

WUF11 SESSION CONCEPT NOTE

Prerequisites for Productive Investment in Infrastructure and Sustainable Urban Development

Special Session: Prerequisites for Productive Investment in Infrastructure and Sustainable Urban Development

1. Key Words:

Productive infrastructure investment, multi-level governance, spatial planning

2. Objectives of the Session:

Building on the dialogue on Economy and finance, that explored the nexus of structural transformation, territorial spatial planning, and infrastructure financing, this Special Session draws on experiences from different parts of the world, to further understand the prerequisites for productive investment in infrastructure and urban development. To that end, speakers will discuss why and how the coordination between levels of government and linkages with public and private finance and spatial and investment planning need to be improved for urbanization to serve as a vehicle for economic development of a country.

3. Summary:

For urbanization to serve as a vehicle for economic development of a country, it is key that more effective and productive investments in urban infrastructure and services underpins structural transformation. Furthermore, the structural transformation process and related investment should be conceived in a way that enhances shared prosperity and improves quality of life, with the aim of leaving no-one behind.

This requires a convergence of effort on several fronts. The first is policy. At the national level, governments should integrate sustainable urban development more directly into national development policies and meaningfully connect urbanization with priorities of structural transformation. Recognising that the implementation of such policies cannot be achieved by any one level of government alone, the second considers the system of multi-level governance (MLG) that can leverage the interconnection between governance and spatial planning and contributes to progressing the implementation of the SDGs in an integrated manner. A functioning MLG framework can help in harnessing the economic potential of urbanization.

The third is planning. Linking investments in urban development based on sound territorial planning and objectives of structural transformation can lead to more synergies of investment in various sectors of the economy. Territorial analysis of planned investments in infrastructure and urban development can help achieve important synergies of large and medium-size investment projects. The fourth is the territorial ecosystem of public and private finance. The trend towards integrating public and private sources of capital for infrastructure development implies the need to optimise revenue systems, prepare projects that are viable for investment and to facilitate a finance ecosystem that blends public and private capital and directs this across various levels of governance, as efficiently as possible to the local, project level.

A strategic long-term approach to development thus rests on a functional interface of policy, MLG, spatial planning at urban and territorial levels, investment planning, and public finance. Such approach enables effective settings of coherent priorities, phasing of coordinated implementation and embedding long-term investment needs in the budgeting cycles of authorities. Moreover, national governments should also fine-tune fiscal decentralization frameworks, create the right enabling environments and provide incentives for effective local governance. Thereby it is important to customize and seek coordination mechanisms that work for specific country contexts. In doing so one needs to consider the tradition of governance, the administrative capacity at various levels of government, and the degree and character of development.

This session will attempt to flesh-out some of the bottlenecks within current MLG frameworks and the integration of spatial and investment planning and public and private finance. Experts will share practical experiences from around the world and will discuss how the challenges can be overcome.

4. Guiding Questions for Discussions:

- How can collaboration among various levels of government relevant to urban and regional planning, public finance and investment planning be achieved to lead to more effective outcomes of investment in urban development?
- How can national policy levers and intergovernmental transfers be used to strengthen the incentives of local governments to effectively raise revenues and manage expenditures? Are performance-based, asymmetrical transfers from national governments to cities improving coherence and synergies of public investment in urban development?
- How can creating an integrated ecosystem of national, subnational and external finance help in unlocking access to private finance? Can finance for sustainable development be upscaled in cities through aggregated investment portfolios, managed by intermediate financial institutions?
- What are key challenges to the above? What are inspiring examples from different parts of the world (e.g., in low-income countries versus high-income countries), and how can they be overcome?

1. Expected Outcomes and Impact:

Deepen the understanding of prerequisites for productive investment in infrastructure and urban development in a multi-level governance context, and how the coordination between levels of government and linkages with public and private finance, spatial planning and planning of investment can be improved for urbanization to serve as a vehicle for economic development of a country.

2. Session Format:

A keynote on prerequisites for productive investment in infrastructure and urban development will set the scene for the panel discussion. The moderated panel will then dive into the critical linkages of governance, public finance, and planning investments for effective financing of sustainable urban development.