

# Local Governments Alternative Financing Towards the SDGs

Impact Investments in Cities – Innovations  
to Finance the 2030 Agenda Locally



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UCLG ASPAC Secretary General

# Who we are

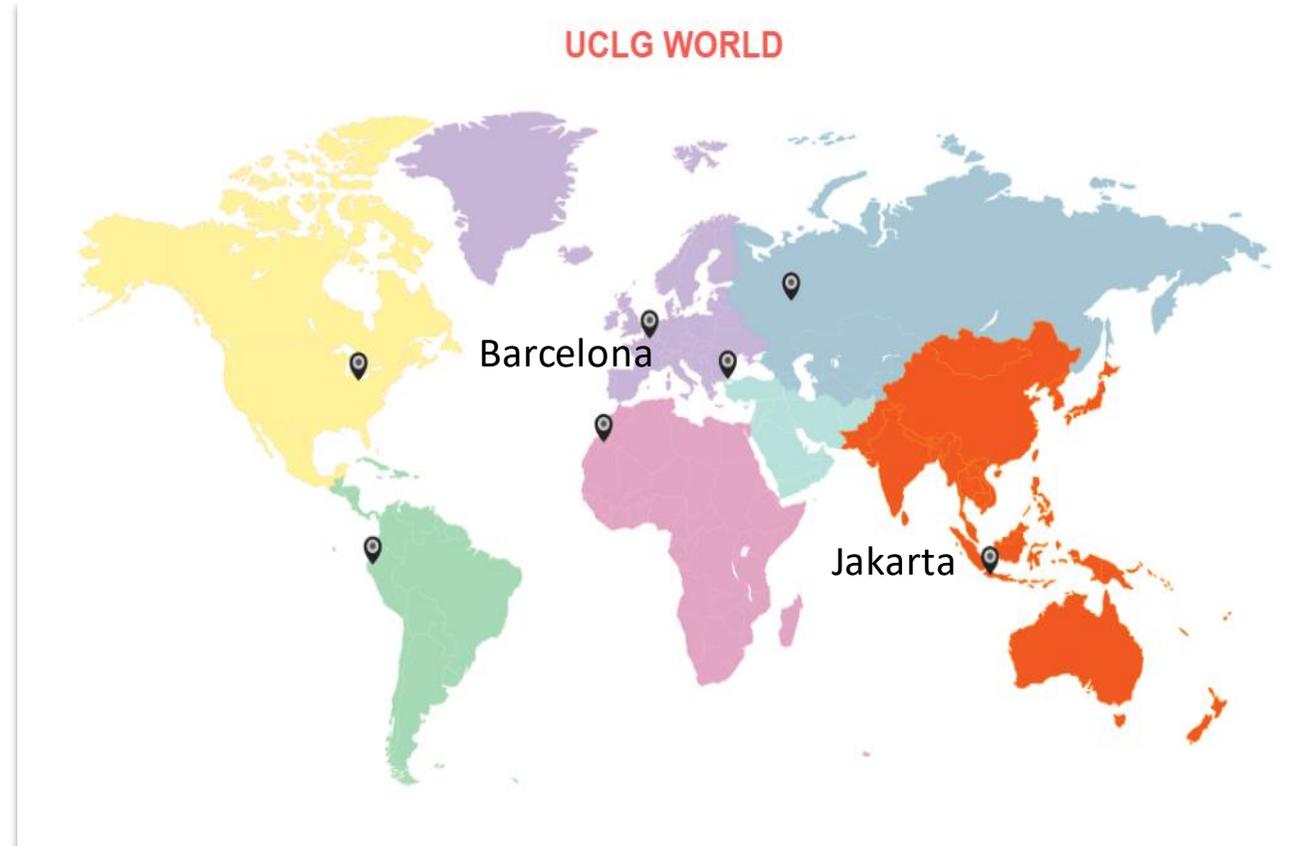


United Cities and  
Local Governments  
Asia-Pacific

- IULA was established in 1913 in Belgium, while IULA ASPAC, headquartered in Jakarta, Indonesia was set up in September 1989
- 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 cities and 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.”*



# SDGS AND THE GLOBAL GOALS



WHAT YOU DIDN'T KNOW ABOUT ASIA PACIFIC ?

