



# Finance Where It Matters

**Practical pathways for local government finance**

*Recommendations brief from the Urban Finance  
Action Group (UFAG)*

June 2026

## About this brief

The Urban Finance Action Group (UFAG), convened under the Commonwealth Sustainable Cities Coalition (CSCC), explored the urban finance gap and practical pathways for strengthening local government finance across the Commonwealth. This brief presents the revised recommendations in a concise format for members, partners and wider policy audiences.

## Why this matters

Local governments are responsible for essential infrastructure, services and climate resilience, but the systems that shape how they access and use finance are often poorly aligned with what delivery requires. The UFAG process highlighted that this is a wider systems challenge shaped by fiscal frameworks, intergovernmental relations, intermediary institutions, climate finance pathways and equity across the urban system.



## How to use this brief

This brief is intended to support practical discussion and action on the urban finance gap across the Commonwealth. It can be used by members, partners and wider stakeholders to:

- Frame dialogue on local government finance reform
- Identify where systems and pathways to finance need to improve
- Draw lessons from relevant case studies and examples
- Support national advocacy, member engagement and wider Commonwealth-facing discussion

Supporting the full research paper '[The Urban Finance Gap: Systems, Constraints, and Reform Pathways across the Commonwealth](#)', the brief sits alongside the revised UFAG recommendations and related campaign materials as part of a wider communications and engagement package.

At a glance:

# Revised UFLAG recommendations

1. **Overarching recommendation:** *Create the fiscal space local governments need to deliver, fairly and effectively*
  1. Strengthen the local finance systems that make investment possible
  2. Build stronger intermediary pathways to finance
  3. Create workable local access to climate and adaptation finance
  4. Finance infrastructure for the full life of the asset

## The revised recommendations

1

### **Overarching recommendation: Create the fiscal space local governments need to deliver, fairly and effectively**

Local responsibilities need to be matched with realistic financing arrangements, including stronger own-source revenue options, more predictable transfers and workable borrowing frameworks, while ensuring the system improves access for smaller, weaker and underserved municipalities and supports the services most important to lower-income communities.

**Why this matters:** This combines the need for stronger local fiscal space with the need to ensure the urban finance system works more fairly.

2

### **Strengthen the local finance systems that make investment possible**

Strengthen the systems local governments need to plan, manage, raise and use finance effectively, including financial management, reporting, revenue administration, project preparation, procurement and governance.

**Why this matters:** Local governments need more than formal authority; they need the systems that make finance usable in practice.

3

### **Build stronger intermediary pathways to finance**

Use development banks, municipal funds, pooled finance mechanisms and other intermediary structures to help local governments, especially smaller and weaker municipalities, access finance more effectively.

**Why this matters:** Many local governments will not be able to access finance directly and will need practical intermediary pathways.

## 4

### Create workable local access to climate and adaptation finance

Ensure climate finance can reach local governments through practical national and intermediary channels, with stronger emphasis on adaptation funding at the local level.

**Why this matters:** Local governments need practical routes to climate and adaptation finance, not only recognition of climate risk.

## 5

### Finance infrastructure for the full life of the asset

Finance infrastructure in ways that cover not only construction, but also operation, maintenance, renewal and asset management over time.

**Why this matters:** Infrastructure finance should support long-term sustainability, not only initial construction.

## How CLGF proposes to use these recommendations

CLGF proposes to use these recommendations as the basis for a communications and engagement campaign running from **June 2026 to March 2027**. This will include short briefs, case study dissemination, selected webinars and practical member materials, engagement through the Finance Task Force, CHOGM-related advocacy, and **the CLGF Conference in March 2027** as a major platform for consolidation and next-step discussion.

### Further information

These recommendations are based on the UFAG research on the urban finance gap and the subsequent UFAG review process.

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