

Caring Cities: How can cities finance their projects?
Alternatives for financing urban and metropolitan infrastructure and services

Session organized by the Metropolis Initiative led by Secretariat for Metropolitan Development of the State of São Paulo

Date: Wednesday, 17 July 2013

Time: 14:00 – 17:30

Venue: Ballroom 1

Summary

Caring Cities should provide the services and infrastructure that their citizens need, but often they are unable to provide such services because of limited resources and lack of funds. Services such as health, transportation, and education are often of insufficient quality or are unreliable, and sometimes are simply nonexistent.

In this sense, different forms of financing projects, including public-private partnerships (PPPs) where the private sector provides services on behalf of the government, become an alternative to those cities in order to give priority and agility to this type of investment, as budgetary resources alone are not enough to finance the implementation of these projects.

Background

This event is based on the Metropolis Initiative “Comparative Study on Metropolitan Governance”, led by the Secretariat for Metropolitan Development in the State of São Paulo, with technical support from Empresa Paulista de Planejamento Metropolitano SA (Emplasa). This Metropolis Initiative proposes comparing the realities of metropolitan governance matters in a number of urban agglomerations.

The analysis considers diverse factors, such as the definition of the agents of governance, the establishment of forms of financing, project responsibilities (from conception through to maintenance) and regulatory frameworks. The Initiative involves case studies and will feature a series of clear technical and policy recommendations to be promoted among Metropolis members.

Programme

14:00-14:30 Presentation of the Metropolis Initiative in Metropolitan Governance

Rovena Negreiros, EMPLASA

14:30-15:00 Preliminary results of the Comparative Study on Metropolitan Governance

Maria Lucia Camargo, EMPLASA

15:00-16:30 Case studies (20 minutes each)

Casa Paulista *Andra Robert, Advisor for Casa Paulista, São Paulo State Secretariat of Housing*

- *Casa Paulista* is the first PPP on social housing in Brazil, led by the State of São Paulo with support from the City of São Paulo and from the Federal Government to promote the revitalization of the downtown through the creation of 20,000 units of housing. A defining feature of the initiative is to create a mix of housing, businesses and public services for people of varying income levels. The State announced that 12,000 units will be reserved for families earning up to approximately USD \$1,800 (R\$3,700), equivalent to five times the minimum wage. The model for the PPP was developed by the State of São Paulo with substantial input following a public tendering from Instituto Urbem as well as Odebrecht and Grupo MPE.
- The investments in the projects will be R\$ 4.6 billion, with R\$ 2.6 billion from the private partner. The counterpart of the State Government of São Paulo, sunk, will be R\$ 1.6 billion. In an agreement to be signed with the State, the City of São Paulo will support the project with R\$ 404 million, averaging R\$ 20,000 per housing unit.
- Due to its extent and scope – as well as its relevance to various sectors – Casa Paulista will have a great impact on the future of the city and greater region. It also offers the potential to establish new precedents for urban redevelopment projects nationally.

Gautrain *Jack van de Merwe, CEO, Gautrain Management Agency*

- In 2006 the Gauteng province - home to three metropolitan municipalities, two district municipalities and six local municipalities - signed a 20-year PPP contract with the Bombela Consortium for a construction of a new rapid rail network (160km/h).
- The Gautrain project connects key economic nodes on a north-south axis as well as an east-west link to OR Tambo International Airport (80km), reducing road congestion and reliance on road-based public transport and private vehicles. Linking these two regions, the railway also stimulates economic development, through investment and connectivity, and improves overall sustainability of the urban environment
- The Provincial Government had also implemented two others PPP's: the Gauteng Freeway Improvement Project (GFIP), which is a major improvement to Gauteng's existing freeway network in order to address congestion and improve urban efficiency, and the Gautrain-Free State-Durban (G-FS-D) Freight and Logistics Corridor, a national strategic infrastructure project of the busiest corridor in South Africa that aimed at enhancing the infrastructure for freight and logistics in the country.

Urban Renewal *Diego Sadowski, City of Buenos Aires*

- The Buenos Aires urban renewal case consists in a revitalization of an abandoned high way (Autopista3). Projected in the 1960's, the AU3 expected to link the North and South regions of the Buenos Aires City, although it had never been concluded, causing the emergence of a degraded area.
- Facing over than 20 years of a unsolvable situation and hosting around 600 people living in critical condition in the area, the Government of Buenos Aires City decided to implement, with the private sector, a urban renewal project of mixed-income housing and new infra-structure to the zone (which includes the construction of primary school, sports center, metropolitan police station, community center and others facilities). The establishment of a new public space led to a new reality for the region.

City Protocol *Francesc Giralt - Executive Secretary, City Protocol Society, Barcelona*

- The City Protocol Society is a trusted community of cities, companies, academia and other organizations that leverages knowledge and experience in cities worldwide to accelerate sustainable transformation, by offering curated guidance and collaborative action so that cities do not have to navigate their transformation journeys alone.
- As a delivery-focused global network of cities that is developing common approaches and solutions in partnership with industry, research agencies and other organisations to help cities build a sustainable future, this new, distinctive and substantial programme will deliver benefits both within and between cities, by addressing cities in an integrated, systemic way.
- The programme delivers agreements, recommendations and standards developed within the City Protocol Framework to address issues agreed by the community. The City Protocol expects to have, for example, a list of endorsed city projects and policies, i.e., projects and policies tested in cities that can be used as exemplars for other cities, along with Indicators and Certifications for those same projects and policies.

16:50-17:30 Open discussion