HABITAT III

SIDE EVENT REPORT

Submitted by Lead Organization	
Name of the lead organization	World Resources Institute
City and country where the lead organization is based	Washington, DC, United States of America
Title of the event	Investing in Sustainable Cities: Challenges and Opportunities
Date	10/17/2016
Room number	R19
List of partner organizations	International Development Finance Club (IDFC--the secretariat for which is KfW, based in Frankfurt, Germany). The event was led by CAF-Development Bank of Latin America (CAF--headquartered in Bogota, Colombia), Agence Française de Développement (AFD--headquartered in Paris, France), and the Japan International Cooperation Agency (JICA--headquartered in Tokyo, Japan) on behalf of the IDFC. WRI co-organized the event with IDFC.
Number of attendees	81-100
Percentage of women participating	41-50%
Background information on the event (themes, issues, context).	Recognizing that financing is a core issue of sustainable urban development and one of cities' biggest challenges, the IDFC's Habitat III side event aimed to spark dialogue and foster a shared understanding among development finance institutions (DFIs) and other capital providers, government actors, and civil society of the key challenges and opportunities in financing sustainable cities. The IDFC side event explored concrete ways to realize sustainable urban development, focusing on collaboration between DFIs and government actors. Through an interactive panel discussion, the event provided insights from initiatives that IDFC members have supported, featuring panelists from IDFC institutions alongside a government representative.

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Concise summary of the event proceedings, including key points discussed	The discussion, which featured leaders from CAF-Development Bank of Latin America (CAF), Agence Française de Développement (AFD), Japan International Cooperation Agency (JICA), and the National Planning Department of Colombia (DNP), highlighted four key insights about financing sustainable cities. In short, development finance institutions can play a big role in bridging the funding gap, but only with the right partners and policies in place: 1. Growing cities should seek better outcomes not just more finance. A long-term plan for a city with at least a ten to 15 year horizon sets the stage for how it develops and what projects will ultimately need financing. Ultimately, it's not just about the money, but what cities build with it. The New Urban Agenda adopted in Quito provides cities with standards for sustainable urban development that they can incorporate into these plans, and the Sustainable Development Goals and countries' national climate plans (NDCs) provide still more important considerations. One critical characteristic of these plans, as noted by Simón Gaviria, Chief Director of the DNP, is that they should serve citizens' rather than the government's needs. Development finance institutions (DFIs) can help cities develop strong and effective plans. For instance, Koki Hirota, JICA's Chief Economist, shared how JICA has supported hundreds of master plans for cities undergoing rapid urbanization, in an effort to support development while preventing future inefficiencies in delivering services to city populations. 2. Development finance institutions are ready to unstick cities struggling with project preparation. Once plans are in place, cities often need help with feasibility studies and preparation to get projects (for example, bus-rapid transit systems or building energy-efficiency retrofits) to a stage where they are "bankable," or financially viable and able to secure financing from third-party sources. However, city governments, which can be good at designing broader city plans, often hit a wall when it comes to creating a pipeline of bankable projects. DFIs are helping to address this challenge. As Rémy Rioux, AFD's CEO explained, AFD launched its 100 cities/100 Climate Projects initiative last year at COP21, which provides grants to cover project preparation costs and then lends to projects once they are developed. 3. Scaling can happen only if local financial institutions and agencies play a prominent role. Local institutions like local commercial banks and mayor's offices understand the local financial system, players, challenges and opportunities. This is important given how different cities are from one another—no two are alike. So it's important that national and international institutions work with the local players. In light of this, the DNP is making an effort to collect data to better understand Colombia's cities. DFIs can collaborate with local government and financial institutions to provide additional funds and knowledge. One approach is to provide a loan to a local financial institution for "on-lending," where the local financial institution uses the borrowed money to provide loans to its clients, which in this case, are cities. 4. The best outcomes come from partnerships and coordination with a range of actors. The involvement of mayors, national planning agencies, private sector developers and investors and civil society groups are all needed to develop and finance sustainable cities. DFIs can bring financing to the table, and they can also help enhance coordination between these different actors. For example, in CAF's Cities with a Future project in Guayaquil, Ecuador, CAF's financing for housing, transport, and water and sanitation programs helped transform the city and improve quality of life of its citizens thanks to strong coordination with multiple actors including the mayor, city planners, community organizations, local agencies, private sector operators and utility companies.

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Recommendations that emerged from these discussions.	While DFIs are already doing much to support sustainable urban development, there's room for more innovation. Part of this involves further exploration of instruments and models that would support investments in sustainable urban services, like guarantees to de-risk projects, bonds to raise debt financing from pension funds, or public-private partnerships to capture land value. Another area involves direct engagement with cities. DFIs often ask cities to provide a guarantee from the national government (ensuring that payment obligations will be met) before providing them with finance; this can cause delays or limit cities' options if the national government refuses. IDFC members like AFD do not have this requirement—changing internal policies to allow DFIs to channel funds directly to city governments would open new doors for collaboration. As underscored by Enrique García, CEO of CAF, during the discussion, DFIs are looking to play a catalytic role in creating sustainable cities. The hope is that with these innovations and the continued support of DFIs, cities in developing countries can grow and thrive for generations to come.
Partnerships or collaborations that emerged from the event.	IDFC itself reflects a large-scale partnership/collaboration between DFIs globally. No new partnerships/collaborations emerged from the event.
Name, nationality, title and organization of the 1st speaker at your event.	Moderator: Aniruddha Dasgupta, Global Director, WRI Ross Center for Sustainable Cities
Name, nationality, title and organization of the 2nd speaker at your event.	Panelist: Enrique García, Executive President and CEO, CAF
Name, nationality, title and organization of the 3rd speaker at your event.	Panelist: Koki Hirota, Chief Economist, JICA
Name, nationality, title and organization of the 4th speaker at your event.	Panelist: Rémy Rioux, CEO, AFD
Name, nationality, title and organization of the 5th speaker at your event.	Panelist: Simón Gaviria, Chief Director, National Planning Department of Colombia
Dissemination of the outcomes of your event?	WRI covered some brief highlights in a blogpost during Habitat III: http://thecityfix.com/blog/live-habitat-iii-financing-mobility-urban-services-alex-rogala/. We will also have a post on WRI's Insights blog by cob Friday, October 28, http://www.wri.org/blog.