Conclusions
The possibilities are endless. Localized development strategies, developed from and suited to local realities, transform global sustainable model
The 2030 Agenda calls for the eradication of poverty, the promotion of human prosperity, a reduction in inequalities, the fostering of peace, reversing the degradation of the planet, and the strengthening of the Global Partnership for Sustainable Development. Its adoption, together with the adoption between 2015 and 2016 of the Paris Agreement on climate change, the Addis Ababa Action Agenda on Financing for Development, the Sendai Framework on Disaster Risk Reduction and the New Urban Agenda, represented a moment of great hope that multilateral cooperation could herald more inclusive and environmentally sound models of development. Local and regional governments (LRGs) have demonstrated their firm commitment to the realization of these agendas by widely embracing their objectives and becoming actively involved in their implementation.

At the end of the first quadrennial cycle, the agreed period for evaluating progress, the first global assessments are emerging and show mixed results. Multilateral approaches to development are currently under threat from the polarization of national politics as the world economy experiences another global slowdown. Growing economic inequalities and global tensions are increasing people’s concern about the future and their mistrust in policy systems and institutions, while a larger number of military conflicts and natural disasters are pushing people to migrate on a massive scale.

These Conclusions start with a recapitulation of the report’s main findings with respect to the progress made on the implementation of the global agendas. Following an analysis of how global trends have changed the context of SDG implementation, Section 1 finds that the importance of urban and territorial management is only set to increase, and with it the importance of the role of LRGs in achieving the SDGs. The discussion continues in Section 2 with an overview of the progress made in the localization of the global agendas. This highlights how the territorialized policies of LRGs (which involve alignment efforts, the protection of universal access to public goods, and the promotion of local data for SDG monitoring and evaluation, amongst others), are fundamental steps towards the achievement of the SDGs. Section 3 concludes with an analysis of the evolution of institutional environments for SDG localization, taking a pioneering global approach that together examines decentralization, multilevel governance mechanisms and the means available to finance the shift toward sustainable development patterns. Section 3 further raises the point that to achieve the SDGs, institutional environments need to improve multilevel coordination to ensure policy coherence and become conducive to local action. At the same time, it opens up the discussion about how to do this in each specific context. Finally, Section 4 advances several policy recommendations to develop an LRG roadmap to accelerate and scale-up local action for the implementation of the SDGs.
1. Global trends affecting the implementation of the 2030 Agenda

1.1 Insufficient progress: several red flags

The UN Secretary-General’s 2019 report to the High-Level Political Forum on Sustainable Development (HLPF) acknowledges that ‘progress is being made and some favourable trends on SDG implementation are evident’, but the ‘global response has not been ambitious enough’. Extreme poverty and child mortality rates continue to fall, as does the incidence of diseases, while there has also been progress on some gender equality targets, access to electricity, labour productivity and unemployment. Moreover, the proportion of urban population living in slums has fallen, marine-protected areas have expanded and progress on some means of implementation is moving rapidly.

Overall, national governments have shown a high level of commitment to the achievement of the SDGs: 142 countries have presented their VNRs since 2016. Taken together, they represent 86% of the global population. The majority of countries have incorporated the 2030 Agenda and the SDGs into their national development plans and strategies or have developed specific roadmaps. Almost all countries have set up coordination structures at higher levels of government to ensure more coherent implementation. Many are adapting their institutional frameworks to support the interlinkages between sectoral policies, and they are involving civil society, the business sector, academia and social partners.

However, assessments of the global progress made in the implementation of the 2030 Agenda by the UN and international agencies remain pessimistic. The UN Secretary-General’s report underlines that at the current pace, many of the goals and targets will probably not be achieved. For example, the extreme poverty rate is projected to be 6% in 2030, thus missing the global target to eradicate extreme poverty; while hunger is on the rise for the third consecutive year. In Africa, ‘more people are entering poverty than escaping it’. At the same time, the majority of indicators measuring ecosystems show a rapid decline and biodiversity is being lost at an alarming rate. Economic growth has exacerbated inequalities between and within countries, while formal markets are not capable of absorbing informal work and high youth unemployment. Half of humanity – women and girls – continue to experience violence, unfair social norms and unequal treatment at home and work. Furthermore, available sustainable development financing is below the levels required to achieve the SDGs. Other means of implementation are not yet mainstreamed, and nor are institutions robust enough to adequately respond to these massive interrelated and cross-border challenges.

Others reports reach similar — or even more pessimistic — conclusions. Several institutions and social movements point out that there is an increasing ‘gap between rhetoric and action’, which is evident for instance when analysing the Voluntary National Reviews (VNRs) submitted to the UN. Gaps between commitments and actions are also noticeable with regard to the Paris Agreement on climate change and the New Urban Agenda.

Nationally Determined Contributions (NDCs) to the UN Framework Convention on Climate Change (UNFCCC), were communicated by 190 parties (97% of the parties of the UNFCCC) for the first round (2015-2020). The analysis of these shows that the objective of the Paris Climate Agreement to keep the global temperature below...
2°C will not be reached unless countries make more ambitious commitments for the next round (2020). However, reduction of climate change impacts is also closely linked to the achievement of sustainable development pathways, the eradication of poverty and the reduction of inequalities.

The implementation of the National Urban Agenda at the national level is making progress at an even slower pace. Around 92 countries are already implementing some form of national urban policy (NUP), but only 13 have reached the monitoring and evaluation stage. At the regional level, in 2016, European Union (EU) Member States adopted the Pact of Amsterdam, which situates the SDGs and the New Urban Agenda in the European context. In Latin America, the United Nations Economic Commission for Latin America (UNECLAC), in cooperation with the Forum of Ministers and High-Level Authorities on Housing and Urban Development Sector (MINURVI) and UN-Habitat, adopted the Regional Action Plan for the Implementation of the New Urban Agenda, and created a regional platform to facilitate the follow-up and monitoring of the New Urban Agenda. African countries are exploring the development of a harmonized regional framework for implementing the National Urban Agenda. However in most countries, NDCs and NUPs often remain disconnected from the SDGs.

As illustrated in this brief introduction, there is a general acknowledgment that the shift towards a new sustainability paradigm envisioned by the 2015 commitments is not taking place at the pace and scale required and, in some territories, it is even reversing. As stated by the UN Secretary-General, the ambitions and efforts towards the implementation of the global agendas need to be upscaled and accelerated if the world is to achieve the transformations needed to preserve our future.
1.2 New roles for local and regional governments in the face of major global transformation

The world is experiencing major transformations that are undermining the achievement of the global agendas, changing the structure of our societies, their economic and governance models, and affecting the role and capacities of institutions and actors. The UN Secretary-General identifies five such transformations or ‘megatrends’, namely urbanization, demographic and climate changes, protracted crises and frontier technologies.8

The world population is expected to reach 9.7 billion people by 2050, of which 70% will live in urban settlements. Ensuring the sustainability of such demographic change and urbanization rates will depend on the successful management of urban growth in low-income and lower middle-income countries, where the most rapid urbanization is expected to happen.9 In fact, only three countries will account for 35% of the world’s urban population growth between 2018 and 2050 (India, China and Nigeria).10 At the same time, 55% of the population growth will concentrate in Africa, whose urban population is projected to grow three-fold by 2050. The continent will also have the highest percentage of youth population. In contrast, in all regions except Africa, one quarter or more of the population will be people aged 60 years or above. These demographic changes will have a large impact on urbanization patterns and, while today three out of five (57%) urban dwellers live in cities with less than one million inhabitants, in 2035 this number will reach two and a half in five (53%). The number of megacities in the world (cities with more than 10 million inhabitants) will increase from 33 to 48, and these will host 16% of the world urban population. Forty-three of these megacities will be in the Global South, of which 32 will be in Asia.11 However, it is not only megacities and metropolitan areas that are likely to grow: intermediary cities, with populations ranging from 500,000 to one million inhabitants, are also expanding rapidly. They encompass more than 8,900 cities and are home to nearly 36% of the world’s urban population, and many of them are facing significant urbanization and growth management issues.

As emphasized in the Intergovernmental Panel on Climate Change (IPCC) 2018 special report, if global warming exceeds 1.5°C, the world will be pushed towards a highly uncertain scenario in which the magnitude of climate-related risks will depend on the rate, peak and duration of warming. In order to achieve development pathways that are consistent with the commitment to limit climate change to 1.5°C, enabling conditions must be created that allow for transformational and systemic change with respect to the management of energy, land and ecosystems, urban infrastructure and industrial systems. Established patterns of urbanization are highly reliant on fossil fuels and the complexity of the global circuits of production and consumption mean GHG emissions are highly concentrated in cities, which account for two-thirds of global GHG emissions and energy consumption, and which more and more are suffering the worst effects of climate change. The number and impact of natural disasters have multiplied during the last decade and are increasingly urban in nature.12 Heat waves, terrestrial and coastal flooding, new disease vectors, air pollution and water scarcity will continue to converge and largely impact cities, unless adaptation and mitigation efforts are designed to decarbonize urban societies. Many cities situated in low-lying coastal areas will be exposed to sea-level rise (estimated at 570 cities, home to over 800 million people), as well as other risks associated with the degradation of ecological systems, such as saltwater intrusion, flooding, and infrastructure damage.

Moreover, armed conflicts are expanding in many parts of the world posing a huge challenge to the achievement of the SDGs. Eight hundred Systemic changes are necessary to manage better energy, land and ecosystems, urban infrastructure and industries.
and thirty-six million people are estimated to live in extreme poverty in fragile or conflict-ridden contexts. Moreover, the number of globally displaced people – because of conflict or climate change-related disaster – had risen above 65 million by the end of 2017, almost twice the number of displaced people 20 years ago. According to recent data, however, 82% of violent deaths also occur in ‘non-conflict zones’, and particularly in urban centres. These include violence from exclusionary processes, interpersonal violence, hate crimes and organized crime. Meanwhile, corruption, threats to the freedom of the press or to the rights and freedoms of civil society organizations (CSOs) are worsening worldwide, leading to declining social trust, polarization and unrest. Thus, ‘local institutions have an even more important role in managing vulnerability and providing incentives to enhance resilience’.15

**Frontier technologies** create immense possibilities to improve human wellbeing, environmental management and boost economic prosperity. They are already influencing city management, optimizing public service delivery.
(e.g. smart grids) and improving access to basic services of populations living in remote or marginalized areas through, for instance, decentralized renewable energy and sanitation options. Technologies are also being used to facilitate access to better data and improve accountability and citizen participation, as well as contributing to reducing carbon-intensive energy consumption patterns and helping to monitor urban and natural systems and their interactions. The ‘Internet of Things’ and Artificial Intelligence will also accelerate these changes. Nevertheless, despite the opportunities they present, the use of new technologies and big data to optimize the management of public goods also gives rise to tensions since public goods are by their nature common goods to which all populations must be ensured — yet do not always have — access. Moreover, ICT and the data it generates often leads to sensitivities around population privacy and monitoring which, together with the effects of the ‘gig economy’ — facilitated by ICT — on housing and labour rights, are increasingly important issues on local agendas. Many LRGs are trying to address these issues (e.g. the Global Coalition of Cities for Digital Rights, Declaration of Cities for Affordable Housing). A further challenge is the increasing technological divide between more and less economically developed countries, as well as between urban and rural areas. This, technological gap, needs urgently to be tackled to ensure the opportunities brought about by new technologies are accessible to all.

Recent global assessments explore different levers and ‘entry points’ that could entail the adoption of the systemic approaches needed to accelerate the implementation of the global agendas. ‘Sustainable urbanization’ is considered one of the key ‘entry points’, since it embodies the interlinkages and interactions between the different dimensions of the SDGs and the other agendas. Other reports, such as the 2019 Quadrennial UN Global Sustainable Report and the IPCC 2018 Report, adopt similar approaches in relation to urbanization. Urbanization and territorial development are becoming more and more central to sustainable development strategies. As our societies become increasingly urban, the transformative impact of cities and their interactions with peri-urban and rural areas — the so-called ‘rural-urban continuum’ — are more and more a focus of the global and national agendas. As such, the initiatives of LRGs are increasingly recognized as central to the progress of these agendas.

Existing analysis considers that, with their concentration of people and economies of scale, their propensity to innovate and their capacity to bring together local stakeholders, local authorities and cities have a privileged position to elaborate development strategies that are more sustainable. Some reports emphasize that the cumulative benefits of integrated approaches fostered by urban systems can bring as much as 20-fold improvements in resource and energy efficiency. Well-managed cities can accelerate the transition towards low-carbon societies, strengthen resilience strategies and reduce the impact of the urban carbon footprint, while also facilitating access to sustainable economic alternatives, improving social inclusion and advancing rights-based agendas that put people at their centre. Well-planned territories equally can contribute to reshaping urban and territorial systems, adopting a more balanced approach to territorial development that tackles growing territorial inequalities by fostering collaboration between towns, intermediary cities and metropolitan areas and their hinterlands, and better managing the development of urban corridors and clusters as well as optimizing urban-rural interactions.

Nevertheless, without definite policy interventions, the population increases expected to take place in urban areas over the next 30 years and the consequent impact on GHG emissions and depletion of natural resources will be greater than any seen before in human history. Forecasted urban growth translates into 85 million more urban dwellers per year. Thus, the New Urban Agenda must be understood as a ‘catalyser’ for the implementation of the SDGs, one that fills in the urban dimensions of the 2030 Agenda. At the same time, it is important to remember that the multiple trade-offs between the two agendas could also limit the combined potential for scaling up local policies. Urban densification, for example, could support climate mitigation strategies by reducing emissions, while simultaneously increasing adaptation challenges by intensifying heat island effects and inhibiting restoration of local ecosystems.

