

Finance: Financing the future

- What are the financing challenges for cities - How could local authorities create investable opportunities?
- How could development agencies and in particular development banks play a role in financing sustainable cities?
- Given investment needs for (climate change adaptation, mitigation, biodiversity loss, poverty eradication, development infrastructure etc) how could we bundle finance effectively?
- How can cities benefit from being centre of economic activities - Businesses still make decisions at the country-level

What are the financing challenges for cities - How could local authorities create investable opportunities?

- From Municipalities Perspective
 - Municipal systems: Budget cut by upper management in municipalities
 - Funders provide a grant fund, but then bank looks for an investment opportunity. If there is no investment opportunity then the bank is no longer interested
 - Timeframes required by municipalities to set projects up. Procurement is often slow.
 - No finances for projects without a pilot study
 - Capital: infrastructure, vehicles
- From funders perspective
 - Very difficult to finance municipalities
 - Lack of knowledge of municipal fiscal system & governance systems
 - Municipalities have no access to international institutions
 - How to develop schemes to directly fund municipalities?

How could development agencies and in particular development banks play a role in financing sustainable cities?

- Try to support development of fiscal management within municipalities
- Try to develop relevant systems for municipalities – private sector
- Development banks often require a return on investment. This is similar to private banks. Try to address through development of relevant facilities.
 - Combine funds with grants. Sometime special instruments to reduce the risk of the investment
- Big Funders can extend opportunities to various development banks

Given investment needs for (climate change adaptation, mitigation, biodiversity loss, poverty eradication, development infrastructure etc) how could we bundle finance effectively?

- Collaboration
- Unlock problem of holistic planning. Either within or across sectors. Get away from top-down approach
- Access to information. Agencies should improve access to sources of funding and how this can be accessed.
- Funders are not providing relevant information & municipalities not able to apply in an appropriate way
- Building new partnerships
- Sharing knowledge and information
- Mapping of initiatives and setting up more efficient collaboration.
- Big donors often operate at national level. Municipalities should take a more active role to ensure they can access funds. It is often difficult for municipalities to compete with National governments.
- Develop appropriate policy.
- Focus on reality. If there is an obstacle in legislation then need to change the approach. Integrate policy to ensure an effective result

How can cities benefit from being centre of economic activities - Businesses still make decisions at the country-level

- Direct access at local level, and bypass municipal structures:
 - Rather than channel funds through treasury, rather use capable intermediaries. e.g. Slum & Shack Dwellers International. This organisation has a good track record of channelling funds to local level community levels.
- Many municipalities have used funding successfully, so important to treat each case separately
- UNEP Cities initiative.
- Green economy side—benefits to system
- Impacts across sectors. Fine for municipal level
- Some of the support is provided through silos. Cities have a full network.
- More discussion required to unpack this issue