continuity of operations. They also introduced patient capital mechanisms with flexible terms and minimal collateral requirements, recognizing the unique financial realities of WCEs. Additionally, SEWA contributed to the development of customized loan products using an 8P framework—Product, Price, Promotion, Place, People, Process, Positioning, and Physical Evidence—ensuring **financial services were both accessible and appropriate** for collective enterprises.

### *Results and Scalability*

Over **85% of WCEs expressed a strong preference for credit models supported by bridge institutions**, which proved significantly more effective in helping them secure loans and manage repayments. Beyond SEWA, other bridge institutions such as SIDBI, NABARD, Rang De, Samunnati, and PRADAN have emerged to support community-led enterprises across various sectors. These models demonstrate strong potential for scaling across India and similar rural economies, particularly where women's cooperatives play a central role in livelihoods. A pilot rollout is currently underway to test working capital models at scale.

While national and state-level government institutions like NABARD and SIDBI offer important support through policy frameworks, credit schemes, and funding for FPOs and SHGs, these efforts remain fragmented and often misaligned with the realities of WCEs. Without the intermediation of bridge institutions, many women's collectives struggle to access or benefit from existing government programs. A key opportunity lies in better localization, simplification, and adaptation of public financing mechanisms to more directly support WCEs and enhance SDG localization.

## India | Gender-Responsive and Participatory Budgeting in Penang

### *Financing Solutions and Institutional Arrangements*

**Gender-responsive and participatory budgeting (GRPB)** was introduced as a strategy to make local governance more inclusive, participatory, and responsive to real community needs. In 2012, PWDC partnered with two local councils—Majlis Perbandaran Pulau Pinang (MPPP) and Majlis Perbandaran Seberang Perai—to launch a three-year GRPB pilot. Each council allocated RM 200,000 (approx. USD 46,000) annually, with PWDC providing technical support and training.

The process involved **capacity-building** for local officials and community facilitators, **inclusive consultations**—especially with women—to identify needs and co-design solutions, **gender analysis of budget proposals,** and **participatory forums** for project prioritization.



In 2015, a third council joined through the Duit Kita, Hak Kita ("Our Money, Our Say") program, which allocated RM 100,000 (USD 23,000) across 17 community groups. Residents directly decided how funds were used, ensuring alignment with grassroots priorities.

### *Results and Scalability*

- The pilot GRPB process was recognized by the **International Observatory on Participatory Democracy** in 2014 as a **"Good Practice in Citizen Participation"**, earning **special mention** alongside initiatives from Mexico and Peru.
- In 2016, PWDC published a **handbook** on GRPB to guide replication in other Malaysian states and municipalities.
- The initiative **increased participation by women and marginalized groups** in local governance and budget decisions. It **strengthened transparency and trust** between citizens and local authorities.
- GRPB has since become **institutionalized in Penang**, with training workshops and technical assistance offered to other local governments throughout Malaysia.

## Philippines | Financing Inclusive Agri-Value Chain

### *Financing Solutions and Institutional Arrangements*

The Agricultural Credit Policy Council (ACPC), under the Department of Agriculture, provides inclusive and affordable financing solutions to empower smallholder farmers and fisherfolk across the Philippines. Established in 1986, ACPC implements key programs such as Agri-Negosyo (ANYO), KAYA (Kapital Access for Young Agripreneurs), and the Agro-Industry Modernization Credit and Financing Program (AMCFP). These programs offer zero or low-interest loans with minimal collateral and flexible repayment terms, delivered through partner financial institutions and cooperatives. Financing is tailored to the needs of agri-based enterprises and supported by capacity-building.

One of the recipients of the Agri-Negosyo (ANYO) program is AGREA Agricultural Systems, a social enterprise that used the financing to procure produce directly from smallholder farmers and invest in logistics—enabling reliable farm-to-market delivery and reducing post-harvest losses.

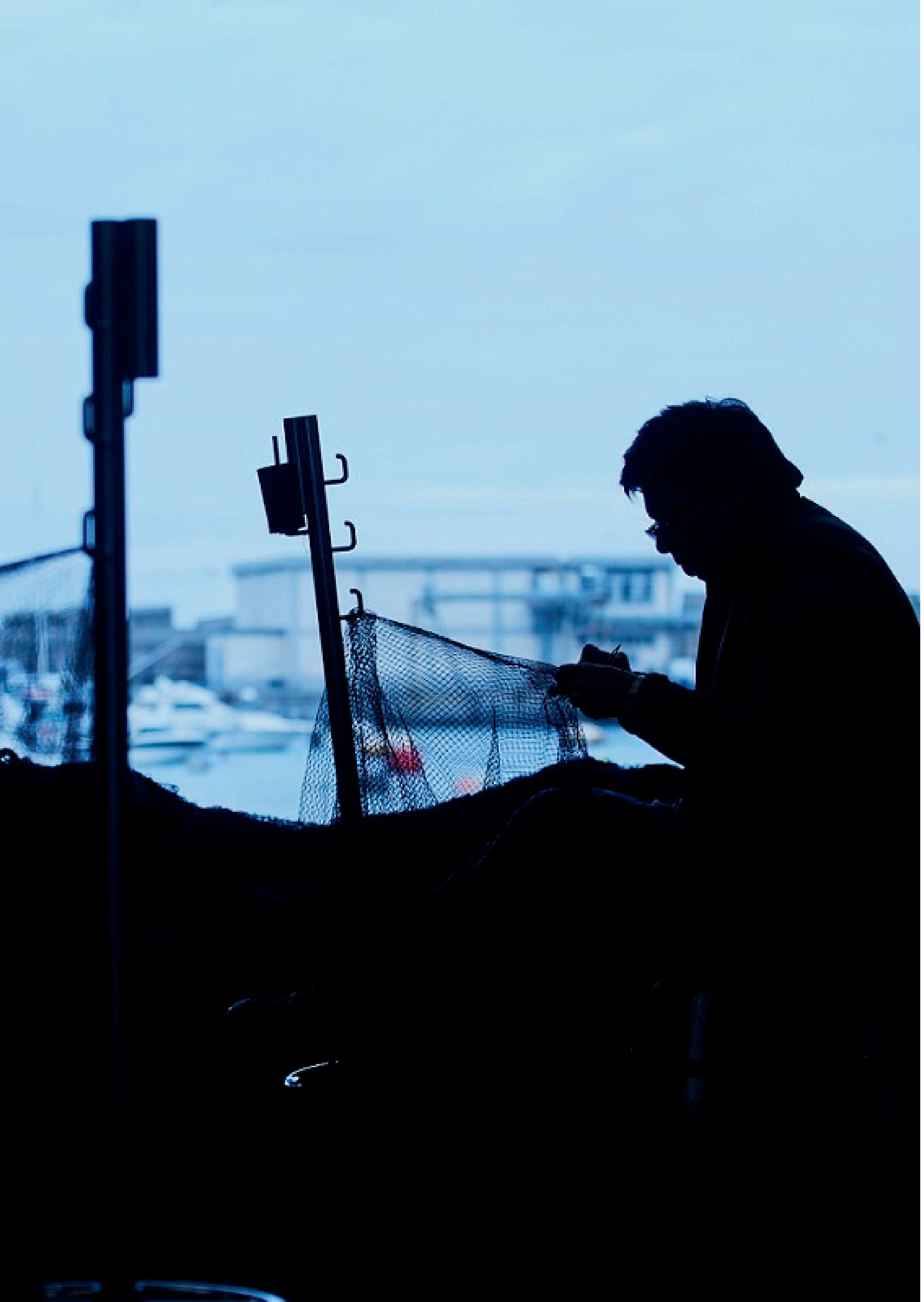
### *Results and Scalability*

From 2019 to 2022, ACPC disbursed over PHP 24 billion in loans to more than 400,000 smallholder farmers and fisherfolk nationwide. Its programs strengthen the agricultural value chain by supporting enterprises that offer both financing and operational support.

AGREA's experience as an ANYO recipient shows how ACPC's model delivers impact on the ground—enhancing incomes, market access, and logistics for farmers. With flexible, replicable approaches, ACPC's financing solutions are scalable across regions and agri-value chains, offering a strong foundation for inclusive and resilient food systems in the Philippines.

## The key lessons learned from Asia are:

1. **Expanding Local Access to Capital through Coordinated Financing and Fiscal Resilience** — Nationally coordinated mechanisms, legal frameworks, and pooled borrowing can empower local governments with affordable capital and improved creditworthiness.
2. **Enhancing Institutional Coherence and Capacity for Effective Local Financing** — Integrated frameworks and targeted capacity-building strengthen coordination, enabling local governments to plan and manage sustainable finance more effectively.
3. **Unlocking Climate and Green Finance through Local Innovation and Policy Alignment** — Credible local mechanisms, enabling policies, and engagement in global platforms increase access to climate finance and accelerate green development.
4. **Enabling Market-Based Financing through Regulatory Reform and Governance Strengthening** — Supportive regulations, transparency, and technical readiness are essential to mobilize private capital and scale sustainable infrastructure investments.
5. **Promoting Inclusive and Gender-Responsive Finance for Equitable Development** — Inclusive, trust-based financing and institutionalized gender equity enhance participation, service delivery, and the sustainability of local development outcomes.



## Local Solutions from Europe

European regions are aligning public finance with SDG targets through tools like budget tagging, ethical banking, and participatory governance. These approaches are helping bridge gaps in planning, coordination, and accountability.

### Some of the main challenges addressed in Europe are:

1. **Misalignment between Traditional Financing Models and Local SDG Priorities** – Top-down finance models and limited access to tailored instruments hinder local efforts to fund SDG-aligned initiatives.
2. **Weak Integration of SDGs into Public Finance and Strategic Planning** – Public budgets often lack SDG alignment, leading to fragmented planning and underfunded priority areas.
3. **Institutional Capacity Gaps and Fragmented Governance** – Insufficient coordination and technical capacity undermine effective SDG financing and implementation.
4. **Transparency, Data, and Trust Deficits** – Lack of transparent reporting and reliable data weakens public trust and deters investment.
5. **Barriers to Scaling and Replicating Successful Models** – Effective local models struggle to scale due to institutional inertia and limited support for adaptation.

The example from Euskadi (Basque Country) demonstrates the most comprehensive response to **misalignment between traditional finance and local needs**, using tools like seed capital, ethical banking, and impact investment rooted in territorial priorities and supported by fiscal autonomy. The Liverpool case complements this by showing how place-based financial innovation and de-risking strategies can effectively mobilize private capital to fill investment gaps that traditional funding models overlook.