As shown in the aforementioned UN reports, structural transformations are putting increased pressure on the implementers of the global agendas. The progress cities and territories make towards the execution of the global agendas will be determinant in transitioning towards the sustainable development pathways necessitated by these agendas. This requires not only strengthening of the governance of territories and cities but also coordination with national sustainable development (NDSs) strategies to ensure that LRGs play a greater role incrementally in the transition towards a sustainable future.

The following section summarizes the growing role of LRGs in the achievement of the global agendas and illustrates through different examples how they contribute to developing more sustainable and inclusive development patterns.
2. How LRGs are taking the lead in the achievement of the global agendas

2.1 A worldwide LRG movement committed to the global agendas

Since 2016, the local and regional movement for the localization of the SDGs has been progressively expanding to all parts of the world, albeit at a different pace within and between regions. Progress is more noticeable in some regions, for example Europe, and particularly Northern and Western European countries, where a remarkable number of LRGs are reported to be involved in the localization process. In Southern Europe and the Baltic countries, mobilization around the SDGs is growing, while it remains more limited in Central Europe and is still incipient in Eastern and South-Eastern Europe. In North America, an increasing number of pioneering high-profile cities and states are demonstrating their commitment to achieving the global agendas, with the support of their local government associations (LGAs), non-governmental organizations (NGOs), foundations, private sector and grassroots organizations. Caribbean LRGs, with the support of international LRG networks, are also increasingly engaged in the localization process, most notably in Jamaica and Trinidad and Tobago and, to a lesser extent, Dominica and Saint Lucia.

Progress has been more varied in Latin America. This has been driven mainly by LRGs and LGAs in Brazil, Costa Rica, Colombia, Dominican Republic, Ecuador, and by regional governments and large cities in Argentina and Mexico. Elsewhere, mobilization around SDG localization is slowly growing (Peru, Bolivia, Guatemala and Honduras). In Asia-Pacific, a number of LGAs at the national and regional level have made substantial efforts to disseminate the global agendas and mobilize their members, while promoting knowledge-sharing and peer-to-peer exchange (e.g. UCLG ASPAC). Many LRGs are making progress in the alignment with the SDGs of their policies and plans (Japan, South Korea, China and Indonesia, followed by Australia, Philippines and New Zealand). In federal countries, such as India and Pakistan, alignment efforts remain more concentrated at the state or provincial level. Initiatives are expanding at different rates in the other countries of the region, as well as in the Small Island Developing States (SIDS) in the Pacific. In Africa, significant efforts have been made developing local and regional plans and strategies aligned with the SDGs, thanks to the support of national and regional LGAs. LRGs in Benin, Kenya, Rwanda, South Africa and Togo are among the frontrunners, followed by Burundi, Cape Verde, Côte d’Ivoire, Ghana, Mali, Mozambique, Tanzania and Uganda. Meanwhile, progress in Eurasian and Middle Eastern and

At the global level, LRG networks encourage and support more systematic local and regional implementation of the global agendas.
West Asian countries remains slow (with the notable exception of Turkey) in environments dominated by centralized governance systems and, in the case of MEWA, by the persistence of severe conflicts.

At the global level, LRG networks have played a key role in encouraging and supporting more systematic local and regional implementation of the global agendas. Indeed, since the end of 2012, UCLG has been actively involved in the preparation of the post-2015 agenda. Following the participation of its President, the Mayor of Istanbul, in the High-Level Panel of Eminent Persons on the Post-2015 Agenda, UCLG created the Global Taskforce of Local and Regional Governments, bringing together the world’s main global and regional organizations of LRGs. The advocacy work of UCLG, in partnership with the other LRG networks and partners, has been instrumental in strengthening the dialogue with the UN and international and regional institutions, at the same time mobilizing their members for the 2030 Agenda, the Paris Climate Agreement and the other global sustainable agendas. In this sense, 2015 represented a tipping point in UCLG advocacy, with the recognition of LRGs’ role in the SDGs, particularly SDG 11, as well as in the Paris Climate Agreement, and later in the New Urban Agenda, when the representation of Mayors became the symbol of the UN Summit in Quito. Since that time, ‘localization’ has been recognized as a critical dimension in the achievement of the global agendas.

Furthermore, regional and national LGAs are actively contributing to the localization of the SDGs in most regions. Their actions range from mobilizing their members to the organization of hundreds of conferences, workshops, awareness-raising campaigns, capacity-building, provision of technical support and implementation of pilot projects; to actively fostering dialogue and exchanges with regional and international organizations through their advocacy work with national governments. Another common feature is that many regions, metropolitan areas and large cities across the world have successfully managed to raise the profile of their innovative actions and best practices for the localization of the SDGs. However, while these are all positive trends, outreach is still limited to ‘frontrunners’ and mobilized cities, regions and their associations, and not across the board.

Finally, several LRGs and their organizations are placing a strong emphasis on mobilizing

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**Figure 2**

Involvement of LRGs in VNR process (2016-2019)

![Map showing involvement of LRGs in VNR process]

Source: UCLG, GTF, “Towards the localization of the SDGs, Report to the 2019 HLPF”
and building alliances with local stakeholders as part of SDG localization processes, in particular with NGOs, CSOs, private sector, academia and knowledge-based organizations. Examples of multi-stakeholder platforms and campaigns to support SDG localization are abundant in Europe (e.g. SDG charters and forums) and in North America, as well as in Latin America, the Asia-Pacific region (e.g. Local Sustainability Alliance of Korea) and Africa (e.g. ‘Know your City’).

National governments and international institutions should take greater advantage of the current mobilization trends to develop real ‘whole-of-government’ and ‘whole-of-society’ approaches, as required by the 2030 Agenda. The mobilization of civil society and NGOs in sustainable development is reaching an unprecedented scale. Worldwide social movements have recently emerged, mainly led by young people, women and indigenous people. Within the private sector, some leading enterprises have also begun to move away from ‘business-as-usual’ approaches, for instance by adopting and reporting on sustainability standards.

However, the openness of the governance systems and follow-up mechanisms for the implementation of the SDGs do not necessarily reflect the degree of mobilization of LRGs and their networks. Institutional arrangements for SDG implementation in each country were reviewed for this report with the aim of assessing the involvement of LRGs in mechanisms set up for the coordination of implementation processes. The analysis thereof concludes that the involvement of LRGs is still globally unsatisfactory. As reported by the Global Taskforce of Local and Regional Governments to the UN, LRGs were consulted (in some way) during the reporting process, albeit cursorily in some instances, in only 42% of the countries that reported to the HLPF between 2016 and 2019. Moreover, LRGs were involved (in some way) in the national coordination mechanism in only 33% of these countries. This has had a direct impact on the degree of mobilization and engagement of LRGs in the different countries.

Nonetheless, formal participation in itself will not create the desired and necessary transparency and openness of governance of the SDGs. To leverage the positive actions of LRGs, civil society and partners, the objectives and modalities of the HLPF, as well as other regional and global forums, need to be revised. The world needs to transform the HLPF into an effective multilateral and multi-stakeholder space for dialogue, to foster exchange of experiences and knowledge-sharing, to strengthen collaboration and partnership, and to ensure real oversight of commitments and policy implementation. Without a revamped mechanism for stronger institutional and stakeholder engagement that promotes coordination and greater accountability to ensure that initiatives perform in a resource-efficient and effective manner, the SDGs will remain aspirational goals.

Regional and national LGAs are actively contributing to the localization of the SDGs in all regions.
2.2 Mapping LRG efforts to align local and global agendas

As summarized in the different regional chapters, LRGs find themselves at different stages of the SDG implementation process. Table 1 proposes a scheme to identify the different stages of this process.

Although with important differences, committed LRGs in the majority of the regions are mostly in the preparatory phase of the process: moving from commitments to alignment with the SDGs of their urban development plans, policies or territorial strategies, raising awareness between local stakeholders and involving local partners, and defining coordination or follow-up mechanisms. Only those LRGs that are more advanced are in the operationalization phase, linking SDG priorities and budgets, retrofitting the SDGs within existing programmes and projects and launching new initiatives. Moreover, a limited number of LRGs have defined systems of indicators supported by monitoring and evaluation mechanisms aligned with the SDGs. In general, these tend to use regular follow-up mechanisms, such as budget tools and regular reporting systems. Meanwhile, some LRGs have decided to go a step further and are developing Voluntary Local Reviews (VLRs) to measure their contributions to the achievement of the SDGs.

<table>
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<tr>
<th>Stage</th>
<th>Focus</th>
<th>Activities</th>
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| 1     | PREPARATION National level | • Preparation of national strategies (integration/alignment of the SDGs within national development strategies (NDSs) or development of a 2030 Agenda plan).  
• Appointment of a responsible national coordination body and building an inclusive governance arrangement to promote a ‘whole-of-government’ and ‘whole-of-society’ approach to SDG implementation.  
• National monitoring and evaluation framework and indicators.  
• Information and consultation (national and local).  
• Localization strategy for implementation of SDGs: vertical and horizontal alignment of policies.  
• Dedicated means of implementation: technical assistance and training programmes, financing mechanisms.  
• National reporting system for the preparation of the VNR with a multi-stakeholder participatory approach. |
| 2     | OPERATIONALIZATION | • Setting priority targets, involving local stakeholders, preparing investment plans and budgets for projects and programmes.  
• Operationalizing SDG monitoring and evaluation of performance targets and indicators.  
• Collaborative multilevel governance and coordination arrangements established to support co-funded local SDG initiatives.  
• National and local retrofitting of SDGs to existing projects and programme activities. |
| 3     | SCALING-UP/ MAINSTREAMING | • Long-term plans, budgets and funding models for scaling-up to long-term programmatic and bundled programme activities.  
• Mainstreaming and tailoring to context and scale.  
• Knowledge transfer involving continuous open learning. |
| 4     | ADAPTING/ GLOCALIZING | • Globalization of good practices.  
• Customization and adaption of learning and good practices.  
• Value-adding through innovation and creativity.  
• Developing learning systems and technologies. |

Table 1  Stages of SDG implementation process

Source: Brian Roberts for the ‘GOLD V Report’.
However, it is not easy to establish a strict separation between the different stages. De facto, as underlined in the regional chapters, local-level sustainable development initiatives were already in existence before the adoption of the 2030 Agenda and, although not branded SDG efforts as such, many contribute directly to the realization of the Goals.

Several variables have been identified as levers that contribute to some LRGs being more advanced in their alignment and operationalization processes than others. These are: 1) the existence of robust national SDG localizing strategies; 2) institutional environments conducive to LRG actions; 3) adequate technical and financing support; and 4) political will and engaged local communities. Based on the analysis provided in the regional chapters, the following patterns can be elucidated to map those countries where LRGs appear to be more advanced in the SDG localization process, and those where they are lagging behind. The following figure identifies 31 countries out of the 88 that were reviewed, where ‘territorialization’ strategies have been strongly promoted to support LRG involvement in the localization of NDPs and their contributions to the implementation of the Global Goals (e.g. Benin, Costa Rica, Iceland, Indonesia and Serbia, among others).

Countries in Group A stand out for having a significant number of their LRGs contributing to SDG localization through bottom-up initiatives. These frontrunner countries have national sustainable development strategies (NSDSs) or policies for the implementation of the SDGs, many of which have been developed through a consultative process involving their LRGs. They include Northern and Western European countries (e.g. Belgium, Denmark, Finland, Germany, Iceland, the Netherlands, Norway,
Sweden and Switzerland), as well as Japan. They benefit from a strong legacy of local autonomy and multilevel governance. National strategies for sustainable development policies and existing coordination mechanisms facilitate collaboration between national and sub-national levels. In many cases, LRGs are moving even faster than their national governments and engage in broader national and local alliances with civil society and social partners. China appears to be an exception in this group, since although its LRG spending accounts for a substantial share of GDP, in all other aforementioned criteria it accords with Group C.

Group B comprises those countries with a tradition of local autonomy and in which localization is mainly a bottom-up process. Despite limited (or non-existent) national strategies for SDG localization or insufficient coordination, the actions of LRGs to align their plans or initiatives with sustainable policies are in many cases remarkable. In some cases, LRGs build on previous experiences with Local Agenda 21 (e.g. in South Korea) or refer to other commitments such as the Paris Climate Agreement (e.g. the United States), often in partnership with different stakeholders (NGOs, CSOs, business sector, philanthropy). In other cases, LRGs and their associations play an active role in shaping the national strategy or localization roadmap, while at the same time, striving to increase the number of LRGs involved in the process (e.g. Australia, Austria, Canada, France, Italy and Spain). South Africa is also included in this group, because of its relatively high level of local spending as a percentage of GDP, yet according to the other criteria, it too should be included in Group C. Conversely, New Zealand, which is in Group C, should be included in Group B for the same reasons. It is in Group C due to a lower level of local expenditures as a percentage of GDP, although this low level of fiscal decentralization does not necessarily reflect its level of decentralization overall.

