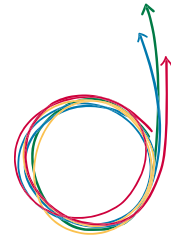


metropolis ●



United Cities and Local Governments  
Cités et Gouvernements Locaux Unis  
Ciudades y Gobiernos Locales Unidos



**FMDV**

Supporting local authorities  
to access funding

# REolutions to Fund Cities

*Rethinking Economic Solutions  
to Sustainably Fund Local Development*

*REolutions* promotes the [World Urban Campaign](#)



[imacitychanger.org](http://imacitychanger.org)

## Summary

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*REolutions*, a four-year international programme, offers an invitation to all urban actors to **Rethink Economic solutions** that operationalize sustainable, efficient, and resilient local development.

Initiated by a consortium of local authority networks, *REolutions* concentrates on identifying, analysing, transferring and pilot-implementing economic and financial strategies and mechanisms that have improved the impact and performance of local urban development policies.

Anchored and articulated at the regional level in a multi-actor setting, *REolutions* seeks to equip local authorities with the tools to integrate and operationalize a wide variety of financial resources for the endogenous development of their cities.

## Context & Challenges

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Local authorities' capacity to ensure the planning and management of sustainable and inclusive urban environments is being put to the test by inadequate levels of decentralisation, combined with a context of multidimensional crises.

In addition, the financialisation of the world economy, to the detriment of the real economy and employment, now widely discussed, establishes social segregation and a polarisation of wealth, producing unsustainable territorial inequalities at the economic, political, and environmental level.

**These global tendencies have led to an increased fragility of local economies and fewer sources of financing for urban development, just when cities are experiencing the most exponential pressures.**

In response, local authorities, key actors of change and wealth production, are striving to adapt, innovate, and gain their leadership role over strategies and tools for their economic and financial policies, in order to construct economic resilience and to build the conditions for lasting endogenous development.

However, they often lack sufficient time and specific expertise to experiment with development alternatives that ensure new opportunities for local communities. Despite these difficult conditions, several cities have been able to develop innovative ways. By reinforcing cooperation and solidarity with their peers, as well as with the ensemble of urban development stakeholders, **cities are beginning to uncover the variety of funding opportunities available to them.** This networking shows great potential for urban actors to share their experiences, knowledge and resources, **to develop and integrate plural and hybrid financing solutions.**

The global challenges cities are facing today and their willingness and desire for increased decentralised cooperation highlight **the necessity for a coordinated mobilization for action on urban development financing.**

It is for these reasons that the FMDV, together with United Cities and Local Governments (UCLG) and Metropolis are launching the international programme ***REolutions to Fund Cities.***

## Towards Sustainable Funding for Cities

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*REolutions* addresses the question of funding urban development through the research and operationalization of financial solutions that promote the diversity and complementarity of actors and instruments. This innovative program creates a conducive space where local authorities and their partners can reflect on the efficiency and coherence of their local development policies and their capacity to manage and optimize local resources.

**Valorising replicability over best practice,** the ensemble of mechanisms and strategies that are working around

the world will be re-interrogated for their potential to be implemented in other cities facing similar challenges.

**Reinforced city-to-city cooperation will uncover new sources of endogenous wealth that use local dynamics in the hybridization of innovative, efficient, and tested funding solutions for development.**

Through **knowledge sharing activities and operational support,** this program will focus on three major axes and will unfold through four types of activities.

# An Operational Programme for Action

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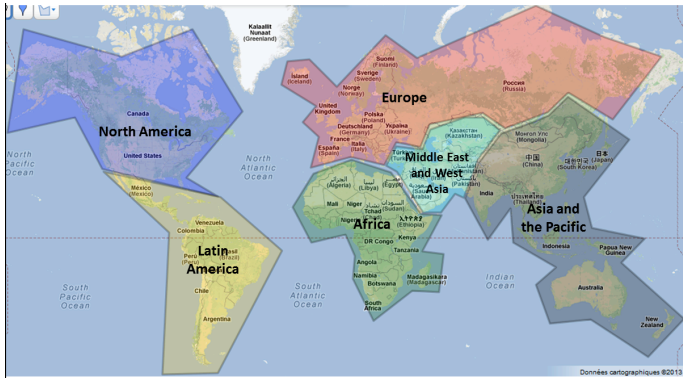
REolutions will explore 3 strategic axes, with respect to the funding potential they represent.

## THREE AXES

- **Local Instruments - Drivers of Local Development:**
  - **Classic but revised mechanisms:** tools and strategies that improve the collection or management of local taxes, specific taxes such as ecotaxes, financing strategies mobilizing land value gains, mechanisms for equalisation and solidarity among territories;
  - **Innovative, endogenous and solidarity mechanisms:** identify, characterise and strengthen a “different” economy and finance, which operates according to objectives and rules tailored to the local challenges for a sustainable and resilient transition of territories (complementary currencies, participative budgeting, circular economy, local savings mobilization through social finance, community land/energy trusts, crowdfunding, green and territorial marketing, exploitation of positive environmental and social externalities, etc.);
- **Institutional & Donor Funding Strategies:** analyse how these stakeholders interact with local authorities at the regional level, the tools developed to take efficient and harmonious action at the local level: i.e. sub-sovereign loans, access to banking and financial market, equity and vertical funds, carbon finance, and social or development impact bonds, among others;
- **Public Service Delegation:** considering the socio-economic performance and potential of public-private partnerships and how they have been re-examined in a changing environment: innovative and efficient strategies that allow for inclusive and sustainable development.

