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Statement

by

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Europe**

At

**7th European Conference on Sustainable Cities and Town,
Mayors Session**

Geneva, 17 April 2013

Mr. Chairman,
Honorable Mayors,
Distinguished delegates,
Dear colleagues,
Ladies and gentlemen,

On behalf of the United Nations Economic Commission for Europe, I would like to thank you for inviting me to participate in **the Mayors Session of the “7th Conference on Sustainable Cities and Towns”**.

The financial and economic crisis of 2008 had a severe impact on economies all over the world. Five years later we are still recovering and local governments continue to feel the crisis' consequences, as reflected a:

- **Sharp decline in revenue**, either generated by local authorities themselves (for instances due to lower tax revenues from building, construction or real estate activity) or reduced transfers from national governments (due to budgetary constraints at national level);
- **Rise of expenditures and higher operating costs** in response to the economic slowdown and the increasing need for social services and unemployment benefits;
- **Shrinking financial capabilities** due to the increasing cost of money and difficulties in obtaining loans.

In Europe, governments have responded with a bailout of financial institutions. Recovery plans often directly or indirectly target local authorities. Tools include, for instance, VAT transfers or special fiscal stimulus packages for local economies.

In spite of these efforts, local governments still have to cut their expenditures. They are doing this primarily by:

- **Reducing public spending** - this affects the quality of public services, such as the of education or the health system);
- **Privatizing** public sectors that the private sector might be able to provide more efficiently and effectively (including health care, energy provision and delivery, water and waste management); and
- **Entering into Public-Private Partnerships** to provide essential public services and to ensure their sustainability and continuity in areas such as waste management, water, street lighting, public transport, and the renovation of public buildings (administrative offices, libraries, and sport and leisure facilities).

In January 2013, UNECE conducted a **survey** among its 56 member States to identify current challenges and priority areas for work in the field of housing and land management. This survey has served as the basis for the development of a UNECE wide *Strategy on Sustainable Housing for 2014 to 2020*. Outcomes of the survey show a trend towards the privatization of services which previously were considered public services. For example, over 50 per cent of the respondents stated that the private sector is engaged in the construction of social housing. Nearly three quarters confirmed that the management of social housing is supplied by the private sector (both profit and not-for-profit social housing). Moreover, 68 per cent responded that water, sanitation and waste are managed through private companies.

The post-crisis recovery phase offers an opportunity for reflection, analysis and reform to

ensure robust economies that will resist future crises and provide support for the sustainable development of our local communities.

The economic crisis should be used as an opportunity for searching innovative solutions and policies that combine:

- Incentives for using private sector resources and capacities,
- Cost recovery for the investment in and the management of services,
- Subsidies for low income and vulnerable groups, and
- Streamlining public spending and reducing bureaucracy

Financing sustainable urban investments will depend on:

- The mobilization of local savings,
- The promotion of investments particularly in housing and construction,
- Accurate land and real estate valuation, and
- Public-Private Partnerships.

The recovery from the financial and economic crisis provides a unique opportunity to implement new concepts and ideas that promote efficient use of energy and other natural resources, as well as a more intensive application of information and communication technologies.

New models for financing public services in times of crisis, such as through Public-Private Partnerships, should prioritize sustainable and inclusive economic growth and the mitigation of Greenhouse gas emissions. Public-Private Partnerships, or PPPs, are becoming increasingly important to the development of infrastructure suitable for the 21st century. UNECE's work in this area presents tangible manifestation of the relevance of UNECE's work for our Member States. The UNECE International PPP Centre of Excellence promotes green municipal projects in areas such as waste-to-energy, street lighting and energy efficient public buildings, as well as PPPs in the areas such as education, healthcare, telecommunications and transport.

The UNECE report *Climate Neutral Cities: How to make cities less energy and carbon intensive and more resilient to climatic challenges* published last year also provides valuable insights in above mentioned challenges. Climate neutral and 'smart' urban development can generate the interest of private investment in urban infrastructure, and thus reduce the burden of local authorities.

The outcome of today's discussion is of great interest to us and will provide input to the development of the *UNECE Strategy on Sustainable Housing and Land Management for 2014-2020*. This document will be adopted at the 74th annual session of the UNECE Committee on Housing and Land Management which will take place back-to-back to the Ministerial Meeting on Housing and Land Management. I would like to use this opportunity to invite you to participate in this important meeting to be held here at the Palais des Nations from 7 to 9 October 2013.

In conclusion, let me wish you a successful meeting with fruitful discussions and interesting exchanges. I sincerely hope that you leave this conference in an optimistic spirit and equipped with new ideas about how to address the issue of public service financing in times of crisis.

Thank you.