Three Eurasian countries (Belarus, Russia and Ukraine), with small bubbles (showing an incipient level of localization), are part of this group because they have a relatively high level of LRG expenditure as a proportion of GDP. However, the characteristics of these countries do not correspond to those of the other countries included in the second group. They have de facto more centralized planning and low decentralization. The same applies for Viet Nam.

A smaller group placed between Groups A and B, includes federal countries (e.g. Argentina, India and Mexico). While progress aligning SDGs with strategic plans at intermediate levels (states and provinces) has been made at the municipal level, decentralization processes are more limited and remain sluggish. Brazil is close to this group, but both federated states and municipalities are taking actions to localize the SDGs. However, the national government in power since January 2019 is retreating from its commitments thus weakening the localization approach.

Group C consists of countries that are mixing top-down localization strategies and bottom-up actions through normative and incentive policies. In all regions, countries engaged in decentralization processes and that have integrated the SDGs in their development strategies are fostering LRG involvement – some of them through robust localization policies. In these countries, LRGs are requested by national governments to align their plans with NDSs, but are also encouraged and supported to undertake their own initiatives. In many of these countries, LRGs and their LGAs are making significant efforts, sometimes in the face of institutional obstacles, to engage in the localization process. In countries with favourable institutional environments, LRG participation can be better facilitated and more innovative and dynamic (e.g. Colombia and Ecuador). As already mentioned, China should be included in this group. Other countries also belonging to this group are Benin, Costa Rica, Dominican Republic, Ghana, Indonesia (where 52% of provincial governments have already mapped their plans against the SDGs), Kenya (where the country’s 47 counties have aligned their plans with the SDGs), Latvia, Peru, Rwanda, Serbia, Turkey and Uruguay.

Conversely, when strong vertical implementation of national strategies is not matched with adequate support to ensure real buy-in at the sub-national level, progress in SDG localization is limited or uneven. Even with a relatively favourable institutional framework for LRGs, without well-structured support, the localization process and LRG involvement may be patchy (e.g. the Philippines, which is included in this group but with a smaller yellow bubble). In some federal countries with a strong top-down approach (e.g. Ethiopia and Nigeria), and where local governments are particularly weak, the alignment process can become locked at the state or regional level, thus increasing the gap with local governments.

Group D represents those countries in which, although the LRG institutional environment is more constrained (or the decentralization process is only just underway), national leadership,
combined with strong support from international agencies, provides a strong incentive for LRGs to develop pilot projects at the local level (e.g. Botswana, Cape Verde, Mali, Mozambique, Senegal and Tunisia). In these countries, the national associations of LRGs also play a key role in promoting SDG localization.

In addition, the lack of decentralization in the majority of MEWA countries (excluding Turkey) also hinders the localization process. Overall, LRGs are unlikely to develop initiatives in countries facing adverse institutional environments and significant political uncertainties.

Although not represented in Figure 3, a handful of globalized metropolitan cities, led by committed mayors, are also leading their own bottom-up initiatives to articulate the different agendas. As mentioned in the Metropolitan Areas Chapter, 27 large cities announced that they had already peaked their carbon emissions, and 72 cities committed to achieving carbon neutrality by 2050 through zero-emission transport, the use of 100% renewable energy, net-zero carbon buildings and zero-waste by 2030, and doing so in an equitable and inclusive way. More than 35 cities have announced their pledges to the right to housing.

Despite the aforementioned progress, the localization process is still incipient in the majority of countries. To make this process more effective, countries will have to rethink their governance systems to create strong incentives for LRGs to galvanize bottom-up action and participate in the achievement of the global agendas. Overall, national leadership and the institutional framework for multilevel collaboration, as well as the enabling institutional environments for LRGs to act, are identified as the main levers — and main concerns — from the perspective of LRGs, in facilitating the localization process.

As emphasized throughout the report, there is an increasing acknowledgement by the international community of the need to harness the potential of sustainable urbanization and territorial development as a transformative force to achieve sustainable socio-economic and environmental dynamics. To the extent that their national and local realities will allow, LRGs are stepping up to the task, emerging as key institutional drivers of change, and progressively mobilizing to achieve that change and take concrete actions towards the localization of the SDGs. Committed LRGs are approaching the targets of the SDGs and related agendas as a catalyst for transformation, building on local action, multilevel coordination and decentralized cooperation to advance people-centred agendas for sustainable prosperity. The following section provides an overview of localization efforts in relation to the different dimensions of development.
Local and regional governments (LRGs) hold a key position as the level of government that is closest to the needs of the population. Yet, as has already been discussed, institutional development, in terms of decentralization, the establishment of adequate multilevel governance mechanisms and the availability of adequate means of implementation, creates different environments that enable (or hinder) the local transformative action that stems from the territories. Thus, the ways in which local action steers urbanization and territorial development will largely be determined by the institutional contexts and particular realities of communities and territories. Bearing in mind this contextual relevance, this report aims to contrast whether and how the potential of local action is being harnessed to positively impact development dimensions such as ensuring populations’ access to basic public services and co-creating more inclusive, prosperous and environmentally conscious settlements and communities. Are the world’s cities and regions (re-)urbanizing in ways that realize their transformative potential to confront the challenges that our societies are facing? And if so, how exactly is such transformation taking place and is it happening fast enough?

The report has provided a compilation of urban, territorial, social, economic and human policy innovations that seek to build people-centred and prosperous communities and territories while guaranteeing the planet's preservation. Cities and territories are the backbone of social, economic, environmental and cultural development in the majority of regions. However, socially and environmentally unsustainable production and consumption patterns tend to underpin economic development, in turn giving rise to dynamics of inequality and aggravating climate change. As a response, frontrunner LRGs have put forward a wide range of initiatives to address the many dimensions of sustainable development, focusing mostly on the interlinkages between poverty, access to public services, social inclusion, economic development and environmental protection.

The scale and urgency of the aforementioned challenges and the complex web of shared responsibilities require commitments from all levels of government. However, as the level of government closest to the citizens, LRGs are often the first responders to people’s demands for basic public services and community protection with a direct or indirect impact on the safeguarding of many common goods (e.g. drinkable water, land degradation, air and ocean pollution, and their impact on biodiversity).

Indeed, an significant number of LRGs have been at the forefront of climate action, taking the lead with respect to the preservation and restoration of ecosystems across all regions. In 2019, more than 10,000 cities from 129 countries made a commitment to take measurable climate action through the Global Covenant of Mayors for Climate and Energy. The most ambitious LRGs committed to implement these goals in an equitable and inclusive way. In order to achieve these goals, LRGs are gradually taking actions to accelerate the concerted transition towards clean and affordable energy, for example increasing the energy efficiency of local government equipment, as well as of buildings, heating and transport systems through urban renewal programmes. Many cities are developing different renewable energies, divesting from fossil fuels, or supporting the transition towards renewable electricity by 2020. Many LRGs are also making efforts to develop cleaner and more inclusive public mobility systems. Low-emission mobility strategies are becoming increasingly widespread, and tend to include supporting electric vehicles, reducing automobile travel, and promoting active mobility to decarbonize transportation. In all regions, LRGs are rethinking...
and expanding public transport networks, and formulating local development plans to create multimodal transport systems, reducing commuting times and including distant and deprived neighbourhoods in the formal economic fabric.

Waste management strategies also rank high on local agendas. In 2018, many leading cities and regions stepped up their actions towards achieving zero waste. This involved a commitment to significantly reduce waste generation and increase move-away from landfill and incineration practices to instead promote the capture and use of landfill gases, transforming waste to energy and adopting zero-plastic policies, taxes and fees (usually based on the ‘polluter pays’ principle).

As part of their waste management strategies, many cities in developing countries are more and more integrating informal waste-workers and communities into the mainstream, in an effort to adopt a holistic approach to development that promotes inclusiveness in access to economic opportunities.

Moreover, LRGs are increasingly mainstreaming disaster risk prevention and climate change adaptation programmes within their urban and territorial planning. In partnership with international organizations (United Nations Office for Disaster Risk Reduction [UNDRR], UN-Habitat) and city networks, many LRGs are designing and implementing more innovative and comprehensive resilience strategies. LRGs are increasingly making use of new technologies, promoting the involvement of communities and the most vulnerable populations through comprehensive bottom-up asset planning processes and mainstreaming resilience into neighbourhood upgrading plans.

In response to the increasing inequality brought about by unsustainable economic development, LRGs around the world are promoting innovative policy approaches. These are exploring alternative economic models, such as the social and collaborative economy, circular and green economy, creative and cultural economy, smart specialization and technological clusters. Moreover, they are fostering small, medium and micro enterprises that are a greater source of employment in almost all regions. At the same time, many cities in developing countries are promoting the integration of informal workers (transport, street vendors, craftspeople), to improve labour conditions and public space use. LRGs are also important local employers, responsible for the respect of decent work and the application of sustainable procurement policies.

Inequalities are also growing both within and between regions and cities (for example between metropolitan areas and peripheral cities and growing and shrinking cities), and between urban and rural territories. These territorial inequalities constitute a major modern challenge, and will need to be addressed if the objective of ‘leaving no one and no place behind’ is to be achieved.

In some regions, promoting territorial cohesion and achieving a more balanced territorial development are at the centre of territorial sustainable agendas (e.g. Europe) or part of the regional agendas (as is the case with the African Agenda 2063).

For their part, LRGs are advancing initiatives to reinforce cooperation between territories through inter-municipal cooperation and partnerships, and fostering smart specialization that promotes the sustainable development of rural and peri-urban areas located on the urban fringes. Key components usually include shared land planning and economic development strategies, including access to social services for peri-urban areas, supporting territorial food systems and the protection of environmental resources that are critical for urban systems (e.g. watershed management, wetland and coastal areas protections, reforestation, etc.). Nevertheless, it is still necessary to adopt a more proactive approach to the articulation of urban areas into the wider territory they belong to, explicitly acknowledging the fundamental importance of understanding and promoting sustainable development across the whole urban-rural continuum. The adoption at the national level of a territorial approach to local development remains pivotal for scaling-up the reach and impact of such initiatives.

The aforementioned inequalities continue to feed urban poverty, posing huge challenges to the governance of cities and territories. Although extreme poverty has decreased in past years, urban poverty has persisted and even worsened in poor territories and large urban agglomerations. Given its multi-dimensional nature, poverty in cities and territories relates to a number of the SDGs, and efforts to combat it are ultimately enshrined in the key principle of the SDGs of ‘leaving no one behind’. The urban poor are also particularly exposed to urban violence, which is on the rise in many cities and becoming a key determinant in the governance of cities and metropolises in Latin America, North America and Africa. The fight against poverty remains inextricably linked with access to basic services, food and nutrition, health and education, economic opportunities, adequate housing and disaster risk prevention for the most vulnerable. Consequently, many LRGs are fostering
inclusive social policies to support the access of the most vulnerable populations to these basic goods.

**Informality and the expansion of informal settlements** are two of the more salient issues related to urban poverty, as well as prominent characteristics of urban settlements, particularly in African, Latin-American and Asian countries. Informality and unplanned urbanization hinder LRGs’ capacity to steer sustainable local development. As informal settlements continue to spread, LRGs face daunting challenges in providing their populations with urban utilities and basic services. In many cases, the lack of resources and inadequate legal frameworks (e.g. regarding the status of land, property and tenancy) do not allow LRGs to develop urban infrastructure. When it is possible and safe, LRGs are implementing incremental upgrading programmes with the participation of civil society, as well as revisiting land-titling procedures to overcome these challenges and develop the necessary infrastructure to provide citizens with basic services. Although the tendency regarding LRGs’ responses to informal settlements increasingly leans towards in-situ upgrading, there are still cases where settlements are evicted. LRGs are assigned the responsibility to relocate the settlements’ inhabitants, a highly complex task requiring forward-thinking policy innovation.

The expansion of informal settlements is linked to the right affordable and adequate housing, which in the framework of the global housing crisis, is becoming more and more prominent in LRG agendas. Local leaders of the largest cities, both in developing and developed countries, are using their planning and land-use powers to advance their populations’ right to housing, in an effort to overcome the effects of the commodification of housing, the lack of national funding and the deregulation of housing markets. They are proposing inclusionary housing policies, regulation of rental urban markets, increasing taxation for vacant housing, designating particular areas within conurbations as destinations for the production of social housing, and establishing affordable housing quotas as mandatory for newly built developments. Moreover, some LRGs, particularly those in less economically advanced territories, are promoting incremental housing production and self-production, as well as supporting their populations with technical and financial assistance, within the framework of slum upgrading initiatives. Nevertheless, action stemming from the territories in this particular field is still far from the scale that is needed, given the magnitude of the housing crisis. Increased housing demand for use, investment and speculative purposes is putting some communities into ‘housing bubbles’ that unequivocally require bold and integrated policy responses from all levels of government, including supranational, as well as a strong partnership with communities, NGOs, financial institutions and private sector.

In spite of the challenges posed by informality, access to basic services and particularly to piped water and sanitation, have overall improved at the global level, although to a lesser extent in Sub-Saharan Africa. The supply of drinking water and sanitation are usually local competences that LRGs are undertaking in progressively more sustainable and inclusive ways. Nevertheless, the growth of urban agglomerations is putting growing pressure on increasingly scarce water resources, for instance in metropolises such as Bangalore, Cairo, Cape Town, Melbourne or Mexico City. Thus, fragmented urban governance becomes a major challenge with regard to establishing sustainable use patterns and ensuring the preservation of water basins, which oftentimes extend beyond political jurisdictions and serve a number of territories simultaneously. In developed countries, in response to the privatization of water provision and public services that occurred in many cities and regions in the past couple of decades, some LRGs are pushing for the remunicipalization of services (water, energy, transport). Moreover, they are at the forefront of initiatives aimed at increasing affordability and inclusivity of services for the most vulnerable populations, such as the modification of fee structures (introducing progressive fees according to income levels or special tariffs for particular populations), the provision of economic support, and the prohibition of water supply disconnection.

