



24/06/2015

Side Event Proposal – 3rd Financing for Development Conference

Addis Ababa, 13 – 16th July 2015

Event Title: *Mobilizing Domestic Financial Resources for Sustainable Urban Infrastructure Development*

Organizing Partners: German Federal Ministry for Economic Cooperation and Development (BMZ), Cities Development Initiative for Asia (CDIA), KfW, UN-Habitat, UCLG

Abstract

To achieve development goals in an urbanizing world means to invest in urban development and infrastructure. Recent experiences of various actors working with local governments and cities show that infrastructure gaps can be bridged through domestic financial resources.

The Side Event will discuss the planning-financing gap and existing bridging mechanisms. It will show examples how domestic resources (public and private) can be generated for infrastructure financing.

Event description:

Background

Global development depends more and more of the dynamics of urbanization processes. Cities are increasingly the drivers of economic and social development – thus, moving into the focus of international development cooperation. The importance of urbanization and the relevance of cities as development actors have been recognized in the SDG process so far. Ban-Ki-Moon stated that the battle for sustainable development will be won or lost in cities and that many of the investments to achieve the SDGs will take place at the sub-national level and be led by local authorities.

Development is generated mainly by infrastructure – in most developing countries by urban infrastructure. If cities succeed in channeling their growth into sustainable development, significant leverage is created towards achieving the MDGs and SDGs. The majority of cities,

nevertheless, face one major challenge on their way to being true partners in achieving global development goals: accessing the necessary funds for projects aiming at enhancing infrastructure to accommodate the needs of fast growing cities.

Thus, the upcoming 3rd FfD Conference in Addis Ababa intends to discuss how the necessary investments, especially with regards to sustainable and resilient infrastructure can be financed at the local level (see Par 13, 46 of the Zero Draft Outcome document). The financing gap especially in developing countries is growing and there is urgency to find ways and means to address the infrastructure financing gap. Some existing initiatives address this issue and it is crucial to draw upon their experiences and lessons learnt.

Recent experiences show that international cooperation can successfully support sustainable urban development by generating access to domestic financial resources for urban infrastructure.

Thematic Focus

This Side Event will focus on the importance of urban infrastructure finance.

The event will be set up as moderated and expert guided discussion. Exchange will be focused on the following questions:

- How can domestic resources (public and private) be generated for infrastructure financing? (match-making between Local Governments and financiers, allocation of risks)
- How can be secured that existence of resources generate sustainable urban development? (quality-conditioned access to financing, burden-sharing and collaboration of networks)
- What framework conditions are helpful to improve and scale up domestic urban infrastructure finance?
- What lessons can be learnt for global development cooperation? (Implementation of the SDGs and Habitat III New Urban Agenda)

The Asian Development Bank, UN-Habitat, United Cities and Local Governments (UCLG), KfW, Global Fund for Cities Development (FMDV), UN Sustainable Development Solutions Network (SDSN), and Cities Development Initiative for Asia (CDIA) will contribute to the discussion.

Participants of the Side Event will be led through different elements of sustainable urban development support with regards to financing as complementary and integrated action of international cooperation partners as well as regional and domestic stakeholders. While many cooperation partners and dedicated organizations focus on strengthening the municipalities' planning capacities in regard to urban infrastructure, only part of them own the capacity, experience or mandate to link infrastructure planning to funding for appropriate implementation. Funding agencies, on the other side, look out for high-quality and low-risk infrastructure projects, not being experienced or mandated to influence the planning process. How to close

this “planning-financing gap” will be discussed during the Side Event. The experts will present relevant experiences on domestic funding for urban infrastructure which might be replicated in other world regions.

Format

- **Opening remarks:** Mrs Ingrid Hoven, Director General, Global issues – sector policies and programmes, German Federal Ministry for Economic Cooperation and Development (BMZ)
- **Presentation and discussion on experiences of domestic urban infrastructure financing**

Moderator: **Joris van Etten**, Program Coordinator, Cities Development Initiative for Asia (CDIA)

Brief guiding and introductory comments by invited experts:

- UN-Habitat, Gulelat Kebede, Director of Urban Economy and Finance
 - United Cities and Local Governments (UCLG), Bernadia Tjandradewi, Secretary General UCLG-ASPAC
 - KfW, Barbara Schnell, Division Chief, Financial and Private Sector Asia
 - FMDV - Global Fund for Cities Development, , Mohammed Benhamed, Director Big Projects, FEC Marocco
 - UN Sustainable Development Solutions Network (SDSN), Guido Schmidt-Traub, Executive Director *tbc*
- **Open Discussion:**
 - Generation of domestic resources and design of framework conditions
 - Replicability and scalability of presented cases
 - Identification of next steps and relevant areas of action to bridge the financing gap (for ODA organizations, Private Sector, LG networks)

Logistics

Level of participants:	Representatives of financing agencies and governments, LRGs and implementing agencies/organizations
Date:	15 th July 2015, Early Morning Session, 8:15 – 9:45 am
Room Capacity:	30-50 persons
Equipment and Services:	Laptop-to-Screen projector, Sound (in-room microphones)
Catering:	No