Financing Sustainable Urban Development

According to current projections, in the next 30 years the percentage of people living in cities and urban areas will reach 66% from the current 54.5%, and a total of nearly 2.5 billion people will be added to the world urban population. This means that new cities and planned extensions will have to be built with huge investments needed on housing, infrastructure, and basic services, as well as renewal and consolidation of existing urban fabrics, including conversion to sustainable energy and transport, among others.

To respond to this challenge and enable sustainable urban development, effective strategies and instruments to finance sustainable urban development will be the key. The New Urban Agenda proposes interesting approaches to tap into available and mobilize further resources, along with expanding opportunities from traditional sources.

At the international level, official development assistance (ODA) and international cooperation can be an important instrument to provide substantive and/or catalytic resources for the implementation of the New Urban Agenda, with specific windows for their deployment at the local levels. For example, international multilateral financial institutions, regional development banks, development finance institutions, and cooperation agencies could provide significant financial support through innovative financial mechanisms and technical solutions.

The New Urban Agenda advocates for an increased mobilization and effective use of domestic resources, with emphasis on strengthened municipal finance, which may include municipal borrowing, supported by robust legal and regulatory frameworks, transparency, accountability, and improved capacities. In particular, resources at the local level designed to finance sustainable urban development, and complementing traditional national transfers, could be generated through various avenues, such as improved revenue generation and expenditure controls, reliable and adequate fiscal transfers, better and
more efficient use of land based finance (including land value capturing), incorporating equity measures and ensuring that its deployment doesn’t result in unsustainable land use and consumption.

Multi-stakeholder and public-private partnerships are also proposed as effective means to mobilize variety of resources to finance sustainable urban development, establishing clear and transparent policies, financial and administrative frameworks and procedures, as well as planning guidelines.

This High-Level Round-Table session will discuss specific and concrete initiatives, partnerships, synergies and mechanisms that can be deployed to ensure adequate resources to finance sustainable urban development.

**Guiding questions:**

- Which innovative financing sources could be used to ensure the mobilization of adequate resources for the implementation of the New Urban Agenda for sustainable urban development?
- What are specific measures to ensure that international financing mechanisms are deployed at the local level for sustainable urban development?
- What are the key actors in mobilization of resources for sustainable urban development and how could cooperation be improved to achieve greater effectiveness?
- What key elements of municipal finance can effectively fund and sustain the implementation of the New Urban Agenda?
- What actions at policy level are necessary to ensure effective and sustainable funding for sustainable urban development?