LRGs and their networks are strongly committed to the protection of human rights and, on the 65th anniversary of the Declaration of Human Rights, took the opportunity to renew their commitments. Moreover, LRGs are harnessing the conceptual tool of the ‘Right to the City’ to formulate policy responses and concrete solutions that directly connect with the Human Rights Charters. Poverty contributes to and compounds discrimination, interacting with the discrimination that groups may already face in society and making it even harder for those groups to have access to a dignified life. It disproportionately affects women, indigenous peoples and ethnic minorities, LGBTQIA+ populations, the elderly, the youth, migrants and people with mental and physical disabilities. As part of their daily actions and responsibilities, LRGs contribute in a multiplicity of ways to tackling the discrimination faced by these populations, such as through initiatives aimed at ending violence and promoting lifelong educational opportunities and local culture.

LRGs are at forefront of promoting culture as a fundamental pillar of sustainable development and their commitment to adopting a multilateral approach to the promotion of culture is crystallized in their endorsement of initiatives such as the Agenda 21 for Culture.
The political leadership of cities is key in drafting human rights-based agendas relating to migration and refugees and reconstruction processes.

Local agendas are increasingly cognizant of gender-based discriminations and working with female leadership to promote their role in SDG localization. Alongside the albeit varied progress of female representation in local governments, LRGs, with the support of their organizations, are mainstreaming gender-specific approaches to urban management and policy-making, through programmes ranging from those aimed at addressing gender violence to those acknowledging women’s role in the informal economy, developing targeted initiatives to promote equality for women and girls.

Migration is becoming one of the most concerning phenomena of our time, putting more and more pressure on political systems. The political leadership of cities is increasingly central in drafting human rights-based agendas to do with migration and refugees, usually against backdrops of mounting national tension (e.g. solidarity cities, sanctuary cities, cities and regions for integration). LRGs in Lebanon, Turkey and Jordan, municipalities such as Teheran, Isfahan or Athens among others, are raising awareness, providing accommodation, and implementing capacity-building strategies, as well as working on the inclusion of refugees. Other LRGs have also taken the lead regarding the establishment and strengthening of decentralized cooperation networks for the integration of migrants. However, despite these efforts, the magnitude of migratory crises, such as those currently taking place in the Mediterranean or the Venezuelan crisis, mean that cooperative efforts still need be greatly strengthened at all levels.

The design of cities and territories has a direct impact on climate change adaptation and urban resilience as well as on social inclusion. Linking urban planning to regional development and citizen participation, through integrated urban and territorial planning, is increasingly contributing to these systemic changes. This is through more integrated approaches, fostering more compact cities that promote social integration by reducing barriers in the access to economic opportunities and life quality (such as those related to access to basic services and mobility, which particularly affect populations living in peripheral or poorly served areas). LRGs, and metropolises in particular, are increasingly emphasizing the importance of strategic planning as a cornerstone of sustainable development. Furthermore, they are highlighting the significance of addressing the fragmentation of service delivery, as well as harnessing the potential of public space design to reduce urban segregation and enhance social inclusion and gender equality through the reappropriation of public space. Participatory planning and participatory budgeting, among other modalities of citizen participation (referendums, open councils, e-participation, etc.) are becoming essential practices for thousands of LRGs to adapt decisions to their populations’ needs, enhancing ownership and accountability. Participatory processes allow citizens and stakeholders to co-create their cities and regions. LRGs even become experimental laboratories to test new strategies, approaches and services. The localization of the SDGs and the strengthening of the quality of local democracy by supporting citizens’ ownership of policies require the permanent update of the tools and mechanisms that are used to involve citizens in decision-making processes.

LRGs also play a key role in the reconstruction processes in cities and territories that are affected by the destruction caused by conflicts and disasters, for example in Asia, the Caribbean or the MEWA regions, by restoring basic services and planning urban reconstruction using a more sustainable approach.

While many of the initiatives discussed here are often limited in scale and scope, they could nevertheless be replicated and expanded to drive the transformation of our cities and territories towards a more sustainable future. It is critical to disseminate local information and facilitate direct exchanges and collaboration between LRGs to multiply and upscale policy lessons learnt, including both those that have yielded positive outcomes and those that have not, and always taking into account the realities of local contexts. National governments and international institutions have an important responsibility to support and assist LRGs and their networks to multiply these exchanges and expand the localization process worldwide. The consolidation and upscaling of local initiatives are fundamental contributions to develop more sustainable patterns of development.
LRGs also have a direct responsibility to monitor the impact of the global agendas on the (daily) lives and policies that affect their populations, and to monitor how much is being achieved at the local and regional level. Global monitoring and reporting on SDG implementation, however, has hardly included the actions of LRGs. The main issue concerns the methods and tools that are being used to measure progress. The adoption of the 232 indicators of the SDGs is a highly complex and as yet unfinished process. Beyond this, most indicators designed from an intergovernmental standpoint are not designed to capture the reality, diversity and complexity of local contexts, resulting in a significant loss of knowledge and explanatory detail. This, combined with the difficulties that most LRGs in all regions have encountered in being included in reporting processes at the national level, makes monitoring and reporting one of the core issues for LRGs and their participation in the localization process, and one that urgently needs solutions and initiatives to overcome it.

At the global level, the Global Taskforce of Local and Regional Governments, with the support of UCLG, has helped highlight the role of LRGs in the monitoring process through its presentation since 2017 of their global annual report to the HLPF: ‘Towards the Localization of the SDGs’, summarizing the involvement of LRGs in all the regions and their contributions to each Goal.

However, the unavailability of disaggregated and localized data, as well as the lack of technical and human resources, have significantly affected the ability of LRGs to contribute to monitoring and reporting at national and regional levels. The response of LRGs to these challenges varies in each region, depending on the support of LRGs’ associations, partners and collaboration with national or regional governments.

Eurostat, the statistical office of the European Union, has developed a system of 100 indicators, but has not yet taken on the challenge of monitoring SDG implementation at the local level. Several countries (e.g. Belgium, Sweden) have developed national SDG statistical platforms with the involvement of LRGs, even though most countries are still in the process of constructing an effective way to localize indicators while not abandoning those already proposed by the UN system. LGAs often collaborate with national statistical offices (e.g. the Netherlands) or with their members to define localized sets of indicators (e.g. the Association of Flemish Cities and Municipalities – VVSG in Flanders). In Germany, LRGs, with the support of various partners, have created a national platform to collect SDG data from municipalities. Other positive examples can be found in Northern European municipalities. At regional level, the Council of European Municipalities and Regions (CEMR) also contributed to the development of the Reference Framework for Sustainable Cities (RFSC), with 30 ‘objectives’ applicable to all municipalities. The international survey conducted by CEMR and Platforma, in collaboration with UCLG, shows that 64% of European LGAs have had some contact with national or local initiatives on indicators.

In Asia-Pacific, many countries are trying to adapt their own national statistical system resources to the SDG framework. In Indonesia and the Philippines, for example, LRGs are struggling to adapt national indicators to local plans. In Indonesia, provincial data hubs are using the OneData portal (Satu Data Indonesia) to support follow-up. In the Philippines, different score cards systems have also been used to evaluate progress, linking performance to access to specific funds. China has developed a pilot system of SDG localized indicators in the Deqing County (Zhejiang Province) that will be adapted and upscaled. In New Zealand, finally, the Society of Local Government Managers has already developed a national set of indicators that aligns
In Africa and elsewhere, the involvement of local communities in data collection can enhance the knowledge available to LRGs and improve the effectiveness of localized policies.
the city of New York were the pathbreakers in this regard, and their example has elicited a number of initiatives from cities, large and small, states, provinces and regions, creating a community of aware and accountable authorities calling for better, accessible and disaggregated data. The United Nations has already acknowledged 21 examples of VLRs in a dedicated online database. UCLG has collected and revised in particular the local reports of Barcelona, the Basque Country, Bristol, Buenos Aires, Canterbury, Helsinki, La Paz, Los Angeles, Mannheim, Mexico City, Sydney, Taipei and Vienna. In 2018, UCLG hosted the Local and Regional Authorities Forum in New York, in parallel with the HLPF, wherein the very first VLRs from New York, Toyama, Kitakyushu and Shimokawa were presented. In 2019, UCLG’s Learning and Research Department collaborated on a training module to teach local authorities how to design their own VLR and maximize their contribution to the global monitoring effort.  

LRGs’ involvement in monitoring and reporting is an issue of transparency and accountability, as well as knowledge. Local and regional governance is a potential source of unique experiences, data, indicators, good and bad practices, innovative and trailblazing initiatives, as well as a litmus test for problems, bottlenecks and ongoing issues. LRGs’ engagement in the process of monitoring the implementation of the agendas and reporting on their achievement must be at the core of any localization strategy to achieve the global agendas. The collaboration between LRGs, national governments and statistical offices, as well as the international community, will be essential to improve monitoring at the local level and use the unique knowledge of communities and territories to localize and implement the SDGs and the global agendas more effectively.

Based on the experiences summarized in the report, there can be little doubt that, despite the obstacles and often adverse institutional frameworks, urbanization and LRGs are a central element of the execution of the SDGs and the other development agendas. Increasingly, committed LRGs are undertaking initiatives to implement the SDGs and global development agendas, yet the scale and scope of their actions, as well as the development of monitoring and evaluation mechanisms at the local level, still need to be strengthened. However, as this section has highlighted, the spread and acceleration of local action are conditional on the institutional contexts and policies in place to support the LRGs. The next section analyses the evolution of these contexts over time and provides an overview of the extent to which the world’s territories currently have institutional environments that are conducive to local action.
Empowering LRGs is a key pillar of SDG localization: it promotes devolution of powers and resources, ensures subsidiarity and local self-government, and makes LRGs more accountable and responsible. The constitutions of 103 countries (out of 153 reviewed) acknowledge LRGs as a fully-fledged level of government.28 This kind of recognition does not always translate into de facto decentralization or LRGs being well-equipped to play a role in the localization process. There are many ways, however, in which decentralization can be effective: regular local elections, clearly assigned functions and responsibilities, adequate human and financial resources empower LRGs and make them more accountable to their communities.

As shown in the previous chapters, since the 1980s at least, decentralization trends have spread globally, but decentralized systems are still vastly diverse. Major reforms of LRG legal, fiscal and administrative frameworks have been high on the national policy agendas of a majority of countries over the past decade. Globally, LRGs make up 24.6% of total public spending and 25.7% of total public revenue, and 36% of total public investment, although the latter accounts for a small share of global GDP (1.3%).29 Decentralization reforms also incentivized the establishment of intermediate levels of government (e.g. regions, counties, departments, etc.) in many countries, as well as the reforms of the governance of larger metropolitan areas to address the challenges of complex, diverse and vast urban areas. Generally, the analysis of decentralization shows impressive progress, but also serious concerns about the ambitions of LRGs in the localization of the global agendas and the actual context in which they are expected to act.

Most European and North American countries, for example, already have a long-established tradition of local self-government. LRGs are pivotal in delivering public and social services and key infrastructures, and promoting local economic development (LED) and territorial cohesion. European local governments typically account for a significant share of public revenue and expenditure (25% on average but up to 52% in Northern countries) and play a crucial role in public investment (40%). According to the Local Autonomy Index (LAI),30 Northern and Western European countries have the highest levels of decentralization. In the other countries of Central Europe, most of them also EU Member States, the decentralization process is more recent, with high legal and (to some extent) administrative autonomy, with the exception tellingly of Hungary, whose functions and powers have

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3. How ‘enabling environments’ for LRGs facilitate the localization of the SDGs

3.1 A global view of the evolution of decentralization, 12 years after GOLD I
been recentralized since 2012. In South-Eastern European non-EU countries, decentralization is still at an early stage, with the exception of Serbia (high-ranked in the LAI) and Croatia. Generally, however, local financing in Europe as a whole has been affected by fiscal austerity measures following the global economic crisis of 2008-2009, leading to an overall decline in local government expenditure relative to general government expenditure (down from 27.3% to 25%). Combined with the EU’s fiscal constraints on its Member States, many European sub-national governments (SNGs) are facing restrictions that may affect the investments necessary to prepare a sustainable future for the region.

In Asia-Pacific, the decentralization process is more recent and dates back to the 1990s. LRGs represent about 33% of public expenditure and revenue and 40.6% of public investment. However, there are huge differences between Asian-Pacific LRGs according to each country’s development levels, and the ‘enabling environment’ for LRGs in that region is very different to that of Europe. In most countries of the Asia-Pacific region, local governments operate within constrained institutional frameworks, ambiguous and overlapping power allocations, or under restrictive oversight. In terms of development level, according to the 2018 UCLG ASPAC Assessment on LRG institutional frameworks, the most effective enabling environments for LRGs (Australia, Japan, New Zealand and South Korea) correlate with higher economic development, high quality of local public services and a good standard of wellbeing. This group of countries is followed by Indonesia and the Philippines, while China — in spite of a highly centralized political system — also ranks high in the assessment. Over the past few years, LRGs have used their relative autonomy to mobilize land revenues and borrow to ensure urban development and deliver key infrastructure and services. A second group of intermediate scores for decentralization includes Thailand, Viet Nam, India, and some Pacific Islands (e.g. Vanuatu). Most of these countries’ scores are affected by poor fiscal decentralization. A third group includes five countries where LRG reforms are still at an early stage, or where local administration is effectively more deconcentrated than decentralized (Cambodia, Lao PDR, Malaysia, Myanmar and Sri Lanka). Finally, the last group includes countries in which decentralization policy has either stagnated or regressed altogether (Bangladesh, Pakistan and Timor-Leste).