### Spain | Sustainable Financing for the Localization of the 2030 Agenda in Euskadi (Basque Country)

***Financing Solutions and Institutional Arrangements***

Euskadi has adopted a territorial and multi-stakeholder approach to financing sustainable development, recognizing that local contexts are critical for achieving the 2030 Agenda, including:

- **Decentralized Cooperation**: Strengthens territories with weak access to international financial markets by promoting mutual support and flexible, context-sensitive funding.
- **Advanced SDG Management Tools**: Organizational models that integrate strategic planning, stakeholder engagement, and measurable impact, improving access to results-based funding.
- **Sustainable Bonds**: Over EUR 5 billion issued since 2018 to support projects in energy transition, sustainable mobility, social inclusion, education, and health.
- **Seed Capital (Capital Semilla)**: Early-stage financing for local entrepreneurs and transformative initiatives, especially in underserved areas.
- **Impact Investment**: Mobilizes blended capital for education, healthcare, renewable energy, and inclusive business models.
- **Social and Cooperative Economy**: Anchors financial flows within local economies, promoting reinvestment, democratic governance, and social equity.
- **Philanthropic and Banking Foundations**: Provide flexible capital and convene multi-stakeholder alliances for long-term territorial transformation.
- **Sustainable and Ethical Banking**: Supports projects aligned with ESG criteria and ethical principles, fostering community-driven development.
- **Territorial Fiscal and Competitiveness Policies**: Align fiscal incentives and public finance with sustainability and social equity goals.

A key institutional arrangement includes a **multi-agent forum** that brings together civil society organizations, private sector actors, and public institutions to collaboratively plan and implement SDG-aligned initiatives.

***Results and Scalability***

Euskadi's approach has resulted in:

- Over EUR 700 million mobilized annually through sustainable bonds, reflecting strong investor confidence.
- Nine years of Voluntary SDG Reports, demonstrating long-term commitment and accountability.
- A governance model grounded in transparency, institutional trust, and multi-sector collaboration.

• Co-creation of local financing solutions through participatory multi-agent platforms like the Bilbao Design Sprint, particularly for food systems and the green economy.
• Increased alignment of public spending and fiscal instruments with sustainable development objectives.
• The Basque Country's model is increasingly cited as a scalable reference, showing how territorial autonomy, ethical financing, and inclusive governance can converge to deliver sustainable development results.

## United Kingdom | Accelerating the Mobilization of Private Capital in Liverpool

### *Financing Solutions and Institutional Arrangements*

To attract public and private investment, the Liverpool City Region (LCR) has implemented several key financing mechanisms and partnerships, including:

• **City Region Sustainable Transport Settlement (CRSTS)**: GBP 710 million (initial award) + GBP 119 million local match, with an additional GBP 1.6 billion announced to fund sustainable transport infrastructure.
• **Housing Retrofit Programs**: Secured GBP 100 million from UK Government sources, with plans to attract private capital to reduce reliance on grants.
• **Life Sciences Innovation Zone**: Aiming to attract GBP 800 million in public and private sector investments to develop a hub for cutting-edge health and life sciences research.
• **Kindred Pathfinder Fund (Social Economy)**: A fund targeting GBP 50 million to support social enterprises and businesses with positive community impacts.

In addition to closing the significant financing gap for key sustainable development initiatives, the mechanisms also aimed at addressing socio-economic inequalities to enhance regional attractiveness for investment and to ensure that the benefits of sustainable development reach all citizens.

### *Results and Scalability*

Several projects have already been launched to mobilize private sector financing for green initiatives and infrastructure development:

• **Mersey Tidal Power**: Aiming to build the world's largest tidal power project, contributing to renewable energy goals and significant environmental and economic benefits.
• **Liverpool North New Town**: A project designed to deliver 10,000 new homes on the city edge, providing affordable housing and contributing to regional economic growth.
• **Sci-Tech Daresbury**: A health and life sciences innovation park housing the UK's largest supercomputer.
• **Maghull Health Discovery Park**: Focusing on mental health innovation.

These projects highlight the potential for scaling sustainability and economic development efforts through strategic financing solutions that attract private capital.

In response to **weak integration of SDGs in finance and planning**, Andalucia pioneered SDG and climate budget tagging at scale across 2,500+ actions. This methodology identifies gaps, enhances planning coherence, and is institutionalized in budget policy.

## Spain | Andalucia – Advancing SDG-Oriented and Climate Budgeting

### *Financing Solutions and Institutional Arrangements*

Andalucía introduced a **climate- and SDG-oriented budgeting framework**. This has involved analyzing over 2,500 actions across 100+ public programs to assess their alignment with the 17 SDGs. The region developed a **methodology that "tags" budget lines to SDG targets** based on four interlinked dimensions — environmental, social, economic, and institutional. These tags are used to: **evaluate the degree of alignment** between public policies and SDGs, facilitate **coordination among departments** and improve coherence, and **identify funding gaps and opportunities for reallocation**. The process is led by the regional Ministry of Finance, in collaboration with the Ministries of Environment, Economy, and Social Affairs. Technical support and capacity-building were also provided to municipal governments to ensure harmonization at the local level.

### *Results and Scalability*

Andalucía has published **annual climate budget analyses since 2021** and has gradually expanded this approach to include broader SDG financing. The initiative has: a) enabled **evidence-based prioritization** of public spending; b) revealed that sectors such as health (SDG 3) and education (SDG 4) are well-funded, while others (e.g., climate resilience or sustainable production) remain underfunded; c) **strengthened policy coherence** and informed cross-sectoral dialogues on resource allocation; and d) **fostered greater transparency and citizen engagement** around public finances.

Strong engagement with municipalities has enhanced local uptake, enabling sub-regional actors to replicate the methodology. The framework is seen as adaptable for other regional and national governments within and beyond Spain.

Braga's experience responds to two challenges, addressing **institutional capacity and coordination constraints** as well as **barriers to scaling and replicating successful models**. Braga became the first city in Portugal to publish a Voluntary Local Review, developed inclusive governance structures (e.g. SDG Council), integrated SDG targets into municipal planning, and supported coordination across civil society, business, and government.  Braga also pioneered replicable tools like the Municipal Sustainability Index and Open SDG Dashboard, while supporting active peer learning and transfer.

## Portugal | Braga: Pioneering Local SDG Financing through VLR process, Data Tools and Inclusive Governance

### *Financing Solutions and Institutional Arrangements*

Braga's **Voluntary Local Review** has been pivotal in embedding the SDGs into municipal planning, budgeting, and monitoring. It informed the city's **Strategic Plan for Sustainable Development 2030**, which integrates SDG targets into local policy and action. The **strategic plan also serves as a financing tool**, guiding budget allocations toward high-impact, SDG-aligned initiatives.

To ensure SDG budget alignment and track progress, Braga developed a **Municipal Sustainability Index** with 97 indicators across 61 SDG targets. A **Multi-Stakeholder SDG Council** ensures inclusive governance, engaging civil society, academia, business, and local governmemt entities. Monitoring is also supported by an **Open SDG Dashboard** for real-time updates on spending and outcomes.

Complementary financing instruments include: the **Braga Business Mobility Pact (PMEB)** engaging private actors in co-financing sustainable mobility; the **City Investment Portal** which links projects with investors with support from the **City Investment Advisory** for financial design and risk mitigation; and a **City Investment Vehicles** for early-stage funding.

### *Results and Scalability*

Braga's integrated approach to SDG financing and governance has delivered concrete results. The **city has met 70% of its SDG targets** and was the first in Portugal to publish a Voluntary Local Review. Through its Strategic Plan and data tools—such as the Municipal Sustainability Index (a European first) and the Open SDG Dashboard—Braga has embedded SDG alignment into planning, budgeting, and monitoring. Supported by strong stakeholder engagement and diverse financing mechanisms, the city offers a scalable model for other mid-sized cities advancing the 2030 Agenda.

Île-de-France exemplifies best practice in transparency and trust-building with third-party audits, annual impact reporting, and strong alignment with EU Taxonomy and green bond principles. This is in response to **transparency, data,** and **trust deficits**.

## France | Green Debt in Île-de-France

### *Financing Solutions and Institutional Arrangements*

**Île-de-France has embedded the SDGs into its financial strategy by issuing green, social, and sustainable bonds. Green debt and green bonds** function as targeted financial instruments designed to fund projects with measurable environmental or social impact. The region issues these bonds under a dedicated **Sustainable Bond Framework**, which specifies eligible sectors such as clean transport, energy efficiency, biodiversity, social housing, and education. Each bond issuance is accompanied by a **pre-issuance evaluation** of project eligibility, and proceeds are **ring-fenced** to ensure they are allocated only to qualifying investments. Post-issuance, the region publishes **annual impact and allocation reports** audited by third parties, detailing both financial flows and environmental outcomes (e.g., CO emissions avoided, energy savings, or number of beneficiaries reached). By adhering to **ICMA's Green and Social Bond Principles** and aligning with the **EU Taxonomy,** and the **2030 Agenda for Sustainable Development**, Île-de-France ensures the integrity of its green debt strategy, which not only attracts responsible investors but also reinforces public accountability and trust.

Complementing these efforts, the region has adopted a comprehensive **Regional Environmental Master Plan (DRIF-E)**, providing a strategic framework for infrastructure and climate adaptation investments and launched an SDG Observatory offering open access to dynamic, disaggregated, localized data on sustainability indicators.

### *Results and Scalability*

As of 2024, **98% of the region's public debt portfolio** is composed of green, social, or sustainable instruments. These funds have been directed to low-carbon public transportation projects (e.g., metro and tramway expansions); energy-efficient buildings (including schools and hospitals); affordable housing, and social inclusion programs.

The success of this model demonstrates its scalability for other regions. Île-de-France is actively sharing its experience through international networks and aims to achieve **100% sustainable debt by 2028**. The transparency and rigor of the approach have attracted a diverse base of global investors.

### The key lessons learned from Europe are:

1. **Aligning Finance with Local Needs** – Locally tailored financial tools—like ethical banking and seed capital—outperform top-down models. Fiscal autonomy supports strategic alignment, while cooperative finance fosters inclusive, resilient development.
2. **Embedding SDGs in Finance and Planning** – Budget tagging links spending to SDG targets. Effective integration requires embedding SDGs into planning, monitoring, and coordination, backed by strong political leadership.
3. **Strengthening Institutional Capacity and Coordination** – Inclusive governance and multi-stakeholder platforms enhance coordination. Local capacity-building and digital tools improve SDG financing and implementation.
4. **Building Transparency, Data Systems, and Trust** – Transparent finance, impact reporting, and robust data systems foster public trust and investor confidence. Public finance can set a standard for responsible investment.
5. **Scaling and Adapting Successful Models** – Scalable frameworks need to be flexible and context-sensitive. Peer learning and standardized tools make replication across regions easier and more effective.


