Local Governments Alternative Financing for COVID-19 Response and Recovery and Accelerate SDGs Delivery

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UCLG ASPAC

- UCLG was formed in 2004 as the amalgamation of IULA, UTO and Metropolis.
- UCLG ASPAC was established in Taipei on 14 April 2004, as the new entity of IULA ASPAC.
- The Asia and Pacific region is the biggest of the Regional Sections in UCLG, linkages to more than 10,000 local governments.
- UCLG ASPAC represents well over 3.76 billion people.

**Mission**

“To be the united voice and world advocate of local governments, promoting its values, objectives and interests, through cooperation between local governments, and within the wider international community.”
Global GDP projections and difference from pre-pandemic projections

With a heterogeneous pattern across countries and regions, depending on the stringency of containment measures and degree of vaccine roll-outs.

Estimates in the OECD’s March 2021 Economic Outlook, show that real global GDP contracted by 3.4% in 2020, but anticipate growth of 5.6% in 2021 and 4.0% in 2022.

OECD unemployment has reached 7.2% in 2020 from 5.4% in 2019 (OECD, 2020) and is expected to peak at 7.4% in 2021 before decreasing to 6.9% in 2022 (OECD, 2021).
COVID-19 Impacts & Drivers K-Shaped Recovery

COVID-19 IMPACTS
- Adverse health impacts
- Food insecurity and deteriorating nutrition
- Job losses; income erosion
- Loss of education
- Inadequate relief
- Adverse social impacts
- Drug abuse
- Violence against women and children
- Human trafficking

COVID-19 POOR
- High informality
- Low social security coverage
- Weak health system
- Climate change and natural hazards
- High disparities
- Income and wealth
- Women and vulnerable groups
- Opportunities: education, health, digital access, financial inclusion

COVID-19 VULNERABLE
- Existence of vulnerabilities
- Existing vulnerabilities:
  - High informality
  - Low social security coverage
  - Weak health system
  - Climate change and natural hazards
  - High disparities
  - Income & wealth
  - Women and vulnerable groups
  - Opportunities: education, health, digital access, financial inclusion

COVID-19 PANDEMIC CONTAINMENT MEASURES
- Stimulus packages for big businesses
- Benefits for government employees
- Job security in formal sector
- Income erosion
- Loss in businesses and agriculture
- Adverse health impacts
- High disparities
- Job loss in informal sector
- Further discrimination of women and vulnerable groups
- Lack of social security
- Lack of savings and insurance
- Lack of attention to environmental issues and climate change
- Food insecurity and deteriorating nutrition
- Loss of education
- Adverse social impacts:
  - Drug abuse
  - Violence against women and children
  - Human trafficking
  - Weakening the condition of existing poor

Source: Adapted from Titumir, Rashed Al Mahmud (2020). Which recovery path may we pursue? New Age, 15 October. Available from www.newagebd.net/article/118990/which-recovery-path-may-we-pursue.
None of the five Asia-Pacific subregions are on track to achieve all 17 SDGs. However, some subregions were better positioned on some parts of the agenda. East and North-East Asia was on track to eradicate poverty (Goal 1) and provide clean water and sanitation for all (Goal 6). South-East Asia was on track to promote sustainable industry and innovation (Goal 9). All subregions lag behind on goals related to the environment, with four regressing on climate action (Goal 13) and life below water (Goal 14). All subregions are falling behind on the target of reducing greenhouse gas emissions. Most subregions are showing slow progress or are regressing on other environment-related goals. There is therefore an added urgency to ensure that responses to the pandemic in the region and at the national and local level accelerate progress toward the 2030 Agenda.
COVID-19 and Progress on Subnational Localisation of the SDGs

How COVID-19 has affected subnational governments and their progress in localising the SDGs.

The socioeconomic impact of the pandemic over subnational governments’ finances.

Subnational government’s responses to the COVID-19 and their short, medium, and long-term priorities for action.