In Latin America, decentralization has made significant progress since the 1980s. LRGs represent 19% of public expenditure and 23% of public revenues on average and play an important role in public investment (39%, although with large variations between countries and cities). In almost all countries in the region, local authorities are democratically elected. However, the process has not been linear: in many countries, decentralization has experienced periods of stagnation and setbacks, while in others its evolution has been slow. LRGs in most Latin American countries face considerable challenges. Inequalities among territories and within cities have either persisted or have worsened, which has had an impact on access and quality of local services. Vertical budgetary imbalances make LRGs increasingly dependent on transfers from central governments. Since grants in many countries are heavily earmarked, local autonomy is likely to be restricted. The report identifies Brazil and Colombia as the two countries showing the greatest progress in decentralization, followed by Bolivia, Ecuador and Peru. The federal countries of Argentina and Mexico are generally considered to be decentralized, since federated states and provinces are granted significant powers and resources, but the autonomy of municipalities is more limited. Decentralization in the remaining three Southern Cone countries, Chile, Paraguay and Uruguay, is more restricted, although Uruguay has made progress in recent years. In Central America and the Caribbean sub-region, municipalities have more limited competences and resources. Decentralization leads to greater administrative, financial and socio-economic interdependence between the central level and...
Globally, LRGs make up 24.6% of total public spending and 25.7% of total public revenue, and 36% of total public investment.

Sub-national governments (SNGs) in the region, but multilevel governance mechanisms should evolve to ensure the consistency and effectiveness of public policies.

In Africa, the commitment to and outcomes of decentralization have been very varied. LRGs in Africa represent on average 15% and 17% of public expenditure and revenue respectively, and only 19.4% of public investment, the lowest levels among all regions. As of 2019, 17 countries had signed – and only four ratified – the 2014 African Charter on Values and Principles of Decentralization, Local Governance and Local Development, but there is a significant gap between de jure decentralization and the reality of decentralization on the ground. While waves of decentralization have periodically swept Africa since the 1990s, the level of decentralization varies between as well as within countries. The 2018 UCLG Africa assessment shows that South Africa, Uganda, Tanzania and Morocco have a more stable ‘enabling institutional environment’ for their LRGs. A second group of approximately ten countries enjoys a ‘rather enabling’ environment (Benin, Burkina Faso, Burundi, Eswatini, Ghana, Kenya, Rwanda, Senegal, Zambia and Zimbabwe). The last two groups (20 and 13 countries respectively) either still require significant reform efforts to move towards a favourable environment for LRGs or show stagnating or regressive reform policy. There is room for optimism: Mali and Tunisia have progressed in local self-government as a result of recent peaceful and democratic transition. Togo held its first local election in 30 years in June 2019. However, LRGs face growing financial pressure: poverty and informality affect the revenue base of most LRGs and vertical intergovernmental transfers have been insufficient, compromising the delivery of effective basic services. Decentralization is only part of the localization challenge in Africa, albeit a crucial axis for the delivery of the SDGs.

In Eurasia, all countries reviewed in this report appear to be at different stages of decentralization. Since the end of the Soviet Union, several reforms have either strengthened or reduced LRG autonomy, leading to strong spatial inequalities and an uneven development of regions. The level of decentralization varies from highly centralized systems in Belarus and Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), to relatively autonomous local self-government in Armenia and Georgia (at the municipal or district level), to a two-tiered system of local self-government in Russia. In other countries, such as Ukraine and Azerbaijan, local self-government bodies co-exist alongside the deconcentrated bodies of central government. SNGs in the region have quite substantial budgets and investment capacities (41.9% of public investment on average and more than 60% in Belarus, Kazakhstan and Russia). However, in practice, LRGs in most Eurasian countries have rather limited control over their expenditure policy.

The countries of the Middle East and West Asia (MEWA) region are also characterized by a high degree of centralization, except Turkey and, to a lesser extent, Palestine (where LRGs account for 10.1% and 10.8% of total public spending respectively, and 18% of public investment). Countries such as Iran, Iraq, Jordan and Lebanon are lagging behind, while local administrations in Gulf countries are dependent on national decision-making.

To complete this overview, given that the implementation of the SDGs requires greater demand for public investment at the local level, which plays a vital role in catalysing other sources of resources, access to borrowing for LRGs is critical in all regions. Access to borrowing is summarized in Section 3.3.

The exact implications and consequences of decentralization for the localization of the SDGs are as varied as the processes themselves. There are several factors weakening or subverting the incentives for LRGs to adopt proactive policies to localize the SDGs. These include weak or partial implementation of the decentralization process; lack of clarity regarding legal frameworks; insufficient sharing of responsibilities; duplication or fragmentation of jurisdictions and functions; insufficient resources; unfunded mandates, and weak mechanisms for reconciling conflicting priorities. Political instability and undetermined electoral cycles add an extra layer of complexity to localization processes. An enabling legal and institutional environment in which LRGs can fulfil their responsibilities, innovate and capitalize on their resources, is imperative for a strong territorial development that will catalyse sustainable national development processes for the achievement of the 2030 Agenda.
3.2 Making multilevel governance work to improve localization and policy coherence

Given the holistic, interlinked and transversal nature of the 2030 Agenda and the other development agendas, the SDGs call on all countries to enhance policy coherence for sustainable development as a cross-cutting means of implementation. Enhancing policy coherence for sustainable development, as called for by SDG 17.14, entails strong political commitment, a shared long-term strategy, institutional mechanisms for coordination and policy interactions to involve all levels of government and stakeholders, as well as adapted financing mechanisms and inclusive monitoring and reporting. Multilevel governance arrangements are instrumental for policy coherence and effective localization, with the aim to create synergies, reduce overlapping and critical gaps between institutions, contributing to trade-offs and integrated approaches. The progress seen in the different regions over the past few decades in the decentralization processes, have led to a more complex political institutional landscape and the need to enhance multilevel collaboration. The implementation of the 2030 Agenda undoubtedly represents an opportunity to extend the processes of change and tackle many of the existing challenges in strengthening and expanding institutional collaboration.

As defined in the introduction of the report, multilevel governance includes at least two dimensions: vertical and horizontal collaboration — between different levels of government and between governments and institutions at the same level of governance (e.g. inter-municipal cooperation). Better coordination can contribute to create trust and accountability that enhances policy coherence. It can nevertheless increase the complexity of policy decision-making and consensus-building, as more actors and processes become part of the SDG implementation process. On the other hand, well-tailored multilevel governance arrangements facilitate local ownership and the involvement of local institutions and actors while fostering innovation and experimentation that allows for the adaptation of strategies to local realities. Moreover, effective multilevel governance mechanisms also contribute to regional and national development objectives.

At local levels, the adoption of an integrated territorial approach for sustainable development is a lever to foster policy coherence and multilevel governance in the territories. This brings together the main local actors — institutions and stakeholders — and supports the emergence of a strategic vision, coordinated action and a better articulation of local and regional priorities with NDPs. To be effective, multilevel governance should be instrumental to reinforce dialogue and accountability based on the principle of subsidiarity and respect for local autonomy.

The different regional chapters in this report make the case for the need to reform the institutional environment to be able to activate the ‘whole-of-government’ approach to coordination required by the 2030 Agenda and the other global commitments, as well as to ensure the engagement of local stakeholders. Indeed, countries either establishing new or reinforcing existing coordination mechanisms because of SDG implementation processes have contributed to enhancing multilevel governance frameworks. As already emphasized, many governments have created new national coordination mechanisms (e.g. high-level SDG committees), while others have revamped pre-existing mechanisms (e.g. sustainable development councils). Almost all countries have made efforts to integrate the SDGs in their development strategies or define specific roadmaps for the SDGs. At the same time, countries are enhancing national development planning systems to better articulate the SDGs, for example with national and local development plans (NDPs and LDPs). The progress and effectiveness of these efforts, in many cases, still needs to be proven and countries’ experiences show the inherent difficulties and contradictions in the multilevel governance architecture.
In all the regions, different strategies are in place to reform planning systems and ensure the SDGs are implemented in a more coordinated way. Countries mix normative, policy, technical and financial tools and, with different degrees of flexibility, adopt strategies for vertical coordination. The approaches range from countries with strong national leadership that combine central guidelines with flexible policies to engage SNGs, to more rigid top-down policies that require strict vertical coordination. Generally, more flexible policies for SDG localization focus more on the need to reconcile national priorities with local initiatives and, in addition, to promote local development processes to test experiences on a small scale that could potentially be expanded across different levels of governments. On the opposite end of the spectrum, strict vertical hierarchies are by their very nature less flexible and could inhibit the adaptation of lines of planning, implementation strategies and resource allocation to local contexts, as well as local government accountability — which is key to ensuring the involvement of local stakeholders. Some examples in different regions illustrate the different approaches in different continents.

In Indonesia and the Philippines, for example, several national decrees have made it compulsory to mainstream the SDGs into national and sub-national development plans, imposing new deadlines and indicators systems for reporting to all levels of government. Furthermore, they have strengthened the role of national ministries or agencies, regional or provincial councils as intermediate levels of government in coordination and follow-up. Both countries adopted top-down approaches, but differing supporting policies. Indonesia developed broader support initiatives (coordination, guidelines, training and funds), and its outreach is significant (as already mentioned, 52% of provincial governments have developed local action plans in line with the SDGs), although the real impact of implementation needs more assessment. In the Philippines, meanwhile, the country’s political context appears to limit the extent to which the SDGs are localized. China, albeit historically adopting a vertical approach to planning (SNGs will follow a five-year NDP), is also closer to the group that applies central guidelines with flexible policies to engage SNGs. To bring LRGs on board, the Chinese government has developed a set of tools with a mix of policy incentives for innovation and experimentation to be up-scaled if successful (e.g. the Development Plan of China’s Innovation Demonstration Zones for the Implementation of the 2030 Agenda for Sustainable Development).

In Africa, Ghana has taken advantage of its decentralized planning system to ensure better coordination of SDG implementation processes. The national government decided to reinforce the regional and local coordinating councils to ensure vertical (national/local) and horizontal coordination in the territories: to quote the African chapter, ‘local governments may choose to prepare local development programmes that are aligned with the national development plan but focus on specific local priorities’. Financing mechanisms are being progressively adapted to support regional or local initiatives (e.g. around 10% of GDP are transferred to the District Assemblies’ Common Fund). Benin stands out because it has made significant strides in the integration of the SDGs in national and local plans as well as annual investment plans. It has also integrated its national LGA, the National Association of Municipalities of Benin (ANCN), into the National Steering Committee for SDG implementation, chaired by the Minister of State for Planning and Development. A successful example of a top-down approach to SDG multilevel coordination mechanisms can be found in Kenya, where the national government has established SDG focal points in all 47 county governments and, in partnership with the national association of local authorities, the Council of Governors, prepared county integrated development plans (CIDPs) to guide the implementation of the SDGs.

In Latin America, Colombia and Ecuador are two of the countries where decentralization has made the greatest progress in the last few decades. In both, LDPs are mandatorily submitted at the beginning of sub-national authorities’ mandates. In Colombia, the national government adopted a flexible approach to promoting the integration of the SDGs into local and regional development plans and created different stimuli to support local buy-in, using ‘contract plans’ and grants (royalty funds). However, national governments tried to ‘tie’ transfers to boost regional projects that followed national priorities and not locally determined ones. In the case of Ecuador, the apparent complexity of the ‘nationally decentralized participatory planning system’ and contradictions between decentralized and deconcentrated approaches, aggravated by policy tensions, make coordination particularly difficult.

The previous examples underline some of the different approaches and difficulties experienced by countries mixing flexible and more rigid approaches. In other countries in the Asia Pacific region, a more traditional vertical approach dominates and localization processes are more incipient (e.g. Cambodia, Lao PDR, Myanmar, Nepal, Pakistan, Sri Lanka and Viet Nam). Other countries in Africa

The lack of clear mechanisms for the participation of municipalities, private sector and civil society, can jeopardize the horizontal and vertical coordination.
try to find a middle ground between more flexible and rigid approaches, depending on the robustness of national planning systems, which they link to decentralization policies (Chad, Cameroon, Kenya, Rwanda, Sierra Leone, Tanzania, Togo and Uganda). This is also the case in Latin American countries, such as Mexico, Guatemala and Peru. These countries build on their national planning systems, requesting regions and municipalities to integrate the SDGs into their development plans. In Eurasia, LDPs are often regulated by central governments (or regions) and generally developed within the framework of national strategies elaborated by higher government levels. Moreover, the central government coordinates (or gives its final approval to) sub-national development strategies. It also provides grants for strategy implementation. However, more recently cities and towns, particularly in Russia, Armenia and Ukraine, have been more proactive in the design and implementation of their own development plans.

