

Pillar 4: The Future of Urban Finance

Investing in Healthy Cities

Pillar 4: Health Considerations

- ▶ Investments in basic infrastructure (specifically WASH) and affordable, high quality housing are crucial to facilitating responses to major infectious disease outbreaks and broader health outcomes.
- ▶ The financial positions of subnational governments, private infrastructure providers, and service delivery agencies reflect the health of local economies.
- ▶ Resilient urban finance systems require regular and predictable reforms to national policy and regulatory frameworks that better account for employment and production changes within local economies.
- ▶ The imperative of creating healthy cities means local governments must exercise greater leadership around diversifying and widening their local fiscal base.

Pillar 4: Lessons from COVID-19

- ▶ Local and other subnational governments in the Asia and Pacific region that are primarily responsible for disaster management and crisis response do not have revenue and other financial resources commensurate with the wide range of emergency functions they are required to perform.
 - ▶ While there currently are no estimates of the direct impact of COVID-19 on local government revenues in Asia and the Pacific, the World Bank conservatively has estimated that local government revenues can be expected to contract 15% in 2020.
- ▶ COVID-19 is not just a demand shock, but rather is the century's first health catastrophe prompting restructuring of urban economies.
 - ▶ Almost all the core pillars of urban employment and local economic activity in the region were negatively impacted in the initial stages of the global lockdown (IMF 2020).
- ▶ Urban finance reform needed
 - ▶ municipal financing; more labour-intensive capital and recurrent spending required
 - ▶ new spending programs that reach into informal settlements and local informal labour markets
 - ▶ investment in urban infrastructure sector to secure better environmental and public health outcomes

Pillar 4: Policy Pathways

- ▶ **Pathway 1: Public Private Partnerships for Affordable Housing**
 - ▶ Existing PPP contracts and project designs based on previous assumptions around demand and willingness or ability to pay will likely be the most drastically affected.
 - ▶ Business models for PPPs in affordable housing will have to integrate new design standards for housing units and the use of space within housing developments
- ▶ **Pathway 2: Land Linked Financing Mechanisms**
 - ▶ Changes in land use demand, along with national fiscal responses to the diverse impacts of COVID-19, will continue to shift the distribution of costs and benefits during recovery between different land and property owners in different types of cities.
 - ▶ The major long-term opportunity with the use of land-linked financing relates to drawing stronger connections between these mechanisms and nature-based and biophilic solutions to climate change.
- ▶ **Pathway 3: Congestion and Environmental Fees**
 - ▶ Need to refine national regulations to facilitate their deployment in fast growing intermediary cities where car ownership is increasing.
 - ▶ National fiscal stimulus packages and reform programs in the wake of the COVID-19 and therefore a major opportunity to strengthen the design of policy and regulatory frameworks to update and integrate pricing structures with environmental objectives.

Breakout Sessions

Objectives

- ▶ Share views and experiences
- ▶ Discuss the content of the draft discussion paper
- ▶ Give input for final discussion paper (lessons learned, recommendation, case studies)
- ▶ Moving forward from recommendation to implementation

Key Questions

1. What are the most important learnings from COVID-19 in terms of this pillar?
2. Thinking more broadly about health in the context of this pillar, what is the main existing or new recommendation?
3. Are there additional or alternative case studies at city level that we should consider including in this chapter?
4. What are the next steps in continuing to implement the original pathways and the recommendations from this discussion paper?