

2017 ASEAN Mayor's Forum

Linking Cities to Financing: A Financier's Perspective

Eri Honda

Principal Urban Development Specialist
Urban Development and Water Division
Southeast Asia Department
Asian Development Bank

July 26, 2017



ADB

Asia's infrastructure financing gap...

- \$26 trillion or \$1.7 trillion annually from 2016 to 2030
- \$14.7 trillion for power and energy
- \$8.4 trillion for transport
- \$2.3 trillion for telecommunications
- More than \$800 billion for water and sanitation

Infrastructure needs in Southeast Asia...



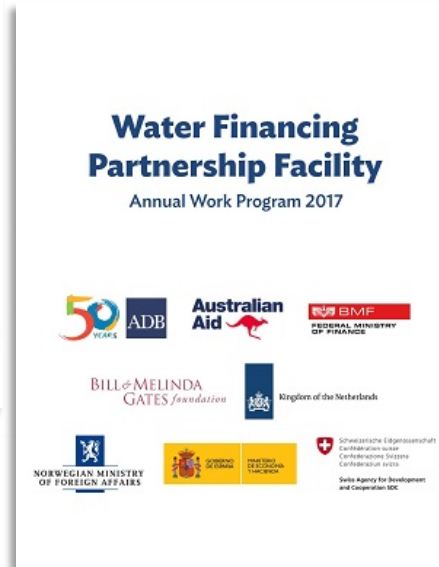
- Southeast Asia needs to allocate 5.7% of GDP for infrastructure up to 2030.
- \$3.1 trillion from 2016 to 2030
- \$210 billion annually

UCLG's Key Recommendations for Financing Sustainable Urban Development

1. Provide sustainable regulatory and legal environments at the national level
2. Ensure appropriate fiscal decentralization and sharing of natural resources
3. Increase technical assistance and capacity building for sub-national (local) governments
4. ***Strengthen local governments' access to instruments enabling access to long-term financing (i.e. MDB loans and grants)***
5. ***Develop innovative and responsible ways for MDBs to lend to local and regional governments***
6. ***Improve monitoring of ODAs invested in local infrastructure and services (92% of Asia's infrastructure is public financed)***



