

Habitat III Informal consultations - EU statement on Enhancing Financing and Other Means of Implementation, 29 April 2016

Dear Chair, Dear Delegates,

I have the honour to speak on behalf of the EU and its Member States.

The EU and its Member States believe that in the interest of a successful implementation of the New Urban Agenda it is crucial that all financial means of implementation are coordinated and firmly embedded into national legal and policy frameworks.

In our statement yesterday, we have already underlined the importance of urban policies that set out the respective competences, tools and resources of all institutions in a system of multi-level governance.

We therefore encourage the New Urban Agenda to include references that explicitly link policy frameworks with financial means of implementation, in particular innovative financing approaches in line with the Addis Ababa Action Agenda. This is part of ensuring a comprehensive approach to the means of implementation. We need integrated financing solutions, which comprise domestic resources, foreign investments and Official Development Assistance. The latter needs to be more strategically, more catalytically, to mobilise other means of implementation and maximise their impact. And we need to combine finance with enabling policies and strong institutions to achieve lasting results. Our evidence shows that finance seldom reaches the intended objectives, unless it comes together with good policies.

At EU level, we have already good practices in this respect, both in the implementation of external and internal policies.

The EU blending framework combines ODA grants with loans, equities and guarantees from development financing institutions as well as loans and investments from the private sector.

Blending complements the EU's renewed commitment to providing ODA, and its support to partner countries in domestic revenue generation. For it to be effectively used in the EU's cooperation with partner countries, it needs to be firmly embedded into a robust policy framework at national level.

EU internally, there is already ample experience of coordinating financial means of implementation with policy frameworks through a close partnership with regions and cities both in terms of enabling the policy environment and by co-financing (with national and local authorities) programmes and projects. As a result, needs-oriented services are provided to people and businesses.

The EU Cohesion Policy aims at empowering the diversified drivers of economic growth of the EU's regions and cities, in particular less developed areas. Its framework ensures that investments are concentrated on the policy's main priorities and that projects are integrated and coherent at European, national, sub-national and local level.

Over the last decade, this policy has increasingly focussed on sustainable urban development.

- It proposes a set of investment priorities aligned with public funding in urban areas, ensuring that the development needs of urban areas are addressed in integrated way. The implementation of the corresponding actions requires the involvement of urban authorities partnering with local stakeholders.
- Furthermore, under this policy, the EU set aside a dedicated budget for cities for experimental and innovative pilot projects in order for cities to address the challenges of the future.
- Finally, this policy enables different financial means of implementation such as grants and other financial tools to be combined in order to address urban investment gaps and to allow for crowding-in of local partners. In this context, EU Member States and regions are provided with a solid operational framework with clear and simple rules.

To conclude, the EU and its Member States believe that the New Urban Agenda should mobilise all financial means of implementation in coordination with legal and policy frameworks. This is necessary in the interest of its successful implementation.