### Population

Asia and the Pacific comprises **55% of the world's population** and is home to the two most populous economies in the world, the People's Republic of China and India

58% of productive population in the World < Asia Pacific has shared > 53% of young population in the world in 2015

Asia Pacific is the **most culture-rich region** as modality or capital for sustainable development: China (more than 70 world heritage sites), Japan (20 world heritage sites)\*, India (one of the most religiously and ethnically diverse nations in the world)

\*UNESCO. World Heritage Convention <http://whc.unesco.org/>

### Social-culture

### Local Economic Development

SMEs contributed between **51.7% and 97.2% of total employment in ASEAN**

**30% and 53% of the ASEAN states' GDP**

**10% and 29.9% to the exports**

**1000 years** of civilization has evolved local wisdom for mitigation and adaption of man-made and natural disaster to be rediscovered

**Japan, Australia, New Zealand, and Republic of Korea** have more than 50% of coping capacities in disaster resilience

### Center for natural disaster

\*Worldbank  
 \*ESCAP based on data from Alliance Development Works and UNU-EHS, 2014.

# Local and Regional Governments and their Associations in Asia Pacific Take the Lead to Attain the SDGs

- The SDGs and the 2030 Agenda have been widely embraced in the Asia-Pacific region. Most governments are working towards involving them in several development policies and planning and monitoring frameworks at the national and sub-national levels.
- The Asia Pacific region is already home to 59% of the world's population, of which over 50% live in urban areas, and is expected to be the second most rapidly urbanising region in the coming decades. **Local actions play a critical role in achieving a sustainable future.**
- In the ASPAC region, a number of **Local Government Associations (LGAs)** at the national and regional levels **are making substantial efforts to disseminate the global agendas, mobilise their members, promote peer-to-peer exchanges and build alliances with local stakeholders** such as NGOs, CSOs, the private sector and academia.
- In countries like Japan, South Korea, China, Indonesia, the Philippines or Australia, **Local and Regional Governments (LRGs)** **are aligning their policies and development plans with the SDGs** (although in federal countries this efforts mainly remain at the state or provincial level).

Source: GOLD V : Monitoring and reporting on progress in the implementation of the 2030 Agenda



United Cities and Local Governments  
Asia-Pacific

LGNZ

APEKSI

MuAN

FSLGA

MAB LCP

GAOK

MALA ADLG



# UCLG ASPAC Efforts in Aligning LGs' COVID-19 Response and Recovery with the SDGs

Using the opportunity of the pandemic to show the close linkages between the impact of COVID-19 to all goals of the SDGs

## Foster Knowledge Exchange

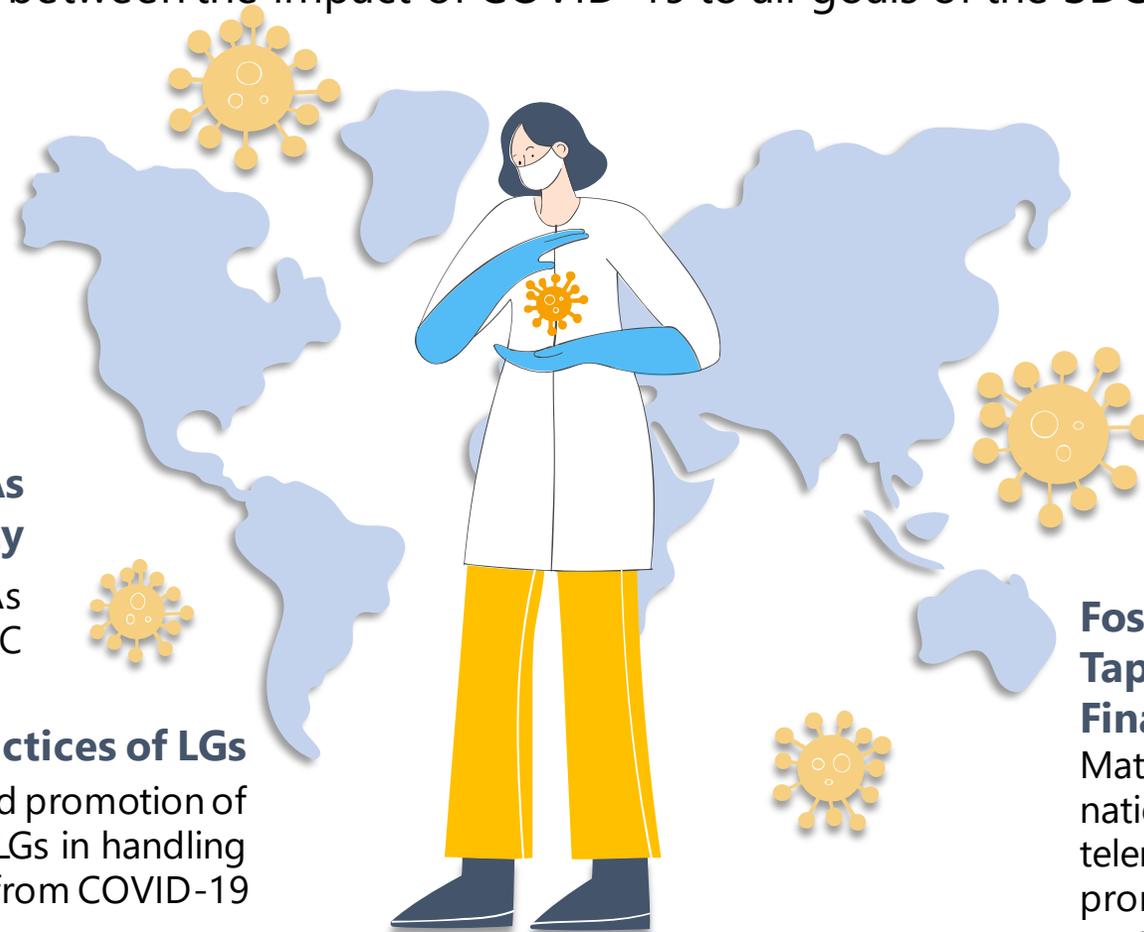
Virtual knowledge exchange between UCLG ASPAC LGs & LGAs members and other stakeholders (including through programmes/projects)

