

Group 1

EFFECTIVE PREPARATION AND GOVERNANCE OF BANKABLE URBAN INVESTMENT PROJECTS

Report back: Main points raised in Group 1

Main outcomes of the discussion:

- Different projects types generate different cashflows, which determine how they can be funded
- Different projects generate different returns
- Public and private sector partners bring different skills: to project preparation and delivery
 - Public sector is better at high-level planning and early project stages (in line with policy)
 - Private sector is better at detailed design. They must also share risk.
- SOEs control a lot of strategic land

Report back: Main points raised in Group 1

- “Institutional risk” in cities is a big constraint for investors
 - Guarantee provision of bulk
 - Project should be part of a larger plan
- Discussed why some IPISA projects have been rejected
 - Some projects weren’t revenue generating
 - Some municipalities aren’t credit worthy

Report back: Main points raised in Group 1

Next steps:

- Need to define projects better and explain type of return
- Projects can then be matched to potential investors
- Define the phase of the project
- Improve internal capacity in cities
 - Need platforms with all internal role players to discuss and evaluate projects
- Key Info:
 - Land, infrastructure, yield
 - Need institutional commitment to take project forward

Group 2

POLICY AND REGULATORY ENVIRONMENT FOR PUBLIC-PRIVATE COLLABORATION ON URBAN INVESTMENT

Report back: Main points raised in Group 2

Context

- General consensus that there is no need for drastic reforms of the legislation
- However, the following were noted:
 - differentiation between city, provincial and national regulation issues as it relates to powers and functions for each

Cities

- Bylaws – plan approvals, consistency and best practices
- SPLUMA – delay in implementation
- Challenges around densification and zoning
- Red tape requires reductions
- Fragmentation – silo mentality
- Lack of balance between social, economic and rehabilitation
- Services – cost effectiveness and sustainability issues

Report back: Main points raised in Group 2

National

- WULA, EIA and PPP's
- Causing major constraints to development
- Conflicting national policies
- Demarcation challenges
- In the past the relationship between COGTA and NT departments was constrained

Report back: Main points raised in Group 2

Next steps:

- Investor friendly - ensure certainty and consistency and create an enabling environment
- WULA. EIA, PPPS, SPLUMA, service provision – timeframes stipulated – regulation and solution driven
- Maturity in decision making – quick but responsible to ensure all pillars of supply chain are covered (fairness, equity, transparency and accountability)
- Devolve further responsibilities to cities – differentiated approach
- Focus on outcomes not outputs
- Catalytic projects need to be defined and respond to developers and have a clear approach
- Review existing regulations vs. land base financing tools
- Continue to strengthen the relationship between COGTA, NT and other sector departments

Group 3

DEEPENING THE SUITE OF FUNDING INSTRUMENTS: BONDS, LOANS AND LAND-BASED FINANCING

Report back: Main points raised in Group 3

Main outcomes of the discussion:

- There seems to be a need for new instruments
- Balance sheet versus project financing
- Implications of Basel iii and the different investor regulatory requirements.
- Many funders do not have the capacity to diagnose the specific risk
- Government and DFI incentives need to be better managed

Report back: Main points raised in Group 3

Next steps:

- Set up a task team of people that could
 - Create blended finance solutions/instruments,
 - Pooling mechanisms,
 - Leverage financing based on the future cash flows of improved property rates

Group 4

EXPANDING OPPORTUNITIES FOR PRIVATE FINANCE IN URBAN DEVELOPMENT PROGRAMMES

Report back: Main points raised in Group 4

Pre-conditions to engage with private sector

- Capacity, governance issues, and political will

Role of DFIs (esp DBSA) playing enabling role and subsidized funding

- On-balance sheet vs project-specific funding? And associated expertise
- Clarity over instruments that are offered (esp given other roles of city officials)

What does the **private sector** want? How to build trust?

- Planning and project preparation, need a clear pipeline of projects and what's required of each

Report back: Main points raised in Group 4

Role of public sector; project plan underpinned by council resolution to ensure stability and transparency

- Regulatory environment; i.e. AG creates risk-averse behaviours
- Learning from successes and piloted initiatives (eg TIFs)

Report back: Main points raised in Group 4

Next steps:

- Cities to develop LT plans beyond council terms, share with private sector to build trust and relationships, need a cross metro platform to help share these
- Provide dedicated city-specific capacity in DFIs (similar to CSP's coordinators)
- Bring in international capacity who have gone through same issues and assign to cities
- Create a platform to channel discussion between public/private and share lessons from existing projects; institutional representation so each financier doesn't have to tackle each metro separately (willingness from private sector, but how to incorporate?)
- Map relationships throughout life-cycle of project