

# CITIES WITHOUT SLUMS

**Cities Alliance**  
Cities Without Slums



Cities Alliance Discussion Paper – No. 2

February 2015

## **Conceptualising Equitable Economic Growth in Cities**

Prepared by Andrés Rodríguez-Pose and Callum Wilkie,  
The London School of Economics and Political Science (LSE)



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# Executive summary

The overarching objective of this concept paper is to provide a multifaceted exploration of the notion of equitable economic growth as a first step towards the possible formation of a Cities Alliance initiative to promote equitable economic growth in urban contexts in the developing world. The report has three specific aims:

1. To develop a comprehensive conceptualisation of equitable economic growth.
2. To address the operationalisation of equitable economic growth approaches in urban contexts.
3. To explore various international organisations' recent engagement with equitable or inclusive economic growth.

The first section of this paper considers previous definitions of both 'pro-poor' and 'inclusive growth' and then examines elements that would need to be considered under the term 'equitable'. A working definition proposed for equitable economic growth emphasises the creation of decent employment opportunities. More precisely, equitable economic growth is conceptualised as long-term, sustainable economic growth that creates economic opportunity in the form of decent, productive employment opportunities in both the formal and informal sectors and that are accessible to all of society.

The centrality of employment is premised on the notion that creating and facilitating widespread access to employment permits more individuals to participate in and therefore benefit from economic activity and ultimately from subsequent economic growth. In prioritising employment rather than, say, ex-post redistribution, potential tensions between growth and equity



Medellín, Colombia: Transformative urban policies

are mitigated because increased labour force participation will support and perhaps even act as a catalyst for continued growth. This argument stipulates that equitable economic growth must benefit the poorest and most marginalised members of society to a greater extent, although not at the expense of the rest of society. This perspective aligns the conceptualisation of

equitable economic growth with a modified conceptualisation of what is referred to as 'relative pro-poor growth'.

Achieving equitable economic growth entails sustained economic growth and societal transformations and more fundamental structural changes that can only occur in the medium to long term. Strategic efforts promoting equitable economic growth must adopt a long-term perspective. They must also be cognisant of issues of sustainability and must be designed to ensure that growth is both economically sustainable over the short, medium and long terms as well as socially and environmentally sustainable.

The paper's second section builds upon the proposed conceptualisation of equitable economic growth and shifts the focus to the operationalisation of approaches for achieving growth with equity. Three implications to the operationalisation of equitable economic growth approaches are drawn from a review of relevant literature.

First, an examination of the territorially targeted approaches to economic growth employed in Alicedale town (in South Africa), Medellín municipality (in Colombia) and Rafaela city (in Argentina) revealed several features present in the more successful spatially targeted policies and to which their qualified successes may be attributed. All of these features must be considered when designing approaches to equitable economic growth: (i) a strategic plan with clear aims and priorities to provide a sense of direction and to unify and align the interests and objectives of otherwise independent actors; (ii) a prominent leadership presence to oversee and coordinate the strategic process; (iii) a comprehensive process of stakeholder engagement that serves to both ensure that the policy or strategy reflects local contextual conditions and the needs of the population and empowers local stakeholders and members of society more generally; (iv) the establishment of development links to enhance coordination and cooperation among relevant parties; and (v) an awareness of resource limitations to mitigate the potential for failure due to technical, financial or other constraints.

Additionally, fostering and sustaining a genuine, robust political commitment to local development initiatives is of paramount importance.

Second, a compelling case can be made for the employment of spatially targeted (such as territorially specific) policies as part of efforts to foster equitable economic growth. This case is underpinned by the belief that heterogeneous contextual conditions exercise influence on the outcomes of development strategies and policies, and therefore policies must account for and be tailored to those contextual conditions. Within the broader classification of spatially targeted approaches, local economic development practices seem especially well suited to the pursuit of equitable economic growth in developing urban contexts, in large part due to their viability across heterogeneous territories and their capacity to identify and mobilise indigenous 'local potential'.

Third, efforts to impel equitable economic growth specifically in developing contexts must reflect an understanding of all constraints: technical, financial or other. There is ample evidence to support the assertion that prominent resource constraints can inhibit either the design or implementation of or detract from the outcomes of strategic approaches to economic growth and development. The identification and subsequent consideration of contextually imposed constraints must be an element of the equitable economic growth policy planning and design process, and initiatives to ensure that what may be a sound strategy is not derailed by easily foreseen constraints.

The paper's final section explores the engagement with equitable or inclusive economic growth by various regional and international organisations to assess the state of the associated knowledge base and examine recent approaches. A handful of regional institutions, including most notably, the African Development Bank Group, the Asian Development Bank and the European Commission, have made a concerted effort to conceptualise and understand inclusive economic growth and, perhaps more significantly, have elected to incorporate it into their respective strategic

plans. Several international organisations also have prioritised the inclusive economic growth. The Organisation for Economic Co-operation and Development, for example, launched an initiative to explore the concept of inclusive economic growth and then provide a framework to assist in its operationalisation. Similarly, the World Bank has directed resources to the conceptualisation of inclusive economic growth and has produced an Inclusive Growth Analytics Guide to aid in the development of suitable policies.

The United Nations Development Programme has engaged substantively via the establishment of the International Policy Centre for Inclusive Growth. The International Labour Organization, the International Monetary Fund, the United Nations Office for Project Services and UN-Habitat

have also expressed interest in promoting inclusive or equitable economic growth; however, their engagement has been less substantive than the other highlighted institutions.

It becomes immediately evident from the exercise engaged for this paper that, despite the considerable work done and the initiatives by various organisations, much of the work thus far has been conceptual and theoretical in nature and work on the ground has been less than optimal. Additionally, there is an absence of an explicitly urban-oriented equitable economic growth initiative. It is thus concluded that there is an immediate need for an effort like the one to promote equity in urban contexts in developing countries currently under consideration by Cities Alliance.



Job creation in Dar es Salaam, Tanzania

# Purpose of the concept paper



Cheonggyecheon in Seoul, Korea:  
Successful urban regeneration

The aim of this concept paper is to first provide a working definition of 'equitable economic growth in urban environments' and then examine how that concept has been applied in developing country urban contexts and how it features in the agendas of international and regional development institutions.

The concept paper starts by assessing the argument that positions cities as the new engines of economic growth, before exploring the links between urban economic growth and inequality in the second section. The third section provides a working definition of equitable economic growth by looking at previous definitions of pro-poor and inclusive growth, before examining the different elements that need to be considered under the term 'equitable'. Based on three policy case studies, the fourth section discusses the successful operationalisation of equitable economic growth approaches in urban contexts in developing countries. The fifth section looks at how international organisations are addressing or pursuing equitable economic growth. The final section closes with concluding remarks.



# 1. Cities as an engine of growth

That cities are and will increasingly be the engines of economic growth (Quigley, 1998; Duranton, 2000; Fujita and Thisse, 2002; Glaeser, 2011) and that sustained economic growth does not occur in the absence of urbanisation have become common assertions (Henderson, 2010). Bolstered by empirical macroeconomic investigations that reveal a positive relationship between economic growth and urbanisation (see Henderson, 2010 for a brief review and, more recently, Chen et al., 2014), the contention that cities drive economic growth has gained considerable traction among policymakers (Polèse, 2005). This traction was made most evident by the prioritisation of agglomeration and urbanisation in the World Bank's (2009a) landmark World Development Report 2009 and by its recommendation to focus on large agglomerations to trigger economic development.

Despite the popular acceptance, however, the notion that cities drive economic growth has not been exempt from critique or challenge. The experiences of a number of countries raise questions about the capacity of cities and urbanisation processes on their own to propel economic growth and development (Bryceson et al., 2009; Turok and McGranahan, 2013).

According to Turok and McGranahan (2013, p. 478), "there is no simple linear relationship between urbanisation and economic growth, or between city size and productivity." In much of sub-Saharan Africa, for example, the significant increase in urbanisation frequently has not been accompanied by economic growth (Fay and Opal, 1999; Brückner, 2012). There is also

increasing evidence on the important role of second-tier cities and smaller, often more peripheral locations for medium- and long-term economic growth (OECD, 2012; Parkinson et al., 2012; Roberts, 2014).

Even more important is the fact that, irrespective of the type of cities that may be behind economic growth, there are questions about whether any additional growth is permeating towards all tiers of society, regardless of economic status, gender or ethnicity. While Glaeser (2011) wants us to accept that cities make us "richer, smarter, greener, healthier and happier" (as stated in the subtitle of his influential book), there is plenty of evidence that urban economic growth is far from equitable (Sankhe et al., 2010; Zhuang, 2010; Obeng-Odoom, 2012; Thorat and Dubey, 2012; Gustafsson and Quheng, 2013; Gustafsson and Sai, 2013; Tripathi, 2013; Turok and McGranahan, 2013) and that this inequality jeopardises any economic benefits derived from urbanisation (Sankhe et al., 2010).

It is inferred from the conflicting experiences of countries and empirical investigations that provide evidence both in favour of and in opposition to the hypothesised role of cities in driving economic growth that large cities can serve as engines of growth but there is no guarantee they will do so. Thus, instead of debating whether cities drive economic growth, it is more appropriate and fruitful to ask what types of cities drive growth and under what conditions can cities serve as the driver of economic growth?

