

# Supporting the urban dimension of development cooperation:

*Enhancing the financial positions of cities in developing countries to achieve sustainable urban development*

**InfoPoint Virtual Conference: "Financing Sustainable Urban Development", 28 June 2021**

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Directorate-General for  
International Partnership





**Maimunah Mohd Sharif**

*Under-Secretary-General and Executive Director of UN-Habitat*

Cities can be engines of productivity, but only when their development is properly planned and governed. This includes aligning spatial and economic development to facilitate access to finance. This can be own revenues, national government transfers, and external finance; all necessary as city managers consider development projects, matching public funds to private financing to sustain critical infrastructure and services.

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**Jan Olbrycht**

*Member of European Parliament*

It has been fascinating to learn of the importance of flexibility and individual approaches in different contexts, but also that of pragmatism - which are crucial in responding to the surge of urbanization in low-income countries.

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# interactive web report

## POLICY BRIEF



Urbanisation in Sub-Saharan Africa is rapidly increasing, generating a massive need for investments in urban infrastructure. More than half of the residents in African cities live in informal housing, unemployed or relying on informal jobs. The society faces a huge challenge in providing infrastructure and basic services for liveable and productive cities. Evidently there is a connection between the trajectories of economic transformation, multi-level governance, and financing urban development. This policy brief focuses on three core issues: improving investment planning, raising local revenues, and enhancing access to external finance.

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**Getting a city right**  
*Prof. Sir Paul Collier*  
Blavatnik School of Government  
University of Oxford

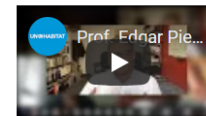
## WORKING PAPER



The working paper seeks to synthesise findings from fact-finding missions as well as deliberations at the meetings of the Advisory Group, and other engagements with experts and city leaders. It integrates the informed views of decision makers at various levels of government, as well as the expertise of development cooperation practitioners and academia on why it has become increasingly urgent to escalate investment from all sectors and sources in cities in developing countries, and to identify concrete and actionable measures that could help alleviate constraints on mobilising finance for sustainable urban development.

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**Cities and economic productivity in Africa**  
*Prof. Edgar Pieterse* Director  
African Centre for Cities

## CASE STUDIES



1. Enhancing the financial position of cities: evidence from Kisumu County Government
2. Enhancing the financial position of cities: evidence from Kampala
3. Enhancing the financial position of cities: evidence from Dakar
4. Enhancing the financial position of cities: evidence from Hargeisa
5. Enhancing the financial position of cities: evidence from Mzuzu

<https://unhabitat.org/online-reports/financing-sustainable-urban-development>

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# policy issues



## POLICY BRIEF

**1** Improving investment planning

**2** Raising local revenues

**3** Enhancing access to external finance

guide investment by coherent planning

associate transfers and local revenue

external financing: part of larger system of national and subnational finance

execution is critical

improve capturing land value increase

encourage policy reforms and offset the risk of lending to local levels

investment as catalyst for institutional development

collect local revenues before exploring other options

support intermediary financial institutions

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**IGC** International Growth Centre

# suggested areas of future inquiry

(see CH 4 of the working paper)

[transformative infrastructure]

[investment decisions at local level]

[financial management capacity]

[land value capture]

[coherent multi-level finance]

[capital investment vs  
operation/maintenance  
costs]

[transparency of IG transfers]

[tradeoffs between municipal finance interventions]

[OSR optimisation] [lending and ongranting]

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# what next?

## strengthen regional dialogues in sub-Saharan Africa

under the initiative: 4 sub-regional events in 2021

→ summary chapter in the report

# where do we go from here?

## determine applicability of policy proposals in different contexts...

(e.g. governance/political systems, level of decentralisation, degrees and trajectories of structural transformation and wealth, capacities at city level)

## ... to foster country level action

(demonstrate viable options for expanding access to finance and improving productivity of urban interventions)

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# agenda

14:00 Introduction and housekeeping rules - **EC Infopoint team**

14:02 Welcome and general introduction to the FSUD initiative - **Paolo Ciccarelli**,  
Head of Unit INTPA F4, Sustainable Transport and Urban Development, EC

14:10 Report and policy messages - what next? – **Katharina  
Rochell**, Urban Development Specialist, UN-Habitat

14: 25 Perspective by **Prof. Edgar Pieterse**, Director, African Centre for Cities,  
University of Cape Town

14: 40 Response from the European Investment Bank - **Gerry Muscat**, Head of  
Urban Development Division, EIB

14: 55 Discussion

15: 25 Closing remarks - **Paolo Ciccarelli**

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