In all these examples, vertical multilevel governance is progressing. Nevertheless, obstacles arise usually because of institutional frameworks. These obstacles include misalignment between national, regional and local plans due to different priorities, unclear share of responsibilities, different timelines, weak budgetary coordination and insufficient funds, as well as weak understanding and capacities and the absence or lack of adaptation of indicators for monitoring. Most countries are dealing with enormous disparities between SNGs in terms of development levels, as well as the capacities and resources available to them for the implementation of the SDGs.

However, horizontal coordination also requires particular attention. In many cases, and especially in federal countries, horizontal coordination at the sub-national level is as complex and problematic as it is at national levels. In India, where the objective of the federal government is the promotion of ‘cooperative and competitive federalism’ to boost performance in each state by moving from a top-down planning approach to a bottom-up approach, the majority of states or union territories have set up special units for guiding and overseeing SDG implementation. However, these units face several problems in facilitating effective inter-departmental or inter-sectoral collaboration and mobilizing rural and urban local governments. In Pakistan, SDG units have been established in planning and development departments (and boards at the provincial level), yet vertical and horizontal coordination mechanisms are weak at all levels. In Mexico, special offices to follow-up and implement the 2030 Agenda were established at the state level. Some states have made progress in integrating the 2030 Agenda into their development plans but in other cases, these special offices are disconnected from state planning committees, thus hindering the integration of the 2030 Agenda in a way that is structurally cross-cutting. Finally, the lack of clear mechanisms for the participation of actors such as municipalities, private sector and civil society, can jeopardize the coordination role of these offices.

Compared with other regions, European countries show a complex multilevel governance framework. Consultative structures for dialogue between central and local/regional government, both permanent and ad hoc, exist in the majority of countries, albeit with varying efficacy. Europe is one of the regions where LRG participation or consultation in national coordination mechanisms is more advanced, yet it is still limited to just 54% of countries. The EU also has a critical impact on multilevel governance arrangements (e.g. under cohesion policies and structural and investments funds). In 2017, the European Commission (EC) launched the European multi-stakeholder platform on the SDGs, which includes LRG representatives and advocates for a territorial approach and a ‘two ways dialogue’ that involves local stakeholders at all levels in the implementation of the SDGs in the EU. However, as stated in the European chapter, cohesion policies are under pressure in the region for the next set of multi-year programmes and the involvement of LRGs still needs to be strengthened.

In summary, the involvement of LRGs in the national coordination mechanisms for SDG implementation is still insufficient and needs to be strengthened, with, as documented, only 33% of the 142 countries that reported to the UN HLPF between 2016 and 2019 in some way involving or consulting LRGs through their national coordination mechanisms.

Multilevel governance arrangements have intensified since the adoption of the 2030 Agenda and there is now a wide range of policies in place although these vary from better integrated planning and national mechanisms to foster harmonized sectoral policies involving different levels of government to weak or incipient national SDG strategies with poor or ill-defined localization policies. This variation in arrangements reflects the varied quality of national institutional frameworks of SNGs.

Countries will have to rethink their planning arrangements. Where local autonomy is progressing, governments are exploring modalities to promote better articulated national and sub-national initiatives, to ensure local involvement and gradual harmonization of plans and policy coherence. Multilevel governance calls for a dual approach to SDG implementation that articulates both national strategies and strong local initiatives based on the respect of local autonomy. This dual approach could recalibrate development policies, create space for more bottom-up initiatives, counter institutional inertia and promote institutional innovation.
Four years after the launch of the SDGs, regional reports show that generally the global community is still blind to the actual cost of implementing the targets of the SDGs in the majority of national and local contexts. The 2030 Agenda brought a considerable change of scale ‘from billions to trillions’ in the financing needs to achieve the global agendas. In 2019, the International Monetary Fund (IMF) revised its estimation of the spending needs for low-income developing countries to deliver the SDGs to approximately USD 0.5 trillion per year. This would require a significant increase in investment as a percentage of GDP. In emerging market economies, the figure is USD 2.1 trillion per year, for which the GDP percentage increase would be lower.\(^36\) In cities, the Cities Climate Finance Leadership Alliance, estimated that in 2017 meeting the global demand for low-emission, climate-resilient urban infrastructure would cost on average USD 5 trillion per year.\(^36\)

The financing challenge comes from a disconnect between the considerable funds ‘available’ at the global level, and the lack of financing reaching those territories and communities most in need. Current strategies fostered by international institutions to deliver the SDGs rely on a blended approach that mobilizes public and private, domestic and international finance. Public actors need to create the fiscal space, via fiscal reforms and better asset management, combatting tax avoidance and corruption for instance. Traditionally, they will take risks that the profit-driven private sector will not: with newly available funds, public investments should thus reach those left ‘furthest behind’ first. The functioning hypothesis is that depending on the particular financial instrument, each dollar of public funding will leverage additional private funding. However, while many national governments of developing — and especially low-income — countries have yet to implement this approach, and often need support from international financing institutions, Official Development Assistance (ODA) has not reached the expected (or therefore necessary) levels. In fact, recent studies have recommended reframing the policy debate to look at the operational costs of implementing a ‘blended finance’ mechanism to bridge the SDG financing gap. However, such proposals should not undermine the multiple dimensions of poverty eradication and inequalities in the poorest countries.

In all regions, the cumulative shortfall in financing the development of infrastructure, particularly in developing countries, but also that of retrofitting in developed countries to respond to climate change and aging populations, is a critical problem. The challenge is most acute where urbanization is expected to concentrate, as in Sub-Saharan Africa and South/South-Eastern Asian countries. At the local level, from a sustainable development perspective, under the current projections, most cities will not be able to raise the finance required to meet the infrastructure demand.

As mentioned above, the pathways of cities and territories to low-carbon and more resilient societies will be decisive in the achievement of the global agendas and for the protection of our planet. The cross-impact assessment of the SDGs shows that these investments will have a multiplier effect for the SDGs, but also implies that investments should avoid trade-offs with negative impacts, for instance unsustainable

### Institutional reforms should be designed to improve the proactive autonomy and responsiveness of LRGs as central components of public finance.
urban GHG emissions, social segregation and pressuring already vulnerable ecosystems. There is an additional time constraint: institutional change does not happen overnight, while socioeconomic and environmental costs of laissez-faire rapid urbanization, climate emergency and increasing inequalities are mounting. Business-as-usual scenarios are ‘no longer an option, whether in terms of human dignity, equality and sustainability’.

Game-changing strategy: acknowledging LRGs’ diversity in an urbanizing world

The overall assessment of this report shows that national development strategies (NDSs) rarely consider explicitly the value of unlocking the diversity of sub-national public finance. Given the challenges of the unprecedented pace of global trends, there is an urgency to design reforms in a more systemic and collaborative way.

Generally speaking, using the SDGs to align national policies with local plans is a necessary but highly demanding process. One of the key takeaways of this report is that there is no single path or fixed blueprint for decentralization and that fiscal autonomy varies immensely across regions, between countries and within countries. A second take-away of the regional chapters is that fiscal decentralization is not a zero-sum game where national governments lose what local governments gain but rather a win-win for all. There is the potential for LRGs to raise funds for investment and service delivery through a variety of financial and fiscal mechanisms if they are empowered to do so. The paradox is that cities concentrate around 80% of global GDP, but many rapidly growing cities fail to capture the wealth created and continue to cumulate insufficient budgets and infrastructure deficits.

Accordingly, institutional reforms should be designed to improve the proactive autonomy and responsiveness of LRGs as central components of public finance. Currently, reforms tend to be based on simplified principles that do not provide LRGs with flexible tools to address their distinct sustainable development needs, and the adequate powers to mobilize resources from local assets, take advantage of the wealth created in their territories and leverage the full potential of local socio-economic actors in a coordinated manner. For LRGs, this means improving the sources of revenues in their jurisdictions as well as finding more sophisticated options, such as better management of urban assets and improved access to long-term finance.

The previous section used both the volume of sub-national spending and revenue collection as indicative proxies for measuring decentralization. The graph below shows the correlation between the own-revenue/transfer ratio and the volume of expenditure of SNGs by income group. Worldwide, transfers are the primary source of LRG revenue (on average and by income group). This graph also highlights a positive correlation between the volume of own revenue and capital expenditure. However, both spending and revenue ratios should be met with a degree of caution and take into account the complex structures at play at sub-national level, and the political context and technical capabilities that either afford or restrict SNGs’ flexibility.

On the expenditure side, and particularly capital expenditure, the autonomy of LRGs to manage their own budgets can be in practice restricted.

Figure 4

Sub-national own revenue/transfer ratio compared to the volume of expenditure (total and capital) by income groups

While as a global average, LRGs are responsible for nearly 39% of public investment, capital expenditure in many regions of the world is often tightly controlled by higher tiers of government to respond to national priorities rather than locally defined needs. Yet, one of the main objectives of decentralization is to make LRGs accountable to the local communities that elected them and adapt development policies and financing to local contexts. Local autonomous self-government to decide in a democratic and participatory way on local priorities is a cornerstone of SDG localization.

On the revenue side, across most regions, there is a mismatch between the transferred responsibilities and revenues allocated to LRGs. The ‘finance should follow function’ and subsidiarity principles, commitments in paragraph 34 of the Addis Ababa Action Agenda adopted by UN Members States, illustrate the critical importance of effective financial empowerment of LRGs in achieving the SDGs. This report’s analysis highlights that mandates remain unfunded as many LRGs struggle to pay for the delivery of basic services.

A joined up finance-governance approach must steer innovation to pay for sustainable urban infrastructure and implement the necessary institutional reforms, as recommended by the New Urban Agenda. The current local fiscal systems should be reformed to foster an incremental approach based on a dynamic and buoyant local tax system that should also be inspired by a rights-based approach (see Box 1). Likewise, transfers from the national level to LRGs should redistribute a fairer share of national fiscal revenues to allow LRGs to deliver quality public services, ensuring transparency and accountability. In accordance with the principle of subsidiarity and local self-government, local fiscal systems should not hinder LRGs’ powers of discretion and capacity to set local priorities with their communities.

Equalization grants must be reformed (or created) to support those territories ‘furthest behind’. New formulas should include the local context (e.g. infrastructural backlog and access to services; socio-economic indicators etc.) and the different financial capacities of LRGs. Inter-municipal cooperation, supported by a fair fiscal system, usually allows for financial mechanisms that foster solidarity between territories. In metropolitan areas particularly, these have proven effective to finance infrastructure development by fostering synergies and reducing persistent inequalities between core and peripheral cities.

LRGs should have greater power and technical capacity to manage urban and territorial assets with adequate land management tools. Based on the experience in developed countries and some pilot cities in developing countries (including China), additional efforts are being promoted to better capture land added-values to reinvest in local infrastructures. Improvements in land management need adequate cadastral tools and different land-based financing mechanisms to charge those who directly benefit from public investment in infrastructure such as developers,

Box 1

The rights-based agenda behind enhanced municipal finance

Providing operational answers to the question, ‘How will the world pay for the increasing demand of quality urban services?’, is not strictly a technical issue, governed by the mathematical rules of accounting. Sound municipal fiscal management involves more nuanced issues influencing decision-making: the challenge of equitable economic growth to reduce inequalities, and of taking risks that a profit-oriented actor will not take. Moreover, within a new sustainability paradigm, the fair distribution of the cost of the urban infrastructure throughout its lifespan must be considered.

Rethinking LRGs’ access to long-term financing is crucial to promote intergenerational equity and to not overburden future generations with debt. How revenues are raised (tax, fees and tariffs) and how expenditure responsibilities are defined and implemented can exacerbate or alleviate socio-economic, gender-based and aged-related inequality and access to human rights. Regardless of citizens’ tax literacy, there is a direct link between citizen satisfaction of public services, trust in public management and taxpayer compliance. Hence, awareness campaigns must go hand-in-hand with improving LRGs’ responsibilities in transparent financial management and service delivery. LRGs, mostly in developing countries, need to build innovative approaches, together with community-based organizations, to overcome the challenge of a weak fiscal base – due to the importance of informality in the urban economy. In this regard, well-managed municipal finance systems can positively challenge national historic legacies of economic and social exclusion of disadvantaged groups.

Fair and ethical considerations to measure the quality of public service management are also an essential part of local sustainable growth and globalized circuits. LRGs are important public procurement agents and many have been experimenting to bolster social responsibility and environmental impact assessments. The inclusion of environmental clauses and decent work conditions in public procurement tenders, for example, allows LRGs to promote sustainable practices for both short and long supply chains. Further considering the link between the performance of municipal finance and the delivery of the SDGs in a rights-based approach is also instructive. Different LRG networks are increasingly aware of their responsibility towards international human rights obligations and promoting core principles such as ‘do no harm’ as well as non-discriminatory and participatory decision-making processes, of which the participatory budgeting process is the most well-known example.
private persons and the business sector. These experiences need to be shared and supported.

Such efforts could only be achieved through stronger multilevel governance collaboration to shape fiscal policies and embed financial flows in support of the LRGs, as well as to apply incentives or penalties, such as carbon pricing, to foster behaviour change in their populations. Only then will local traction truly accelerate energy transition. More controversy surrounds other potential sources of LRG revenue in terms of the tax competition and inter-regional equity considerations they imply. In particular, in an era of climate emergency and socio-environmental impact assessment, there needs to be more thorough engagement in the debate over LRGs’ fair share of natural resource taxation.