Photo: UNDP Peru/Jasmin Ramirez Romero

## Local Solutions from Latin America and the Caribbean (LAC)

LAC showcases how community-rooted finance, territorial planning tools, and inclusive fiscal instruments are transforming local development. These responses are reshaping how local governments tackle inequality and build resilience.

### Some of the main challenges addressed in LAC are:

1. **Limited Access to Inclusive and Context-Responsive Financing** — Many marginalized groups—including rural populations, women, youth, and informal entrepreneurs—face exclusion from formal finance. Local governments often lack the fiscal autonomy and instruments needed to respond to diverse territorial needs.
2. **Fragmented Governance, Institutional Misalignment, and Weak Data Systems** — Siloed institutions and poor coordination between levels of government hinder integrated planning. Weak data systems limit evidence-based decision-making and prevent scalable local innovation.
3. **Regulatory, Legal, and Administrative Barriers** — Rigid land-use rules, complex permitting, and limited regulatory flexibility delay investments and reduce private sector participation. Inadequate safeguards in urban redevelopment can exacerbate inequality.
4. **Rigid and Underutilized Public Finance Mechanisms** — Local budgets are often inflexible, dependent on national transfers, and underuse tools like property taxes or land value capture. Political resistance and short-term planning further limit reform.
5. **Climate, Environmental, and Disaster Vulnerability** — Local institutions lack access to climate-aligned finance and struggle to fund environmental protection or disaster recovery. Vulnerable ecosystems and populations remain underprioritized in investment planning.

Three experiences showcase diverse solutions to **addressing inclusive and contextual financing access**. Sicredi (Brazil – Paraná) demonstrates scalable, community-rooted financial inclusion for rural and smallholder farmers through a cooperative model. Bogotá Emprende (Colombia) addresses exclusion of youth and informal entrepreneurs through targeted municipal financing and co-guarantees. SEMIPI (Brazil – Paraná) illustrates how flexible public funding can support vulnerable demographics like women and the elderly through territorial equity.

### Brazil | Sicredi – Cooperative Green Financing for Sustainable Local Economies, Parana State

#### *Financing Solutions and Institutional Arrangements*

With over BRL 100 billion invested in agribusiness, 83% of which supports family farming, Sicredi – a cooperative financial institution structured around a network of 103 member cooperatives across Brazil – plays a key role in strengthening local economies. The institution also prioritizes sustainability and reinvestment of profits into local development, with over BRL 5.5 billion allocated to energy transition projects and the creation of its own **Green Climate Fund (GCF)**.

Sicradi's GFC is considered a great innovation, especially in comparison to other financial institutions, and serves as an institutional mechanism to channel funds specifically into sustainability and climate resilience projects, particularly in rural areas. In addition, Sicradi has also established **innovative partnerships**, such as with the Smurfs brand, positioning Sicredi as an SDG ambassador in Brazil and leveraging communication campaigns and products to raise awareness and mobilize action around the SDGs.

#### *Results and Scalability*

- **BRL 396 billion in total assets** distributed among the 103 member cooperatives throughout the country, with BRL 44 billion of this amount in net equity.
- **BRL100 billion investments in agribusiness** make Sicredi the top private-sector partner in the sector, active in over **3,000 municipalities**.
- **777,000 cooperative members in agribusiness**, 83% of whom are family farmers. The rest are medium-sized (12%) and large-sized (5%) producers.
- **BRL 5.5 billion** (2024) invested in energy transition projects, reinforcing Sicredi's climate focus.
- **BRL 435 million in social investment** and over **BRL 92 million in humanitarian aid**, particularly in response to the 2024 Rio Grande do Sul climate catastrophe.

The **cooperative model is inherently scalable**, as it builds on local ownership and reinvests profits into the community. Sicredi's approach could be adapted in other LAC countries with strong cooperative or rural financing cultures. Their internal GCF and targeted climate investments can serve as a replicable model for national development banks and local financial institutions.

## Colombia | Bogotá Emprende: A Municipal-Bank Model for Financing Youth-Run Informal Enterprises

### *Financing Solutions and Institutional Arrangements*

**Bogotá Emprende** (Bogota Entrepreneurship Program), led by the Chamber of Commerce of Bogotá and the District Government, developed targeted financing pathways for youth-led informal businesses. The program introduced youth-specific microcredit lines in partnership with banks and microfinance institutions, offering low-interest loans alongside training, mentoring, and incubation to strengthen business sustainability.

A subcomponent, the **Jóven Emprende** (Youth Entrepreneur) subprogram, focused on youth aged 18 to 28 in informal sectors. It provided seed funding and low-interest loans (COP 5–20 million, or ~USD 1,200–5,000), backed by municipal co-guarantees to lower risk. Access to financing required participation in certified training programs through SENA or the Chamber of Commerce, and included support for business registration to encourage formalization. Additional grants and incubation were offered through competitions like Bogotá Emprende Capital Semilla (Seed Capital).

The program relied on strong institutional coordination. The Bogotá Chamber of Commerce (CCB) managed business services and entrepreneurship hubs. The Bogotá City Government provided municipal funding and policy support. Banks and MFIs (e.g., Banco de Bogotá, Banco Caja Social, Coopcentral) disbursed loans, while Bancóldex offered dedicated youth credit lines. SENA delivered entrepreneurship training aligned with program requirements.

### *Results and Scalability*

Between 2021 and 2024, over **4,500 young entrepreneurs** in Bogotá accessed capital, with many informal businesses gaining pathways to formalization. Within a year, **65% of supported ventures registered formally,** and **loan repayment rates exceeded 85%** thanks to integrated training and follow-up. The program boosted economic inclusion in low-income areas like Bosa and Kennedy.

Its success led to replication in cities such as Medellín and Cali, supported by Confecámaras, and inspired Bancóldex's national youth credit line, "Jóvenes Emprenden." Integration into **Bogotá's 2024–2027 District Development Plan** ensures its long-term sustainability.

## Brazil | SEMIPI - Leveraging Government Structures for Inclusive Social Investment, Parana State

### *Financing Solutions and Institutional Arrangements*

The Secretariat of Women, Racial Equality and Elderly (SEMIPI) plays a central role in financial governance by coordinating and transferring public resources across federated entities (state and municipal levels).

Through the **fund-to-fund mechanism**, SEMIPI ensures that investments align with local needs and enable more efficient and effective public service delivery. Notably, SEMIPI established the **State Fund for Women's Rights (FEDIM)** and transferred more than **BRL 19 million** to municipalities to **strengthen the protection network for women**. These funds support violence prevention programs, capacity building for service providers, direct financial support to women survivors of violence, and expansion of access to legal and psychological services. For seniors, SEMIPI coordinates the **"Elderly-Friendly Paraná"** initiative, channeling investments into infrastructure, social participation, healthcare, and accessibility improvements.

### *Results and Scalability*

**State Fund for Women's Rights (FEDIM)**: Between 2023 and 2024, budget allocations increased from BRL 6 million to BRL 21 million — a 250% rise — enabling the expansion of gender equality programs and municipal partnerships.



**Elderly-Friendly Paraná Program**: Investments rose from BRL 10.9 million in 2023 to BRL 25.8 million in 2024 (a 136% increase), funding senior centers, active aging programs, and improved public infrastructure for older citizens.

These results demonstrate the viability of fund-to-fund transfers as a mechanism for scaling up social investment. The model can be replicated in other states with strong intergovernmental coordination and dedicated social funds.

In order to address **fragmented governance and data gaps**, the Araucária Foundation (Brazil) promotes integrated research and innovation through territorial data tools and regional planning networks, building institutional bridges between academia, government, and civil society. In addition, Manabí's Prosperity Index (Ecuador) offers a replicable model for aligning SDG planning and budgeting using territorial indicators and participatory data systems.

## Brazil | Araucária Foundation: Strengthening Local Finance for Environmental Research, Innovation and Environmental Sustainability, Parana State

### *Financing Solutions and Institutional Arrangements*

The State of Paraná established the **Araucária Foundation**, a public institution under the state government, tasked with promoting scientific, technological, and innovation-oriented development. Since its inception, the Foundation has mobilized substantial investments in collaboration with public and private partners, including:

- Over **BRL 450 million** (approx. USD 90 million as of 2024) **invested in science, technology, and innovation projects** across all nine macro-regions of the state
- **27,000 scholarships** awarded to students and researchers
- A strategic focus on clean energy, environmental protection, food security, and regional development.

Key instruments include:

- **NAPIs** (New Approaches to Research and Innovation): **21 interdisciplinary research groups** that align public R&D with regional needs.
- **iAraucária**: A digital platform providing **territorial intelligence services**, using **Big Data** and **AI** to support science-policy integration and multi-stakeholder collaboration.

These tools operate within a dynamic **Integrated Local Financing Framework (ILFF)** that combines public investment with academic and private-sector engagement.

The Foundation promotes **public-private partnerships** primarily through the NAPIs initiative. Its main funding comes from the State Treasury of Paraná through annual budget allocations. As a public fund manager, the Araucária Foundation also attracts federal resources via partnerships with national agencies such as CNPQ, CAPES, and FINEP, which co-finance graduate scholarships and collaborative research programs.

### *Results and Scalability*

Key results are:

- **Human Capital Development**: Supported the graduation of 22,000 academic master's and 20,000 doctoral students
- **Research Infrastructure**: Enabled the creation of approximately 3,500 active research groups
- **Institutional Innovation**: Institutionalized the **iAraucária** platform, improving evidence-based planning and regional coordination
- **Scalable Model**: Developed **NAPI** networks as scalable and replicable models for territorialized R&D planning and financing, adaptable to other Brazilian states.

## Ecuador | Manabí: Territorial Prosperity Index for Transparency and Accountability

*Financing Solutions and Institutional Arrangements*

Manabí has pioneered a methodology for tracking territorial progress on the SDGs called the **Índice de Prosperidad Territorial (Territorial Prosperity Index)**, featured in its 2025 Voluntary Local Review. Built in collaboration with UNDP, UN-Habitat, the National Planning Secretariat (SENPLADES), and local academic institutions, the **model combines strategic alignment with budget analysis and disaggregated territorial indicators**.

The methodology enables the provincial government to **determine which SDGs receive the most public investment, track historical spending and performance trends, identify and prioritize SDGs where territorial gaps remain significant**, and integrate SDG targets into budget formulation and program design.

**The index is designed to promote transparency, foster institutional coherence, and strengthen responsiveness to local development needs.** It serves as both a planning and monitoring tool and feeds into national reporting systems, ensuring vertical alignment across governance levels.

