



Regions4 SDGs
Communities of
Practice

Localizing Finance, Accelerating Change

Regions Driving Finance for the SDGs



A learning session of
Regions4 SDGs Communities of Practice

Regions4SDGs Community of Practice session on the role of Regions in localizing finance for development

Introduction

The Fourth International Conference on Financing for Development (FFD4), scheduled for 30 June to 3 July 2025 in Seville, Spain, marks a critical opportunity to reflect on localized finance and review progress on the Addis Ababa Action Agenda as it reaches its ten-year milestone. The conference will address emerging trends in development finance, advocate for reforms to the global financial system, and emphasize the essential role of local and regional actors in achieving the Sustainable Development Goals (SDGs).

Transforming and localizing the SDGs requires financing from diverse sources, coordinated under coherent policy frameworks and strengthened by public-private collaboration. FFD4 must therefore draw on successful models of localized development financing – models that are scalable, context-responsive, and rooted in territorial realities.

In this context, Localizing Finance, Accelerating Change was organized by Regions4 in collaboration with the Local2030 Coalition, the UN platform for SDG localization. Convened as part of the Regions4SDGs Community of Practice, the session brought together regional governments from Africa, Latin America, and Europe, to share practical experiences, reflect on innovative tools, and contribute to a shared agenda for more effective and equitable development finance.

Objectives

The session had two main objectives:

- To enrich the Regions4SDGs Framework – a new guiding model under development by Regions4 and UN-Habitat that will map out key policy tools, pathways, and success factors to accelerate SDG implementation at the subnational level. The Framework aims to become a reference build trust among investors and a platform to connect projects with sources of funding.
- To collect common messages to be addressed at the Fourth Financing for Development Conference (FFD4) taking place in Seville in June and July 2025. FFD4 is a once-in-a-decade moment to reshape the global financial architecture and ensure it works better for local and regional actors. Joint messaging by subnational governments and stakeholders will be delivered to the conference through “Road to Seville: the Local Way”, an engagement process led by the Local2030 Coalition.

By bringing together diverse voices and grounded innovations, the session reaffirmed the vital role of territories in shaping the future of development finance – and offered tangible pathways to make the global financial architecture more inclusive, place-based, and fit for purpose.

KEY TAKEAWAYS

- The session was organized by Regions4 as part of the “Road to Seville: the Local Way” engagement process led by the Local 2030 Coalition. The process aims to bring consolidated messages from subnational actors to the 4th Finance for Development Conference (FfD4) in Seville, Spain.
- Regional governments presented real cases of connection between finance and the SDGs with a double goal: define common messages for FfD4 and collect practices to shape the Regions4SDGs Framework - a global guide for SDG implementation at regional level.
- There are many and diverse ways Regions can bridge finance with SDG localization: align budgets to the SDGs, coordinate multilevel finance strategies, apply sustainable finance principles to public investments, convey funds from the use of natural resources to sustainability projects, ensure rigorous monitoring and reporting on SDG progress and investments, and more.
- Attracting finance is a key factor to create an enabling environment for sustainable development, but also vice versa: a consistent SDG strategy is a strong attractor for investments. Territories with strong institutional capacity and long-term, solid development strategies generate trust and interest among the financial system.
- SDG reporting, especially VLRs, can help create trust, prove a Region’s commitment, and set investors’ agendas. Clear metrics and timeframes help enhance these benefits.
- Regional governments are not merely administrative entities. They are vital political actors, with the ambition, knowledge, and capacity to drive sustainable development.

Spotlighted messages from regional leaders

“ We localize development through fully funded municipal planning – but financing the SDGs in contexts of inequality requires national alignment and bold decentralization. ”

Gerson Nethavhani, Deputy Director of Climate Change Adaptation
Gauteng, South Africa



“ When we issue sustainable bonds, we don't just borrow money – we build trust through transparency, impact tracking, and alignment with global goals. ”

Loïse Cognard, Green debt and borrowing officer - Île-de-France, France

“ Tagging our budget to the SDGs is not an end in itself – it's a strategy to plan smarter, measure better, and reallocate where we can do more. ”

Pablo Soriano, Technical Counselor on the Environment and Climate Change
Andalucía, Spain