These more nuanced questions seem particularly apt in light of the heterogeneity of cities (Gråsjö and Karlsson, 2012). Cities vary tremendously

across physical, social and political dimensions; their economic dynamism, potential for growth and ultimately their capacity to assume the role as engines of growth varies as well. A more equitable promotion of growth across the urban hierarchy may thus deliver greater returns.

A comprehensive system-of-cities approach to promote more equitable economic growth is a particularly important one, especially within the context of this paper. Primary cities have traditionally received the bulk of attention in the examination of urbanisation and economic processes. There is increasing acceptance that greater attention must be paid to the other typologies of cities within an urban hierarchy and that cities of all character have critically important roles and serve unique functions in regional, national and international economies (OECD, 2012; Roberts, 2014). More specifically, secondary cities have shifted squarely into prominence (Parkinson et al., 2012).

According to Roberts (2014, p. 11), these secondary cities “will have a greater influence upon the economic development of nations and larger geographic regions in the future”. Thus, efforts to promote equitable urban economic growth, conceptual or practical, cannot be confined to the largest centres and primary cities. They will have to carefully consider the different urban structures and geographies across countries, making it imperative to

design approaches for the pursuit of equitable urban economic growth that are attuned to the specific needs and challenges of multiple national geographical considerations and of various typologies of cities (and thus tailored accordingly). This implies going beyond issues of agglomeration, size, density and an emphasis on a single category of city (primary or otherwise) and contemplating or even intervening on the whole network of cities.

Second, even if cities can be considered as important engines of growth, more has to be done to make any urban-related economic growth inclusive and sustainable. Even though policies and strategies oriented specifically towards promoting a more equitable brand of economic growth may be necessary, the pursuit of this objective will inevitably begin with and require the proper management of urbanisation processes more generally (Moretti, 2014). This is especially true in developing contexts, where rapid urbanisation is, as Moretti (2014, p. 21) noted, synonymous with a host of what might be considered fundamental challenges, such as “fast population growth, lack of basic services, lack of affordable housing [and the] uneven supply of education and health services to children” (that inevitably vary across contexts in both scale and scope). All of these challenges must be overcome to ensure that cities are liveable and, in turn, hospitable environments for economic activity and growth.

## 2. Urban economic growth and inequality

Cities in the industrialised and developing world have exhibited (and in all likelihood will continue to do so) tremendous dynamism, not only in terms of their size and population but economically as well (Dobbs et al., 2011). Yet, cities remain characterised by high levels of inequality (income and otherwise), poverty and social exclusion. This is especially true for cities in the developing world, where the emergence and growth of urban areas has in many cases been accompanied by the growth of (and worsening conditions in) informal settlements and slums – giving rise to a host of societal challenges – as well as issues related to hunger, food security, health, physical well-being and access to education and opportunity, all of which ultimately stem from pervasive poverty and economic and social inequality (Baker, 2008; Moreno et al., 2010).

In short, there are numerous cases in developing countries in which the economic growth occurring in cities has been relatively unequal, benefiting certain segments of the population to a greater extent than others and has given rise to economic inequality that is often associated with unequal access to basic services (among other things) as well as social exclusion and societal polarisation (Moreno et al., 2010). This inequality is of serious concern, not only because of the more immediate costs – economic, social, environmental and political – that it inevitably imposes on society but also, and perhaps most importantly, because inequality can jeopardise the economic potential and dynamism of cities and ultimately hamper continued economic growth (Sankhe et al., 2010; Ostry et al., 2014; Cingano, 2014).

A recent empirical investigation by Ostry et al. (2014, p. 25) that examined the relationship between inequality and growth across a large sample of industrialised and developing countries yielded robust evidence to suggest that inequality in society can impede economic growth, leading the authors to assert that it “would still be a mistake to focus on growth and let inequality take care of itself not only because inequality may be ethically undesirable but also because the resulting growth may be low and unsustainable”. It would seem, then, that the importance of addressing urban inequality and inequality in general cannot be overstated.

The Chinese economic growth experience provides perhaps the most vivid illustration of the disproportional outcomes of economic growth in the absence of a concern for equity and the necessity of concerted efforts to promote economic growth of a more equitable character. China has achieved almost unprecedented economic growth. This growth, however, has been synonymous with rising spatial and interpersonal inequality, most visible in the substantial urban–rural divide. Not all members of society have benefited from China’s economic growth; while certain segments of society and territories have been made considerably better off, others have remained unchanged.

Important lessons can undoubtedly be drawn from the Chinese model – it has, after all, generated considerable economic growth. The failure of this growth to yield more equal opportunities and ultimately equal benefit across the country raises critical questions about the socioeconomic sustainability of the pursuit of pure economic growth without consideration for equity or distribution. Inequality can compromise economic

dynamism and continued economic growth. If inequality in China remains unaddressed and an effort is not made to ensure that the benefits of future growth are more widely realised, evidence (see for example, Ostry et al., 2014) suggests that China's continued economic growth and success could be at risk. How this risk can become a reality is already in evidence in Thailand, a country that enjoyed a long period of relatively high growth based on the dynamism of its capital, Bangkok, which hosts more than 20 per cent of the 67 million population. However, the economic growth was accompanied by a level of polarisation, which on both interpersonal and territorial (especially) levels, makes Thailand one of the most economically unequal countries in the world (Cistulli et al., 2014). Inequitable development has had a significant role in the political stalemate affecting the country since 2006 and which is seriously undermining its growth performance and potential.

In sum, the recognition of the unequal character of economic growth more generally and urban economic growth in particular (and the problems, challenges and ills that accompany it) has highlighted the immediate need for efforts and policies to not only address the rampant inequality in urban areas but also the root of the problem and thus make urban economic growth more equitable. This interest in the promotion of a more equitable brand of economic growth is consistent with and indicative of a broader attenuation to economic equity and an increasing awareness of pervasive and rising interpersonal inequality, especially within urban contexts (see for example, Piketty, 2014).



Trading on Bangkok's canals

# 3. Conceptualising equitable economic growth

Developing and implementing the policies necessary to promote economic growth that is more inclusive and ultimately beneficial to a greater proportion of society requires an adequately robust conceptualisation of equitable economic growth.

The following section first explores the ways in which researchers and policymakers have contemplated and assessed the equality and inclusiveness of economic growth through a brief examination of pro-poor growth – a concept that is understood to serve as the foundation for much of the thinking of equitable (Ranieri and Ramos, 2013) and inclusive growth. Drawing upon the reviewed literature, the section then proposes a conceptualisation of equitable economic growth.

## 3.1 Pro-poor growth

The most suitable point to begin conceptualising equitable economic growth is pro-poor growth. The notion of pro-poor growth – or more specifically, an interest in pro-poor growth strategies – arose from the recognition that economic growth disproportionately benefits wealthier segments of a population, thereby neglecting the poorer segments, due to a combination of the “inherent advantages” associated with wealth, political and institutional biases against the poor and the development and implementation of pro-rich policies (Kakwani and Pernia, 2000, p. 3). Economic growth in urban contexts often assumes this same biased character.

In the simplest sense, pro-poor growth is understood to be “[economic] growth that benefits the poor” (Ranieri and Ramos, 2013, p. 5). More nuanced conceptualisations of pro-poor

growth draw a distinction between growth that benefits the poor and growth that benefits the poor to a greater extent than it benefits the rest of society. Grosse, Harttgen and Klasen (2008) termed the former as “absolute pro-poor growth” and the latter as “relative pro-poor growth”.

While the many definitions inevitably vary in their specificities, distinguishing between absolute pro-poor growth and relative pro-poor growth is fundamentally based upon an evaluation of the distributional outcomes of economic growth. Absolute pro-poor growth can conceivably occur in the absence of an effect on inequality or the distribution of income in society. According to conceptualisations of pro-poor growth adopting an absolute perspective, growth is understood to be pro-poor if the poor benefit to any extent.

Relative pro-poor growth, on the other hand, can only occur if growth has disproportionately benefited the poor – an outcome that is in opposition to the innate distributional tendencies of economic growth. As Ranieri and Ramos (2013, p. 5) asserted, “poor people’s income [must] grow more than wealthier people’s income” for growth to be classified as pro-poor in the relative sense.

This distinction is particularly important in a discussion of equitable economic growth. Generally speaking, conceptualisations of inclusive economic growth align (explicitly or implicitly) with either absolute or relative pro-poor growth, in accordance with their view of levels of and changes in inequality. The conceptualisation of equitable economic growth presented in this document is associated with a modified conceptualisation of relative pro-poor growth.

### 3.2 Inclusive growth

Much of the literature on inclusive economic growth assesses what might be considered as three dimensions of inclusiveness.<sup>1</sup>

First, a relevant dimension of the inclusiveness of growth relates to who benefits from (and as discussed later, participates in) episodes of economic growth. Pro-poor growth focuses on outcomes specifically for the poorest and most marginalised segments of populations and emphasises the relationship between poverty and economic growth. While some conceptualisations of inclusive growth have retained this prioritisation of poverty, inclusive economic growth is increasingly understood to both benefit and engage all of society – regardless of the initial level of income – rather than only its most marginalised citizens. Klasen (2010, p. 2), for example, pointed out that inclusive growth benefits “all stripes of society, including the poor, near-poor, middle-income groups and even the rich”. The acceptance of inclusiveness referring to all of society is reflected in the recent definitions of inclusive growth adopted by the Asian Development Bank, the African Development Bank and the Organisation for Economic Co-operation and Development (see the Annex).