*Results and Scalability*

Since its implementation, the Territorial Prosperity Index has contributed to:

- **Enhanced budget transparency**: Manabí's annual budgets now visibly reflect SDG priorities, helping citizens understand where public funds are going.
- **Evidence-based planning**: Local policy decisions are increasingly guided by real-time, disaggregated data, particularly in rural and vulnerable areas.
- **Increased citizen engagement**: Civil society organizations and local universities have been engaged in data collection, validation, and public dissemination efforts.
- **National replication interest**: Other provinces in Ecuador and municipalities across the LAC region have expressed interest in adopting the model, and technical dialogues are underway for knowledge transfer.

The model's modular design makes it adaptable to different territorial contexts and scales, and its integration into the Voluntary Local Review framework positions it as a replicable innovation for subnational SDG monitoring.

Redensify to Rebuild (Mexico City) provides a unique example of leveraging land-use reform for post-disaster recovery without triggering displacement, while the Porto Maravilha project (Rio de Janeiro) reveals the institutional and equity risks of urban finance tools when implementation lacks coordination and inclusion. Both examples present solutions to **financing regulatory and administrative barriers**.

## Mexico | Redensify to Rebuild: Financing Post-Disaster Reconstruction through Increased Building Potential

*Financing Solutions and Institutional Arrangements*

In order to support reconstruction efforts, Mexico City introduced an innovative policy that linked urban planning tools with post-disaster recovery financing. Central to this approach was the **"Derechos Adicionales de Edificabilidad" (Additional Building Rights)** instrument, which allowed property owners of irreparably damaged buildings to increase buildable density by up to **35%**.

This policy enabled the construction of additional residential or commercial units—either through extra floors or expanded floor area—on the same site. The sale or rental of these new units on the real estate market generated revenue to finance the reconstruction of the original homes. Importantly, **reconstruction was provided at no cost to the original residents**, helping preserve community cohesion by ensuring people could return to the same location without displacement. The policy had multiple objectives:

- **Mobilize private capital** to reduce pressure on public reconstruction funds
- **Preserve the social fabric** by rebuilding in situ (no displacement)
- **Promote resilient and sustainable urban development** by requiring compliance with updated earthquake-resistant building codes, carbon reduction features, and green construction standards.

**Eligibility** was limited to buildings deemed structurally unsalvageable, and all reconstruction projects had to secure approval for increased density and design modifications. This approach not only addressed urgent housing needs but also created a replicable model of post-disaster recovery that integrates land-use policy, resilience building, and social equity.

The **implementation process** involved technical, legal, and regulatory steps to define zoning adjustments and assess market viability. Despite its potential, implementation faced significant challenges due to: Technical complexity in recalculating densities and redesigning buildings, political and social resistance and economic uncertainty, which delayed construction timelines and slowed the return of families to their homes.

Implementing the Additional Building Rights policy required a complex set of technical, legal, and regulatory steps. Key components included **zoning adjustments** to increase the Floor Area Ratio (FAR), **engineering assessments** to ensure structural feasibility, **social consultations** to engage residents and address concerns, and **market feasibility studies** to evaluate the economic viability of additional units.

Despite the innovative potential, the implementation faced several challenges. These included the **technical complexity** of recalculating densities and redesigning buildings, **political and social resistance,** and **economic uncertainty**, all of which contributed to delays in construction and slowed the return of displaced families to their homes.

*Results and Scalability*

Project **Pacífico 223** in Coyoacán was a key example of the policy's impact, where the increased development potential enabled the recovery of **up to 80% of reconstruction costs** through the sale of additional units, allowing original residents to return without financial burden. Similar outcomes were observed in other cases, with **70–80% of costs covered** through this model, while also improving building safety and environmental performance by adhering to updated construction standards.

This approach marks the **first documented use of development rights-based financing for post-disaster recovery in Latin America**. The **replication potential is high**, especially in **disaster-prone, rapidly urbanizing areas** with strong real estate markets. Beyond post-disaster contexts, the model also holds promise for financing **urban renewal in budget-constrained settings**.

However, its success depends on several enabling conditions: **robust legal and planning frameworks, favorable market conditions,** and **sufficient land value** to attract developer interest. Thus, the model may be less effective in **low-demand or peri-urban areas** lacking private sector engagement. Despite implementation setbacks, the initiative represents a **pioneering, market-based solution** to urban reconstruction and resilience financing.

## Brazil | Rio de Janeiro: Urban Redevelopment of the Port Region and Revitalization of the Historic Downtown Using Innovative Financial and Institutional Tools

*Financing Solutions and Institutional Arrangements*

**Innovative Financing Tools: CEPACs** — The Porto Maravilha project was primarily financed through CEPACs (Certificates for Additional Construction Potential), a financial instrument allowing developers to buy additional building rights. Unlike São Paulo's model, which sold CEPACs via public auction, Rio opted to sell the bulk of them—worth around RLB 5 billion (~USD 1.5 billion)—in a single transaction to Caixa Econômica Federal via a real estate investment fund (Fundo Imobiliário – FII). One advantage was the upfront capital provided for infrastructure investment. However, the COVID-19 pandemic and broader economic instability brought other challenges with reduced CEPAC liquidity, leading to stalled development and unutilized assets.

**Institutional Innovations: CDURP and CCPAR** — The city established an Urban Development Company for the Port Region

—CDURP (Companhia de Desenvolvimento Urbano da Região do Porto)—later restructured as Carioca Partnership and Investment Company—CCPAR (Companhia Carioca de Parcerias e Investimentos)—a semi-public company with a mandate to coordinate planning, manage CEPACs, and execute redevelopment efforts. CCPAR acted as the sole shareholder of the Porto Maravilha Real Estate Investment Fund (Fundo Imobiliário – FII), allowing for flexible and professional management of land and rights. The real estate investment fund structure enabled efficient asset transactions, shielding the operation from public-sector bureaucracy – a clear legal and financial advantage.

**Policy and Legal Adjustments**: To overcome the stagnation of The Porto Maravilha project, stimulate demand and attract private investment, Sao Paulo expanded the geographic scope for CEPAC use, enabled cross-district transfers of building rights into high-value areas like Ipanema, and passed the Reviver Centro Law, lifting a decades-long ban on residential development in the central business district to allow conversion of commercial buildings into housing.

***Results and Scalability***

**Urban and Real Estate Impact** – Initial development in the Porto Maravilha area focused primarily on commercial real estate projects, such as Aqua Corporate and Vista Guanabara. However, since 2020, the emphasis has shifted toward residential housing to encourage repopulation of the central district. More than **11,000 housing units** are planned or under construction, with the potential to accommodate **20,000 to 30,000 new residents** within four years.

**Reviver Centro Program** – The Reviver Centro program aims to **repopulate historic downtown Rio** by offering incentives for housing retrofits and new construction. It employs a **cross-subsidy mechanism**, allowing developers to earn additional building rights in high-value neighborhoods like Ipanema in exchange for investing in downtown residential projects. As a result, around **4,000 housing units** are currently under construction or in the licensing phase, including the adaptive reuse of historic buildings such as Aoite and Mesbla.

**Equity Consideration** – While the policy spurred investment, critics warn about increased verticalization and gentrification in high-income areas. However, city officials argue this is a necessary trade-off for broader urban equity.

**Social Inclusion Gaps** – Despite physical transformations, benefits to nearby low-income communities—particularly **Morro da Providência**—have been limited. Few residents have been integrated into new housing, employment, or planning processes. Addressing this remains a key priority for future phases.

In response to **inflexible public finance**, Cuenca showcases effective use of legally backed local tax instruments to fund climate-aligned and inclusive infrastructure. Meanwhile, two experiences from Sao Paolo demonstrate how land-based instruments, particularly Land Value Capture (LVC), embedded in national legal frameworks, can finance equitable development and redistribution.

## Ecuador | Cuenca: Local Taxes Financing Sustainable Urban Mobility Infrastructure

***Financing Solutions and Institutional Arrangements***

Cuenca has adopted a comprehensive approach that **combines innovative local financing instruments with integrated mobility planning**. The most significant instrument is the **Special Improvement Contribution (CEM – Contribución Especial de Mejoras)**, a local levy through which residents co-finance public infrastructure based on the direct and indirect benefits they receive. Legally backed by national planning and taxation codes, CEM allows municipalities to recover up to 100% of infrastructure costs. Complementing this is the **Property Tax (Impuesto Predial)**, a regular municipal levy that contributes to the city's general revenue, including mobility infrastructure allocations. The city has become a national reference in Ecuador for sustainable urban mobility and strategic public investment.

Cuenca's financing instruments are embedded within a strong **strategic and legal framework**. The city developed its first **Integrated Mobility and Public Space Plan**, a comprehensive strategy promoting **territorial equity, walkability, and multimodal connectivity**. This plan supports the "15-minute city" model and aligns with the broader **Land Use and Management Plan (PUGS)**, which encourages mixed-use development and urban proximity. Additionally, the **Active Mobility Ordinance (2021)** mandates that **50% of annual vehicle tax and vehicle sale revenues** be directed toward pedestrian and cycling infrastructure, reinforcing the city's commitment to sustainable, non-motorized transport.



***Results and Scalability***

Cuenca successfully mobilized local and international resources to fund sustainable urban mobility projects. A flagship initiative is the **Tranvía de Cuenca**, a state-of-the-art light rail system inaugurated in 2020 with a total investment of **USD 315 million**, financed through an **80% contribution from the national government** and **20% from local sources**—including property taxes, vehicle transaction taxes, administrative fees, and business licenses—amounting to approximately **USD 50 million**. Complementing this, the **Red de Ciclovías Cuatro Ríos**, a 13.5 km network of protected bike lanes (as part of a planned 60 km system), was **entirely financed through CEM** at a cost of **USD 8 million**.

Cuenca is also advancing a multi-phase **electromobility transition**, which includes electrifying the public bus fleet, installing charging infrastructure, and expanding the public bicycle system, with a special focus on decarbonizing transport in the historic center. This effort has been supported by **CEM revenues** and **international cooperation**, attracting over **USD 24.2 million** from partners such as **KfW, GIZ, UN-Habitat,** and the **Andalusian Agency for International Cooperation**. Feasibility studies and early-stage implementation are already underway, with major rollouts expected by 2026.

In 2024 alone, **CEM generated nearly USD 30 million**. In parallel, the **Active Mobility Ordinance (2021)** ensured predictable, dedicated funding for non-motorized transport from the **50% of vehicle taxes and sales revenue**. Cuenca's integrated approach—combining local tax instruments, strategic planning, and international partnerships—offers a **replicable model for intermediate cities** across Latin America, particularly where benefit-based levies like CEM are legally permitted.