## LGs/LGAs Solidarity

Donations among LGs/LGAs members of UCLG ASPAC

## Capture Smart Practices of LGs

Documentation and promotion of smart practices of LGs in handling and recovering from COVID-19



## Advocacy and Policy Recommendations

Ongoing research and policy recommendations based on evidence and collective needs of UCLG ASPAC members

## Fostering Opportunities in Tapping Alternative Financing

Match-making virtual events at the national and international level (e.g. telemedicine & tourism) & promoting multi-stakeholder partnerships



# Current Situation on SDGs

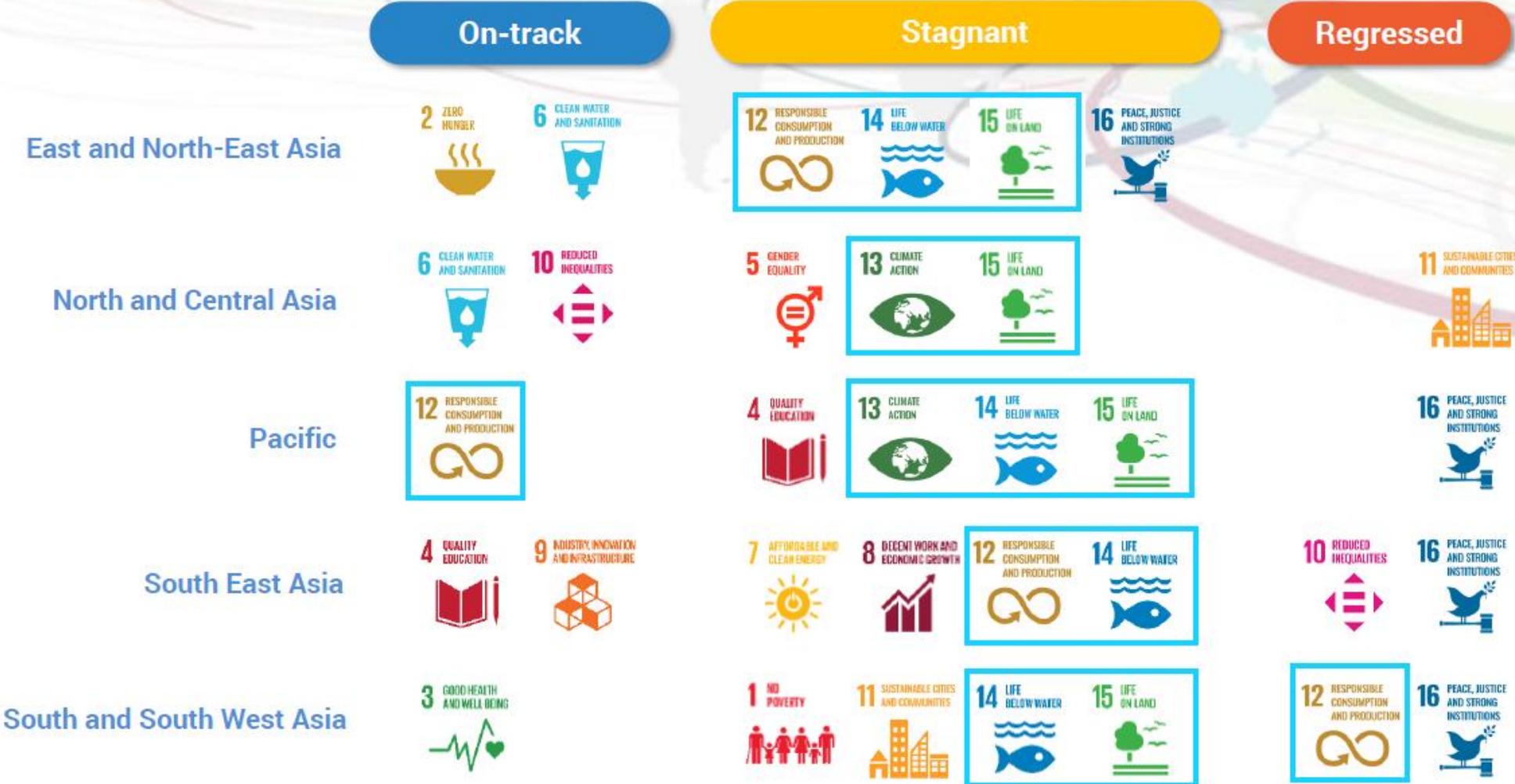


It is timely to engage with governments and multi-stakeholders to review progress and discuss policy responses as there is 10 years left.