In addition to a demographic dimension, conceptualisations of inclusive economic growth assess it in terms of outcomes, or more accurately, the distribution of its outcomes. Outcomes are often income related. For example, inclusive growth according to Habito (2009, p.1) is economic growth (with gross domestic product its proxy) that directly benefits the poor and results in decreases in the level of poverty. Inclusiveness in this context says economic growth benefits not only those who are better off but also the poor and marginalised segments of society as well.

Retaining a focus on outcomes yet defining outcomes in terms of opportunity rather than

income specifically,<sup>2</sup> Ali and Zhuang (2007) indicated that inclusive economic growth is fundamentally about the creation of opportunities – opportunities in this context referring to employment opportunities – and facilitation of widespread access to those opportunities. Their inclusiveness of economic growth may be measured via a ‘social opportunity function’, as proposed by Ali and Son (2007). This function reflects both the average number of opportunities available to a population and the distribution of opportunities. In retaining a focus on the outcome of economic growth but emphasising opportunity rather than income, Ali and Zhuang’s (2007) conceptualisation of inclusive economic growth represents a significant departure from the more traditional pro-poor growth (Ranieri and Ramos, 2013).

In addition to assessing the inclusiveness of growth in terms of its outcomes, several conceptualisations also consider the inclusiveness of the growth processes. Ianchovichina and Lundstrom (2009, p. 2) suggested that inclusive growth processes are marked by their inclusion and contribution from “a large part of the country’s labour force”. Further reinforcing the importance of the inclusiveness of the growth process, the authors also noted that achieving inclusiveness through redistribution does not constitute inclusive economic growth.

It thus becomes immediately apparent from a cursory review of the various conceptualisations of both pro-poor growth and inclusive economic growth that there are several factors that must be taken into consideration in the formulation of a robust, functional definition of equitable economic growth.

### 3.3 Defining equitable economic growth

In the simplest, most intuitive sense, equitable economic growth is economic growth from which all members, or certainly more members of society, accrue some benefit. The growth is equitable in the sense that the outcomes of growth are more evenly distributed across society.

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1 Recent definitions of equitable, inclusive and/or sustainable growth have tended to prefer the term ‘inclusive’ (see the Annex).

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2 Opportunity and income, however, tend to be intimately related, as addressed in the next sections.

Unlike pro-poor growth, which focuses exclusively on poverty and the poor and marginalised segments of society, equitable economic growth, like more recent conceptualisations of inclusive economic growth (Klasen, 2010), is concerned with the outcomes of growth as they pertain to society in general. This is not to say that special consideration should not be made for the most marginalised segments of the population in light of the inherent disadvantages associated with marginalisation and the prevalence of structural impediments inhibiting their capacity to benefit from economic growth (Kakwani and Pernia, 2000, p. 3). Equitable growth must permeate all layers of society without harming overall economic performance.

Merely asserting equitable economic growth is growth, the outcomes of which are realised by a broader portion of the population, offers little in the way of how this ambitious outcome is achieved. And it does not address the mechanisms through which benefits are delivered.

Benefit, in the context of economic growth, refers to an increase in economic well-being – or income. The capacity to benefit directly from economic activity is understood to be contingent upon capacity to participate in income-generating activities.<sup>3</sup> Participation in economic activity refers to employment. Thus, if someone is employed and participating in an economic activity, they are receiving income and thereby benefiting from it.

Equitable economic growth, hence, refers not only to the growth of the economy but also the creation of new employment opportunities, which allow more individuals to directly capture the benefits of increased economic activity and the expansion of an economy. The creation of economic opportunity is not, however, sufficient to constitute equitable economic growth. Equitable economic growth, following the conceptualisation of inclusive growth forwarded

by Ali and Son (2007), must also involve facilitating widespread access to those opportunities.

The quality of the employment opportunities has been highlighted as particularly important in several conceptualisations of inclusive economic growth. Ianchovichina and Lundstrom (2009) emphasised the importance of generating both employment and productive employment. Similarly, Ali and Zhuang (2007) stressed “decent employment”, citing problems of underemployment, especially in developing country contexts, as well as the link between decent work and productivity.

Closely related to decent employment is formality. The acknowledgement of and differentiation between formal and informal employment is critically important for developing an “employment-oriented” conceptualisation of equitable economic growth within a developing urban context, given the prevalence of the informal sector in the developing world (Flodman Becker, 2004; Kessides, 2006). Informal employment is not commonly considered to be or associated with decent employment (ILO, 2002). Accordingly, advocacy for the creation of decent employment as the mechanism through which equitable economic growth is achieved would imply a focus on formal employment opportunities and the formal sector more broadly. Job creation in the informal sector in developing contexts, however, cannot be disregarded, given its magnitude and prominence.

Kessides (2006, p. 22) observed that “the informal economy workforce is estimated to account for 78 per cent of non-agricultural employment in Africa, 93 per cent of all new jobs created and 61 percent of urban employment”. This prevalence coupled with the absence of suitable regulatory frameworks and institutions to promote the formalisation of the informal economy in many developing environments (Chen, 2012) gives rise to the realisation that focusing solely on the creation of formal employment in the pursuit of equitable economic growth in developing urban contexts is not sufficient and neglects economic and social realities.

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3 One may benefit more indirectly from economic growth through income redistribution. The achievement of a more equitable or inclusive distribution of the outcomes of economic growth through redistribution does not, however, constitute inclusive growth (Ianchovichina and Lundstrom, 2009).

The promotion of equitable economic growth must then reflect an awareness of informality and must include explicit measures to both empower individuals who are active in and reliant on the informal sector as well as to promote institutional reform and upgrading to enable the formalisation of informal economic activity. Together, such efforts will help not only to harness the economic potential of the informal economy but also will permit individuals to transition from informal employment into formal, decent employment and reap the socioeconomic benefits associated with doing so. It may then be concluded that equitable economic growth refers to more than the creation of employment opportunities: More precisely, it is the creation of decent, productive employment opportunities in both the formal and informal sectors as well as the gradual formalisation of informal economic activity via institutional reform.

There are then, as Ali and Zhuang (2007, p. 12) observed in their conceptualisation of inclusive economic growth, two requisites for equitable economic growth. The first is long-term sustainable economic growth. As Ali and Zhuang (2007, p. 12) explained, “High and sustainable growth is key to creating productive and decent employment opportunities.” The second is what they term “social inclusion” (Ali and Zhuang, 2007, p. 13), referring to efforts to ensure that any potential barriers inhibiting individuals’ access to opportunities created via economic growth are alleviated. Barriers may relate to attributes and abilities of an individual that would make them either more or less able to realise a newly created opportunity (these are addressed principally through investment in education, health and social services) or they may be more fundamental institutional or structural barriers (Ali and Zhuang, 2007).

The creation of employment opportunities that enable more of the population to participate in economic activities ensures that continued economic growth is inclusive not only in the sense that it benefits a greater proportion of society but also that the growth is more participatory in nature (the inclusiveness of the outcomes and the process are inevitably intertwined). Additionally,

it is perhaps more sustainable because increased employment reflects a more efficient use of local resources (Ali and Zhuang, 2007).

A final point relates to our conceptualisation’s alignment with absolute or relative pro-poor growth or, rather, its view of inequality. In the most literal sense, equitable economic growth implies that each member of society benefits identically from economic growth. If true, as Ranieri and Ramos (2013) pointed out, it would leave inequality unaffected but would perpetuate and reinforce patterns of inequality in society. Inequality and exclusion are widespread in the developing world and in cities in particular, presenting a host of challenges and potentially compromising the future growth of cities and countries. Reducing inequality must therefore be a feature of equitable economic growth.

This conceptualisation of equitable economic growth is thus aligned with relative pro-poor growth. However, as mentioned previously, benefits to the poorest and most marginalised must not come at the expense of the remainder of the population – gains for one group at the expense of another would suggest possible inefficiency. Growth must raise all boats, although it will raise some to a greater extent than others. This stipulation is critical.

Building on previous conceptualisations of inclusive economic growth,<sup>4</sup> specifically their emphasis on broad societal engagement and benefit and on the creation of opportunity in the form of employment, we define equitable economic growth as:

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4 We have limited the analysis to equitable economic growth rather than adopting a more holistic perspective that considers equitable economic development. A conceptualisation of equitable economic development, derived from our conceptualisation of equitable economic growth, follows Rauniyar and Kanbur (2010), McKinley (2010) and Klasen (2010) in incorporating “non-income dimensions” (Ranieri and Ramos, 2013, p. 8), including widespread access to basic services. A more robust engagement with the notion of equitable economic development is beyond the scope of this paper but will likely be an integral part of future equitable economic growth-related efforts and exercises.



*Long-term sustainable economic growth that creates economic opportunity in the form of decent and productive employment in both the formal and informal sectors that may be accessed by all of society regardless of economic status, gender or ethnicity, thus enabling all of society to both benefit directly from and participate in economic activity and future growth.*

Equitable economic growth should also benefit the poorest and most marginalised segments in a society to a disproportionately greater extent and thus reduce inequality and exclusion, although not at the expense of the rest of the society.

An advantage of this conceptualisation of equitable economic growth is that it lends itself well to quantification, which is invaluable in successful policy and strategy formulation. By prioritising the creation and subsequent accessibility of employment opportunities, both of which are easily measured and monitored, the equity of economic growth can be assessed more or less quantitatively and objectively. Quantifying equitable economic growth as per the proposed definition will require the collection of data for various statistical indicators, including indicators of economic performance and growth (such as GDP, gross national product or gross value added); aggregate and industry- or sector-specific employment- and labour force-related indicators (long-term, short-term and cyclical unemployment or employment, labour force turnover and job creation); wage and income distribution-related indicators; and absolute and relative poverty indicators and indicators of accessibility to basic services (such as health care, education or sanitation).

