



Concept Note

World Urban Forum 9 Networking Event

**Empowering Cities to Implement the 2030 Agenda and New Urban Agenda:**

**Finance and Partnerships for Sustainable Infrastructure in Asia Pacific**

OneUN Room

Friday 9<sup>th</sup> February 11:00am-12:00noon

Kuala Lumpur, Malaysia

## **CONTEXT**

The international community has adopted two bold agendas to address urbanization: The 2030 Agenda for Sustainable Development and the New Urban Agenda (NUA). Many governments are moving forward to support the integration of these global agreements into sub-national development plans. A major challenge of these agendas, however, is lack of long-term, scalable finance to support local actions. Many local governments, especially in countries with special needs, struggle to provide their citizens even with the most basic infrastructures and services. Often, they lack the authority that only higher-level governments have to finance the infrastructures and services needed to cope with rapid urbanization.

According to recent estimates from the Asian Development Bank (ADB), meeting the infrastructure needs of Asia and the Pacific alone will require annual investments of around \$1.7 trillion from 2016 to 2030 or \$26 trillion in total.<sup>1</sup> This annual estimate is more than double the \$750 billion estimated in 2009 (ibid). This increase is due to continued rapid growth as well as the costs associated with climate mitigation and adaptation leading to a current infrastructure investment gap of 2.4 per cent of projected GDP for the period from 2016 to 2020 (ibid). This infrastructure gap is particularly evident in secondary cities ranging from 150,000 to five million people, which are the fastest growing urban areas, and likely to double or triple in population in the next 15 to 25 years.<sup>2</sup> However, these cities often depend on financial transfers from their national governments, which are insufficient to ensure sustainable infrastructures and services for a growing urban population.

This lack of municipal finance stands in contrast to the increasing responsibilities and demands that local governments are expected to meet. Achieving the 2030 Agenda and the NUA requires local governments to ensure that every citizen has access to services and that their provision is safe, affordable and sustainable paying particular attention to the needs of vulnerable groups. The Addis Ababa Action Agenda (AAAA) emphasizes municipal finance, saying that investments in sustainable development will need to be made at the sub-national level, which often lacks much needed financial, technological and institutional capacities.<sup>3</sup> Municipal finance can help control unplanned urban growth and mitigate the effects of climate change, preparing cities better for both natural and man-made hazards. It can also

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1 <https://www.adb.org/sites/default/files/publication/227496/special-report-infrastructure.pdf>.

2 <http://www.citiesalliance.org/secondary-cities-spotlight>.

3 [http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA\\_Outcome.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf).

have positive effects on economic growth, revenue collection and ensure long-term competitiveness, bringing benefits which will eventually outweigh the costs. Hence, local governments need to receive access to diverse sources of finance and be enabled to make long-term investments in sustainable urban development.

However, finance for sustainable urban infrastructure is hindered by many of the same barriers faced by sustainable infrastructure in general including market failures and short-term thinking. Many cities around the world are constrained in their ability to retain local revenue sources, take on debt, capture the full value of land and engage in public-private partnerships (PPPs). There are also financing challenges that are specific to urban infrastructure. National and local policies may not always be aligned, creating conflicts, which for investors present regulatory uncertainty. Cities often have limited capacities to plan, finance and oversee large urban infrastructure projects.

In this context, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and the United Nations Human Settlements Programme (UN-Habitat) will jointly convene this 60-minute networking event as a regional contribution to financing the implementation of the 2030 Agenda and the NUA in Asia and the Pacific.

This networking event will present the findings of new research commissioned by UNESCAP which provides an analytical basis for dialogue with city and national governments to leverage their resources through longer tenor debt and equity financing of urban infrastructure. The research draws on experience from developed and developing countries in raising private debt and equity for financing urban infrastructure and identifies appropriate policy actions for a financing in the Asia-Pacific region.