UNU-IAS and UCLG ASPAC conducted a study on the impact of COVID-19 on subnational governments to understand their post-pandemic development directions, aiming for the findings to support subnational governments in their rebuilding phase and SDGs localisation efforts.
SDGs and Local Finance

- SDGs and Public Financial Management (PFM) are inextricably linked: financing and resource mobilization capacities are key issues.
- Unfunded and unfulfilled devolved functions could aggravate development challenges.
- Localising SDGs in provincial, city, municipal, and village plans and tools is a must -- monitor not just physical, but financial indicators as well.
- Effective intergovernmental transfers and other forms of assistance could significantly catalyze the attainment of SDG targets for local governments with weak capacity.

Source: Innovations in Local Fiscal Management in the Philippines presented by NINO RAYMOND B. ALVINA, OIC Executive Director - Bureau of Local Government Finance, Department of Finance The Philippines

International Seminar on Localizing Sustainable Development Goals: The Role of Management for Development Results
A Three-Step Approach to Shifting Finance towards the SDGs

**SHIFTING FINANCE TOWARDS THE GOALS**

**MOBILISATION**
- Mobilise additional financial resources for sustainable development

**ALIGNMENT**
- Direct all finance and investment to support sustainable development

**IMPACT**
- Increase the economic, social and environmental impact of investments in people’s lives

the largest multilateral trust fund focused on enabling developing countries to invest in nature, and supports the implementation of major international environmental conventions including on biodiversity, climate change, chemicals, and desertification

Global Environment Facility (GEF)

created to support the efforts of developing countries in responding to the challenge of climate change

Green Climate Fund (GCF)

to bridge these gaps and increase access to climate finance through diversified sources that will bolster local governments in executing their visions while contributing towards net zero and climate resilient development.

Transformative Actions Program (TAP)

a global partnership that supports cities in developing countries plan for, prioritize, and deliver climate change mitigation and adaptation projects, climate smart urban development plans and inform future city level and country level urban climate policy and action.

City Climate Finance Gap Fund

Financial Options for Local Governments
Financial Options for Local Governments

05
BioCarbon Fund

The BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) collaborates with countries around the world to reduce emissions from the land sector through smarter land-use planning, policies, and practices.

06
The Forest Carbon Partnership Facility (FCPF)

a global partnership of governments, businesses, civil society, and Indigenous Peoples focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries, activities commonly referred to as REDD+.

07
For Indonesia: SDG Indonesia One

An integrated funding cooperation platform to support infrastructure development that is oriented towards the achievement of the Sustainable Development Goals (SDGs) in Indonesia.

For Indonesia: SDG Indonesia One
**Local Governments Alternative Funding: Case Study**

**Indonesia: The planning timeline**

**VISION AND STRATEGIC PRIORITIES**

1955: Economic development, Industrialization
1966: Decentralization, Democratization
1998: Nawa Cita

2005: Sustainable development

**2030 Agenda and SDGs**

**LONG-TERM DEVELOPMENT PLAN**

**MEDIUM-TERM PLANS**

2014: Economic development, Industrialization
2015: Decentralization, Democratization
2019: Nawa Cita
2025: Sustainable development
2030: Economic development, Industrialization

**IRRC: Integrated Resource Recovery Center – Waste to Energy**

The IRRC – WTE could trigger the alternative financing through the project in accelerating the SDGs

*Case study, Jambi City Government and Malang Regency, Indonesia*

**Collaboration Concept**

JDCN (Jakarta Development City Network) for enhancing the collaboration with philanthropies, private sectors, religious institution (Badan Amil Zakat Nasional)
Key Takeaways

COVID-19 recovery financing from national governments, financial institutions, multilateral development banks, and other sources should have clear channels for access for local governments. With refocusing budget and priority for COVID-19 recovery, innovative financing for SDGs localisation is much more needed than ever. Recovery can be stimulated if it is initiated with and from the local level.

Mobilise resources through a multi-stakeholder approach. LG’s can’t do it alone. Mobilising resources beyond the LGs budget have never been more critical than now.

With over 65% of the SDG targets actionable at the local level, it is clear that the 2030 agenda cannot be achieved without local governments.

Partnership/collaboration is the key to creating a new dual formulation of internal and external circulation through openness and connectivity.

Building Back Better. Recover to normal (bounce back) does not always mean the best option. The pandemic provides an opportunity to reflect on the lesson learned, and to build back better and faster and stronger.
Thank You

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