Some data are already accessible via various statistical repositories and platforms associated with international organisations (World Bank, the International Monetary Fund or the United Nations) and national governments. City-level data is generally scarcer than regional or national data, especially for developing countries, and concerted effort may be necessary to ensure that such data are available.

There are three additional points to equitable economic growth to emphasise. The first relates to the temporal dimension. The second relates to the notion of sustainability. The third relates to the tensions and challenges associated with the pursuit of equitable economic growth.

Efforts to promote equitable economic growth must adopt a longer-term perspective. The time frame for equitable economic growth efforts will vary in accordance with the contextually tailored policies and strategies developed in light of the opportunities, challenges and overall conditions that characterise heterogeneous environments (DFID, 2014). Time frames should trend towards the longer rather than the shorter term.<sup>5,6</sup> A longer-term orientation is necessary because achieving equitable economic growth entails sustained economic growth, societal transformations and more fundamental structural changes, as opposed to 'quick fixes'. These more profound changes can only occur in the medium to long terms through a sustained and conscious effort led by governments, policymakers and, often, international organisations (Rodríguez-Pose, 2013; DFID, 2014).

The outcomes of equitable economic growth-oriented efforts should only be reasonably expected and assessed with an awareness of the longer-term nature of equitable economic growth. The failure to adopt a medium- to long-term perspective can result in the misdirection of efforts and resources as well as the formulation of unrealistic expectations, both of which can conceivably undermine the achievement of equitable economic growth.

Additionally, sustainability must be considered. Both urbanisation and urban economic growth can impose tremendous costs on the future potential for development of territories if a concerted effort is not made to address issues

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5 DFID (2014) acknowledges that there are exceptional contexts and circumstances where a short-term orientation may be appropriate. It is implied however that the short-term focus should evolve into a longer-term one as conditions improve

6 All DFID references are from personal communications between DFID and authors of the paper

of sustainability and a holistic perspective that evaluates not only economic but also social and environmental outcomes (Turok and McGranahan, 2013, p. 479).

Approaches to and efforts designed to promote equitable economic growth must factor in sustainability to ensure that economic growth is viable over the longer term (DFID, 2014<sup>7</sup>) and that, following the Brundtland Commission (World Commission on Environment and Development, 1987), it is not achieved at the expense of the future economic growth and socioeconomic well-being.

Finally, any discussion of equitable or inclusive economic growth inevitably raises questions concerning the compatibility of the pursuits of equity and economic growth. More specifically, it is entirely appropriate to consider whether equitable economic outcomes come at the expense of economic growth or whether there is a trade-off between equity and growth. It is conceivable, depending on the approach adopted, that equity and growth are not automatically or immediately reconcilable.

Accordingly, policymakers must be aware of any potential tension between these two objectives and design and implement policies and strategies that reflect this awareness.

Within our definition, which stresses the creation of and subsequent facilitation of access to economic opportunity, equity and growth are not only compatible but are actually complementary. In fact, the sought-after equitable outcomes cannot be attained without robust economic growth (Ali and Zhuang, 2007, p. 12). This perspective is premised primarily on the acceptance that equity is not achieved via the ex-post redistribution of economic growth outcomes. Rather, equity is achieved via the mobilisation of available (human) resources – in itself consistent with the pursuit of greater economic efficiency – and by ensuring that opportunity exists (and is readily accessible) for individuals to participate in and therefore directly benefit from and even make a substantive contribution to economic growth. Increased labour force participation – the mechanism through which equity is achieved – ultimately supports and could conceivably act as a catalyst for continued, more economically sustainable growth.



China's rapid economic growth has been driven by its cities

7 Personal communication between DFID and author

# 4. Moving towards operationalising equitable economic growth in urban contexts

## **4.1 Formulating approaches to equitable economic growth: Inferences from urban policy case studies**

There is a dearth of analytical work concerning the implementation and effectiveness of equitable economic growth strategies in urban contexts. The idea of equitable or inclusive growth remains in its infancy, and the successful examples of equitable or inclusive economic growth are few. Often, decision-makers under pressure to provide solutions to urgent problems – and sometimes to guarantee their re-election or political survival – go for strategies and policies that appear to generate quick economic growth and employment, disregarding the medium- to long-term impact of potential increases in poverty and/or inequality.

A body of literature assessing the effectiveness and outcomes of strategies specifically geared towards the achievement of equitable economic growth in urban context in the developing world has yet to emerge. Such a body of literature will be imperative for the pursuit of equitable urban economic growth and the formulation of related policies and approaches.

In lieu of an investigation of equitable or inclusive urban economic growth strategies, the following discussion provides a selective review of territorially targeted approaches to economic growth. Three recent developing-world case studies are presented and assessed to establish whether their growth-

related outcomes can be considered as equitable as per our conceptualisation and to hypothesise on the features of the approaches responsible for their 'success' and, where applicable, their equitable character. In particular, we look at the strategic approaches of Alicedale town (in South Africa), Medellín municipality (in Colombia) and Rafaela city (in Argentina), from which we draw inferences relevant to the design of explicitly equity-oriented growth strategies.

These cases were selected based on two criteria: (i) the policy outcomes are equitable in one way or another and (ii) the examples reflect recent territorially specific approaches in the developing world.<sup>8</sup>

### **Alicedale town**

The local economic development approach employed in the small town of Alicedale in South Africa's Eastern Cape Province is based on a public-private partnership and provides vivid illustration of an initiative in an unfavourable context with the explicit mission of reversing economic fortunes. Even though Alicedale is a small town (population of nearly 4,000), the lessons drawn from the

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8 The cases were also selected because they represent a diversity of contexts. The case of Alicedale affords the opportunity to examine the strategic approach of an extremely small, underresourced town – an overall less favourable context. The case of Medellín permits an investigation into policies in an industrial centre with a large population, whereas Rafaela is a small urban centre.

experience and the spatially targeted approach, particularly those that pertain to the value of partnerships, are widely applicable and can inform policy and strategy design.

Alicedale is a railway junction town that had experienced significant economic decline in the second half of the twentieth century. Recognising the immediate need to address Alicedale's dire economic situation, the municipal and provincial governments in 2003 formed a partnership with The Mantis Group, referred to as the Qhorha Project, to develop a large tourist resort that would generate employment opportunities, stimulate entrepreneurship and economic activity and foster micro, small and medium-sized enterprises (Gibb and Nel, 2007, p. 76).

Employment generation for residents was prioritised.<sup>9</sup> It was anticipated, on the basis of the experiences of other towns, that the development would result in the creation of employment opportunities and propel economic renewal more broadly. Employment opportunities would arise from the construction of the development itself (jobs in the construction industry), from the operation of the development (jobs in the tourism and services sector) and from resort-driven economic growth and entrepreneurship and the creation or revival of spin-off or related businesses (Gibb and Nel, 2007). The positive effect on employment would theoretically be both immediate and sustainable into the longer term.

The Mantis Group and the public sector delivered financial support for the initiative jointly, and the local government assumed responsibility for providing public services (Gibb and Nel, 2007, p. 78). A skills audit was conducted to inform the planning for needed training programmes to ensure that residents could access the project's employment opportunities (Gibb and Nel, 2007).

The initiative had a meaningful economic impact and can be considered a qualified success. Gibb and Nel (2007, p. 82) found that Alicedale "benefited

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9 Gibb and Nel (2007, p. 78) noted that "one of the original objectives [of the initiative] was that the vast majority of people employed in the development must come from Alicedale or the immediate surroundings".

to some degree from increased access to business activity and localised poverty alleviation". The resort development "created more than 500 full- and part-time jobs for local people" and a number of small businesses emerged that provide employment and income-generating opportunities to individuals not directly employed by the development (Gibb and Nel, 2007, p. 78).

The employment outcomes were partially consistent with the expectations in that the sources of employment opportunities were as anticipated and that Alicedale residents occupied newly created jobs. This employment generation alongside more traditionally defined economic growth gives the outcomes of Alicedale's local economic development initiative a semblance of equity as per our conceptualisation, which stresses the creation of opportunity.<sup>10</sup>

### Medellín municipality and Rafaela city

On the other side of the Atlantic in South America, Medellín, Colombia and Rafaela, Argentina exemplify the potential of spatially targeted, bottom-up approaches to growth and development in a developing urban context.

The municipal government of Medellín – the second largest city in Colombia, with a metropolitan population of close to 4 million – developed a participatory approach to promoting local economic development. The emergence of this approach, its maturity and eventual successes are in part attributable to a Colombia-wide process of decentralisation. The flexibility and autonomy afforded by that nationwide decentralisation "allowed for the emergence of new innovative forms of local governance, which have been at the heart of development initiatives across many parts of the country" (Rodríguez-Pose and Tijmstra, 2009, p. 71).

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10 Concerns emerged regarding the employment creation and that it had been less than what was hoped for and expected and that greater involvement of residents and a concerted effort towards inclusiveness could have perhaps yielded more widespread benefit. That said, the project generated a significant number of new jobs and opportunities for local residents to benefit and made considerable strides towards economic revitalisation in a context where such an achievement is a daunting task.

