



Financing Urban Development: the Millennium Challenge

Habitat III Thematic Meeting
Mexico City, 9 - 11 March 2016

PROGRAMME (DRAFT)

Tuesday - March 8, 2016

9:00 - 19:00 Side events

Wednesday - March 9, 2016

9:00 - 17:00 Side Events

17:00 – 18:30 Opening Ceremony
Financing Urban Development: the Millennium Challenge

19:00 – 21:00 Welcome Reception

Thursday - March 10, 2016

9:00 – 11:00

Plenary Session 1: **Local finance Governance: multilevel and multi stakeholders coordination**

The urban development Financing policies, in order to be effective, they must consider the various stakeholders as part of decision-making, implementation, monitoring and evaluation. Governing without citizen participation, the private sector and social organizations has become almost impossible. This also includes close coordination between different levels of government. In recent years there have been considerable changes and transformations in the form of understanding economics and finance from the point of view of urban and regional development. It is no longer just about macro-finance but also meso and micro-finance, and in relation to that new players have emerged, new systems and mechanisms, new sources, new paradigms to face the challenge of financing urban development. Financing metropolitan areas, where there are different levels of government and actors and whose weight is crucial in national and global economies, requires specific responses and may be a laboratory in this regard. But it should be also analyzed the situation of the intermediate or secondary cities to avoid leaving them behind from the mainstream of development.

11:00 – 11:30

Coffee-Break

Parallel sessions

11:30 – 13:30

Session 1a: **Efficient use of resources: planning, transparency and accountability**

The efficient use of public resources is one of the biggest challenges in a context where the need for investment in services and infrastructure is growing. In this sense, legislation that promotes accountability, strengthening institutional capacities and the implementation of mechanisms of transparency to citizens is required. Efficient use of resources also requires proper planning, better management of city assets and effective delivery of public services ("do more with less") that includes a project portfolio in the medium and long term that might attract private sector investments in a transparent and planned manner.

Session 1b: **Local priorities in the global agenda of urban financing**

Sustainable urban financing is a key element in the implementation of Agenda 2030 for sustainable development, adopted by the United Nations General Assembly in September 2015, and the new urban agenda Habitat III to be adopted in October 2016. The recently approved Sustainable Development Goals include a goal #11 specific to sustainable urban development and other goals and objectives that also require the intervention of local governments. This session will emphasize the need to strengthen cooperation among multilateral agencies, national governments and local actors in the construction of an urban agenda, working together for the "localization of the SDGs," particularly following up on the third Conference on Financing for Development held in 2015 in Addis Ababa.

Session 1c: **The metropolitan phenomenon: sub-national economies and regional development**

Subnational economies have a specific weight that has not yet been recognized in the world. Some cities they have a bigger GDP than many countries. The concept of "urban complexity" refers to the institutional intertwining network that goes beyond the traditional municipal focus, being that multiple administrative structures overlap in the same territory.

The urban functional areas they no more coincide with the traditional political-administrative structure. The regional development involves the valorization and mobilization of endogenous resources, recognizing the diversity of economic actors and integrating local communities with a perspective that goes beyond the traditional administrative boundaries and sectorial vision of politics. This can promote the harmonious growth of the various territories and regions, metropolitan areas, balancing urban and rural areas, centers and peripheries, as a means to reduce inequities and provide more development opportunities to the neediest populations.

13:30 – 15:00

Lunch

15:00 – 17:00

Plenary Session 2: Sources and innovative financing mechanisms for urban development

Several studies suggest that financing urban infrastructure and services will double or triple in the coming decades. However, from a macroeconomic point of view, a growing gap between funding needs and priorities of investors is observed. This gap is particularly important in the financing process of urban infrastructures. Despite the favorable conditions for long-term investments (low rates, abundant funds) and the increasing recognition of the role of cities in the development, large institutional investors do not prioritize urban investment, and public funding has decreased significantly in the last years. To find new macroeconomic solutions and institutions it is essential to unlock the channeling of public and private savings into urban development if we are to achieve the SDGs and realize the New Urban Agenda.