## Brazil | Sao Paulo: Managing Building Rights and Capturing Land Value through Outorga Onerosa and Urban Operations

***Financing Solutions and Institutional Arrangements***

São Paulo has implemented a **coordinated system of land value capture tools**, which include both general mechanisms applied citywide and more targeted instruments used within designated Urban Operations zones. These instruments are legally grounded in Brazil's **City Statute (2001)** and São Paulo's **Master Plan (Plano Diretor)**.

1. **Outorga Onerosa do Direito de Construir (OODC)** – São Paulo sets a basic building coefficient of 1 (i.e., the ratio of floor area to plot size) and developers must pay a charge (the OODC) to obtain permission to build beyond this limit, up to a specified maximum coefficient. The OODC fee is calculated based on location, land value, and urban impact, and the revenue is deposited into the **Municipal Urban Development Fund (Fundurb)** and earmarked for public investments, including affordable housing, mobility, and green infrastructure.

2. **CEPACs (Certificates of Additional Construction Potential)** – CEPACs are innovative, negotiable instruments issued by the municipality within **Urban Operation zones**. CEPACS are auctioned on Brazil's stock exchange (B3), allowing developers to purchase additional building rights in specific areas. Since the value of a CEPAC reflects market demand, the approach has brought transparency and efficiency to urban development rights allocation, which are now extensively used in major Urban Operations such as **Faria Lima, Água Espraiada,** and **Centro**. The funds raised through CEPACs are legally tied to pre-approved investments in infrastructure, environmental upgrades, and housing.

3. **Transfer of Development Rights (TDC)** – Developers can acquire unused building rights from environmentally sensitive or historically protected areas. TDC is a flexible instrument that encourages preservation of restricted areas and guides growth toward more suitable zones, supporting conservation and densification objectives.

***Results and Scalability***

Since 2003, Sao Paulo has raised over **RLB 6.8 billion (~USD 1.9 billion)** through the OODC. The funds have been strategically redistributed, with revenues from wealthier, high-demand neighborhoods (e.g., Jardins, Pinheiros) invested in underserved districts, reflecting a **"Robin Hood" model** of urban equity. Prioritized investments include public transport, social housing, sanitation, and flood control infrastructure.

Nearly **USD 2 billion** were raised through CEPAC auctions for four major Urban Operations. This enabled transformative public investments in infrastructure, urban regeneration, and mixed-income housing, combining densification with sustainability. An important example is the **Operação Urbana Água Espraiada** in an area of 1,300 hectares in the South Zone of Sao Paulo. For this operation, over **RLB 2 billion** was raised via CEPACs and key investments included **transport Infrastructure** (construction of the Ponte Laguna and Ponte Otávio Frias de Oliveira bridges); **drainage and environmental works** (canalization of rivers and expansion of green areas); and **housing projects** (construction of mixed-income housing developments such as Jardim Edith to resettle families from informal settlements).

The approach has demonstrated how cities can link **urban finance with spatial planning** to drive inclusive growth. The experience of São Paulo offers relevant lessons for other cities seeking to consolidate more robust urban financing systems aligned with sustainable development goals. São Paulo's model is now a reference in global urban financing, with potential scalability to other large cities in the Global South.

## Brazil | Sao Paulo: Urban Redevelopment and Innovative Financing to Recover Underutilized Central Areas

### *Financing Solutions and Institutional Arrangements*

In response to the long-standing decline of Sao Paulo's historic center, the city has adopted a new **urban-financial paradigm that integrates integrated spatial planning with redistributive fiscal tools** to reverse underutilization, reduce social vulnerability, and unlock private investment for inclusive redevelopment.

**Urban Planning Strategy** – At the heart of Sao Paulo's strategy are the **Urban Intervention Plans (PIUs – Planos de Intervenção Urbana)** – a key instrument of the city's Master Plan designed to revitalize the central area. It targets the reactivation of vacant buildings, increases residential density, promotes affordable housing (HIS-1), stimulates local commerce, and promotes mixed-use, transit-oriented development. By **aligning land use, housing, fiscal, and social policies**, the PIU provides a clear roadmap for integrated, inclusive urban transformation.

**Innovative Financing Mechanisms** – Sao Paulo's revitalization strategy is supported by a new generation of innovative financial instruments. **Equivalent Bonds (Bonos Equivalentes)** are tradable development rights granted – allocated via public calls, with an initial cap of 270,000 m² – to projects with public benefits like social housing or heritage restoration. **Economic Subsidy (Subvenção Econômica)** offers municipal co-financing of up to 25% for qualifying developments or retrofits. **Priority Investment Guidelines (PDI)** align spatial priorities with budgeting to ensure equitable, continuous investment. The **Segregated Fund Management (FUNDURB–AIU) Account** ring-fences revenues for reinvestment within the intervention area and with low administrative burden.

**Public-Private Integration and Strategic Urbanism** – Sao Paulo's revitalization strategy marks a shift toward integrated, strategic urban governance. A key anchor investment project, the **Light Rail Transit** (Vehiculo de Ligero Transito – VLT) exemplifies Sao Paulo's integrative approach, structured through a blended finance model that de-risks private investment and reinforces public benefit. The VLT is not just as a transport upgrade, but as a catalyst for urban renewal that unlocks vacant land for housing and commerce, promotes walkability and reactivates public spaces, encourages mixed-use development tied to inclusive housing, and stimulates land value capture while safeguarding public interest

### *Results and Scalability*

Preliminary results from Sao Paulo's central revitalization strategy show promising progress. **Over 150 underutilized buildings have been identified for potential redevelopment**, and more than **20,000 m² of equivalent bonds have been allocated** in pilot programs, focusing on affordable housing and cultural preservation. Anchor projects, such as the Light Rail Transit (VLT), have attracted strong private interest, with co-financing models already being replicated in neighboring zones.

Scalability potential is significant. The PIU model is under consideration for expansion to other priority areas, including the East Zone's industrial corridor. Moreover, its financial and governance tools are well-suited for adaptation in secondary cities across Brazil, particularly those seeking to reactivate dormant urban cores and address gaps in social infrastructure.



Two examples address **climate and disaster vulnerability**. BRDE Green Fund (Paraná, Brazil) represents a rare case of a public development bank directly financing subnational climate and biodiversity priorities. The Strategic Plan from Rio de Janeiro combines multiple SDG-aligned environmental funds and planning tools to build territorial climate resilience.

## Brazil | BRDE: Advancing Local Environmental Projects through a Regional Green Fund, Parana State

### *Financing Solutions and Institutional Arrangements*

In response to growing environmental concerns, the Banco Regional de Desenvolvimento do Extremo Sul (BRDE) **established a Green Fund** dedicated to financing projects with a positive environmental impact. This fund supports initiatives in areas such as forest preservation, clean energy, water management, and sustainable agriculture. BRDE operates across the three southern states of Brazil (Paraná, Santa Catarina, and Rio Grande do Sul), and provides technical, institutional, and long-term credit support for both public and private sector initiatives. BRDE is also a **signatory to the United Nations Principles for Responsible Banking** and a **member of the UN Environment Program Finance Initiative (UNEP-FI)**, which reflects its commitment to aligning its strategies with the Sustainable Development Goals.

### *Results and Scalability*

BRDE manages a financial **portfolio of RLB 21.5 billion, with RLB 18 million already allocated through its Green Fund to support environmental protection projects**. The institution has **strengthened its environmental** and **governance commitments**, becoming a signatory to the UN Principles for Responsible Banking in 2023 and joining the LIFE (Lasting Initiative for Earth) Coalition for Business and Biodiversity in 2024. These steps reflect BRDE's growing alignment with global sustainability standards.

The model presents strong potential for replication across Brazil and Latin America, particularly in regions aiming to leverage development banks for targeted green financing initiatives.

## Brazil | Rio de Janeiro: Comprehensive Strategic Plan that Mobilizes Multiple Funding Streams Across Departments for Sustainable Development

### *Financing Solutions and Institutional Arrangements*

Through its **Comprehensive Strategic Plan**, Rio de Janeiro has linked 92% of its state budget to the SDGs and mobilized funding through innovative institutional arrangements across government departments. The state operates **four major SDG-aligned funds**:

- **FECAM (Environmental Compensation Fund)**: Financed by 5% of oil and gas royalties, this fund allocates over **RLB 1 billion (USD 180 million)** annually to projects in urban sustainability, renewable energy, biodiversity, sanitation, and environmental education.
- **Fundo da Mata Atlântica**: Dedicated to the restoration of the Atlantic Forest biome, this fund is supported by environmental fines, compensation for damage, and donations. It finances reforestation, ecological recovery, and biodiversity protection, especially in industrialized and degraded zones.
- **Fundo de Recursos Hídricos (Water Resources Fund)**: A participatory financing mechanism funded by user charges from companies that extract water from rivers and aquifers. Nine **river basin committees**, with representation from government, private sector, and civil society, jointly decide on investments in water security, wastewater management, watershed restoration and reforestation.
- **ICMS Ecológico (Green Tax Redistribution Program)**: This ecological fiscal transfer redistributes a portion of state VAT (ICMS) to municipalities based on environmental performance indicators. Approximately **RLB 300 million** is disbursed annually to all 92 municipalities, encouraging progress in waste management, protected areas, and environmental education.

### *Results and Scalability*

FECAM consistently channels over RLB 1 billion annually, enabling **high-impact investments in sustainability**, particularly in underserved urban areas. Complementing this, the ICMS Ecológico (Green Tax Redistribution Program) offers **financial**

**incentives to municipalities** that improve their environmental performance, fostering local accountability and encouraging innovative practices. Together, **these mechanisms present a replicable model of subnational fiscal policy that integrates environmental incentives, participatory governance, and alignment with the Sustainable Development Goals**. This approach can be adapted by other Brazilian states and countries with similar fiscal federalism structures, especially through tools like ecological tax redistribution and participatory water funds.

**The key lessons learned from LAC are:**

1. **Expanding Inclusive and Locally Tailored Financing Solutions** – Tailored financial tools and community-based models can effectively reach excluded groups, especially when supported by legal frameworks, local input, and political commitment.
2. **Strengthening Integrated Governance and Data-Driven Planning** – Territorial data systems and cross-level coordination improve alignment between planning and finance, enabling the scaling of local innovations and SDG integration.
3. **Advancing Enabling Legal and Regulatory Frameworks** – Inclusive and flexible regulations facilitate innovative financing and equitable redevelopment but must embed safeguards to avoid reinforcing inequality.
4. **Unlocking the Potential of Local Public Finance Tools** – Local taxes, land value capture, and ecological transfers can fund SDG priorities when supported by strong legal foundations and political commitment.
5. **Localizing Climate Finance and Building Resilience** – Locally managed climate and disaster finance models are filling critical gaps but require deeper integration into planning and fiscal systems for sustained impact.