Medellín's approach relied heavily on objective statistical indicators and data analysis and employed rigorous assessment and monitoring techniques that collectively contributed to the accurate identification of obstacles, challenges, needs, opportunities and, consequently, strategic plans designed for the specific challenges inhibiting development. This approach has come to be referred to as the 'Medellín model' (Rodríguez-Pose and Tijmstra, 2009).

Concerted efforts were made via various avenues to engage not only immediately relevant stakeholders but also society more broadly to supplement the analysis for determining the priorities and designing holistic (socially and economically oriented) and comprehensive strategic plans. Initiatives targeted 'bottlenecks', prominent issues and challenges (Rodríguez-Pose and Tijmstra, 2009). This innovative strategic planning process was responsive to changing circumstance, which is critically important for achieving meaningful long-term success in ever-changing developing contexts. This responsiveness of strategic planning to evolving conditions is exemplified by the prioritisation of inclusiveness alongside more traditionally defined economic growth and development in ensuing strategic plans and initiatives.<sup>11</sup>

Capacity-building measures also featured prominently in the approach and were used to ensure that those responsible for designing and monitoring the progress of the broader strategic plans had the needed technical skills (Rodríguez-Pose and Tijmstra, 2009).

The strategic planning process of Rafaela, a city of 100,000 residents in Argentina's Santa Fe Province, shared similarities to that of Medellín – it was a product of decentralisation and prioritised monitoring, assessment, data collection and processing and emphasised stakeholder participation. The process in Rafaela was overseen by the Secretary of Economic Development

Programmes, whose mandate includes fostering local firms (notably small and medium-sized enterprises) and promoting cooperation between the public and private sectors; engaging relevant stakeholders and soliciting input to inform strategic planning; and implementing individual initiatives (Rodríguez-Pose and Tijmstra, 2009).

Another critical institution was the Institute for Training and Studies for Local Development, which provided insight based on analytical activities (statistical collection and assessment) and statistical analysis. It also assumed some responsibility for capacity building and skills development. The strategic process largely encompassed the development of policies in response to specific needs or challenges, with input from the business sector via direct engagement or representative organisations (Rodríguez-Pose and Tijmstra, 2009).

Medellín's approach paid dividends. Rodríguez-Pose and Tijmstra (2009, p. 82) found considerable economic growth (based on GDP per capita) and that Medellín had become the "star economic performer among the three largest urban areas in Colombia". A significant reduction in crime was detected during the first few years of the twentieth century – with the murder rate declining fivefold between 2002 and 2007 – as well as a substantial decrease in the unemployment rate. Between 2000 and 2005, unemployment dropped, from 19 per cent to 14 per cent.

Rafaela similarly experienced improvements. Most notably, the level of unemployment plummeted, from 19 per cent in 2002 to 5.4 per cent in 2008 (Rodríguez-Pose and Tijmstra, 2009, p. 95).

In both Medellín and Rafaela, the favourable employment outcomes were attributable, at least in part, to the concerted effort to engage the private sector (industry) in all aspects of the strategic planning process. Soliciting input from and permitting industry stakeholders to assume an active role in that process ensured that their interests were accurately represented and that initiatives were developed to support them. Support provided to industry can be understood to support employment outcomes when the particularly pronounced role industry assumes in

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11 Initiatives promoting economic inclusiveness include Cultura E, which "aimed at promoting the emergence of new companies, especially in disadvantaged parts of the city", and Bank of Opportunities, which provided new firms with the financial resources necessary to grow and succeed (Rodríguez-Pose and Tijmstra, 2009, p. 84).

job creation and employment is considered.

How do the cases of Alicedale, Medellín or Rafaela inform the idea of equitable economic growth in an emerging or developing country urban context? Which features or characteristics of their policy approaches facilitated equitable economic outcomes? We found five common elements:

1. A strategic plan and articulated aims and priorities.
2. A leadership presence.
3. A concerted effort to engage relevant local stakeholders.
4. The establishment of development links.
5. Awareness of constraints.

The following explanation of each element also highlights best practices from each city or town case study.

In terms of a comprehensive **strategic plan** and articulated **aims and priorities** to guide the strategy, a clear vision provides direction and helps to unify and align the interests and aims of many actors (Canzanelli, 2001). In the case of Alicedale, for example, the primary private sector stakeholder worked with the public sector (local and municipal governments) to develop a plan and identify four priorities of the project (Gibb and Nel, 2007).<sup>12</sup> Similarly in Medellín, the consultative process led to the comprehensive Strategic Plan for the Metropolitan Area of Medellín that “covered a broad-range of social and economic topics” and identified ten ‘fields’ that constituted key areas of intervention (Rodríguez-Pose and Tijnstra, 2009, p. 73).

A **leadership presence** is critically important for coordinating the strategic process. The role of a prominent, committed leader is perhaps best exemplified by the case of Rafaela, where a single authority was responsible for oversight of the strategic planning process (Rodríguez-Pose and Tijnstra, 2009, p. 86). The Secretary of Economic Development Programmes was tasked with “the

overall coordination of the planning process and implementing different development projects [as well as organising] the stakeholder consultation process and dialogue with the private sector” (Rodríguez-Pose and Tijnstra, 2009, p. 87).

The value of **stakeholder engagement** is apparent in the case studies. It is critically important not only because it results in more robustly informed policy that is indicative of contextual conditions and resources as well as the needs of the local population but also because it contributes to local empowerment and ownership of the process (Rodríguez-Pose and Palavicini-Corona, 2013). Medellín’s approach to stakeholder involvement, for example, ensured sufficient participation through the use of a City Congress, where input was solicited from various people in response to the proposed strategic plan and other materials. Additionally, a Citizen’s Pact permitted the collection and application of input from society more broadly. Medellín began using participatory budgeting, through which the general public has a direct say in the expenditure of a proportion of total available financial resources and that thus respond to their unique needs and challenges. On the whole, stakeholders in Medellín were offered several channels through which they could contribute to the development of policies and ultimately their own development (Rodríguez-Pose and Tijnstra, 2009).

The case of Alicedale also illustrates what Rodríguez-Pose and Palavicini-Corona (2013) referred to as “**development links**”. In Alicedale, the formation of a public-private partnership underpinned the entire approach, permitted the aggregation of resources (financial and technical) and likely contributed to the enhanced coordination and cooperation among all parties. The three case studies reflect considerable **awareness of resource constraints** and thus availability.<sup>13</sup> Constraints of various kinds were quite prevalent in Alicedale, for example, as is the situation in many other regions in South Africa (Nel and Rogerson, 2007). The public-private partnership approach

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12 The four priorities were “the maximization of job creation; the stimulation of entrepreneurship and economic activity; the development of small, medium and micro enterprises; and the need to ensure a significant black [sic] economic empowerment component for investment opportunities” (Gibb and Nel, 2007, p. 76).

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13 The centrality of acknowledging and overcoming context-specific constraints is addressed in greater detail in the section 4.3 on barriers to the implementation of equitable economic growth policies.

adopted in Alicedale helped circumvent both technical capacity and financial constraints – private sector expertise and experience as well as financial resources were instrumental to the outcomes of the approach (Gibb and Nel, 2007). A cooperative approach of this sort is essential to overcome technical and other resource constraints (Nel and Rogerson, 2007).

In Alicedale, an initiative to address various constraints was not necessary (because the public-private partnership brought in expertise). This is not always the case. In Medellín, for example, concerted efforts ensured that a sufficient level of technical capacity was available for the design, implementation and monitoring of the strategic plans. Capacity-building initiatives, including training programmes, helped ensure that policy formulation and implementation were not hampered by a lack of skills, expertise or knowledge (Rodríguez-Pose and Tijnstra, 2009). The value of sufficient technical capacity, in the form of well-trained staff, was evident in the Rafaela case study as central to the success of their strategic approach (Rodríguez-Pose and Tijnstra, 2009).

The centrality of these five elements to the efficacy of territorially specific development policies is quantitatively validated by a comprehensive and detailed empirical assessment of local economic development approaches in Mexico (Rodríguez-Pose and Palavicini-Corona, 2013). Rodríguez-Pose and Palavicini-Corona's (2013, p. 314) investigation provided evidence that (i) formulating a strategic plan, (ii) implementing capacity-building initiatives and (iii) developing networks of actors (who make unique, substantive contributions to a strategy) impel development and enhance the effectiveness of strategies, approaches and initiatives.

Interestingly, Rodríguez-Pose and Palavicini-Corona (p. 314) also found compelling evidence to suggest that "implementing – or even simply thinking about – development strategies at the local level in an emerging country may deliver greater human development". In other words, when a local government commits to adopting locally oriented development approaches, there is a tangible increase in development and welfare.

This conclusion hints at something fundamental to the success of not only territorially focused and strategic approaches but development approaches in the most general sense: political commitment to change and to the implementation of a strategic approach.

Commitment may assume any number of forms.<sup>14</sup> Political commitment – a willingness on behalf of all relevant tiers of government to implement innovative, perhaps unfamiliar approaches to fostering development – is absolutely critical for successful local development initiatives. The necessity and value of political commitment can be inferred from both Medellín's and Rafaela's experiences. In both cases, the process of decentralisation suggests a commitment at the national level to the implementation of local development approaches in pursuit of meaningful socioeconomic change or, at the very least, a trust in both the capabilities of subnational governments and the potential of local development strategies. The absence of national-level commitment would have precluded the autonomy and flexibility necessary to pursue development strategies at the regional and local levels. Decentralisation was met with political commitment at the subnational level that manifested itself in, among other things, the mobilisation of necessary institutions, the upgrading of indigenous technical capabilities via capacity-building programmes and the cultivation of relevant information and insights, all of which contributed to the creation of robustly informed, focused, realistic and ultimately successful strategic plans.

