Financiarisation et captation de la valeur urbaine
14h30-17h30

Session ouverte organisée par INTA en partenariat avec l’IAU
DEVELOPMENT OF THE SESSION

• Introduction & keynote

• Roundtable discussion

• Working groups on practical solutions

• Conclusions: recommendations and contribution to Africities Summit
INTA, IAU & Financialization

- **INTA**: International Association
  Gathering public & private stakeholders involved in city making process and urban & territorial development
  40 years, 60 countries
  Activities: peer-to-peer international urban labs (Panels), seminar, conferences, training ...

- **IAU**: Paris region urban planning agency
  Deliver studies and planning documents for Paris Region
  International activity w/ partners around the world

- **HABITAT III**: Quito, Oct 2016 – session in French Pavillion

- **WUF 9**: Kuala Lumpur, Feb 2018 – Networking event in partnership w/ UCLG-Africa, UCLG Aspac, FIABCI & MTPA

- **Africities 8**: Invitation from UCLG-Africa to hold an Open Session
Stefan Atchia, Acting Manager, Urban Development Division, AfDB

Armand Roland Pierre Béouindé, Mayor of Ouagadougou

Maurice Charrier, INTA President, former Mayor or Vaulx en Velin, & former VP of Greater Lyon

Alice Nabalamba, Chief Urban Development Officer, Infrastructure, Cities and Urban Development Department, AfDB

Ingrid Nappi-Choulet, Professor at ESSEC Business School, Real Estate and Sustainable Development Chair - Chaired Professor

Hamadou Yalcouyé, Head of Studies, design, monitoring and management of local authority equipment, Agence de Développement Régional de Bamako

Lola Davidson, Deputy Secretary General, INTA

Eric Huybrechts, International Affairs manager, Planning Agency of Paris Region (IAU-IdF)
INTRODUCTION & KEYNOTE

What are the effects of the financialization of the economy on social and spatial development of cities, especially African cities?
KEYNOTE

Ingrid Nappi-Choulet

Professor at ESSEC Business School,
Real Estate and Sustainable Development Chair
Chaired Professor
Financialization of the economy: a process whereby financial markets, financial institutions and financial elites gain greater influence over economic policy and economic outcomes.

Financialization transforms the functioning of economic system at both the macro and micro levels.
FINANCIALIZATION BOOSTED BY CHANGES

- in the structure and operation of financial markets

- in the behaviour of non-financial corporations

- in economic policy
The city is a private asset. *Privatisation* is the private ownership of land and production of buildings also the private status of some, or most of the city services.

The city is a common asset shared by several urban actors; *Partnership* as a contractual arrangement between a public authorities and the private sector in various urban fields.
The city is a financial asset, a commodity;

Financialization is the production of urban space without production of urban or social value or rather the capacity of investors to generate ‘capital rent’ by capturing "socially produced value"
HOW FINANCIALIZATION SHAPES THE CITY

Why are rents rising?

Why people leave the city centres in some countries?

Why office space being built when homelessness rises and governments are desperately in need to increase the supply of affordable housing?

How and where goes the profit produced from developing urban space and what are the likely outcomes of this type of financial model?
IMPACTS OF FINANCIALIZATION

• elevate the significance of the financial sector relative to the real estate sector

• transfer income from the real estate sector to the financial sector

• increase income inequality and contribute to wage stagnation

• segregation between "high financial capital" and "high social capital" neighbourhoods
CONSEQUENCES

Asset assembly chains, from public to private

New power relations among private public coalition of stakeholders to maintain financialized infrastructure

Investments focused on metropolitan areas and increase of intra-metropolitan segregation

Finance "installs" itself into the social reproduction mechanisms previously sustained by public services. The redistribution of wealth is changing and done through user fees.
ROUNDTABLE DISCUSSION

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WORKING GROUPS 40’

GR1 PLANNING & PRACTICAL TOOLS

GR2 REGULATION OF FINANCE & TAXATION

GR3 ADVOCACY & ACQUISITION OF KNOWLEDGE
GROUPES DE TRAVAIL 40’

GR1 PLANIFICATION ET OUTILS TECHNIQUES

GR2 REGULATION DE LA FINANCE ET FISCALITE

GR3 PLAIDOYER ET ACQUISITION DE CONNAISSANCES
RECOMMANDATIONS

1 - Réguler les marchés
2 - Renforcer / améliorer / optimiser la fiscalité locale
3 – Renforcer le contrôle des circuits financiers
4 - Développer la planification urbaine
5 - Evaluer et développer les outils de financement
6 – Prendre conscience localement et connaître les acteurs
7 - Sensibiliser et internationaliser le débat autour de la financiarisation de la ville
RECOMMENDATIONS

1 – Regulate the markets
2 – Enhance / optimize local taxation
3 – Strengthen the control and monitoring of financial circuits
4 – Develop urban planning
5 – Assess & develop financial instruments
6 – Raising awareness and getting to know at local level all stakeholders involved
7 – Advocate and internationalize the debate around financialization of the city
Planning to enhance sustainability and general interest competes with development for maximising profit.

Planning seems a too weak instrument to enforce norms and regulations on pure market players, except in some countries with long tradition of planning.

How to restrict/regulate financialization?
A multi-faceted agenda

- restore policy control over financial markets
- challenge the dominant economic policy paradigm encouraged by financialization
- make corporations responsive to interests of other stakeholders other than just financial markets
- reform the local political process so as to diminish the influence of corporations on urban development
A weak political control, despite public participation, does not help much

Insufficient control mechanisms (planning and building codes, development vehicle, land-based finance, judicial courts, sanctions...) to counteract the pressure of financialization

Responsibility of the public authorities to resist and to better negotiate with the investors
Capacity of cities authorities in understanding land and real estate markets (including in many cases informal/customary land markets)

Capacity of community groups to keep local governments accountable of their financial operations and to push them towards alternative value creation
Government finance at scale for low-income communities in informal settlements for housing acquisition (or long-term lease) and infrastructure upgrading

Fostering the collective dimension of land tenure to increase the collective strength, confidence and recognition necessary for long-term community development
• Which soft instruments put in action?
• How can we make finance serve society?
• Which public investment programmes embedding social purpose will give a clear direction to global financial flows?
• Would a broad coalition of stakeholders support and steer this transformation of the urban financing system?