**Practical steps to foster investments to localize the SDGs**

Having addressed the key strategic fiscal reforms pivotal to the role of LRGs in the localization of the SDGs, we now turn to one of the key challenges in LRG financial capacity, that of tackling borrowing frameworks and regulations to facilitate responsible loans and access to markets for LRGs adapted to their different levels of financial maturity.

One main paradox should be highlighted. As of 2019, LRGs in 113 countries have the formal right to borrow at least on domestic markets, and internationally via loan ‘on-lending’. In practice however, LRG proposals are often tightly controlled by higher tiers of government. In 2012, another global study identified only 22 countries where municipalities were allowed to borrow without such restrictive controls. When LRGs intend to borrow directly from financial institutions, their projects often do not match the feasibility, bankability and risk standards imposed by lenders. In fact, in 2013, only 20% of the 500 big cities in developing countries were deemed creditworthy in domestic markets; this percentage dropped to 4% when rated on international markets.

This corroborates the view that the capacity of LRGs to access long-term finance is in fact limited by a combination of policies, restrictive rules and institutional weakness (lack of ‘bankable projects’ and ‘creditworthy institutions’). It is therefore essential that LRGs, together with national governments, enhance their institutional dialogue to revise the rules, and create mechanisms to...
Operational answers are not strictly governed by the mathematical rules of accounting. Sound municipal fiscal management involves more nuanced issues influencing decision-making.

strengthen their capacity to better fulfil the conditions requested to access responsible borrowing. At the same time, credit institutions need to better adapt their lending practices to the different levels of financial maturity of LRGs and better understand the context in which LRGs operate, giving them priority towards the localization of the SDGs and the other global agendas. Meanwhile, international institutions should also revise their rules to invest directly in SNGs (e.g. the World Bank). Where national and local authorities clearly articulate strategies for sustainable financing at sub-national levels, investment flows can be enhanced.

A fully-fledged fiscal strategy builds on the diversity of debt finance options responding to the different contexts of LRGs: from regions and metropolitan areas to intermediary cities and small towns. Grants and subsidized loans can be designed (according to clear criteria) for poorer LRGs and non-self-financing projects (particularly in less developed countries); various types of loans should be made available for more fiscally sound LRGs and self-financing projects.

There is a marked split between the preferred tools for borrowing, based on the models developed in different regions. In North America, municipal bonds are preferred while in Europe, bank lending or municipal funds are the traditional approach. In recent years, some European LRGs have also experimented with 'green', 'sustainability, or even 'SDG bonds'. A recent study surveyed more than 70 financing instruments that could be deployed to raise and steer new resources for sustainable urban infrastructure. These range from fiscal decentralization to mutually binding contracts, city deals, and performance-based grants. Other examples include 'blended finance', lending in local currencies to improve LRGs' capacity to repay; and 'sub-national or municipal pooled financing mechanisms' with small to large-scale projects. This is generally done through the creation of national investment vehicles, international finance vehicles and renewed Public-Private-People Partnerships (PPPPs).

Municipal development funds have been successful in addressing the needs of intermediary cities and small municipalities in both the developed and, to a lesser extent, the developing world. Examples include the Colombian Financial Corporation for the Territorial Development S.A. (FINDETER), the Bangladesh Municipal Development Fund, or the Philippines Municipal Development Fund Office. In Africa, this strategic renewal is being discussed by the network of African Financial Institutions for Local Governments (RIAFCO) that brings together the main national development financial institutions (DFIs) from the region.

In recent years, numerous city-focused project preparation facilities have supported cities’ climate project pipelines to meet bankability standards. Among these facilities are the Cities Development Initiative for Asia, C40 Cities Finance Facility, and Local Governments for Sustainability (ICLEI)’s Transformative Actions Programme. This has resulted in better mapping and matching of projects with financial opportunities. For example, the Global Covenant of Mayors (GCoM) and the European Investment Bank (EIB) have come together to help ‘prepare and fast-track financing of urban climate action projects’. LRG networks together with DFIs are developing strategies to combine the transformative impact of each project preparation facilities. Initiatives such as the Gap Fund or the proposed Green Cities Development Bank, led by the GCoM and C40 respectively, have also taken significant steps to fill the gaps in the sub-national finance architecture.

Other mechanisms to help project preparation and linkages with financing institutions such as the African Territorial Agency championed by UCLG Africa and the International Municipal Investment Fund, set up by the UN Capital Development Fund (UNCDF) and UCLG, in collaboration with the Global Fund for Cities Development (FMDV), are also in the process of development. Finally, the Malaga Global Coalition for Municipal Finance brings together LRG leaders, UNCDF and international institutions to discuss alternative strategies to foster SNGs’ access to finance. There is another return on investment from this modality of development cooperation that should be considered: the possibility for LRGs to exchange knowledge, and acquire and retain local expertise.

Providing a pathway and regularized, predictable processes for LRGs to access long-term finance can have an enormous impact on advancing investments in sustainable infrastructure. This could include improvements in the structuring of intergovernmental transfers between national and local governments, strengthening systems for generating own-source revenues, localized development assistance and access to innovative financing mechanisms. LRGs’ unequal access to resources must be high on the agenda at both the international and national level so that it can be discussed and remedied through meaningful change in the financial ecosystem.
Observations

This report has provided a global overview of the progress made so far in achieving the SDGs, and analysed the role played by LRGs in steering transformations towards a more sustainable future. Its main conclusion is that the global agendas will only be achieved through a fully-fledged, co-owned and accountable process of localization.

In short, steering urbanization and its positive interaction with the territories along the path of sustainability will be pivotal to preserving the future of our societies and of our planet.

The actions that stem from cities and territories constitute policy alternatives that are bottom-up have the potential to co-create a sustainable future, and put people at the centre. Achieving the SDGs means creating fair societies capable of providing life opportunities for all in ways that do not entail the destruction of the environment — and thus, self-destruction.

LRGs are taking the lead in promoting actions that have an impact on the many different dimensions of development and have the potential to drive profound and systemic change. As shown in this report, such localized development strategies, stemming from and suited to local realities, also have an effect on the global process of transforming development, which in turn reinforces sustainable local processes. The transformational potential of adopting a territorial approach to local development (TALD) is huge. Yet the magnitude of the challenges that the world faces makes it crucial to accelerate and upscale efforts to localize the SDGs. As these challenges become more and more pressing, so enabling institutional environments that empower LRGs, adequately articulated multilevel governance mechanisms, and sufficient mobilization of resources, become more and more essential to accelerate efforts towards sustainable development.

We stand at a critical moment in history: a failure to deliver the 2030 Agenda and to achieve the SDGs goes far beyond failing to reach a political milestone or compromise. It means communities and territories as we know them being pushed into extreme and dangerous environmental and social dynamics, the consequences of which are difficult to predict. Urbanization and harmonized territorial development represents an opportunity to reverse this trend — but it is an opportunity that must be seized now. LRGs are increasingly engaged in and committed to the global agendas. Yet to truly capitalize on the potential of local action and ensure the SDGs and related agendas become a reality on the ground, the key challenges summarized in the recommendations below must urgently be addressed.
4. Policy recommendations: our roadmap to accelerate the achievement of the 2030 Agenda through the localization of the SDGs

The transformation that needs to be brought about to achieve the global agendas will only occur if our development model responds to the dreams and expectations of communities, and if there is collective responsibility to make the necessary adjustments and sacrifices to achieve more equitable, fair and sustainable societies.

The global agendas must either be local or they simply will not be. The constituency of local and regional governments (LRGs) has a critical role to play to catalyse change and provide the kind of service delivery that will deliver inclusion, efficient use of resources and sustainability. This LRG constituency shares the sense of urgency to scale-up and accelerate such a transformation.

The findings of the GOLD V Report have inspired policy recommendations that build upon the ‘Bogota Commitment and Action Agenda’ adopted by the World Organization of United Cities and Local Governments (UCLG) in 2016, as well as the annual reports of the Global Taskforce of Local and Regional Governments to the UN High-Level Political Forum on Sustainable Development (HLPF) since 2017.

In a context of increasing inequalities, endangerment of ecosystems and tensions that are threatening human solidarity, the GOLD V Report presents the efforts of a key constituency that serves communities responding to their needs and hopes. It is a positive message about the impact that well-resourced localization can have in a new vision for the sustainability of our planet. The recommendations are addressed to local and regional leaders and their organizations, to our partners, national governments, international organizations, civil society and social actors, as well as to the business sector.

Local and regional governments lead the way towards a more equal and sustainable world

In the globalized urbanization era, the actions of cities and LRGs are integral to the global agendas: it is at the local level that the interrelationship between the different agendas most clearly manifests itself. With regard to the global agendas, getting the 2030 Agenda commitments right necessitates the full implementation of the principles of the New Urban Agenda and the Addis Ababa Action Agenda, that in turn are fundamental to changing the patterns of production and consumption as the basic premise of the Paris Agreement on climate change and the Sendai Framework for Disaster Risk Reduction. The following recommendations situate the LRGs as drivers of an alternative territorial approach to development (TALD).
Actions at local and regional levels

Galvanize forces for the localization of the 2030 Agenda in our cities and territories

LRGs and their global and regional organizations have pioneered the localization of the SDGs. To make the ‘quantum leap’ currently needed they must:

- Adopt the SDGs as a reference framework for LRGs' policies, programming, planning and budgets, ensuring a coherent and integrated approach — mindful of the Paris Climate Agreement, the Sendai Framework and empowered by the principles of the New Urban Agenda.
- Embolden ambitions by fostering greater ownership of the communities and attain real local buy-in of policies. Co-creation with other local stakeholders will be critical in the definition, implementation and assessment of the localization process.
- Share and learn: Participate in LRG networks and invest in peer-to-peer knowledge-sharing, practice exchange and training. Fostering and accessing technical assistance and decentralized cooperation to promote the localization of the SDGs will be key.
- Link with science: Serve as catalyst to foster partnerships with research institutions and promote ‘labs’ to experiment with innovative ways to implement, review and follow-up the localization process.

Protect the commons, human rights and culture as foundations of peace

The preservation of the global commons (biodiversity, land, atmosphere, oceans) that determine the survival of all living beings, as well as the protection of peace, cultural diversity and human rights, require strong local action and LRGs' commitment to:

- Foster an ecological and systemic relationship between people and nature. LRGs must support cohesion of the ‘urban-rural continuum’ and strengthen the interconnected policies that halt deforestation and desertification; effectively manage the current network of protected areas, including terrestrial, freshwater (both surface and ground) and marine areas; and improve human wellbeing, particularly of indigenous populations and communities whose livelihoods depend on forests, water and soil conservation and climate change mitigation.
- Achieve climate neutrality in cities and territories, taking into account the life-long cycle of GHG emissions to proactively tackle climate emergency. Decoupling socio-economic development from environmental degradation calls for well-planned urban development and land management; responsible and fair management of natural resources and waste; at the same time ensuring reduction of inequalities. It implies divesting from fossil fuels to free up resources. These can be invested to accelerate scaling-up the protection of most vulnerable populations and ecosystems, and offsetting any emissions that cannot be further reduced or avoided.
- Contribute to holding global warming to 1.5°C by the end of the 21st century, through the collective definition of Territorially Determined Contributions (TDCs) feeding into the Nationally Determined Contributions (NDCs) for the implementation of the provisions of the Paris Climate Agreement. Support the post-2020 negotiation of the global biodiversity framework, as well as the Convention on Wetlands of International and the Convention on International Trade in Endangered Species of Wild Fauna and Flora.
- Promote peace and city diplomacy by tackling the roots of local violence, educating for its eradication and to create a mindset that makes it possible to build a culture of dialogue in cities and territories. Foster cities and territories as spaces for co-existence and peace through measures that fight interpersonal violence, extremism, racism, xenophobia, gender-based violence and other forms of intolerance, and introduce measures to integrate all citizens.
- Promote culture as the fourth pillar of development and as a core component of local identity, a strand of global solidarity, and a vector for peace and human rights. Foster locally relevant cultural policies and programmes on memory, heritage, creativity, diversity and knowledge as intrinsic to local sustainable development.
Put human rights and the ‘Right to the City’ at the core of the local agendas – strengthen inclusive local policies to ‘leave no one behind’

Given its multiple dimensions, the eradication of extreme poverty is inextricably linked to the protection of human rights. LRGs should put the ‘Right to the City’ at the centre of urban and territorial governance to ensure universal access to quality basic services, nutritious food, health and education, economic opportunities, access to adequate housing and disaster risk prevention for the most vulnerable. These are essential components of territorialized pro-poor policies. Partnerships with communities and community-based organisations are instrumental to create alternative solutions, particularly where public services are scarcely delivered. LRGs should commit to:

- **Remove any discriminatory legal and social policy** at the local level to ensure equal opportunities for all, particularly for women, indigenous peoples and ethnic minorities, the LGBTQIA+ populations, the elderly, the youth, and people with mental and physical disabilities. Facilitate migrants and refugees access to rights and services regardless of their status.
- **Tackle gender-based discrimination and violence** with tailored policies, budgets and legal reforms. LRGs can raise awareness and reinforce education on the changing conception of gender roles. Women must be equally represented and granted equal powers in decision-making forums. It is necessary to enact gender-sensitive policies in territories that promote equal access to health and education and acknowledge the role of women in the domestic and informal economy. Gender equality has a multiplier effect in advancing sustainable development, environmental protection and social justice.
- **Support the fulfilment of the right to adequate housing for all**, which includes affordability, legal security of tenure, habitability, accessibility and cultural adequacy standards and must be understood within the framework of the ‘Right to the City’. Promote inclusionary housing policies and slum upgrading initiatives that are undertaken in partnership with the communities and seek to avoid forced evictions.
- **Promote the Principles of Open Government** as a tool for the improvement of policy ownership and accountability. Create spaces and mechanisms that favour citizen participation in local decision-making, access to information and communities’ ownership of the 2030 Agenda and other global agendas.