In Rafaela, as Rodríguez-Pose and Tijnstra (2009, p. 86) concluded, "the drive of the local government and the local civil society has made it widely regarded as the most dynamic local economy in Santa Fe and as a leader in political dynamism and strategic planning."

However, a mere enthusiasm or interest in localised approaches is, unfortunately, not sufficient to achieve success. In Ghana, for example, a local development approach was officially adopted

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14 Financial commitment and financial constraints are addressed in section 4.3.

but received “rhetorical support” (Akudugu and Laube, 2013, p. 16); the policymakers and those in positions of authority remained preoccupied with other approaches (notably infrastructure related), which undermined the potential for success of the local development approaches.

Local strategies require a genuine political commitment like that exemplified in Rafaela to ensure that the authorities tasked with designing and implementing a strategic plan are afforded both a sufficient timescale within which results may reasonably be expected and the necessary financial and technical resources. The availability of resources typically are not unrelated to the degree of political commitment. Securing and developing political commitment to local development approaches precedes and perhaps enables all else, including the development of a realistic vision and feasible strategic plan. It is the foundation for a concerted effort to promote development via a localised approach. Its importance cannot be oversold.

It is not the intention of this section to prescribe an equitable economic growth approach, especially when it is understood that any approach must reflect the consideration of contextual conditions (discussed in the next section). Nonetheless, the features highlighted here should be considered when forming equitable economic growth strategies because several successful policy approaches share these elements.

#### **4.2 Spatially targeted approaches for the pursuit of equitable urban economic growth**

Recent approaches to economic growth and development can be classified as either ‘place-based’ (spatially targeted) or ‘spatially blind’ (Barca, McCann and Rodríguez-Pose, 2012).<sup>15</sup> Both place-based and spatially blind approaches represent

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15 Place-based policies are most commonly associated with the Barca (2009) report entitled *An Agenda for a Reformed Cohesion Policy*, and the OECD report *How regions grow*, whereas spatially blind policies are often associated with The World Bank’s *World Development Report – Reshaping Economic Geography* (2009a).

a departure from the generally top-down, supply side-oriented policy approaches favoured in the past (Barca, McCann and Rodríguez-Pose, 2012). That is, however, where the similarities between the two paradigms stop.

Spatially blind approaches are based on the notion that the processes that shape growth and development are more or less uniform across space and that identifying the most viable opportunities for growth and development is a challenging if not impossible exercise. This suggests that resources (financial and otherwise) are better spent ensuring that individuals, regardless of where they live, have the capacity to both seek out and ultimately capitalise upon economic opportunities, wherever they may be. This explicit focus of spatially blind policies on people and their capabilities (rather than territories per se) has led some analysts to refer to these policies as ‘people-based’ policies.

Place-based approaches, on the other hand, focus specifically on territories (and then by extension, the individuals that occupy them) and are founded on the belief that there is a need to tailor policies and strategies to address unique contextual conditions and reflect the opportunities, challenges and resources that characterise a given territory’s ability to induce growth and development that benefits its residents (Barca, McCann and Rodríguez-Pose, 2012).<sup>16</sup>

Either of these policy approaches could conceivably be employed in the pursuit of equitable economic growth – strong cases can be made for the utility of both, as evidenced by the endorsement of both practices by various international organisations.<sup>14</sup> That said, spatially targeted approaches may be the most suitable avenue for the achievement of equitable economic growth, specifically in the urban contexts of the developing world.

The benefits to be realised from territorially targeted development initiatives and the promotion of economic growth in a particular city are by no means confined to that specific city or territory. Fostering

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16 For a concise, comprehensive description and comparison of place-based and spatially blind approaches, see Barca, McCann and Rodríguez-Pose, 2012.



economic growth in cities, for example, can and likely will have profound positive implications for economic success and growth in rural areas and on rural livelihoods, so long as the strategic approaches employed to do so are reflective of an awareness of the importance of developing and maintaining strong urban-rural links of various kinds. Simply put, while the cities as the drivers of growth thesis is subject to some criticism (see section 1), there is little question that the economic performance of cities, or any territory for that matter, is not isolated from overall national economic performance and growth but is inevitably and robustly linked to it.

This advocacy for territorially specific policies in the pursuit of equitable economic growth in developing urban contexts is fundamentally based on the heterogeneity of urban environments and the relevance of unique contextual conditions to the outcomes of development strategies and policies (Pike, Rodríguez-Pose and Tomaney, 2006; Ascani, Crescenzi and Iammarino, 2012). Urban contexts vary tremendously across a host of dimensions (economic, social, political and institutional, for example), and no two environments are identical.

Moreover, the similarities between urban and non-urban environments are limited. If we accept that contextual conditions shape processes of growth and development – an assertion that is seemingly validated by the incapacity of traditional, spatial policies to deliver widespread success across diverse socioeconomic contexts (Pike, Rodríguez-Pose and Tomaney, 2006; Ascani, Crescenzi and Iammarino, 2012) – we must also accept that policies seeking to impel growth and development, equitable or otherwise, must account for and indeed be tailored to the contextual conditions. In that respect, it would seem as though spatially targeted approaches are the only viable option for the pursuit of equitable urban economic growth.

Within the broader classification of spatially targeted approaches, local economic development (LED) practices enjoy frequent and increasingly widespread support. There is, however, no universally agreed upon definition of LED (Rogerson

and Rogerson, 2010; Akudugu and Laube, 2013).<sup>17</sup> The various conceptualisations of LED tend to share some similarities, the most notable of which are an implicit or explicit emphasis on the engagement and participation of stakeholders from all sectors; local leadership and ownership; the mobilisation and (where relevant) sustainable exploitation of local resources and a marked territorial orientation (Rogerson and Rogerson, 2010).

These defining features lend LED a distinctly different character to both the top-down approaches relied upon in the past and to more modern spatially blind policies and make them more amenable to delivering equitable economic growth than alternative approaches.

There is ample evidence that confirms that LED approaches have the capacity to propel both economic growth and more holistic socioeconomic development across developing countries (see, for example, Potter et al., 1999; European Commission, 2008; Rodríguez-Pose and Palavicini-Corona, 2013), from which it can be inferred that LED may present a particularly viable option for the pursuit of equitable economic growth in developing urban contexts.

From a theoretical perspective, the most prominent reason for the endorsement of LED strategies specifically in the context of equitable urban economic growth in developing environments is that they mobilise and capitalise upon local potential (Vázquez-Barquero, 1999). The centrality of local potential implies that, as Vázquez-Barquero (1999, p. 85) noted, “economic development does not necessarily have to be polarised and focused in large cities” or, more broadly, focused only in a handful of select territories. By mobilising local

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17 The ILO defines LED as a “participatory development process that encourages partnership arrangements between the main private and public stakeholders of a defined territory, enabling the joint design and implementation of a common development strategy, by making use of the local resources and competitive advantage in a global context, with the final objective of creating decent jobs and stimulating economic activity” (ILO, 2006, p. 2). We find that this definition provides a clear and concise conceptualisation of LED and have included it as a point of reference.

potential and developing approaches that are reflective of both this local potential and other local contextual conditions, LED approaches are conceivably viable across territories of various levels of ex-ante favourability – developed and less developed, urban and non-urban.

Vázquez-Barquero (1999, p. 84) suggested that outcomes of LED approaches may also be more economically sustainable or enduring as a result of their embedding of economic activity rather than simply attracting it in a given territory and by addressing fundamental contextual conditions and “improving the productive context”.

LED approaches are by no means assured success, as examples in South Africa indicate (Nel, Binns and Bek, 2009; Rogerson and Rogerson, 2010; Rogerson, 2011). Rodríguez-Pose and Tijmstra (2009, p. 112) capture this view, stating that although LED approaches “may not be the panacea for development, an increasing number of cases are showing that they may lead to a greater adaptability and sustainability in changing economic conditions”.

### **4.3. Barriers to the implementation of equitable economic growth policies: Addressing fundamental constraints**

One of the most prominent conclusions that emerged from this short review of urban economic growth and development policy in developing country contexts relates to the centrality of addressing and overcoming technical capacity, financial and any other constraints that would otherwise inhibit effective policymaking (Rodríguez-Pose and Tijmstra, 2007). The experiences of a host of urban environments in developing countries affirm that technical capacity constraints (a lack of expertise, practical experience and knowledge) and financial constraints (a lack of financial resources attributable to insufficient political commitment or the failure to establish partnerships in an effort to mobilise financial resources) can undermine the implementation and, in some (more extreme) cases, even the initial formation of urban economic growth approaches.

The African experience exemplifies this argument. In South Africa, for example, the “mixed or uneven” (Rogerson, 2014, p. 215) outcomes of urban growth strategies employed across the country are commonly attributed to debilitating constraints in certain contexts and sufficient availability of necessary resources in others (Nel and Rogerson, 2007; Nel, Binns and Bek, 2009). In other words, sufficiently capacitated urban areas, such as Cape Town, Johannesburg or Durban, were able to develop and then implement pro-growth, competitiveness-oriented LED approaches that resulted in the achievement of “a level of systemic competitiveness that is relatively high, even compared with other middle income countries” (Meyer-Stammer, 2008, p. 15) where, as Nel and Rogerson (2007, p. 6) observed, “success appears ‘sporadic’” outside of these sufficiently capacitated environments.