Unprecedented impacts of the COVID-19 pandemic could slow existing SDGs progress.



# Limited progress on environmental goals

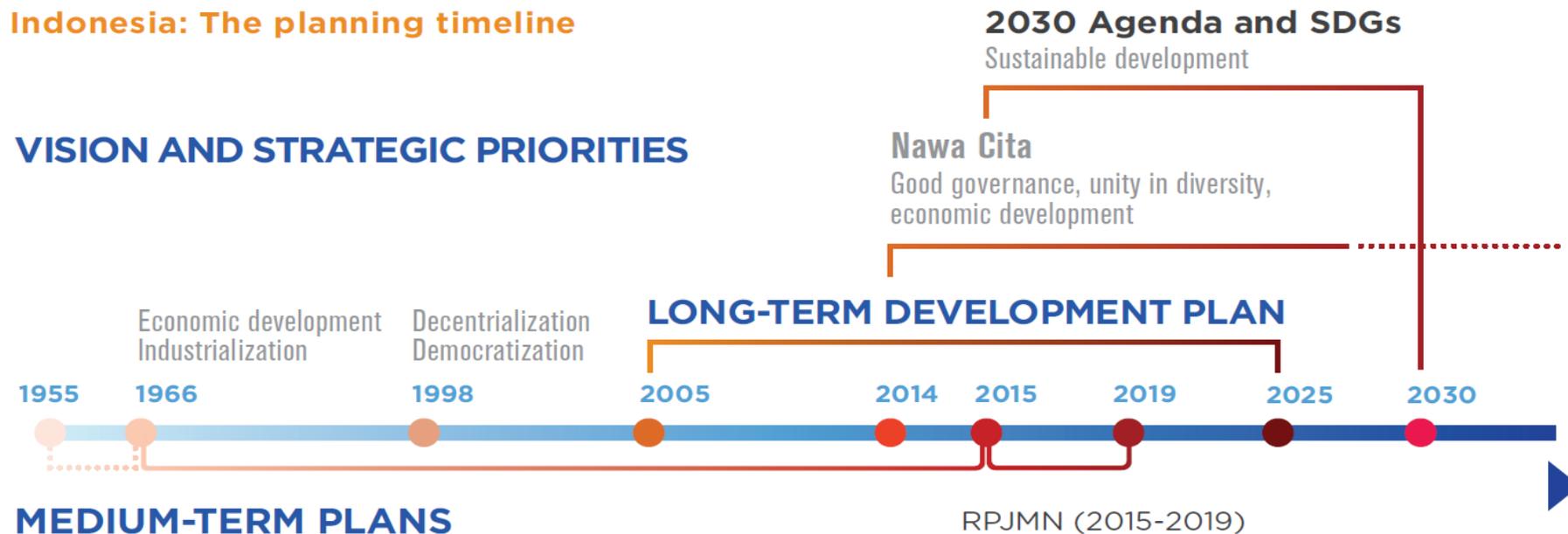




# Alternative Financing Towards the SDGs – Indonesia Best Practise

- As a member of the G20 group of countries and a middle-income country, Indonesia is no longer considered by traditional donors to be a beneficiary of development assistance; its status has changed to that of a partner in implementing development projects
- in order to fund development programmes, in particular programmes which relate to achieving the SDGs, the Government of Indonesia needs to increasingly rely on its own revenues from taxes.

