

**RESEARCH NETWORK  
ON PUBLIC  
AUTHORITIES AND  
FINANCIAL DISTRESS  
- RPAFD**





**PROF LAURA N  
COORDES**

Arizona State  
University  
(USA)



**DR ANDRE  
LINO**

University of  
Essex (UK)



**PROF YSEULT  
MARIQUE**

University of  
Essex (UK)



**PROF GEO  
QUINOT**

Universiteit  
van  
Stellenbosch  
(SA)



**PROF EMANUELE  
PADOVANI**

University of  
Bologna (IT)



**DR EUGENIO  
VACCARI**

Royal  
Holloway,  
University of  
London (UK)



# OUR STORY SO FAR (I)

## INSOL-funded project

4 geographic regions, 20 jurisdictions,  
23 contributors, 3 PIs

outputs: INSOL Technical paper  
(published) + article on I.I.R.  
(published) + article on Chi-Kent L.  
Rev. (accepted)

# OUR STORY SO FAR (2)

## Monograph for EE Publishing

*Municipalities in Financial  
Distress: An ESG Critique*

3 jurisdictions, 4 co-authors

submission date: 30 June  
2024





# RPAFD

Research network on Public  
Authorities and Financial Distress

## GLOBAL

65 contributors, 43 countries (and  
counting)

## IMPACT

Affect how decisions are being  
taken and the statutory frameworks  
dealing with local authorities and  
entities in financial distress

## **ADVISORY BOARD**

Prof Jean Bernard AUBY  
(Science Po Paris, FR)

Prof Jasnica GARAŠIĆ  
(University of Zagreb, CR)

Prof Christoph HENKEL  
(Drake University Law School, USA)

Prof Christopher SYMES  
(University of Adelaide, AU)

Prof Maurice SUNKIN  
(University of Essex, UK)

Prof Edoardo TRAVERSA  
(UC Louvain, BE)

Prof Emer Bob WESSELS  
(University of Leiden, NL)

## **INDEPENDENT CONSULTANTS**

Dr Paul OMAR (De  
Montfort University,  
UK and INSOL Europe)

# WHY RESEARCH IS NEEDED

## NOTTM CITY COUNCIL 'ALMOST BANKRUPT'

Nottingham Post

**The Citizen** Friday 6 October 2023 News 7

### Tshwane's dire straits

**QUALIFIED STAFF:** MIXED REACTIONS OVER MOVE TO FILL VACANT POSTS

→ City in financial distress and behind on payments to Eskom, says mayor.



**The Detroit News**  
Friday, July 19, 2023 Metro Edition

## DETROIT'S RECKONING

### CITY FILES LARGEST MUNICIPAL BANKRUPTCY IN HISTORY

Decades of decay, high debt lead to filing      Future uncertain in Chapter 9 case      Creditors to fight insolvency claim

Petition is move into the unknown



**DETROIT** — The city of Detroit filed the largest municipal bankruptcy case in U.S. history Thursday, revealing a mountain of debt that threatened the nation's auto industrial base into a matter of weeks and a future shaped by unpredictable forces that may have no end in sight.

Lawmakers quickly approved the historic move to reorganize the city's \$18 billion, including more than \$10 billion in debt, record-low tax rates and a half-century of

08 Tuesday, February 27, 2023

### Most municipalities in a mess, more now in financial distress

**SAFARI** Cape and North West.

The Western Cape, which has a rapidly eroding a stock of natural and mineral wealth, is now in a public sector "hardship" phase.

It is a state of affairs that has already made way for various measures to be taken to address the situation.

**FINANCIAL TIMES**  
WEEKLY NEWSPAPER OF THE TIMES

Big government is back, and it costs a fortune      Do we all derive from just 1,200 ancestors?

### Weak house London rents hit record high



### Birmingham declares itself bankrupt after equal pay deals drain resources

• City council unable to cover costs • Extra claims worth up to £560m • Sum exceeds services budget

# CHALLENGES

- Defining an LPE consistently
- Limiting political interference
- The need for a modular (and model) approach
- The need for an inter-disciplinary approach





# METHODOLOGY



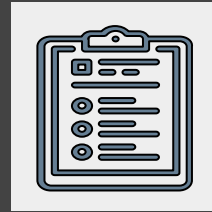
## COMPARATIVE

Model guidelines  
in line with  
representative  
examples



## CASE-STUDIES

Discuss the law-in-  
practice as  
opposed to the  
law-in-books



## PRINCIPLE-BASED

Policy outcomes  
informed by  
principles that  
govern this area of  
law



## ITERATIVE

Regularly revise  
findings in light of  
new developments

# OUR NEXT STEPS

**END OF 2023**



Establish RPAFD;  
set-up website and  
WGs on  
“concepts”.

**END OF 2024**



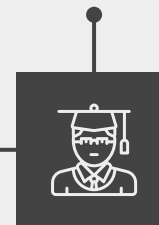
Set up WGs on  
“issues”; apply for  
network grants; 5<sup>th</sup>  
insolvency  
symposium

**END OF 2025**



Produce briefing  
papers and articles  
on “concepts”;  
disseminate

**2026+**



Produce briefing  
papers and articles  
on both “concepts”  
and “issues”;  
disseminate



# TARGET ORGANISATIONS



# WORKING GROUP ON CONCEPTS



**LOCAL AUTHORITY**



**LOCAL ACCOUNTABILITY**



**FINANCIAL DISTRESS**



**LOCAL STAKEHOLDERS**



**(LOCAL) PUBLIC INTEREST**

# WORKING GROUPS ON ISSUES

1. What principles should inform local governance?
2. What principles should inform the treatment of distressed entities?
3. What principles should inform the treatment of insolvent entities?
4. What is the medium-to-long term impact of budgetary decisions taken by local authorities on local citizens?
5. How allocation of functions affect the funding and effectiveness of local entities?
6. How are local authorities funded and what are the financial implications of the "insolvency" of a local entity?



# THANKS!

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