The detrimental effect of various constraints on the outcomes of urban policies is equally visible outside of South Africa. In parts of Ghana, for example, as Akudugu and Laube (2013) concluded, the absence of personnel with sufficient policy knowledge and experience and a lack of funding and inadequate control over the expenditure of the minimal financial resources available, coupled with challenges associated with aligning the interests of various parties and establishing a single vision, hampered policy implementation.

In terms of technical capacity constraints, Akudugu and Laube (2013, p. 11) found that such constraints were not necessarily a product of a lack of skills or ability but were attributable to the absence of the right set of skills – a critically important distinction. Akudugu and Laube (2013, p. 11) noted that the local development approaches pursued in the territories examined required a different, more specialised set of skills than that which personnel needed for past development initiatives. This observation underscores the necessity of capacity-building exercises to ensure not only that personnel receive training in the broad sense but that they are correctly trained and adequately prepared to undertake their assigned tasks.

The mismatch of capabilities in Ghana was compounded by the frequent transfer of personnel – a technical capacity constraint in itself – that resulted in individuals, suitably skilled or otherwise, unable to finish what they started (Akudugu and Laube, 2013, p. 11), which the authors contend compromised efficiency and had a negative effect on the implementation of initiatives.

The consequences of financial constraints are also evident in Zambia, where a lack of financial resources in Lusaka and Ndola (as well as technical capacity constraints) inhibited the implementation of local development strategies and action (Hampway, 2008; Hampway and Rogerson, 2010). Interestingly, authorities in Lusaka had some success planning and proposing local development initiatives and projects, but they were not carried out due to a lack of financial resources (Hampway, 2008, p. 202).

The importance of adequate levels of capability in an urban context is reinforced by Turok's (2014) examination of metropolitan municipalities that were created in the wake of the South African crisis to promote "socioeconomic transformation", with the intention of assessing the extent to which they have progressed towards this objective. He concluded that progress is best described as modest, as "the inherited economic structure has persisted, thereby reproducing inequality and unemployment" (p. 765). Spatial integration, which is understood to be critically important for the emergence of "efficient, equitable, and sustainable urban environments" (Turok, 2014, p. 753), has been minimal and, while access to housing and basic public services has perhaps become more widespread (in absolute terms), spatial patterns of the past that perpetuate social exclusion and inhibit access to opportunity for the disadvantaged have been reinforced (Turok, 2014, pp. 761, 766).

Public confidence and trust in local government has remained relatively low, hampering its capacity to operationalise "effective and legitimate policies" and affect change (Turok, 2014, p. 753). In short, Turok concluded, the transformative change expected from the creation of the metropolitan municipalities has been minimal and that "continuity and incremental change have been more

evident" (Turok, 2014, p. 749).<sup>18</sup>

With these disappointing outcomes in mind, Turok (2014, p. 766) proposed that addressing "weaknesses throughout government" and developing more robust capabilities is of utmost importance. He further noted that South African metropolitan municipalities are not at present sufficiently capable of devising policies and strategies that adequately reflect local needs and challenges because of the absence of the technical capacity necessary to do so. And Turok advised that a concerted effort must be made to develop the strategic, process and practical skills<sup>19</sup> necessary for producing "meaningful change on the ground" and avert the debilitating social instability that can, and perhaps will, arise alongside a failure to address exclusion and inequality.

Technical capacity, financial or other constraints can be overcome and there are several options for doing so: (i) the formation of public-private partnerships that permit both the distribution of the financial burden of development projects or initiatives across more, perhaps better-resourced, actors as well as the sourcing of technical expertise from the private sector, where skills tend to be more abundant (see for example, Gibb and Nel, 2007); (ii) the establishment of local economic development agencies composed of sufficiently trained personnel with the abilities and expertise necessary to design and execute development strategies (Rogerson, 2011; Lawrence, 2013); or (iii) capacity-building initiatives that provide those tasked with overseeing development strategies with the necessary skills (Rodríguez-Pose and Tijnstra, 2007).

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18 'Continuity' equates to the perpetuation of past processes and outcomes.

19 'Strategic' and 'process' skills pertain more to planning and strategy and policy formation, whereas 'practical' skills pertain to implementation and execution. More specifically, strategic skills relate to "planning ahead, thinking creatively about local needs, being resourceful, and taking calculated risks"; process skills relate to "understanding the role of different stakeholders, engaging communities and investors, managing contested situations, and negotiating deals between different interests"; and practical skills relate to "project planning and management, organisational alignment, financial engineering, and managing people" (Turok, 2014, p. 766).

Shifting the focus explicitly back to the pursuit of equitable economic growth in developing contexts, it can be inferred from the preceding discussion that the development and subsequent implementation of equitable economic growth policies and strategies must be acutely attuned to constraints imposed by the context within which the approaches are pursued.

Equitable economic growth approaches, while inevitably unique in many respects, are subject to the same pitfalls as other urban policies. The identification of and consideration for contextually imposed constraints must be an element of the policy planning and design process, and initiatives should be implemented, where necessary, either prior to or concurrently with (as part of) the equitable growth approaches to ensure that what may otherwise be a sound strategy is not derailed by what would seem as easily foreseen challenges.

#### **4.4 A role for international organisations**

As indicated, although attempts to promote economic growth in cities are manifold, efforts to ensure that urban growth strategies lead to truly equitable outcomes in terms of opportunities and access to services are still limited. Successful cases of equitable economic growth in cities are even rarer. Short-term economic, social and political needs often dominate both the design and implementation of urban development strategies, perhaps producing short-term gains but often jeopardising both the sustainability of any new growth that is generated and the inclusive dimension of the strategy.

There is, therefore, still an important void to be filled, and international organisations can undoubtedly have a substantial role in the pursuit of equitable economic growth in developing urban contexts. This role has to start with the diffusion of the idea that equitable economic growth is the best option for making cities more sustainable and prosperous

and that ensuring that economic opportunities reach all groups of society, including those less privileged and/or more vulnerable, leads to medium- and long-term socioeconomic gains for all.

International organisations need to encourage and support genuine equitable economic growth strategies. This will include the need for international organisations to serve as repositories of knowledge and disseminators of best practices, information and expertise. Considerable insight can be garnered from studying and understanding the experiences of others in the formation of equitable economic growth strategies even if the contexts under consideration seem radically different. International organisations also can have a significant role in the mitigation of technical capacity, financial and other constraints.

To help mitigate technical capacity constraints, international organisations can provide the knowledge, expertise and practical experience necessary for lending support to local stakeholders in the formation and implementation of effective strategies. International organisations can also help circumvent capital constraints through the provision of financial aid or support. The exact involvement and intervention of an international organisation in a given context will depend entirely on the mandate of the organisation, the availability of resources (financial or otherwise) and the condition and needs of that territory.

As discussed in the next section, although international organisations have engaged actively in the definition of an inclusive and/or equitable growth, their involvement in the actual work is far from optimal, as evidenced by the limited number of cases of equitable economic growth in urban environments found in the literature reviewed for this paper. The following section focuses in greater detail on the activity of various regional and international organisations and their engagement with equitable economic growth.

# 5. International organisations and the pursuit of equitable economic growth

The interest in equitable or inclusive economic growth has been widespread. That said, a handful of regional institutions and international organisations are seemingly at the forefront, dedicating considerable time and resources towards efforts related to the promotion and achievement of what is generally termed as ‘inclusive growth’.<sup>20</sup> The following section briefly reviews these organisations’ engagement with inclusive or equitable economic growth and highlights the immediate need for an initiative like the one to promote equity in urban contexts in developing countries currently under consideration by Cities Alliance.

Much of the effort on equitable or inclusive economic growth has come from regional institutions. The African Development Bank Group, the Asian Development Bank and the European Commission have made significant commitment to the study and promotion of equitable economic growth. In addition to devoting resources to the development of a theoretical understanding of and the formation of a conceptualisation for inclusive economic growth, each of these organisations has integrated the concept into their strategic plans.

Recognising the spatial and sector concentration of growth in Africa and its underwhelming effect on poverty and inequality, the African Development Bank Group made inclusive growth one of two central objectives (with the other being ‘green growth’) of its Ten-Year Strategy

(2013–2022), to be pursued via interventions that fall into five core operational priorities.<sup>21</sup> The Africa Development Bank Group’s approach to equitable economic growth entails emphasising “wider access to economic opportunities for Africans across age, gender and geographic divides” (ADBG, 2013, p. 11) alongside the promotion of economic growth and dynamism more broadly.

Similarly, the Asian Development Bank prioritised the pursuit of equitable economic growth in its Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020 (ADB, 2008). Infrastructural development and investments in education and “essential public services, such as water and sanitation” constitute the Asian Development Bank’s avenues for supporting inclusive economic growth. This reflects the Bank’s two-pronged conceptualisation of inclusive economic growth, which simultaneously emphasises the creation of opportunity and the facilitation of widespread access to that opportunity (ADB, 2008, p. 12).