## Indonesia: The planning timeline





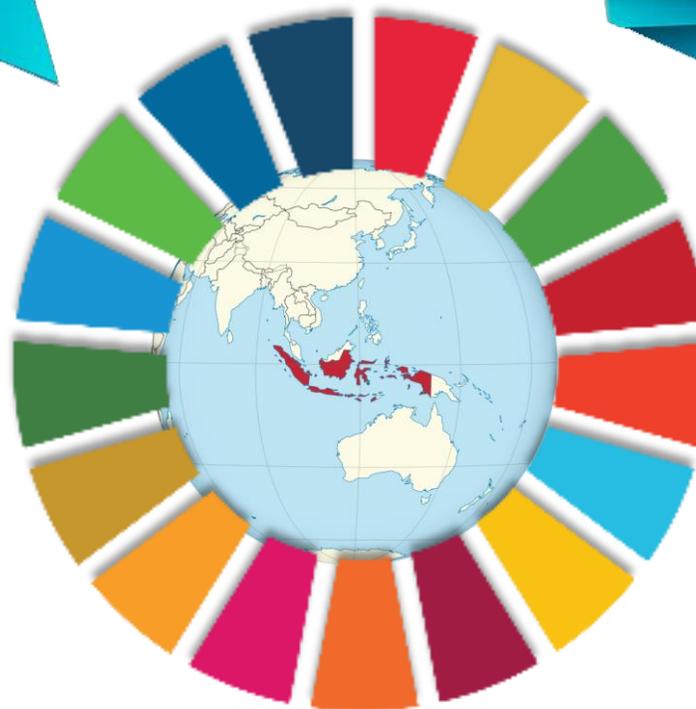
# Alternative Financing Towards the SDGs – Indonesia Best Practise

private sector

philanthropic foundations

Financial agencies

Badan Amil Zakat Nasional  
(Baznas)



Alternative Financing  
on SDGs . . .



# Potential of Zakat as a Source of Funding for SDGs

## Map of Potential Zakat in INDONESIA

Companies Zakat

Rp 6,71 Triliun



Agriculture Zakat

Rp 19,79 Triliun



Zakat on Livestock

Rp 9,51 Triliun



Income Zakat

Rp 139,07 Triliun



Cash Zakat

Rp 58,76 Triliun



Total  
Potensi

Rp 233,84  
Triliun

# Social and Economic Impacts

Kabupaten Konawe, Sulawesi Tenggara  
**RSUD Kab. Konawe – Rp231,9 Miliar**



## Direct Support



## Indirect Support



### output Increase

• 0,41%

### added value increase

• 0,27%

### Increase in Household Income

• 0,33%

### Increase in Employment

• 0,08%



# Philanthropy Supported Schemes

- Donasi/sumbangan
- Grant/Hibah
- Loan Financing/Pinjaman
- Trading/Transaksi Penjualan
- Equity Capital/ Modal Ekuitas
- Venture Philanthropy/ Filantropi Ventura
- Impact Investment/Investasi Berbasis Dampak
- Blended Finance/Pendanaan Campuran





# Synergi Filantropi & SDGs



- Increase organisational capacity
- Synergise organizational programs and agendas with national and global development agendas
- Measure program impacts and contributions
- Become a fundraising and partnership tool
- Opportunities to promote programs and initiatives at the national and global level
- Opportunities to partner and synergise with other organisations / institutions at the national and global levels

# Alternative Financing on SDGs through Partnership



**ANNOUNCING A NEW PARTNERSHIP**  
 TO ENSURE CITIES HAVE FUNDING  
 TO IMPLEMENT CLIMATE ACTION  
 TO INCREASE SUSTAINABILITY  
 AND RESILIENCE