“ Development is not the consequence of finance – it's the condition for attracting it. Resilient territories make investment more stable, predictable, and impactful. ”

Javier Cortés, Director of the Basque Agency for Cooperation and Solidarity/ Elankidetza
Basque Country, Spain

“ Finance must flow where life happens – and life happens in the municipalities. We need tools that empower local action and reward performance. ”

Ana Asti, Deputy Secretary for Water Resources and Sustainability
State of Rio de Janeiro, Brazil



“ Local SDG tracking is not about ticking boxes – it's about making our budgets visible, our progress measurable, and our priorities clear to both citizens and partners. ”

Armando Sosa Loor, Coordinator of Planning for Innovation - Manabí, Ecuador

Regions connecting Finance and the SDGs

Addressing poverty, inequality, and employment through SDG-aligned strategies in major cities

Gauteng, South Africa

Gauteng acts within a context of deep inequality and structural unemployment. By aligning local development plans (IDPs) with the National Development Plan and the SDGs, Gauteng ensures targeted investment in inclusive growth and sustainable practices. Fully funded at the municipal level, these plans address SDGs 13, 12, 15, and 17. Cities like Johannesburg and Soane lead in implementing urban initiatives, and Gauteng contributes to G20 processes on sustainability. The provincial plan, Growing Gauteng Together 2030, provides a roadmap to achieve a more inclusive economy and better quality of life. Institutional coordination, especially through the South African Local Government Association (SALGA), strengthens multilevel delivery.

Climate budgeting and aligning public finance with the SDGs

Andalucía, Spain

Andalucía is implementing climate and SDG-oriented budgeting, analyzing over 2,500 actions across 100+ public programs. Its methodology tracks the degree of alignment between each program and specific SDGs. The Goals are grouped in the environmental, social, economic, and institutional dimensions to facilitate the planning, implementation, and monitoring of the SDGs, as it allows for the targeting of specific public policies and the integration of the SDGs into sectoral budgets. The region has already published annual climate budget analyses and is expanding this approach to SDG financing. This process reveals which areas receive the most funding – notably health (SDG 3) and education (SDG 4) – and which are underfunded, creating space for reallocation and improved planning. Strong engagement with municipalities strengthens the practical use of this analysis.

THE 4th FINANCING FOR DEVELOPMENT CONFERENCE (FfD4)

4th Edition - Seville 2025

FfD4 is the latest chapter of 20+ year long strain to align the global financial architecture towards the principle of sustainable development. While FfD3 in Addis Ababa provided a global framework for financing Agenda 2030, the 2025 Conference will gather global leaders to address the financial challenges that are hindering SDG implementation. This can bring to a reform of global financial flows, mainstreaming new financial mechanisms, and strengthening public and private investments in support of the SDGs.

Previous conventions on FfD

2002 - Monterrey Consensus
2008 - Doha Declaration
2015 - Addis Ababa Action Agenda

The engagement of Regions

The Regions4SDGs Community of Practice session of 13 May 2025 is part of a collective effort, led by the Local 2030 Coalition under the title “Road to Seville: the Local Way”. The process aims to bring common messages from subnational actors to the global community during FfD4.

The integration of SDGs in Region Île-de-France financing strategy Île-de-France, France

Île-de-France has embedded the SDGs into its financial strategy by issuing green, social, and sustainable bonds aligned with ICMA principles, EU taxonomy, and the 2030 Agenda. Currently, 98% of its public debt is aligned with the principles, with strong investment in public transportation, green buildings, and social infrastructure. The region has adopted a comprehensive environmental master plan (DRIF-E) and launched an SDG Observatory to provide open access to dynamic, localized data. These mechanisms enable transparency and leverage the SDGs as a guarantee, building trust among investors on a global stage. The region's goal is to reach 100% sustainable debt by 2028.

A multiactor, multilevel framework for finance localization Basque Country, Spain

The Basque Cooperation Agency promotes a systemic, qualitative approach to development finance. Its Director, Mr. Javier Cortés, emphasized the need to move from "finance for development" to "development for finance," where resilient, sustainable territories create stability and attract long-term investment. He called for bottom-up financial frameworks that integrate local ownership, regulatory tools, and public-private collaboration. Mr. Cortés also advocated for the activation of enabling environments — including strong institutional capacity, policy dialogue mechanisms, multilevel governance, and business ecosystem — to make territories investment-ready.