# Conclusion

The *Road to Seville: The Local Way* process demonstrated that **local financing is a powerful lever for accelerating SDG implementation**. Drawing on diverse engagement and partners who elevated solutions through real-world case studies, the initiative revealed how local and regional governments and local actors are delivering concrete results when equipped with appropriate financial tools, autonomy, and institutional support. Some of these emerging solutions include the following:

**Innovative financing instruments**—from green municipal bonds in Ahmedabad and Nairobi to youth-managed funds in Mali and land value capture in São Paulo—have mobilized resources for inclusive, climate-smart development. Cooperative climate funds (Brazil) and gender-responsive budgeting (Malaysia) extended financial access to marginalized groups, while digital tax systems in cities like Addis Ababa and Nairobi improved transparency and efficiency.

**Integrated financing frameworks** in places like Gauteng, Punjab, and Zanzibar aligned local plans with national priorities, unlocking both public and private capital. Cities like Braga and Yokohama embedded SDG targets into strategic plans and budgets, using tools such as real-time dashboards and municipal sustainability indices to guide investments and monitor progress.

**Institutional innovations and inclusive governance structures** were equally critical. Multi-stakeholder councils, peer learning platforms, and community oversight mechanisms built trust, strengthened accountability, and improved results across sectors – from youth employment and climate adaptation to basic services and housing.

Many models are now scaling across regions. Bogotá's youth entrepreneurship program expanded nationally, Zanzibar's INFF tools are being adapted by other districts, and Braga's digital systems have set a precedent for mid-sized cities in Europe.

The *Road to Seville: The Local Way* has reaffirmed that achieving the SDGs by 2030—and realizing the vision of the Pact for the Future—will not be possible without empowering local and regional governments and local actors with the tools, resources, and capacities they need to lead transformative action in their communities.

Moving forward, efforts must focus on scaling up the visibility, recognition, and resourcing of local actors within national and global financing frameworks. This includes institutionalizing multi-level governance, cultivating enabling environments for innovative financial mechanisms and strengthening institutional capacities. In doing so, not only will FFD4's outcomes lead to tangible results on the ground – but also strengthen the long-term enabling environment for sustainable, inclusive, and locally driven development.

# Annexes

## Annex 1 — Matrix of Case Studies as They Address Multiple Challenges

| Africa: Case Studies | Fiscal/Legal Frameworks | OSR | Inclusion | Capacity | Donor and Governance |
|---|---|---|---|---|---|
| 1. Fund for Local Impact (AU Commission) | ✓ | | | | ✓ |
| 2. Funded IDPs (Gauteng, South Africa) | ✓ | | | ✓ | |
| 3. LADFMS & PBGs (Zimbabwe) | ✓ | ✓ | | ✓ | |
| 4. INFF (Zanzibar) | ✓ | ✓ | ✓ | ✓ | |
| 5. Property Tax Reform (Addis Ababa, Ethiopia) | ✓ | ✓ | | ✓ | |
| 6. ROSRA (Cabo Verde) | ✓ | ✓ | | ✓ | |
| 7. Green Bonds (Nairobi, Kenya) | ✓ | ✓ | | ✓ | |
| 8. PPPs for Youth (Makueni, Kenya) | | | ✓ | | ✓ |
| 9. Youth Fund (Koulikoro/Sikasso, Mali) | | | ✓ | | ✓ |
| 10. Community-Financing (Banfora & Gaoua, Burkina Faso) | | | ✓ | | ✓ |
| 11. CIFs (Ghana) | | | ✓ | | ✓ |

| Asia: Case Studies | Fiscal and Credit | Institutions and Capacity | Climate Finance | Regulatory Constraints | Inclusion and Gender |
|---|---|---|---|---|---|
| 1. JFM (Japan) | ✓ | | | | |
| 2. Ahmedabad Green Bond (India) | ✓ | | ✓ | ✓ | |
| 3. Punjab Integrated Financing Strategy (Pakistan) | ✓ | ✓ | ✓ | ✓ | |
| 4. Yokohama City SDG Certification (Japan) | | | ✓ | | |
| 5. SEWA Women-led Enterprises (India) | | ✓ | | ✓ | ✓ |
| 6. Penang GRPB (Malaysia) | | | | | ✓ |
| 7. CCFLA/ESCAP Assessment Tool | | ✓ | ✓ | | |

| Europe: Case Studies | Finance-Local Needs Alignment | SDG-Planning-Budget Integration | Capacity and Governance | Transparency and Data | Replicating Successful Models |
|---|---|---|---|---|---|
| 1. Comprehensive Financing (Euskadi/ Basque Country) | ✓ | ✓ | | | ✓ |
| 3. Climate Budgeting (Andalucía, Spain) | | ✓ | ✓ | | |
| 4. VLR/ Strategic Plan (Braga, Portugal) | ✓ | ✓ | ✓ | ✓ | ✓ |
| 5. Green Debt (Île-de-France, France) | | | | ✓ | |
| 6. Mobilizing Private Capital (Liverpool, UK) | ✓ | | ✓ | | ✓ |

| LAC: Case Studies | Inclusive and Contextual Financing | Fragmented Governance and Data Gaps | Regulatory and Administrative Barriers | Inflexible Public Finance | Climate and Disaster Vulnerability |
|---|---|---|---|---|---|
| 1. Araucária Foundation (Brazil) | | ✓ | | | |
| 2. BRDE Green Fund (Brazil) | | | | | ✓ |
| 3. Bogotá Emprende (Colombia) | ✓ | | | | |
| 4. Cuenca Mobility Taxes (Ecuador) | | | | ✓ | |
| 5. Land Value Capture (São Paulo) | | | ✓ | ✓ | |
| 6. Manabí Prosperity Index (Ecuador) | | ✓ | | | ✓ |
| 7. PIUs Redevelopment (São Paulo) | ✓ | | ✓ | ✓ | |
| 8. Porto Maravilha (Rio de Janeiro) | | ✓ | ✓ | | |
| 9. Redensify (Mexico City) | ✓ | | ✓ | | ✓ |
| 10. SEMIPI (Brazil - Paraná) | ✓ | | | | |
| 11. Sicredi (Brazil - Paraná) | ✓ | | | | ✓ |
| 12. Strategic Plan (Rio de Janeiro) | | ✓ | | ✓ | ✓ |

## Annex 2 – FFD4 Policy Recommendations

1. **Highlight LRGs in Global Fora** – Recognize their role in sustainable development and climate action.
2. **Joint Call for Support** – Invite Member States to enhance LRGs financial capacities.
3. **Advance Integrated Local Financing Frameworks** – Refer to strengthening ILFFs for aligning public and private finance.
4. **Develop and Enhance Financial Instruments** – Tailor instruments for LRGs, ensuring finance reaches local levels.
5. **Promote Horizontal Knowledge Exchange between LRGs** – Encourage cooperation and exchange among LRGs for innovative solutions.
6. **Recognize LRGs Agility and Proximity** – Emphasize LRGs ability to address community needs and risks effectively.
7. **Inclusive Preparatory Process** – Ensure LRGs priorities are represented in FFD4 discussions and feed into the preparatory process.

| FFD4 Policy Recommendation | Alignment and Supporting Evidence from Case Studies |
|---|---|
| **1. Highlight LRGs in Global Fora** | LRGs like Braga (Portugal), Yokohama (Japan), and Île-de-France (France) are leading SDG implementation, climate finance, and green bond innovation, demonstrating their vital role in global development forums. |
| **2. Joint Call for Support to Strengthen Financial Capacities** | Examples from Zimbabwe (performance-based grants), Punjab (IPFF), Cabo Verde (OSR reforms), and Gauteng (full IDP funding) underscore the need for greater fiscal authority, national alignment, and donor support. |
| **3. Advance Integrated Local Financing Frameworks** | Integrated planning and financing in Zanzibar (INFF), Braga (Strategic Plan + VLR), Araucária Foundation (Brazil), and Punjab align local action with national and global priorities, mobilizing blended finance. |
| **4. Develop and Tailor Financial Instruments for LRGs** | Innovative tools such as green bonds (Ahmedabad, Nairobi), CEPACs (São Paulo), youth revolving funds (Mali), and SDG certification-linked loans (Yokohama) illustrate how finance can be customized for LRG needs. |
| **5. Promote Horizontal Knowledge Exchange between LRGs** | Replication of Bogotá Emprende in Medellín, peer-learning platforms (AU Commission, Braga's SDG Council), and Yokohama's regional city forums exemplify city-to-city exchange of scalable models. |
| **6. Recognize LRGs' Agility and Proximity to Communities** | LRGs delivered inclusive and context-specific solutions—e.g., Makueni's youth green PPPs, Manabí's Territorial Prosperity Index, and community-managed funds in Ghana—demonstrating responsiveness and local legitimacy. |
| **7. Inclusive Preparatory Process for FFD4** | The Road to Seville was built on regional consultations, Local2030 Hubs, youth and civil society engagement, ensuring that LRG voices are reflected in global financing dialogues and the FFD4 roadmap. |