Support for Developing Project Investments

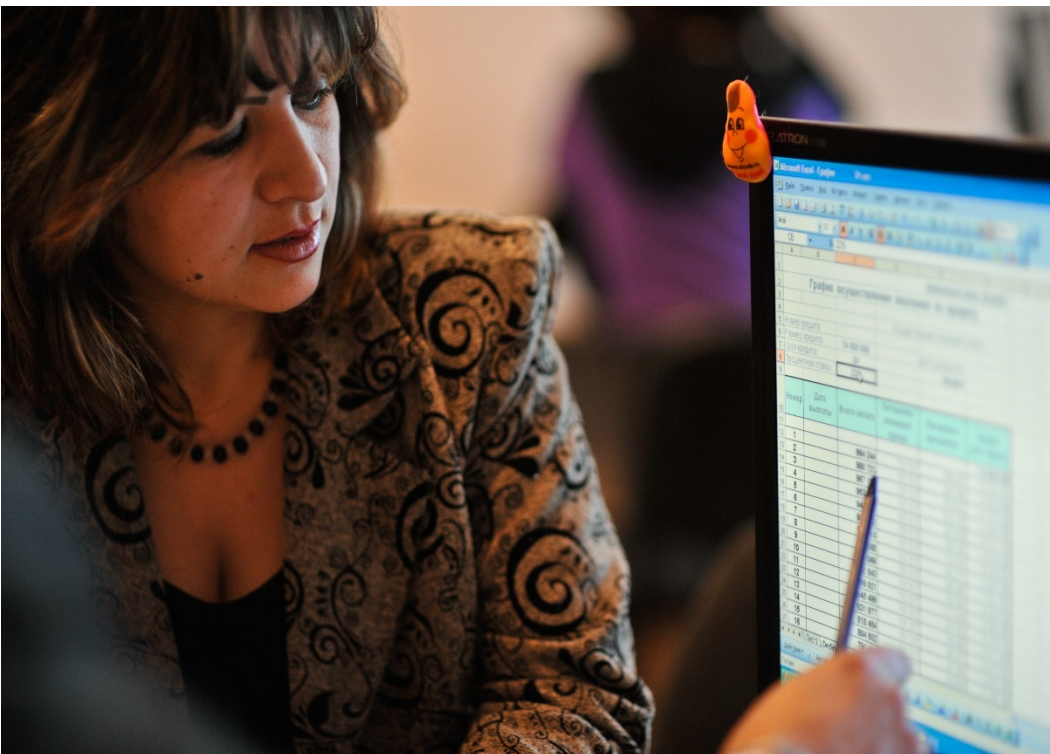


- Technical assistance support programs
- Single and Multi-Donor trust funds



Activities that LINK to FINANCING

Other Financing and Co-Financing Options



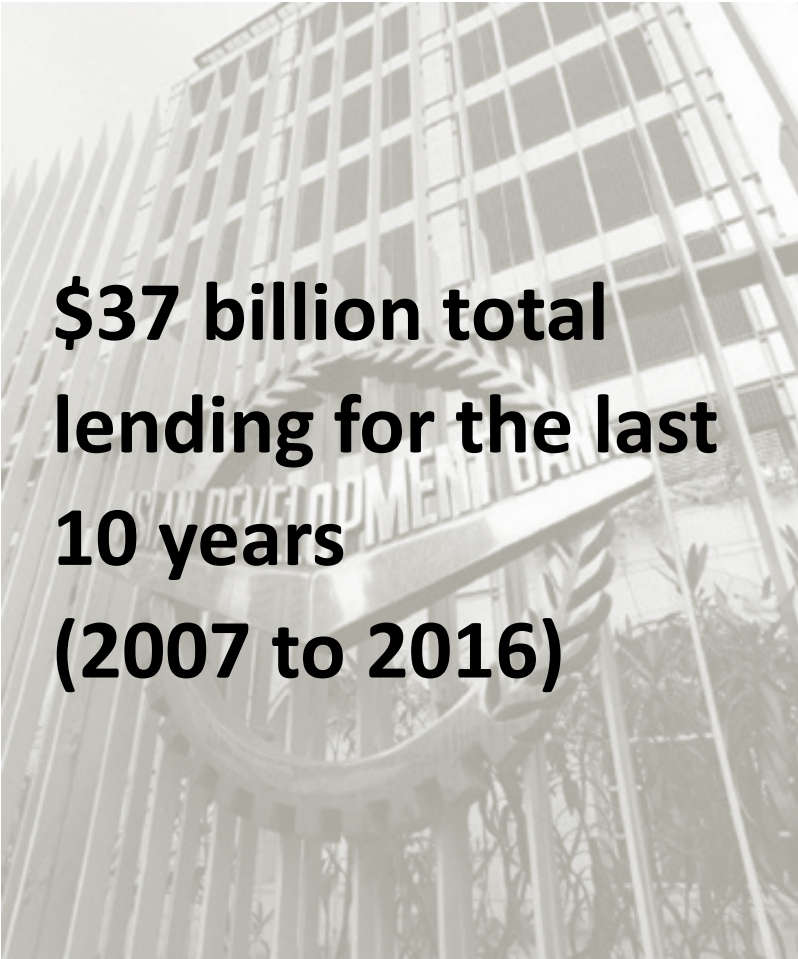
- Results-based or Output-based financing
- Private sector financing (i.e. bonds and guarantees)
- Public-Private Partnership Contracting

Factors for Enabling Private Sector Participation in Public Infrastructure Investments



- Establish an environment that delivers viable proposals for public investments – critical for PPPs
- Deepening bond markets to attract investors
- A well-functioning, multi-stakeholder institutional “ecosystem” is essential

ADB's Assistance in Southeast Asia



**\$37 billion total
lending for the last
10 years
(2007 to 2016)**

For 2016:

- **\$3.34 billion on loans and grants approved**
- **\$26.28 million provide for technical assistance**
- **Plus loan and grant co-financing of \$2.82 billion from other sources**



ADB's Assistance in Southeast Asia

Main focus of ADB's Support in Southeast Asia:

- Public sector management (45%)
- Education (16%)
- Transport (15%)



ADB's Role in the Region's Future Development



Continued assistance for public and private sector infrastructure financing

- ADB will scale up operations by 50% by 2020
- Private sector operations expected to increase from 17% to 22% by 2019
- Co-financing with bilateral sources and catalyze private foreign capital



ADB's Role in the Region's Future Development



Finance++ Approach

- Combining finance with expertise and knowledge
- Bringing advanced technologies to projects
- Other benefits are climate-proof designed projects, improved procurement processes, enhanced safeguards, environments conducive to PPPs, etc.

2017 ASEAN Mayor's Forum

Linking Cities to Financing: A Financier's Perspective



ADB

2017 ASEAN Mayor's Forum

Thank you.

<https://www.adb.org/>



ADB