From the use of natural resources to funding nature restoration State of Rio de Janeiro, Brazil

Rio de Janeiro has linked 92% of its state budget to the SDGs through a comprehensive plan that mobilizes multiple funding streams across departments. The state operates four major funds that are aligned with sustainable development. The Environmental Compensation Fund (FECAM) is financed by 5% of oil and gas royalties and channels more than R\$ 1B (US\$ 180M) per year into projects focused on urban sustainability, renewable energy, biodiversity, sanitation, and environmental education. The Fundo da Mata Atlântica is dedicated to forest restoration and reforestation in the Atlantic Forest biome. It receives environmental fines, compensation for environmental damage, and donations from public and private actors. Resources are used to recover ecosystems, especially if impacted by industrial activity. The Fundo de Recursos Hídricos is financed by charges on companies that extract water from rivers and aquifers. Nine basin committees decide, together with the government and civil society, where and how to invest in water security, wastewater management, and reforestation. The ICMS Ecológico (Green Tax Redistribution Program) redistributes part of the state VAT to municipalities based on their environmental performance. Each year, approximately R\$ 300M is awarded to 92 municipalities in recognition of their progress in waste management, protected areas, and environmental education. These mechanisms promote shared responsibility and strengthen the capacities of municipalities to implement the SDGs.

Leveraging the Territorial Prosperity Index to Drive SDG Financing at the Local Level

Prefectura de Manabí, Ecuador

Manabí has pioneered a methodology for tracking territorial progress on the SDGs called Índice de Prosperidad Territorial (Territorial Prosperity Index), featured in its 2025 Voluntary Local Review. Built in collaboration with UNDP, UN-Habitat, the National Planning Secretariat, and academic institutions, the model includes strategic alignment, government budget analysis, and territorial performance based on disaggregated indicators. The methodology allows the province to determine which SDGs receive the most public investment, track historical trends, and prioritize SDGs where territorial gaps remain significant. The entire system is designed for transparency, comparability, and responsiveness to local development needs.



Insights from UN-Habitat

The role of SDGs in the Financing of Local and Regional Governments

Mr. Fleck shared an evidence-based reflection on the impact of VLRs on subnational governments' access to finance. Voluntary reviews and other sustainability reporting practices are the identity card of governments when it comes to SDG commitments, which investors are increasingly looking at when making their decisions. Although a direct effect is hard to capture, VLRs contribute to showing that a government cares about the impact of its investments; they also help setting investors' agendas by proving a project has a role in a consistent development strategy. The advantages of VLRs can be enhanced through rigorous reporting, clear timeframes and specific metrics.

“ SDG commitments can have an impact on investors' decisions, but their potential has not yet fully unfolded. ”

Joint Messages to the 4th Financing for Development Conference

The following joint messages reflect the shared priorities, concerns, and proposals of regional governments and UN partners convened under the Regions4SDGs Community of Practice. They are rooted in real-world practices, drawn from the lived experience of territories, and shaped by direct inputs from the session Localizing Finance, Accelerating Change, held as part of the Road to Seville: the Local Way process. Together, these key messages call for a more just, responsive, and inclusive global financial architecture.

1. Localization of finance is a prerequisite — not an accessory.

Subnational governments are on the frontlines of climate action, urban transitions, ecosystem conservation, public health, and crisis response. Financing them is not optional — it is essential for resilience, equity, and progress on the SDGs.



2. Territorial investment is global investment.

Investing in local transitions generates global dividends — in climate mitigation and adaptation, biodiversity, employment, and democratic legitimacy. Territorial public finance must be viewed as a pillar of global stability and economic transformation.

3. We need co-creation, not delegation.

Subnational governments must be seen not as “implementers,” but as co-authors of development — with a seat at the table in FFD processes, decision-making mechanisms, and monitoring frameworks

4. Integrated national financing frameworks must be localized.

The reform of global finance must start from the bottom up. Territorial realities and subnational data must shape integrated national financing frameworks (INFFs) — ensuring alignment, coherence, and local ownership.

