

A world map showing urban agglomerations in 2015. The map is overlaid with numerous red dots of varying sizes, representing the locations and relative sizes of urban agglomerations. The dots are most densely clustered in Europe, North America, and East Asia, with significant concentrations in India and Southeast Asia. The map is rendered in a light gray color, with the red dots providing the primary visual information.

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.**



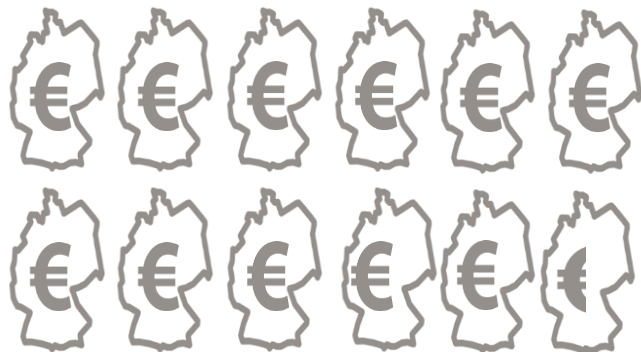
Where do We stand? – Status Quo Urban Financing

- 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.**



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**.

Sum Up

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!!!