

Preparatory Committee for the Fourth International Conference on Financing for Development

Addis Ababa, July 22-26, 2024

UN-Habitat General Statement Under Agenda item 5

Excellencies

UN-Habitat is pleased to participate in this first session of the Preparatory Committee for the Fourth Conference on Financing for Development. Our aim is to amplify calls for changes to the global financial architecture, to make our financial systems more fit-for-cities. Addressing the financing challenges faced by local governments is vital to achieving the SDGs.

This is not a new message. Paragraph 34 of the Addis Ababa Action Agenda explicitly acknowledges sub-national financing as a key aspect of sustainable development and recognizes the challenges of resources and capacities that many local governments face. No fewer than fifteen paragraphs of the New Urban Agenda are dedicated to the subject of financing for sustainable urban development.

Distinguished delegates

By 2050, cities will host 70% of the world's population. They offer significant opportunities for integrated, transformative investments that can accelerate SDG achievement. But this requires effective local planning, governance and finance.

UN-Habitat estimates that the total investment needed to achieve adequate housing for all, by 2030, is USD 3 - 4 Trillion a year. We need to build some 96000 affordable housing units daily.

The financing gap for water and sanitation is USD 700 billion a year.

Failure to effectively plan and finance urban infrastructure, housing and services will not only exacerbate poverty and vulnerability but will also hamper climate mitigation and adaptation, post-crisis recovery, social cohesion, peace and security.

We have an opportunity now to reinvigorate the global commitment to sustainable development and SDG localization by ensuring adequate funding of local governments and financing of urban projects.

To increase the share of finance directed to cities, we must address both supply and demand side barriers.

On the supply side, innovative instruments and approaches tailored to the scope and scale of urban development would allow local and regional governments to access financing from IFIs, MDBs and the private sector.

Concurrently, on the demand side, we need to boost municipal financial sustainability, including through optimization of own revenue sources; strengthened land use planning and management; transparent and accountable governance. Land-based financing and land and real property taxes can help generate additional revenue for local governments, but remain an untapped source of domestic revenue, particularly in rapidly urbanising countries.

Inclusive participatory processes can ensure that urban investments are impactful and address the priorities of local communities.

Mr. Chair

Rapid urban expansion, the climate crisis and continuing conflicts underscore the urgency to mobilize financial resources and direct investment flows to the local level. If we do not seize this opportunity, we risk jeopardizing our collective capacity to address the challenges of our time.

UN-Habitat stands ready to further this discussion with Member States and facilitate a dialogue with local and regional governments, as well as other stakeholders, at the Summit of the Future, the 12th World Urban Forum, and in the preparatory process leading up to the FfD4.

I thank you.

Delivered by Dr. Shipra Narang Suri, Chief, Urban Practices Branch, on behalf of UN-Habitat.

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