Insights from the Local 2030 Coalition

Building common subnational messaging for the FfD4 process: the “Road to Seville: the Local Way” engagement strategy

The Local 2030 Coalition has designed the “Road to Seville: the Local Way” process to collect messages and experience from subnational governments and stakeholders. With support of the Basque Country and the Joint SDG Fund, the Coalition also developed the [Localization Marker](#) tool to assess the alignment of financing initiatives with localization goals. Mr. Perrino emphasized the importance of connecting policy ambition with practical financing tools and noted that the presentations from the session will inform the global synthesis report leading into FFD4.



“ We need to connect the dots between policy ambition and financing tools: localization markers can help align investment with real territorial needs. ”

Massimo Perrino,
Programme Management
Support and Events
Coordinator,
Local2030 Coalition

5. From multi-level governance to multi-level co-financing.

A just financial system requires shared decision-making, shared responsibility, and shared resources. Financing frameworks should be co-designed across levels of government, with clear roles and mutual accountability.

6. Trust is built through transparency, tracking, and territorial alignment.

Tools such as SDG tagging, VLRs, climate budgeting, green bonds, and localization markers build the trust needed for long-term investment. Investors need signals — territories can provide them, if properly equipped.

7. VLRs can shape investor confidence — but need follow-through.

Voluntary Local Reviews (VLRs) enhance territories' branding and credibility, and orient investors' agenda-setting. Yet without capital investment planning and financial matchmaking, they remain untapped. Bridging the VLR-finance gap is urgent.

8. Good practices exist — scale them. Don't reinvent them.

From Rio's green tax redistribution to Manabí's territorial SDG methodology, from Gauteng's fully funded municipal plans to Île-de-France's sustainable bond frameworks — territories have proven tools. What they need is visibility, scale, and support.

9. Finance must be predictable, long-term, and flexible — not fragmented and project-bound.

Short-term aid and isolated pilots do not deliver systemic change. Subnational financing must enable continuity, institutional capacity, and durable infrastructure for people and planet.



10. We are ready. But we need tools — not just expectations.

Regions are prepared to lead. They have plans, data, and political will. They are uniquely positioned to address both rural and urban realities, engage all the key stakeholder, and tailor financial mechanisms to the unique environmental, social, and economic contexts of each territory. What they need are fitted instruments, enabling environments, and capacity-building aligned with their ambition.

“Regions are ready to lead.” - Regions4 Secretary General



Natalia Uribe,
Regions4 Secretary General

From green tax redistribution in Rio de Janeiro, to leveraging the Territorial Prosperity Index in Manabí to guide investment decisions, to aligning budgets with the SDGs in Andalucía, to integrating sustainability into debt strategies in Île-de-France, to championing multilevel governance and solidarity-based finance in the Basque Country, and to addressing deep social challenges through SDG-aligned strategies in Gauteng, it is time to acknowledge that **Regional governments are not merely administrative entities**. They are **vital political actors** – with the ambition, knowledge, and capacity to drive sustainable development. They are **key allies in achieving the localization of the 2030 Agenda**.

[Did you miss the session?](#)
[Explore the recording](#)
[and the presentation here](#)



ABOUT THIS BRIEF FOR ACTION

This brief for action is part of a series aimed at informing Regions4 members on key results and recommendations based on Regions4 research and Community of Practice sessions.

Regions4SDGs Community of Practice aims to accelerate the implementation of the 2030 Agenda, strengthen territorial approaches, and integrate regional processes to achieve global goals. This platform offers a collaborative experience, catalyzing synergies among regions worldwide, and fostering policy coordination, collective implementation, monitoring, and follow-up.

For more information on the initiative, please visit:

<https://regions4.org/project/regions4sdg-regions4-and-un-habitat-joint-initiative/>

Follow Regions4 on LinkedIn : www.linkedin.com/company/regions4

Authors: Agatha Tommasi, Eugenio Amato

Date: 13 May 2025

The RegionsAdapt Community of Practice sessions and materials are supported by the Regions4SDGs Founding Partners: