Financing Urban Development
Position of German Development Cooperation
For our future to be sustainable, we need strong cities!
Our Vision:
We see...

Cities that can shape their development independently from a diverse financing mix.
Where do We stand? – Status Quo Urban Financing

• The urban century calls for adequate municipal financing

• Cities have enormous investment needs and rising running costs

• More financial resources needed to:
  • Meet challenges of Urbanization
  • Implement the 2030 Agenda and the Paris Agreement

• Public sources and budgets are not sufficient, private funds have to be mobilized

• Municipal financing is the basis for cities to become development actors
Urban Needs

• **Appr. USD 50 trillion** will have to be invested in new urban infrastructure by 2030.

• **Operation and maintenance can triple** the total need for financing

• According to this, the annual demand in cities is **USD 4.2 trillion**. However, **USD 1 trillion is missing p.a.**

![Image of money]

4.2 trillion $ equals 11.4 times the German budget of 2017

Quelle: CCFLA 2015: State of City Climate Finance

• **BUT: The combination of existing resources exceeds demand**
Gaps & Lacks: Where to find them

**National:** Lack of autonomy and mandates for cities; lack of funds;

**Local:** Lack of urban capacities and revenues;

**Projects:** Missing capacity to develop bankable projects;

**Finance Markets:** Lack of urban access, lack of products
No Money – No Development:

Adjust framework conditions, strengthen capacities, mobilise all possible resources
What to do? Fields of Action

Provide and use public funds: It starts with your own resources
National decentralization and reform processes must include all short- and long-term goals.
Strengthening of local actors in all areas of revenues and financial management

Quality matters: Getting urban investment projects ready for financing
Project planning and preparation as well as linking with appropriate external sources

Financing cities - Enabling Development
Targeted use of financial cooperation, IFIs and MDBs

Market Development - Mobilizing Private Capital for Cities:
Access to development funds; providing financial services to cities; supporting cities in meeting the criteria for external financing.
Cities are the **Engines of Global Development**.
Sustainable **Financing** is the **Fuel** of these Engines.

=> Financing Urbanisation is central to German development cooperation.

=> But we need robust data to formulate context specific engagements!
Thank you for your attention!!!