## Annex 3 – List of Case Studies

| Region | Country | Case Study | Consultation/Source |
|---|---|---|---|
| Africa | African Union Commission | Development Fund for Local Impact | **Road to Seville: The Local Way – Regional Consultation towards the Fourth Financing for Development Conference**, 2 May 2025, Hybrid event (in person in Addis Ababa, Ethiopia, and online) \| **Organizers**: The United Nations Economic Commission for Africa, the UN Local2030 Coalition, and the Global Taskforce of Local and Regional Governments. |
| | South Africa | Fully funded municipal planning: SDG Targeted Investments in Gauteng | **Localizing Finance, Accelerating Change: Regions Driving Finance for the SDGs – A Joint Input from Regional Governments to the Fourth International Conference on Financing for Development**, 13 May 2025, online \| **Organizers**: Regions4 SDGs initiative and the Local2030 Coalition.<br><br>**Road to Seville: The Local Way – Regional Consultation towards the Fourth Financing for Development Conference**, 2 May 2025, Hybrid event (in person in Addis Ababa, Ethiopia, and online) \| **Organizers**: The United Nations Economic Commission for Africa, the UN Local2030 Coalition, and the Global Taskforce of Local and Regional Governments. |
| | Cabo Verde | Strengthening Own-Source Revenue (OSR) Collection in Cabo Verdean Municipalities for Sustainable Local Development | **Cabo Verde National Road to Seville: The Local Way Workshop**, 16 July 2025, Cabo Verde \| **Organizers**: Ministry of Finance of Cabo Verde, United Nations (UNDP, UN Habitat, UNRCO). |
| | Ethiopia | Addis Ababa: Enhancing Own-Source Revenue through Property Tax Reform and Digital Innovation | **Road to Seville: The Local Way – Regional Consultation towards the Fourth Financing for Development Conference**, 2 May 2025, Hybrid event (in person in Addis Ababa, Ethiopia, and online) \| **Organizers**: The United Nations Economic Commission for Africa, the UN Local2030 Coalition, and the Global Taskforce of Local and Regional Governments. |
| | Kenya | Nairobi City County: Local Innovation in Green Bonds and Urban Resilience | **Road to Seville: The Local Way – Regional Consultation towards the Fourth Financing for Development Conference**, 2 May 2025, Hybrid event (in person in Addis Ababa, Ethiopia, and online) \| **Organizers**: The United Nations Economic Commission for Africa, the UN Local2030 Coalition, and the Global Taskforce of Local and Regional Governments. |
| | Mali | Youth-Managed Revolving Funds for Agro-Entrepreneurship in Koulikoro and Sikasso Regions | **The Road to Seville Youth Consultation towards the Fourth Financing for Development Conference**, 22 April 2025, Online event \| **Organizers**: Local2030 Coalition, UN Youth Office, FAO World Food Forum.<br><br>Case presented at Mali's National Forum on Youth Employment and Local Governance. (Bamako, 2021).<br><br>Baguian, D. (2019). Youth Empowerment through Local Revolving Funds in Mali: A Case of Public-Youth Partnership. (Published in the West African Review of Decentralized Governance.) |
| | Burkina Faso | Decentralized Community Finance Platforms Supporting Youth Agro-Entrepreneurship in Banfora and Gaoua | **The Road to Seville Youth Consultation towards the Fourth Financing for Development Conference**, 22 April 2025, Online event \| **Organizers**: Local2030 Coalition, UN Youth Office, FAO World Food Forum. |
| | Kenya | Makueni County: Public-Private Partnerships Supporting Youth-Led Green Start-ups | **The Road to Seville Youth Consultation towards the Fourth Financing for Development Conference**, 22 April 2025, Online event \| **Organizers**: Local2030 Coalition, UN Youth Office, FAO World Food Forum. |
| | Zimbabwe | Advancing Local Financing for the SDGs in Zimbabwe | **Road to Seville: The Local Way - Regional Consultation towards the Fourth Financing for Development Conference**, 2 May 2025, Hybrid event (in person in Addis Ababa, Ethiopia, and online) \| **Organizers**: The United Nations Economic Commission for Africa, the UN Local2030 Coalition, and the Global Taskforce of Local and Regional Governments. |
| | Zanzibar | Integrated National Financing Framework: Aligning Local Financing with Development Priorities | *Local2030 Coalition. (2024). Financing Policy Brief Series: Recommendations for FFD4 – Local Finance is Development Finance. United Nations. https://www.local2030.org/library/view/865*<br><br>*The Citizen (2025), How Sh.1.115 trillion Islamic bonds will fund 12 key Zanzibar projects. The Citizen. https://www.thecitizen.co.tz/tanzania/zanzibar/how-sh1-115-trillion-islamic-bonds-will-fund-12-key-zanzibar-projects-4956544*<br><br>*Further Africa (2025), Zanzibar Secures BBB+ Rating for Groundbreaking Sukuk Issuance.*<br><br>*INFF Facility. (2025). Inside INFFs: Experience from the Zanzibar Planning Commission. https://inff.org/fr/news/inside-inffs-experience-from-the-zanzibar-planning-commission* |
| | Ghana | Community Investment Funds for Women and Youth Empowerment in Northern Ghana | **The Road to Seville Youth Consultation towards the Fourth Financing for Development Conference**, 22 April 2025, Online event \| **Organizers**: Local2030 Coalition, UN Youth Office, FAO World Food Forum. |
| Asia | Japan | Finance Organization for Municipalities (JFM): Bridging the Vertical Fiscal Gap Between Central and Local Governments | *United Nations Economic and Social Commission for Asia and the Pacific. (2025). Urban Transformation in Asia and the Pacific: From Growth to Resilience. https://www.unescap.org/kp/2025/urban-transformation-asia-and-pacific-growth-resilience*<br><br>*Japan Finance Organization for Municipalities. (n.d.). Basic Mechanism of JFM. https://www.jfm.go.jp/en/index.html* |

| Region | Country | Case Study | Consultation/Source |
|---|---|---|---|
| | Pakistan | Punjab Integrated Financing Strategy for Sustainable Development Goals (SDGs) | *Local2030 Coalition. (2024). Financing Policy Brief Series: Recommendations for FFD4 – Local Finance is Development Finance. United Nations. https://www.local2030.org/library/view/865*<br><br>*Government of Punjab. (2023). Punjab Integrated Financing Strategy. https://inff.org/assets/resource/Punjab-integrated-financing-strategy-FINAL.pdf* |
| | Regional | National Assessment Tool to Evaluate Enabling Conditions for Local Urban Climate Finance | *UNESCAP (2023). Innovative Climate Finance Mechanisms for Sustainable Urban Infrastructure in Asia and the Pacific. https://repository.unescap.org/server/api/core/bitstreams/46007342-c608-4344-bb27-a81554c75175/content* |
| | Japan | Yokohama City's Bilateral Local-Global Financing Approaches and Contribution to SDG Localization | *United Nations Economic and Social Commission for Asia and the Pacific, & CITYNET. (2023). SDG City Awards 2023: Recognizing City Leadership in Urban Sustainability. https://www.citynet-ap.org/sdg-city-awards-2023/* |
| | India | Ahmedabad: Pioneering Municipal Green Bonds for Urban Sustainability | *United Nations Economic and Social Commission for Asia and the Pacific. (2025). Urban Transformation in Asia and the Pacific: From Growth to Resilience. https://www.unescap.org/kp/2025/urban-transformation-asia-and-pacific-growth-resilience*<br><br>*ICLEI-South Asia. (2015). Urban Green Growth Strategies for Indian Cities (Vol. 1). Delhi. https://southasia.iclei.org/wpcontent/uploads/2021/09/Ahmedabad-Green-Municipal-Bond-Case-Study-2.pdf* |
| | India | SEWA: Financing Women-led Collective Enterprises in India | *SEWA Cooperative Federation, & MicroSave Consulting. (2024, April). Study to Assess the Working Capital Needs of Women's Collective Enterprises.*<br><br>*Shri Mahila SEWA Sahakari Bank Ltd. (2025). SEWA Bank: Brief profile.* |
| | Malaysia | Gender-Responsive and Participatory Budgeting in Penang | *International Observatory on Participatory Democracy (OIPD). (2014). Gender Responsive and Participatory Budgeting – Penang (Malaysia): VIII Distinction for Best Practices in Citizens' Participation. https://www.oidp.net/docs/repo/doc15.pdf*<br><br>*United Nations Economic and Social Commission for Asia and the Pacific. (2022). Urban Transformation in Asia and the Pacific: From Growth to Resilience. https://www.unescap.org/kp/2022/urban-transformation-asia-and-pacific-growth-resilience* |
| Europe | Spain | Sustainable Financing for the Localization of the 2030 Agenda in Euskadi (Basque Country) | **Local Workshop towards the Fourth Financing for Development Conference "Boosting Sustainable Development from the Local Level: Financing Strategies"**, 15 May 2025, Bilbao, Spain \| **Organizers**: UN Etxea, Basque Government, the BBK Foundation, and the Local2030 Coalition.<br><br>**Localizing Finance, Accelerating Change: Regions Driving Finance for the SDGs – A Joint Input from Regional Governments to the Fourth International Conference on Financing for Development**, 13 May 2025, online \| **Organizers**: Regions4 SDGs initiative and the Local2030 Coalition.<br><br>**2025 EU-UN Policy Dialogue on SDG Localisation – 2nd Edition: Localizing Financing for Sustainable Development**, 13 May 2025, online \| **Organizers**: European Committee of the Regions – European Commission and the Local2030 Coalition.<br><br>**Capacity Building and Local Co-responsibility for Endogenous Development and Multi-Stakeholder Alliances: "Localizing Finance through the Road to Sevilla: The Local Way"**, 1 April 2025, Session at the Sixth World Forum on Local Economic Development, 1-4 April 2025, Seville, Spain \| **Organizers:** Local2030 Coalition, Commonwealth Local Government Forum, Global Fund for Cities Development. |



| Region | Country | Case Study | Consultation/Source |
|---|---|---|---|
| | UK | Liverpool - Accelerating the Mobilization of Private Capital | **Road to Sevilla: The Local Way (Liverpool) Workshop**, 6 June 2025, online. **Organizer**: Local 2030 Liverpool Hub. Event was hosted as part of the Climate Impact Week. |
| | Spain | Andalucía – Advancing SDG-Oriented and Climate Budgeting | **Localizing Finance, Accelerating Change: Regions Driving Finance for the SDGs – A Joint Input from Regional Governments to the Fourth International Conference on Financing for Development**, 13 May 2025, online \| **Organizers**: Regions4 SDGs initiative and the Local2030 Coalition. |
| | Portugal | Braga: Pioneering Local SDG Financing through VLR process, Data Tools and Inclusive Governance | **2025 EU-UN Policy Dialogue on SDG Localization – 2nd Edition: Localizing Financing for Sustainable Development**, 13 May 2025, online \| **Organizers**: European Committee of the Regions – European Commission and Local 2030 Coalition.<br><br>*Municipality of Braga. (2022). Voluntary Local Review: Braga 2022. https://sdgs.un.org/sites/default/files/2022-09/VLR_Braga_2022_PT_EN.pdf*<br><br>*Portugal 2030. (n.d.). Portugal 2030 Strategy. https://www.portugal2030.pt/* |
| | France | Green Debt in Île-de-France | **2025 EU-UN Policy Dialogue on SDG Localisation – 2nd Edition: Localizing Financing for Sustainable Development**, 13 May 2025, online \| **Organizers**: European Committee of the Regions – European Commission and the Local2030 Coalition.<br><br>**Local Workshop towards the Fourth Financing for Development Conference "Boosting Sustainable Development from the Local Level: Financing Strategies**, 15 May 2025, Bilbao, Spain \| **Organizers**: UN Etxea, Basque Government, the BBK Foundation and the Local2030 Coalition.<br><br>**Localizing Finance, Accelerating Change: Regions Driving Finance for the SDGs – A Joint Input from Regional Governments to the Fourth International Conference on Financing for Development**, 13 May 2025, online \| **Organizers**: Regions4 SDGs initiative and the Local2030 Coalition.<br><br>*Île-de-France Region. (2023). Green, Social and Sustainability Bonds – Allocation and Impact Report.* |
| LAC | Brazil | Sicredi – Cooperative Green Financing for Sustainable Local Economies, Parana State | **Workshop on Financing for Sustainable Territorial Development**, 20 March 2025, Curitiba, Parana-Brasil \| **Organizer**: Local2030 Paraná Hub.<br><br>https://www.sicredi.com.br/site/sobre-nos/sustentabilidade/ |
| | Colombia | Bogotá Emprende: A Municipal-Bank Model for Financing Youth-Run Informal Enterprises | **The Road to Seville Youth Consultation towards the Fourth Financing for Development Conference**, 22 April 2025, online event \| **Organizers**: Local2030 Coalition, UN Youth Office, FAO World Food Forum.<br><br>https://bogota.gov.co/mi-ciudad/negocios/bogota-emprende-asesoria-gratuita-para-crear-empresa<br><br>*Cámara de Comercio de Bogotá. (2024). Informe Anual de Bogotá Emprende 2023–2024.* |
| | Brazil | SEMIPI - Leveraging Government Structures for Inclusive Social Investment, Parana State | **Workshop on Financing for Sustainable Territorial Development**, 20 March 2025, Curitiba, Parana-Brasil \| **Organizer**: Local2030 Paraná Hub.<br><br>https://www.semipi.pr.gov.br/<br><br>https://www.aen.pr.gov.br/Noticia/Com-fundo-especifico-e-novas-acoes-Parana-disponibiliza-mais-recursos-para-mulheres |
| | Brazil | Araucária Foundation: Strengthening Local Finance for Environmental Research, Innovation and Environmental Sustainability, Parana State | **Workshop on Financing for Sustainable Territorial Development**, 20 March 2025, Curitiba, Parana-Brasil \| **Organizer**: Local2030 Paraná Hub.<br><br>https://www.fappr.pr.gov.br/<br><br>https://www.fappr.pr.gov.br/Noticia/Objetivos-de-Desenvolvimento-Sustentavel-como-ferramentas-para-geracao-de-politicas |