17:00 – 17:30

Coffee-Break

Parallel sessions

17:30 - 19:30

Session 2a: Social management of the land: creating and capturing value

Value capture is a mechanism of urban development that is based on two axes: the legal framework and public investment. It consists of an innovative method of collaboration between the public and private sectors that aims to spread risks and benefits of development projects and is a source of funding for local governments reinvestments. This session will address the management of local heritage as a way of generating non-tax revenue for the city and putting limits on land speculation.

Session 2b: Cities, climate change and green funds

Resilient and low carbon infrastructure needs exceed the investments made to date. There are innovative mechanisms to increase the flow of financial resources for green infrastructure. The achievements on climate change by local governments demonstrate the need to design new tools to finance their environmental policies and resilience. The session will address the funding needs of green infrastructure, particularly energy efficiency, mitigation and adaptation to climate change. The session will address the economic impact at the urban scale of the transition to a low carbon economy and its financing.

Session 2c: The urban Century: public-private partnerships and new alliances

This session will address new type of partnerships between public and private actors and innovations through information technology. Some examples of how ICTs can improve the delivery of public services and schemes of public-private partnership companies will be presented. Mechanisms include new partnerships and new resources, such as participatory budgeting, crowd-funding, bond issues based on the savings of local populations, insurance companies and sovereign wealth funds, cooperative banks, etc.

20:00 – 22:00

Dinner hosted by the Mayor of Mexico City

Friday - March 11, 2016

9:00 – 11:00

Plenary Session 3: **Finance, decentralization and local autonomy**

In a context of rapid urbanization, local authorities assume an increasingly important role in development. This importance also implies greater responsibilities for the provision of infrastructure and basic services, in which decentralization and financial autonomy are essential in the whole process. Any decentralization or increased powers to local governments should be accompanied by adequate resources or capacity building to generate them. However, the sub-national funding has stagnated or declined in recent years, partly as a result of the economic crisis and austerity policies. The structure of national and local taxation is not properly adapted to changes in the economic structure (service economy, dematerialization of production, relocation, tax optimization of large companies). While the production of wealth is concentrated in cities, there are few tax systems allowing cities being funded on even a portion of the value added produced within them. Also, the current distribution of resources often tends to increase inequalities between regions within a country.

11:00 – 11:30

Coffee-Break

Parallel sessions

11:30 – 13:30

Session 3a: **Strengthen and innovate on tax collection at the local level**

Decentralization processes are not always accompanied by the transfer of resources and capacities for local governments to face them. Locally, there is a gap between the capacity to generate income and expenditure responsibilities. To improve, upgrade and modernize local tax collection systems it's essential to increase their own income, thus, the local financial autonomy. This should include making local taxes a more flexible tool and reactive to economic cycles to capture the value added generated within its territory.

Session 3b: **Pooled financing and local access to credit**

Access to sources of credit under suitable conditions remains a bottleneck in many countries, especially in those where sovereign guarantee for local governments to obtain favorable financing from international organizations is required. International financial organizations could play a strategic role to create guarantee mechanisms that facilitate future access. The sub-national pooled funding mechanisms (pool funding) allows collective access to private capital markets (bank and bond funds) as well as public financing on better terms for municipalities that share objectives and conditions of solvency, but they do not have the experience or credit history required to access alone to the capital markets.

Session 3c: **Relocating the economy and finances: land and the reduction of inequalities**

This session will address the consequences of the crisis and awareness by various public and private stakeholders and citizens about the importance of "rethinking and redesigning" traditional frameworks of action of economics and finances towards more sustainable, equitable and supportive objectives. The strategies and mechanisms for relocation of the economy and finance to allow better control and management of resources and the re-valuation of the local wealth will be discussed. Social economy as a source of resilience to the crisis will be also discussed.

13:30 – 15:00

Lunch

15:00 – 17:00

Drafting Committee of the Final Declaration (by appointment)

17:30 – 18:30

Closing Ceremony