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Foreword



A stylized, handwritten signature in black ink, consisting of a large 'M' and 'S' with a long horizontal stroke extending to the right.

Maimunah Mohd Sharif
Under-Secretary-General and
Executive Director of UN-Habitat

Cities and sustainable urban development are central to the sustainable development in the world, underpinned by the United Nations in the 2030 Agenda and the New Urban Agenda. From my experience as Mayor in Malaysia, I understand that access to finance is critical when developing and ensuring the long term sustainability of a city. Cities can be engines of productivity, but only when their development is properly planned and governed. This includes aligning spatial and economic development to facilitate access to finance. This can be own revenues, national government transfers, and external finance; all necessary as city managers consider development projects, matching public funds to private financing to sustain critical infrastructure and services. The importance of functional governance has been

verified by COVID-19: in the recent UN-Habitat's report on Cities and Pandemics, we recommend strengthening access to municipal finance enabling city leaders to build a new urban economy that reduces disaster risk as well as addressing climate change by developing nature-based solutions and investing in sustainable infrastructure to enable low carbon transport. This is even more important in the Global South especially regarding the surge of population growth and urbanisation estimated for the next few decades.

UN-Habitat is pleased to conduct this initiative of *Increasing financial capacities of cities from developing countries to deliver productive and sustainable urban development*. For this timely endeavour we have convened our sister entities at the United Nations,

and other partners who complement our expertise in financing sustainable urban development. We are grateful to Professor Sir Paul Collier of University of Oxford for chairing the Advisory Group, to all members of this group for lending their expertise to our joint effort, to Professor Edward L. Glaeser of Harvard University for his personal engagement along with his team of Cities that Work at the International Growth Centre, and to Professor Anthony Venables of University of Oxford who managed the IGC team. This work would have not been successful without valuable contributions of the Directorate-General of International Partnership of the European Commission, and the European Investment Bank. We hope to continue the work with an extended group of partners in the next phase of the initiative.

Foreword



Jan Olbrycht

Member of European Parliament and
President of the URBAN Intergroup

The record of access to finance of the cities in the European Union is rather intricate. As a former Mayor and later President of the region in Poland, and counting 17th year at the European Parliament, I have been involved in this story for more than 30 years. Progress has been made in Europe in the last decades in improving subnational access to finance, and it continues to get better. Yet it requires devoted effort of many actors at all levels of policymaking. With the understanding of the transformative role of urbanisation growing globally in recent years, the issue of cities' access to finance is becoming prominent in our partner countries in the Global South, too. Therefore, the European Parliament thought it worthwhile to investigate the

state of affairs beyond Europe, and we have requested the European Commission and UN-Habitat to conduct this study on *Increasing financial capacities of cities from developing countries to deliver productive and sustainable urban development*, informing us of how the partnership with the European Union can foster progress in this issue in the other parts of the world.

The journey of this initiative, looking at actual cases and deliberations of practices, lessons, and new ideas, in which many important institutions and prominent thought leaders joined us, is now ready to share its first results in this publication. To me, it has been fascinating to learn of the importance of flexibility and individual approaches

in different contexts, but also that of pragmatism - which are crucial in responding to the surge of urbanization in low-income countries, and how in this urgency we sometimes may need to stimulate the development of urban governance and institutions with investing in urgent development of urban infrastructure without waiting for a better enabling environment. However, along with some focal areas that have been determined, many more questions remain to be answered. We hope that the work continues, and that the story of success of the cities in Europe will empower countries and cities of our partner countries in Africa and elsewhere in their quest to finance better urban development.

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