| Region | Country | Case Study | Consultation/Source |
|---|---|---|---|
| | Ecuador | Manabí: Territorial Prosperity Index for Transparency and Accountability | **Localizing Finance, Accelerating Change: Regions Driving Finance for the SDGs – A Joint Input from Regional Governments to the Fourth International Conference on Financing for Development**, 13 May 2025, online \| **Organizers**: Regions4 SDGs initiative and the Local2030 Coalition. |
| | Mexico | Redensify to Rebuild: Financing Post-Disaster Reconstruction through Increased Building Potential | **Road to Seville: The Local Way – Regional Consultation for Latin America and the Caribbean on Local Financing Solutions**, 16 April 2025, Hybrid event (in-person at ECLAC/Santiago, Chile and online) \| **Organizers**: The United Nations Economic Commission for Latin America and the Caribbean and Local2030 Coalition Secretariat. |
| | Brazil | Rio de Janeiro: Urban Redevelopment of the Port Region and Revitalization of the Historic Downtown Using Innovative Financial and Institutional Tools | **Financing Sustainable Urban Transformation in Brazilian Cities through Innovative Land-Use-Based Financial Instruments: Learning from Local Government Practices**, 16 April 2025, Online (YouTube Chanel Rede ODS Brasil) \| **Organizer**: Rede ODS Brasil.<br><br>*The Global Platform for Sustainable Cities (GPSC). (n.d.). Porto Maravilha: Urban redevelopment of Rio de Janeiro's port area. World Bank. Retrieved June 4, 2025, from https://www.thegpsc.org/sites/gpsc/files/2._porto_maravilha.pdf* |
| | Ecuador | Cuenca: Local Taxes Financing Sustainable Urban Mobility Infrastructure | **Road to Seville: The Local Way – Regional Consultation for Latin America and the Caribbean on Local Financing Solutions**, 16 April 2025, Hybrid event (in-person at ECLAC/Santiago, Chile and online) \| **Organizers**: The United Nations Economic Commission for Latin America and the Caribbean and Local2030 Coalition Secretariat.<br><br>*ECLAC. (2023). Sustainable Urban Mobility in Latin America and the Caribbean: Progress and Financing Strategies [Policy Brief]. Economic Commission for Latin America and the Caribbean.* |
| | Brazil | Sao Paulo: Managing Building Rights and Capturing Land Value through Outorga Onerosa and Urban Operations | **Financing Sustainable Urban Transformation in Brazilian Cities through Innovative Land-Use-Based Financial Instruments: Learning from Local Government Practices**, 16 April 2025, Online (YouTube Chanel Rede ODS Brasil) \| **Organizer**: Rede ODS Brasil.<br><br>*Câmara, M., & Sandroni, P. (2022). Urban Value Capture in São Paulo: Instruments, Results, and Challenges. Research in Land, 9(1), 70–92. Retrieved from https://ejournals.lib.auth.gr/reland/article/view/6468/6211* |
| | Brazil | Urban Redevelopment and Innovative Financing to Recover Underutilized Central Areas | **Road to Seville: The Local Way – Regional Consultation for Latin America and the Caribbean on Local Financing Solutions**, 16 April 2025, Hybrid event (in-person at ECLAC/Santiago, Chile and online) \| **Organizers**: The United Nations Economic Commission for Latin America and the Caribbean and Local2030 Coalition Secretariat. |
| | Brazil | BRDE: Advancing Local Environmental Projects through a Regional Green Fund | **Workshop on Financing for Sustainable Territorial Development**, 20 March 2025, Curitiba, Parana-Brasil \| **Organizer**: Local2030 Paraná Hub.<br><br>*Banco Regional de Desenvolvimento do Extremo Sul (BRDE). (n.d.). Fundo Verde. https://www.brde.com.br/fundo-verde/* |
| | Brazil | Comprehensive Strategic Plan that Mobilizes Multiple Funding Streams Across Departments for Sustainable Development | **Localizing Finance, Accelerating Change: Regions Driving Finance for the SDGs – A Joint Input from Regional Governments to the Fourth International Conference on Financing for Development**, 13 May 2025, online \| **Organizers**: Regions4 SDGs initiative and the Local2030 Coalition. |



# About the UN Local2030 Coalition

The Local2030 Coalition is the United Nations system-wide platform for the localization of the 2030 Agenda for Sustainable Development. Co-chaired by UN-Habitat, FAO, and UNDP, the coalition ensures that the UN system is equipped to align global goals and national policies with local contexts, needs, and priorities, while pursuing a one-UN approach to localization. Through its five constituencies—national governments, local governments, civil society and academia, the private sector, and youth—the Local2030 Coalition also serves as a convergence point between the United Nations system and local development stakeholders, enabling connections for higher impact and systemic transformation, with a focus on those furthest behind.

Concretely, the Coalition's members, constituencies, and partners join forces, throughout the policy cycle at all levels, working on three areas of work: advocacy, action, and monitoring, to:

- Better integrate local development and its stakeholders as key enablers of global agendas.
- Build consensus positions and capacities in the UN system and beyond to operationalize the localization and accelerate the implementation of the 2030 Agenda.
- Scale up contextualized development and financing solutions for local impact.
- Enhance data collection and analysis, and multi-level, multi-stakeholder dialogue for the collective review of sustainable development processes.
- Provide advocacy support and strengthen the engagement of stakeholders within global milestones.

## Our Progress at a Glance

In the last two years, the Local2030 Coalition made major strides in advancing the localization of the Sustainable Development Goals (SDGs), supported by the establishment of its Secretariat in Bilbao, Spain.

The Local2030 Coalition achieved significant success in advocating for the integration of localization into the global development agenda. Through high-level representation and strategic participation in key forums - such as the SDG Summit, the Summit of the Future and the UN High-Level Political Forum - the Coalition effectively positioned local action as a critical lever for achieving the SDGs. It raised the visibility of local solutions and ensured that the voices of national, local, and regional governments, civil society and academia, the private sector, and youth were reflected in international decision-making. The Coalition's work contributed to a broader recognition among global leaders that sustainable development must be rooted in local realities and priorities, and that empowering local actors around the world is essential to achieving meaningful and lasting change at the global level.

The Coalition's two interagency working groups, established in February 2024, bring together the wealth of expertise of the whole UN system to produce knowledge and tools, and join forces to support advocacy and action for "Localizing the SDG transitions" (Working Group 1) and "Financing the SDG transitions at the local level" (Working Group 2). The latter produced a policy brief establishing a UN position on localizing finance and leveraged the consensus positions to advocate in intergovernmental negotiations on the outcome document of the 4th Finance for Development Conference (FFD4, Seville, June 2025). In line with this, the Coalition is also preparing wide consultations with UN Agencies and the Coalition's constituencies to identify and promote existing, successful local financing solutions in different contexts.

The Local2030 Hubs are centers of excellence that play a key role in fostering SDG localization, acting as Local2030's anchor on the ground, allowing for impact systemic transformation, and action to be scaled up at all levels. In 2025, there are currently four Local2030 Hubs: Parana (Brazil), Shizuoka (Japan), Hawaii (US), and Liverpool (UK); and four prospective Hubs: Cairo (Egypt), Cabo Verde, Buenos Aires Province (Argentina), and Basque Country (Spain) have registered interest.

The SDG Localization Marker, a tool designed to identify and track funding directly supporting localization efforts, has also been a significant innovation in localizing SDG implementation in projects. This marker improves transparency and accountability by allowing more precise monitoring of how financial resources are aligned with local SDG priorities. Complementing this, the Coalition has launched and began implementing over 29 Joint SDG Fund programmes, tailored to specific local contexts across countries. These initiatives support catalytic, cross-sectoral transitions, and reinforce the role of local communities in driving transformative change and accelerating the SDGs.

Another hallmark of the Coalition's 2024 achievements was its successful, inclusive stakeholder engagement. National, regional, and local governments played leading roles in crafting and executing localized development strategies. Civil society groups and academic institutions contributed through research and active participation in dialogue and partnership-building for science-based local solutions, much of which was facilitated by the Knowledge and Scientific Network, the Local2030 Hubs, and the UN agency members. The private sector was mobilized by the Coalition to co-create solutions and provide co-investment in sustainable innovative local solutions. Youth and indigenous communities were vital contributors to the Coalition's success, with standout initiatives such as the Hawai'i Youth Council, which brought forward culturally rooted, youth-led approaches to SDG implementation. This broad coalition ensured the localization process remained inclusive, context- sensitive, and responsive to diverse needs.

Looking ahead to 2025 and beyond, the Coalition aims to deepen its impact through expanded partnerships, the launch of additional Local2030 Hubs, the institutionalization of localization tools and trainings, alongside more robust monitoring frameworks. These efforts will ensure that local communities remain empowered as central actors in shaping global sustainable development.

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