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— HABITAT III —

SIDE EVENT REPORT

Submitted by Lead Organization	
Name of the lead organization	Directorate General for international cooperation and development, European Commission
City and country where the lead organization is based	Brussels, BELGIUM
Title of the event	Enhancing the means of implementation of the New Urban Agenda: the EU blending framework
Date	10/17/2016
Room number	R17
List of partner organizations	European Investment Bank (Luxemburg, Luxemburg) Agence Française de Développement (Paris, France) Agence de réhabilitation et de rénovation urbaine (Tunis, Tunisia)
Number of attendees	61-80
Percentage of women participating	41-50%
Background information on the event (themes, issues, context).	<p>The EU is committed to contribute to the successful implementation of the New Urban Agenda (NUA) through a holistic and innovative approach to sustainable development finance that complements and creates synergies with the EU's renewed commitment to providing official development aid (ODA), and its support to partner countries in domestic revenue generation by leveraging domestic and international public and private finance through the EU blending mechanism. Indeed, the European Commission has developed a clear policy of cost effective mobilisation of investments, by combining EU grants with loans or equity from public and private financiers, leveraging approximately EUR 20 billion of loans by European finance institutions so far. This path has been increasingly explored over the last eight years, as around EUR 2 billion worth of EU funds financed over 240 blended projects. In particular, 24% of these funds were invested in social infrastructure related to access to clean water, waste treatment, housing, health, urban development, as well as preserving the environment. The EU blending framework is a prime example of how to mobilise resources through partnership (called for in Operational Point (OP) 126 of the draft NUA) including international, national, and local, as well as public and private means – based on the principle of equity and solidarity with people in vulnerable situations.</p>



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Concise summary of the event proceedings, including key points discussed

Marjeta Jager stressed out key figures about blending (in the last eight years, around EUR 2 billion worth of EU grants financed over 240 blended projects, unlocking investments in infrastructure and SMEs with an estimated volume of EUR 50 billion in EU partner countries) and also outlining the future perspectives under the European External Investment Plan launched mid-September 2016 (objective of leveraging at least EUR 40 billion of investments until 2020", with a "particular focus on fragile states in Africa, Middle East and other countries in the neighbourhood of Europe, where risks are higher and lesser investments are made at the moment") for the implementation of the New Urban Agenda. EIB presented two examples: Tanzania (total budget: EUR 122.2 million): Objective to increase access to clean water and improved sanitation for 500,000 people in 6 cities around Lake Victoria. EU Grant provided through interest rate subsidy (EUR 10.7 million) which helped to comply with IMF conditionality for public borrowing in Tanzania and technical assistance (EUR 7 million) which enabled providing preparatory studies and refining business plans of water supply and sanitation authorities (billing and collection, improved coverage of operation and maintenance costs, assistance with establishing tariffs that cover costs. Morocco (total budget: EUR 800 million): Site preparation and infrastructure services for a new urban area of 1660 hectares – Zenata – with mixed use (tourism, residential, industrial, services). EU Grant (EUR 4 million) provided to finance studies and technical assistance in support of the "sustainable city" concept, social and environmental engineering and support to public policy making in favour of Eco cities, based on the Zenata's example. The example of EU Urban Development Funds (based on EIB JESSICA initiative model) was last showcased, in particular the set-up and different responsibilities of actors involved (cities, EU member states through structural funds, private investors, etc.). Philippe Orlange from AFD pointed out the lack of financial and human resources of local and regional governments for implementing their public policies in an efficient manner. Blending finance, through its technical cooperation programs, allows AFD to deploy the necessary means to reinforce the latter's governance in the short and long term, thus enabling financial institutions to work directly at these levels. He added that given the adopted new urban agenda, it will be increasingly important that financial institutions work directly with cities, without a federal or central government guarantee, as it is already done by AFD. Those financial institutions should also consider financial instruments like Development Policies Loans (set policy actions and provide loans based on action accomplishments in order to achieve policy reforms in various areas) when working directly with municipalities. Last he concluded on the necessity for financial institutions to move from a project-approach financial support to a program-approach if they want to maximize their results while engaging in the new urban agenda. Financeable projects should, since their conception, develop a more integrated approach, able to reach several sectors at once while displaying the necessary means for reinforcing governments' capacities. Hatem Yahyaoui presented the "Programme Prioritaire d'Intégration des Quartiers Populaires"(blending programme in cooperation with EIB and AFD that benefits from EUR 33 million EU contribution). He highlighted the impact of the grant component which helped strengthen the internal capacities of ARRU (which implements the renovation/rehabilitation works in informal settlements, main objective of the programme), put in place a monitoring and evaluation system and develop a strategy for the mitigation of environmental and social impacts of the programme.

Recommendations that emerged from these discussions.

The key recommendations that arose from the event were: 1. There's a need from more commitment from financial institutions to directly engage with local authorities (so far only AFD and CAF are operating along those lines) 2. This is however only possible when the right policies and legislation are in place, and is done in coordination with central governments in most cases.



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Partnerships or collaborations that emerged from the event.	2 follow-up meeting were held with the Cameroon and Niger delegations to Quito. Both countries, not least due to the importance they attach to sustainable urban development and their advanced stage and role model/experience in the implementation of the Participatory Slum Upgrading Programme, were invited to pioneer the EU External Investment Plan (EIP) on the African continent, set the standards in the region and present urban blending projects involving private investors and/or public municipal money in the context of the EIP, also in the context of social housing and/or in cooperation with the respective EU Delegations. The function of ODA in this context (part of package of a bankable basic services project in the area of urban mobility, water and sanitation, solid waste management, sustainable energy), was explained further, as well as the importance of urban planning and the possible role of UN Habitat as technical advisor.
Name, nationality, title and organization of the 1st speaker at your event.	Marjeta Jager Slovenian Directorate General for international cooperation and development, European Commission Deputy Director General
Name, nationality, title and organization of the 2nd speaker at your event.	Jan Vapaavuori Finnish European Investment Bank Vice president
Name, nationality, title and organization of the 3rd speaker at your event.	Hatem Yahyaoui Tunisian Agence de Réhabilitation et de Rénovation Urbaine, ARRU Deputy Director General
Name, nationality, title and organization of the 4th speaker at your event.	Philippe Orlange French Agence Française de Développement Executive Director in charge of Strategy, Partnership, and Communications
Name, nationality, title and organization of the 5th speaker at your event.	Paolo Ciccarelli Italian Directorate General for international cooperation and development, European Commission Head of Unit
Dissemination of the outcomes of your event?	A 5 min movie on the side event has been made and will be disseminated through the European Commission social medias. It will also be shared with the EU Delegations in third countries to sensitise to the blending opportunities that can arise in the urban development area, highlighting in particular the possibility to work with cities.