The event will have the format of an interactive discussion among decision-makers and prominent stakeholders from Asia and the Pacific – with a focus on showcasing challenges and opportunities for countries with special needs and providing an open space for voices from civil society. The event aligns with this year's theme of the World Urban Forum “Cities 2030, Cities for All: Implementing the New Urban Agenda” which places the focus on the NUA as a tool and accelerator for achieving the 2030 Agenda in and by cities.

## **OBJECTIVES**

The overarching objective of the event is to discuss ways and means of financing the implementation of the 2030 Agenda and the NUA in Asia and the Pacific. The event is meant to encourage and promote substantially the localization of the SDGs as well as the NUA transformative commitments. More specifically, the event is meant to:

- (1) Present issues and challenges arising from the current financing gap with regards to urban infrastructure and the obstacles (or significant limitations) that lack of financing will have on realizing the 2030 Agenda and the NUA;
- (2) Identify enabling factors for local governments to partner with the private sector as well as enabling factors for national government to leverage existing public financing to crowd in long-term scalable debt and equity finance and investment;
- (3) Promote and facilitate exchange regarding local approaches, methodologies, best practices and lessons learned in financing the implementation of the 2030 Agenda and the NUA including fiscal devolution, debt capital financing and international finance sources;

## EXPECTED OUTCOMES

Expected outcomes of the event are:

- (1) Enhanced understanding and increased knowledge of financial challenges facing cities to provide urban infrastructure, and mechanisms which may support long-term, scalable debt and equity finance for the implementation of the 2030 Agenda and the NUA in cities;
- (2) Joint input for guidance and action frameworks that are being developed by different UN member agencies and partners for financing the implementation of the 2030 Agenda and the NUA in Asia and the Pacific, including the NUA Regional Guidance document for Asia and the Pacific as well as the first Global Report on the Implementation of the NUA, which is due at the next UN General Assembly session of 2018-19;
- (3) Joint input for broader consultation at key events including the 2018 High-Level Political Forum on Sustainable Development which will be convened at the UN Headquarters in New York from 9 to 18 July 2018 as well as the Asia Pacific Forum on Sustainable Development which will be convened in Bangkok, Thailand from 28 to 30 March 2018;
- (4) Identification of new partnerships for financing the local implementation of the 2030 Agenda and the NUA in Asia and the Pacific.

## TIME AND PLACE

The event will take place in the OneUN Room of the Kuala Lumpur Convention Center (KLCC) in Kuala Lumpur, Malaysia on Friday 9<sup>th</sup> February from 11:00am-12noon. The event is a 60-minute networking event and part of the Ninth Session of the World Urban Forum (WUF9), which will be convened in the same location from 7 to 13 February 2018.

## PARTICIPATION

The event is open to all stakeholders relevant to financing the local implementation of the 2030 Agenda and the NUA. Participants to the event will include representatives from regional, national and local governments, the private sector, international organizations and donors, representatives of non-governmental and community-based organizations, academics, research and training institutes.

The event will maintain gender parity in terms of women and youth participation as well as seek to highlight women and youth's agency in the implementation of the 2030 Agenda and the NUA in different regions. The UN is prioritizing funding to attend the event from countries with special needs.

## OUTLINE

	Moderator: Curt Garrigan, Chief, Sustainable Urban Development Section, UNESCAP
	Presentation:

	<p>Omar Siddique, Economic Affairs Officer, Sustainable Urban Development Section, UNESCAP</p> <p>Panelists:</p> <p>Marco Kamiya, Coordinator a.i., Urban Economy and Finance Branch, UN-Habitat</p> <p>Bernadia Tjandradewi, Secretary General, United Cities and Local Governments Asia and the Pacific (UCLG ASPAC)</p> <p>Jingmin Huang, Principal Urban Development Specialist, South Asia Urban Development and Water Division, Asian Development Bank</p> <p>Abhas Jah, Sector Manager for Transport, Urban and Disaster Risk Management for East Asia and the Pacific, World Bank</p>
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### **ORGANIZERS**

The event is organized jointly by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and the United Nations Human Settlements Programme (UN-Habitat). Partners for this event include UCLG ASPAC, World Bank, ADB, CDIA.

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