

## Item 3.3

✓ For information

### TERRITORIAL MULTILEVEL GOVERNANCE AND SUSTAINABLE FINANCING

#### Summary and recommendations

The Policy Council on Territorial Multilevel Governance and Sustainable Financing aims to look at the challenges and opportunities in boosting effective territorial and multilevel governance, and re-thinking and strengthening sub-national and public financing systems to reconcile financing with sustainability.

The Policy Council has addressed, since its creation, the notion of how to implement an integrated territorial approach to development, paying special attention to the issues of governance, decentralization and territorial cohesion through its close support to the research carried out as part of the reports of the Global Observatory on Local Democracy and Decentralization (GOLD reports) as well as on the localization of financing for sustainable development.

This document features the results of the discussions of this Policy Council, which will also feed the contents of the Pact for the Future, the renewed strategy for the World Organisation as from 2022 onwards.

#### The General Assembly is invited to:

1. **Take note** of the Report of the Policy Council on Territorial Multilevel Governance and Sustainable Financing.

#### Context

1. The local and territorial level is critical to rethink and to reshape governance systems into more inclusive ones. Responding to these calls and rebuilding trust between citizens, institutions and communities, at all levels, are determinant elements to achieving the global agendas. Citizens, and citizenship, through social movements and civil society, are increasingly calling for the transformation of governing systems. The UCLG Pact for the Future will be based on three axes: People, Planet, and Government. The axis on government calls for redefining governing in Partnership.
2. The Policy Council on Territorial Multilevel Governance and Sustainable Financing aims to look at the challenges and opportunities in boosting effective territorial and multilevel governance, and re-thinking and strengthening sub-national and public financing systems to reconcile financing with sustainability. The discussion will further feed the work of GOLD geared towards the establishment of follow-up and reporting by local and regional governments on the implementation of the global agendas. It also contributes to the call by UCLG to establish an International Panel on Sustainable Financing for Cities.



3. It has addressed, since its creation, the notion of how to implement an integrated territorial approach to development, paying special attention to the issues of governance, decentralization and territorial cohesion through its close support to the research carried out as part of the reports of the Global Observatory on Local Democracy and Decentralization (GOLD reports) as well as on the localization of financing for sustainable development.
4. The Policy Council is co-chaired by **Pablo Jurado**, President of the Consortium of Provincial Autonomous Governments from Ecuador (CONGOPE), Vice-President of UCLG for the Forum of Regions, and **Núria Marín**, Mayor of L'Hospitalet de Llobregat and President of Barcelona Provincial Council. The Policy Council also counts on the participation of 11 Policy Councillors.

### **Renewed priorities and objectives**

5. The Policy Council met in February 2021 to exchange on its priorities and discuss concrete proposals based on the renewed agenda of the Policy Council basing itself on access to local financing and emergency measures, and changes in governance and co-governance.
6. The Policy Councillors emphasized the importance of having a symbiotic relationship between different spheres of government based on the principles of subsidiary and proportionality, as well as co-governance mechanisms, to promote an enabling environment with a view to achieving aligned goals.
7. Addressing the rural-urban symbiosis and territorial approach as important bases for grasping demographic changes and the digital divide and guaranteeing cohesion by working within the framework of systems of cities was also highlighted.
8. Strengthening the political incidence of local and regional governments towards the national and international spheres with practical recommendations and data-driven analyses, in particular on the issue of the localization of financing for sustainable development was key. Enhancing and developing new multi-stakeholder partnerships involving national governments and the private sector to create an enabling environment for cities and regions to leverage finance was also identified as crucial.
9. The Policy Council also considered the need to reinvent governance from the perspective of growing emergencies, drawing lessons from the Emergency Governance Initiative for Cities and Regions jointly led by UCLG, Metropolis and LSE Cities.

### **Urban October and the Policy Council**

10. The Policy Council on Multilevel Governance and Sustainable Financing met in the framework of Urban October and introduced critical topics for the development of the UCLG Pact for the Future, building on previous meetings held in early 2021 and in 2022.
11. The meeting gathered the Policy Councillors and partners and tackled the need to ensure financial resources for local and regional governments, which had suffered greatly under COVID-19 and how this could be achieved. The need to develop a broad consensus among spheres of government, empowering cities and territories to act and play a role in solving crises at the local level such as climate change, homelessness and lack of access to basic services; and a commitment to work among all spheres of government and with all actors were some of the key issues identified during the

session. Participants also identified critical links with the other Policy Councils, in particular that of Opportunities for All, Culture, and City Diplomacy, highlighting the intrinsic relation between multilevel governance and development cooperation.

12. Partners of the Policy Council identified the need for a multi-stakeholder response to the COVID-19 crisis, in particular with civil society. Participants also highlighted the need for financing to reach intermediary and smaller cities in order to continue providing critical infrastructure for basic services, and to renew tax frameworks to ensure a fairer distribution of wealth and a healthier service delivery environment.
13. In the framework of the Executive Bureau held in Seville in June 2022, the Policy Council also addressed the urgency to strengthen bottom-up multilevel governance and grassroots democracy, so that the needs of people are known and addressed collectively, from the local to the state level. Protecting and promoting local democracy in complex political contexts is key, since the failure of democracy echoes the failure of local governance. Global actions must be connected with the daily challenges of communities, to achieve the transformation by putting people at the center of local action.

### **UCLG Pact for the Future**

14. The Policy Council will remain instrumental in contributing particularly to the Axis Government of the Pact for the Future, but also linking up with many aspects of the Axis People and Planet.
15. In September 2022, the UCLG Policy Council met with the UCLG Town Halls to learn from the perspective of local and regional governments prior to finalizing the policy papers before Daejeon. The Policy Council on Multilevel Governance and Sustainable Financing met with the Town Halls of Trust and Government and Climate and Culture to provide feedback on their policy papers and reflect on the issues of decentralized cooperation and sustainable financing within their Town Halls in preparation for the UCLG World Congress. The policy council highlighted that to truly build multilevel governance, decisions need to be co-created and not simply taken. The governance that is needed is one that needs to be aligned with aspirations of communities and that multilevel governance starts with caring for people and for the planet.
16. The Policy Council will continue to promote co-creation and truly inclusive policy and decision-making as a pre-condition decentralization and multilevel governance. It will play a strong role in the push for the revitalization of the multilateral system that has local and regional governments at the decision making table and the strengthening of sustainable local finance at the center.