GLOBAL COVENANT  
 of MAYORS for  
 CLIMATE & ENERGY

THE WORLD BANK  
 IBRD - IDA | WORLD BANK GROUP



- ✓ [Launched Call](#) to with IDB, WBG and EBRD promote multi-level governance NDCs investment plans that support local investment
- ✓ [Global Urbis](#) Set of Financial Partnerships with EC and Leading Institutions



European Investment Bank  
 The EIB bank

GLOBAL COVENANT  
 of MAYORS for  
 CLIMATE & ENERGY

#StepUp2018  
 #GCAS2018

**Global Climate City Challenge**  
 Supporting cities' bold climate action  
 with advice and finance

In partnership with  
 ICLEI  
 C40  
 CITIES

C40 CITIES  
 FINANCE  
 FACILITY

CDP  
 CITIES  
 CLIMATE DISCLOSURE

In collaboration with  
 GLOBAL COVENANT  
 of MAYORS for  
 CLIMATE & ENERGY

ANALYSIS

**The demand for  
 financing climate  
 projects in cities**

An analysis of projects from the C40 Cities Finance  
 Facility's application phase and from CDP disclosure

SEPTEMBER 2018

- First 20 shortlisted cities have investment potential of 1.4 billion euro
- 145 project applications received with total investment opportunities of over 5 billion euro. Winners will be announced at COP25.

2019



**Announcing the City Climate  
 Finance Gap Fund**  
 #ClimateActionSummit

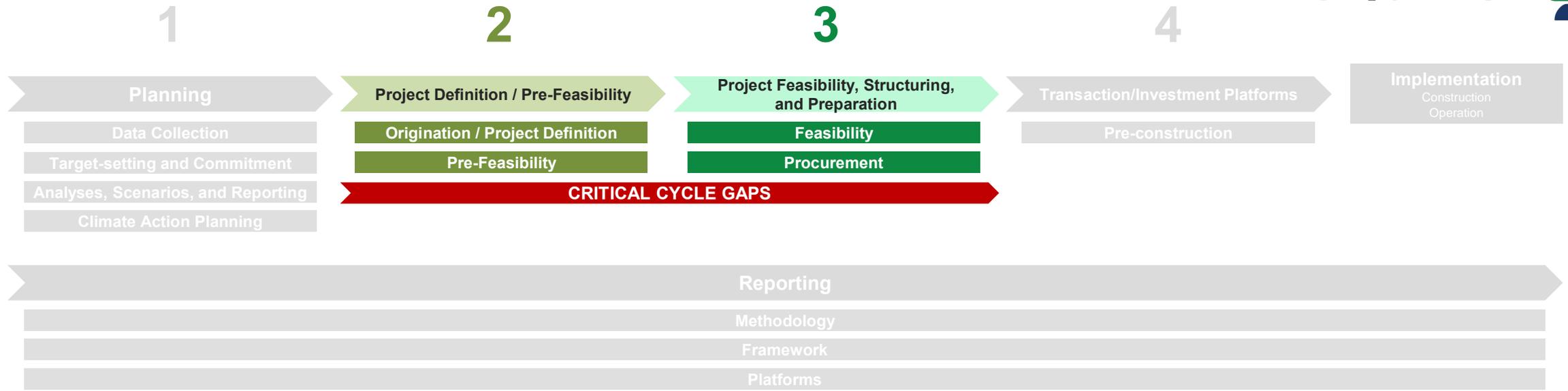


# THE CLIMATE GAP FUND

INVEST4CITIES



- An initiative of Global Covenant of Mayors (GCoM) for Climate and Energy and the German and Luxemburg Governments.
- It was announced in September 2019 and launched recently.
- It aims to mobilise more than EUR 100 million in order to unlock up to EUR 4 billion in project financing.
- It seeks to unlock financing opportunities across a plethora of urban sectors, including transport, buildings, waste, energy and water for both mitigation and adaptation.
- UCLG ASPAC currently serves as the Secretariat of GCoM for SEA



***Local governments lack the funding and resources they need to mature projects from concept to feasibility and on for investment***

Through GCoM and with support from city network partners, committed cities are developing local strategies to address climate change.

However, many of these project ideas never make it out of climate action plans to get in front of investors.

The “Gap Fund” provides technical assistance at *project definition and pre-feasibility* stages.

# CONCLUSION

- There are several financial options available for the localisation of SDGs.
- Conducive environment for Cities and Local Governments to enable them to access financial options.
- Regulations, guidelines, tools and capacity development (institutional strengthening, PPPs, etc.) can help boost the local finance.



# Thank You

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