Harness the co-creation of cities and territories through sustainable participative urban and land planning

Planning needs to be the result of the political, economic and social systems within which it is embedded. Deep reforms on planning regulations and frameworks are a critical part of SDG localization and the New Urban Agenda. This includes the need to produce qualified professional planners and researchers. By renewing participatory urban and spatial planning, LRGs should:

- Adopt an integrated planning approach, as reflected in the New Urban Agenda, to strengthen the inclusive dimension of cities, climate adaptation and mitigation and disaster risk prevention strategies, and multiply the benefits of interlinkages between urban and territorial areas. Inclusive and participatory planning are key levers for the co-creation of sustainable and inclusive cities and territories.
- **Build capacities and retain local expertise** to address rapid urbanization with adapted approaches to reduce urban sprawl and avoid costlier retrofitting. Most urgent actions are needed in regions where rapid urban growth will be concentrated (Sub-Saharan Africa and South and South-East Asia).
- Scale-up efforts to build urban resilience and disaster risk preparation, involving local communities, particularly vulnerable groups, in particular in coastal cities and Small Developing Island States (SIDS).
- **Contribute to promoting ‘polycentric’ urban development** to reduce core-periphery divides, promote more compact and social-mix neighbourhoods, reduce inequalities and avoid urban segregation.
- **Create or preserve open public spaces** to boost inclusion and protect urban heritage and culture, while also pursuing innovative solutions to foster creativity for sustainable urban development.
- **Curb urban sprawl**, reduce distance between home and work places to reduce commuting times and encourage access to alternative and safe modes of mobility (including walkable cities) to reduce GHG emissions. Urban and
spatial planning can lead to transformative use of renewable energy, and reduce the ecological footprint of cities and territories, greening public infrastructure and spaces, reducing air and waste pollution, and reducing risks such as floods, drought or urban heat island effects.

- Improve relationships with the surrounding peri-urban and rural areas, avoid land degradation, and improve food security and farmers’ livelihoods.
- Enhance the management of natural protected areas and ecosystem services, such as upstream watershed areas that the city relies on for fresh water supply, and support reforestation.

**Improve access to sustainable and inclusive public services in cities and territories**

LRGs need to develop an integrated and systemic approach that will guarantee universal reach. This includes universal access to safe drinking water and sanitation, to quality education and health, to public affordable and sustainable mobility, to integrated waste management and to affordable and clean energy. LRGs need to:

- Develop infrastructure plans alongside urban land-use plans, including long-term investment strategies to guide economic and spatial expansion, especially where there are pressures for growth.
- Reduce the environmental impact of urban infrastructures and contribute to communities’ resilience.
- Support inter-municipal cooperation or specific mechanisms that guarantee collaborations to ensure full coverage and adequate quality delivery in territories, be it in metropolitan areas, cities or peri-urban areas, or between neighbouring municipalities in rural areas.
- Guarantee access to affordable services exploring new universal models of service co-production, taking advantage of new decentralized technologies; support small-scale businesses as basic service providers and improve the quality oversight of services; and gradually insert the informal economy into the organization of public service delivery.
- Improve the management, delivery and transparency of public basic services, and facilitate innovative partnerships for co-production and co-management.

**Focus on the future of jobs and local economic development (LED)**

It is now urgent to steer a course away from the patterns of economic growth, consumption and production of goods and services that perpetuate deprivations, generate inequalities, deplete the global commons and threaten to cause irreversible damage to the environment. LRGs should therefore:

- Promote LED that helps generate sustainable socio-economic development tailored to the particular needs and contexts of cities and territories, and ensure decent work and respect for responsible sustainability standards.
- Prioritize quality local employment, as a right, and tailor fully-fledged policies responsive to the barriers faced by and vulnerabilities of specific groups, including women, youth, ethnic and religious minorities or people with disabilities among others; likewise find inclusive solutions to involve migrants regardless of their status; and facilitate intergenerational knowledge transfers to preserve, disseminate and evolve local know-how and crafts.
- Create spaces for local innovation in order to nurture and scale-up local capacities, including those enabled by technology and nature-based industries; develop synergies with local initiatives; support small and medium-sized enterprises (SMEs) that contribute to sustainable growth and to create employment in their local environments, give impulse to productive clusters and cooperative strategies both within and between sectors and territories.
- Ensure that new technologies and e-platforms do not widen the divide that is consolidating poor-quality employment, or privilege extractive systems of production that do not support communities’ social cohesion, connectedness and wellbeing. Develop policies to protect people’s privacy, and foster traditional local small business.
- Promote alternative economic models such as the transition towards a circular and green economy; support the social and collaborative economy and sustainable tourism. Support the transition towards territorialized food systems that foster good health while minimizing environmental impact; and support efforts to reduce the environmental footprint.
- Recognize the critical role that the informal economy plays in the urban fabric. Because of this contribution and the growing number of
workers involved in informal economy activities (estimated at over two billion people worldwide, among which women are ‘over-represented’), LRGs need to take necessary steps and support and create initiatives to help entrepreneurs in the informal economy. This must support them to evolve their activities towards the social and solidary economy, and promote the creation of mechanisms to facilitate access to social protection.

- Create enabling conditions, capacities and confidence to mobilize the transformative power of public procurement, while respecting the autonomy of LRGs to set their own policy priorities. This should be done by mainstreaming and implementing sustainable and decent work policies, and fair, labour-friendly and environmental clauses, and by encouraging a culture of transparent public contracts and disclosure.

At the global and national levels

Foster a global-local movement to localize the SDGs. Localization should be a pillar of national sustainable strategies to implement the SDGs

To achieve the 2030 agendas on time, the pace of change needs to accelerate and ambitions need to be bolder. National governments and international organizations should work in collaboration with LRGs and their networks to increase the outreach and strengthen partnerships of the ‘whole-of-government’ with the ‘whole-of-society’ to boost localization. National governments should:

- Integrate (or strengthen) robust localization strategies in their sustainable development strategies and action plans to expand the involvement of LRGs and local actors, accelerating and upscaling territorial sustainable development. Localization strategies should be mainstreamed in all plans, programmes and budgets from national to local levels.

- Coordinated strategies for the 2030 Agenda, the SDGs, the Paris Climate Agreement and the New Urban Agenda are an imperative. No single agenda can be addressed in isolation. National sustainable development plans (NSDPs), Nationally Determined Contributions (NDCs) to the Paris Climate Agreement and national urban policies (NUPs), as well as other strategic plans, need to be articulated in order to overcome sectoral fragmented strategies, improve the allocation of resources and boost implementation at all levels, from global to local and vice-versa.

Create an ‘enabling institutional environment’ for localization – empowered local and regional governments and adequate financing flows to support localization are an imperative

Effective decentralization policies are intrinsic to empowering LRGs and supporting SDG localization. The principles of effective decentralization are defined in the International Guidelines on Decentralization, adopted by the UN-Habitat Governing Council in 2007.

- LRGs need the respect of local autonomy and subsidiarity principles to be respected in order to respond to the demands of their inhabitants, to innovate and adapt national policies and the SDGs to the local context. Urgent actions are needed to unlock LRGs’ potential to localize the SDGS and ensure access to basic services for all.

- Access to basic social services is a universal principle acknowledged by the UN and a building block for human development. LRGs need to be empowered and accountable to ensure the delivery of quality basic services for all, defined as direct or shared responsibilities in the legal frameworks of a majority of countries, to achieve the principle to ‘leave no one behind’ — one of the core objectives of the 2030 Agenda.

- LRGs’ adequate fiscal powers and capacities, as acknowledged by the Addis Ababa Action Agenda (paragraph 34) need strengthened local tax systems, including the power to capture part of land and property added-value; a better allocation of national fiscal revenues through fair, regular and predictable intergovernmental transfers; and access to responsible borrowing to invest in sustainable public services and
infrastructures. Environmental taxes should be considered to advance energy transition and enshrine the ‘polluter pays’ principle into financing frameworks. Equalization funds are also necessary to ensure the adequate redistribution of resources across the whole territory to avoid ‘leaving any territory behind’, paying particular attention to intermediary cities and small towns and promoting more balanced and ‘polycentric’ urban systems.

- To mobilize national and international **sustainable investments** toward cities and territories, national policies and legal frameworks should be revised. An appropriate range of debt finance options needs to be adapted and made accessible to LRGs, one that considers multiple sources of financing and innovative financial instruments. It is also necessary to adopt vertically aligned NDC investment plans and open or facilitate LRGs’ access to climate and green funds.

- Facilities supporting cities in making transformative projects reach **bankability and creditworthiness** standards are essential and require strong backing and leadership to close financing gaps and enhance match-making opportunities, either through specific funds, or connecting cities with potential financiers. The next phase, already in motion, is to support a more diverse set of financial mechanisms that are adapted to the different capacities of cities and territories, such as the upcoming International Municipal Investment Fund, set up by the UN Capital Development Fund (UNCDF) and UCLG with the support of the Global Fund for Cities Development.

- The promise of ‘blended finance’ can only be fulfilled with the creation of **adequate regulatory frameworks** and with support for LRGs in setting up partnerships with the private sector. These must be mutually beneficial and have clear contractual parameters ensuring that the needs of their citizens come first and that the poor and vulnerable groups are not ‘left behind’.

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**Effective involvement of all spheres of government, civil society and key stakeholders is imperative to strengthen the governance of the SDGs and the localization process**

Strong partnerships and the participation of LRGs, civil society, private sector, social partners and academia in SDG implementation, are critical to achieve the ‘whole-of-government’ and ‘whole-of-society’ approaches called for by the SDGs. It is also crucial to ensure policy and institutional coherence both internally and externally. Without the active and collaborative involvement of all stakeholders, the SDGs will remain aspirational goals.

- At the national level, there is much to do in terms of effectively involving LRGs and stakeholders in the **national coordination mechanisms** for the implementation of the SDGs. Limited consultations and uncoordinated decision-making presently hinder the policy coherence necessary to achieve the SDGs targets and reduce local ownership.

- Integrated national planning systems are at the core of **functional multilevel governance systems** and need to be revamped to enhance the coordination between national governments, LRGs and local stakeholders. A renewed approach to planning that articulates national strategies with strong local initiatives in active collaboration could recalibrate development policies, facilitate burgeoning local actions and promote institutional innovation. This collaboration needs to be founded on the respect of the principle of subsidiarity.

- Horizontal cooperation at the sub-national level (e.g. intra and inter-municipal cooperation) needs adequate governance mechanisms, tools and fiscal policies to foster urban-rural partnerships and reinforce the management of growing metropolitan areas. Coordination will also strengthen interconnections and cooperation between territories for service delivery and key environmental issues that require reinforced and trans-jurisdictional (and often trans-boundary) actions, such as the management of river catchments and environmental resources.
Support the production and dissemination of disaggregated data for monitoring, evaluation and impact measurement of the localization of the global agendas, including the SDGs

- LRG involvement in the global and national monitoring and reporting processes on SDG implementation is crucial and should not be limited to ad hoc consultations. The process of Voluntary National Reviews (VNRs) needs improvement, to ensure the fully-fledged participation of LRGs that brings the voice of the territories and local actors to the process.

- Fragmented reporting systems hinder ownership and the institutionalization of the SDGs across different spheres of government. Strengthening local reporting capacities and closing the data gap require particular attention and support. National and local capacities to define and collect disaggregated and localized data should be part of SDG localization strategies to ensure that planning processes at all levels are founded on realistic targets and that effective implementation can be monitored, as well as to ensure accountability and citizen follow-up.

- Voluntary Local Reviews (VLRs) contributing to national monitoring and to the global debate, and promoting knowledge-sharing and emulation between LRGs, are opportunities that need specific support and acknowledgment.

A global governance system that brings together local and regional governments and civil society will boost the implementation of the global agendas

- The UN High-Level Political Forum on Sustainable Development (HLPF) will need to be reshaped to enhance the participation of different stakeholders, as well as facilitate true innovation and learning. The HLPF should be an effective multilateral and multi-stakeholder space for dialogue, exchange and knowledge-sharing in order to reinforce multilateral collaboration and partnerships and ensure the real oversight of commitments, policy agreements and implementation.

- The consolidation of the Local and Regional Governments Forum is essential as a critical space for interactions between the LRGs, UN Member States, and the UN system. Furthermore, multilevel dialogues need to embolden the local-global leadership, as proposed in the ‘Seville Commitment’.

At the continental level, LRGs’ enhanced involvement in the regional forums (e.g. Regional Forums on Sustainable Development, co-organized by regional UN Commissions), in multi-stakeholder platforms (e.g. the European platform) and spaces (e.g. urban forums) will enhance policy exchange to foster SDG localization and the active involvement of LRGs in the monitoring of the SDGs and related agendas.