## FOUR ACTIONS

- **Mobilise through regional seminars**  
*Invite urban development actors to dialogue, debate and share around the questions of urban development funding that are most prominent in their respective regions and the emerging answers they endorse.*
- **Capitalise through publications of case studies**  
*Identify, uncover, and share the various approaches and mechanisms that demonstrate efficient solutions (including an evaluation and analysis of their potential to change scales and/or be reproduced).*
- **Transfer through training sessions and peer-to-peer cooperation**  
*Create specific modules to raise awareness and technically train different local stakeholders.*
- **Implement through city-to-city pilot projects**  
*Provide operational support to replicate identified and adapted solutions through strengthened cooperation and solidarity between local authorities and stakeholders.*



This global program will be broken down geographically at a regional level through multi-actor committees and local contacts, in order to follow and report on the **specificities and creativity** of local authorities in North America, Latin America, Europe, Africa, the Middle East and West Asia, and Asia and the Pacific.

## Upcoming Activities

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Though *REolutions* is set to be officially launched at the UCLG World Congress in Rabat, Morocco, in October 2013, the programme is already underway in several parts of the world. The programme is gaining pace namely through the organization of seminars that inspire debate amongst local authorities and their partners, in order to drive the subsequent activities of the programme.

- **A seminar for the European region** will be organized on how national and local adjustments to the financial and economic crisis make it possible for local authorities to overcome increasing challenges. Organized in Paris in November, this seminar will adopt a dual approach in addressing both institutional mechanisms and locally developed strategies.
- **A national seminar in Turkey** is also set to take place in October about local authorities' access to finance through traditional and innovative mechanisms. This forum will explore various financial instruments that can be operationalized to meet the high investment expenditures faced by local authorities today.

Both seminars will be followed by publications to disseminate their respective outputs. Additional seminars in Africa, Latin America, and Asia are currently in the process of being organized. The FMDV extends a warm invitation to new partners to join in on these discussions.

## Inserting Cities' Vision of the Local Economy into the Global Agenda

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The outputs of the activities developed in the *REolutions* programme will serve **to reinforce local authorities' role as drivers of their own economic development in global development debates** ranging from the Post-2015 Development Agenda, to the follow-up to the Sustainable Development Goals (post Rio+20). Furthermore, by raising the issue of funding for urban development, the programme seeks **to support cities in strengthening their own agenda in the wider urban development debate** that will culminate with the HABITAT III summit organized by the United Nations in 2016.

FMDV's coordination of the activities of *REolutions* over the next four years will demonstrate through action the potential for the local economy to finance local development. The evidence drawn from the programme will serve **to nourish the general advocacy activities of UCLG and Metropolis, who will politically carry the conclusions to HABITAT III.**

In order **to politically promote the most inclusive approach to finance for urban development, UCLG, Metropolis, and the FMDV open an invitation to all interested urban development actors to join this initiative and share their vision of funding innovations for cities.**

## Who we are

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### **\*\* UCLG**

*United Cities and Local Governments (UCLG) represents and defends the interests of local governments on the world stage. Headquartered in Barcelona, the organization's stated mission is to be the united voice and world advocate of democratic local self-government, promoting its values, objectives and interests, through cooperation between local governments, and within the wider international community. UCLG's work program focuses on increasing the role and influence of local government and its representative organizations in global governance; becoming the main source of support for democratic, effective, innovative local government close to the citizen; and ensuring an effective and democratic global organization. UCLG supports international cooperation between cities and their associations, and facilitates programs, networks and partnerships to build the capacity of local governments. Present in 140 of the 191 UN members states in seven world regions, UCLG's members include individual cities and national associations of local governments, which represent all the cities and local governments in a single country. Over 1000 cities across 95 countries and 112 Local Government Associations (LGAs) are members of UCLG.*

### **\*\* Metropolis**

*Metropolis, the World Association of the Major Metropolises, is the leading international organization that gathers cities and metropolitan regions with more than a million inhabitants. Created in 1985, the Metropolis Association is represented by more than 120 members from across the world and operates as an international forum for exploring issues and concerns common to all big cities and metropolitan regions. Metropolis also manages the Metropolitan Section of UCLG. Metropolis wishes to build a network of Initiatives among metropolitan governments and their collaborating partners to promote projects in partnership for urban sustainability, understood simultaneously in its environmental, economic, social, and cultural aspects.*

### **\*\* FMDV**

*The Global Fund for Cities Development (Fonds Mondial pour le Développement des Villes) is an operational network of cities created in 2010. The work of FMDV focuses on strengthening the financial capacity of local authorities through capacity and knowledge brokering, and encouraging cooperation and solidarity among cities. FMDV's principle activities revolve around operational project support that valorises concerted dialogue with all stakeholders, local authority capacity building for access to and management of urban development finance, and the promotion and dissemination of solutions that highlight endogenous economic development. Based in Paris, the FMDV has regional offices in Africa, Latin America, and the Middle East, and will be launching a regional office in Asia in 2013.*

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**For more information on *RE*solutions programme**

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