

WUF11 SESSION CONCEPT NOTE

FUTURE URBAN ECONOMY AND FINANCE

How can national policies link urbanization with structural transformation and coordinate national, sub-national and external financing for more coherent investment in urban development

1. List of Partners Contributing to the Session:

- EIB tbc
- IFC tbc

2. Key Words:

More coherent investment in urban development policies linking urbanization with structural transformation; coordinating national, sub-national and external financing

3. Objectives of the Session:

Discuss stronger links of urbanization with structural transformation, underpinning more coherent investment in urban development by coordinating national, sub-national and external financing.

4. Summary:

The classical view on the role of the cities in economic development is that when firms and people locate near one another in cities agglomeration economies occur. They benefit from density and resulting connectivity, thus increasing the productivity of economic activity. In the last decades, the role of cities as consumption centres has also been explored, and important debates have centred around the growth of cities in Africa without industrialization, and thus not contributing to increasing productivity. The question arises how urbanization can best be harnessed for productive growth?

The global view to financing of development in low- and medium income countries is changing; the focus shifting from dispersed grants to supporting major investment in key infrastructure in developing countries, as manifested by EU Global Gateway, and US/G7 B3W. This shift inevitably raises a question of the role of cities and their development in the necessary structural transformation underpinned by territorial dimensions of development. Thus relating urbanisation and urban development to the structural/economic transformation of a country and providing this transformation a territorial and urban dimension. [Prospective territorial-industrial atlas for investment attraction of Mexico](#) is a great example of this approach.

Investment in infrastructure and services require revenues to return the capital costs, support maintenance and operation, and accumulate new capital for further expansions and improvement. Here, the question of fiscal devolution in countries that have little local capacity and a weak tax base due to poverty and low income comes into the picture. In the handling of COVID-19 crisis, it transpired that those countries which managed to mobilize better coordinated efforts of various sectors and levels of governance succeeded in resolving emergent issues faster and with better impact. Hence, another important dimension arises

in achieving coherence of national, sub-national and external finance to support investment in infrastructure and urban development.

Based on this background this Dialogue will explore how stronger links of urbanization with structural transformation, underpinning more coherent investment in urban development by coordinating national, sub-national and external financing, can be achieved.

5. Guiding Questions for Discussions:

Panel One:

- How can urbanization serve as a vehicle for economic development of a country? How to make sure that investment in urban infrastructure and services underpin economic transformation?
- Can linking investment in urban development, based on sound territorial planning and objectives of structural transformation, lead to more synergies of investment in various sectors of economy? How can governance and spatial and investment planning go beyond their jurisdictional boundaries? Can we think of innovative approaches to territorial governance that improve horizontal and vertical coordination for sustainable urban development?

Panel Two:

- How can developing countries better coordinate investment opportunities and public revenues to finance sustainable urban development at national and sub-national levels.
- How can external finance be more effectively leveraged in cities of the Global South - particularly small and intermediary cities.

6. Session Format:

- Opening 30'
- Panel on economy 30' [3 panelists]
- Q&A 10'
- Panel on finance 30' [3 panelists]
- Q&A 10'
- Quick takeaways 10'