The notion of inclusive economic growth has also been placed at the heart of the European Commission’s Europe 2020 strategy. Two of the strategy’s seven “flagship initiatives” are understood to pertain directly to the pursuit of inclusive growth. The first is the agenda for new skills and jobs, which seeks to “modernise labour

20 See the Annex for the definitions formulated by various organisations.

21 The core operational priorities are: (i) infrastructure development; (ii) regional integration; (iii) private sector development; (iv) governance and accountability; and (v) skills and technology (African Development Bank Group, 2013, p. 13).

markets and empower people by developing their skills” (EC, 2010, p. 6), ultimately enabling a greater proportion of the population to obtain employment and (returning to our conceptualisation of equitable economic growth) benefit directly from economic activity and growth. The second initiative is the European platform against poverty that directly targets poverty and social exclusion.

The pursuit of inclusive growth is not limited to regional organisations. International organisations have also embraced the notion and have tended to make it a future priority. The Organisation for Economic Co-operation and Development (OECD), the United Nations Development Programme (UNDP) and the World Bank are among the leaders in this respect.

The OECD recently developed a large-scale initiative addressing inclusive economic growth, aptly named the OECD Inclusive Growth Project. Its explicit aim is to “deliver a renewed strategic policy agenda by identifying how to define and measure the concept [of inclusive growth] and shedding light on the policy options and trade-offs to promote growth and inclusivity”.<sup>22</sup> The initiative consists of two phases, the first of which is concerned with the establishment of a conceptualisation of inclusive economic growth and the second centres on issues of operationalisation. The culmination of the effort thus far is a report entitled *All On Board – Making Inclusive Growth Happen* (OECD, 2014) that includes a multidimensional conceptualisation of inclusive economic growth that stresses both economic and social inclusiveness. It also entails an inclusive growth framework that constitutes operationalisation of the definition and an exploration of various aspects relating to the practical pursuit of inclusive economic growth and policy development.

The UNDP engagement with inclusive economic growth also has been substantial. In conjunction with the Government of Brazil, the UNDP established the International Policy Centre for

Inclusive Growth (IPC-IG). The IPC-IG focus is the “production and dissemination of studies and policy recommendations, the exchange of best practices in development initiatives and the expansion of South–South cooperation”.<sup>23</sup> Although the focus of IPC-IG is relatively broad, inclusive growth is present across all areas of the organisation’s work, and efforts have been dedicated to conceptualising inclusive economic growth and “developing insights into various issues related to inclusive growth strategies” more broadly.

The World Bank has been acutely attuned to the necessity of promoting inclusive economic growth. The World Bank’s work thus far has consisted of efforts to conceptualise the notion (World Bank, 2009b) and the development of an online Inclusive Growth Analytics Guide, designed to aid in the development of more specific initiatives and policies that address the specific challenges and obstacles of unique environments.<sup>24</sup>

Even though the OECD, UNDP and the World Bank appear to be leading the way, the interest in inclusive growth has not been confined to these organisations. A number of other United Nations organisations have, to various extent, prioritised inclusive growth.

The International Labour Organization has had some substantive engagement with inclusive economic growth, the most direct of which was via an initiative called Promoting Inclusive Job-Rich Growth, between 2009 and 2012, that sought to develop the “ILO’s analytical capacity to evaluate the primacy of productive employment as the central vehicle for pro-poor growth” and develop a methodological approach to employment diagnostic analysis that could be used to inform the formulation of inclusive-oriented development strategies.<sup>25</sup> This initiative was conceptual in nature, focusing on

22 See the OECD Inclusive Growth Initiative website: [www.oecd.org/inclusive-growth](http://www.oecd.org/inclusive-growth).

23 See the IPC-IG website: [www.ipc-undp.org/](http://www.ipc-undp.org/).

24 See the Inclusive Growth Analytics Guide: <http://go.worldbank.org/F01GILQ2W0>.

25 See the Promoting Inclusive Job-Rich Growth website: [http://ilo.org/employment/Whatwedo/Projects/WCMS\\_144422/lang—en/index.htm](http://ilo.org/employment/Whatwedo/Projects/WCMS_144422/lang—en/index.htm).

methodology and analytical capacity. Similarly, the Food and Agriculture Organization of the United Nations developed and implemented the Sustainable Development, Food Security and Inclusive Growth: Understanding Paradigms and Exploring Policy Impacts for Policy-Making programme to provide policy insights relevant to the promotion of inclusive growth.<sup>26</sup> While inclusive growth is not the sole focus of this initiative, it is certainly at the forefront.

Beyond the attention that inclusive growth has received via more explicit initiatives, such as those just described, it is present in one form or another in the work of several other organisations. The International Monetary Fund, for example, refers to inclusive growth with some frequency and has undertaken research related to the conceptualisation and measurement of inclusive growth (Balakrishnan, Steinberg and Syed, 2013; Anand, Mishra and Peiris, 2013), though they have not yet developed an initiative dedicated to its study that is comparable to that of the OECD or others highlighted here. Several other organisations, such as the United Nations Office for Project Services make reference to inclusive growth as a priority or goal but do not necessarily engage with it further on a conceptual or more practical level via a formal project or initiative.

The pursuit of inclusive growth is under consideration by the United Nations General Assembly for inclusion in the next set of development goals.<sup>27</sup> This possible delineation of inclusive growth as an overarching goal of the United Nations (one akin to the Millennium Development Goals) is reflective of the increasingly widespread references to, and consideration of, inclusive growth and economic equity by a host of prominent organisations and seems an appropriate step that is in tune with the concerns and objectives of the organisations highlighted here.

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26 See the UPPI programme website: [www.fao.org/tc/policy-support/list-of-projects/uppi-programme/en/](http://www.fao.org/tc/policy-support/list-of-projects/uppi-programme/en/).

27 See the ILO press release on the proposal to the United Nations for consideration of inclusive growth as a development goal: [www.ilo.org/newyork/news/WCMS\\_250039/lang-en/index.htm](http://www.ilo.org/newyork/news/WCMS_250039/lang-en/index.htm).

Perhaps not surprisingly, a concerted collective effort has been made towards the advancement of inclusive economic growth. Although no single definition has emerged (see, for example, Ranieri and Ramos, 2013), the notion is reasonably well understood, as evidenced by the inclusion in various strategic plans. Nonetheless, the promotion of inclusive or equitable economic growth in urban contexts, while perhaps explored tangentially via other initiatives, has yet to be subject to extensive consideration.

UN-Habitat demonstrates the most robust engagement with inclusive economic growth in urban contexts by an international organisation. UN-Habitat (2001) developed the Inclusive Cities Initiative as part of the its Global Campaign on Urban Governance.<sup>28</sup> The initiative focused on how good urban governance can promote and foster inclusivity in the broad sense of the term (economic and social). The initiative examined the urban governance experiences of several cities to develop insights into the promotion of good governance and its relationship to inclusiveness and contributed to the development of the Urban Governance Index (one of the priorities of the Global Campaign on Urban Governance). The Index aims to demonstrate the importance of good urban governance in achieving broad development and catalyse local action to improve the quality of urban governance (UN-Habitat, 2004, p. 3). Although this initiative centred on urban contexts, the focus was not on economic growth per se but on social inclusiveness more generally, once again leaving the notion of urban inclusive or equitable economic growth underexplored.

UN-Habitat's engagement with urban inclusiveness has not been limited to the Inclusive Cities Initiative. More recently, UN-Habitat organised the World Urban Forum: Urban Equity in Development – Cities for Life, which sought to “contribute to guiding and enriching the policy work on equity and sustainable urbanisation

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28 See the Campaign for Global Governance website: [www.unhabitat.org/campaigns/governance/docs\\_pubs.asp](http://www.unhabitat.org/campaigns/governance/docs_pubs.asp).

through an open dialogue”.<sup>29</sup> Such a conference was undoubtedly an excellent forum for dialogue, collective learning, a multifaceted exploration of equity in urban contexts and for shedding light on a critically important topic.

The absence of an explicitly urban-oriented equitable or inclusive economic growth leaves a significant gap that must be addressed. Urban

areas, especially those in underdeveloped and developing contexts, are prone to higher levels of inequality, which necessitates efforts to promote more equal economic growth and to ensure that more members of society can benefit from the economic growth occurring in cities. Certainly, the Cities Alliance initiative to promote equity in urban contexts in developing countries that is under consideration is appropriately timed.



A view of São Paulo, Brazil

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29 See the World Urban Forum: Urban Equity in Development – Cities for Life website: <http://wuf7.unhabitat.org/post-2015-and-habitat-iii>.



## 6. Concluding remarks

Although there is some disagreement as to the extent to which cities and the types of cities have the capacity to drive economic growth, few would dispute that cities of all sizes assume a critically important role in the functioning of the global economy. This role coupled with the propensity of economic growth to disproportionately benefit certain segments of a population and the socioeconomic consequences associated with such an outcome has given rise to a need for efforts that encourage economic growth of a more equitable character.

Recognising the immediacy of this need, Cities Alliance is interested in developing an initiative to promote equitable economic growth specifically in urban contexts in the developing world.

This concept paper represents a first step in this direction. The paper's overarching objective is to provide a multifaceted exploration of equitable economic growth as the basis for any subsequent devotion of time and resources to promoting equitable economic growth in developing urban contexts.

The consideration of previous definitions of both 'pro-poor' and 'inclusive growth' and the examination of various elements to be considered under the term 'equitable' yielded a conceptualisation of equitable economic growth that emphasises employment creation. More precisely, equitable economic growth is conceptualised as long-term, sustainable economic growth that creates economic expansion in the form of decent, productive employment opportunities in both the formal and informal sectors that are accessible to all members of a society.



Batik livelihoods project, Malawi

This prioritisation of employment is premised on the notion that creating and facilitating widespread access to employment permits individuals to participate in and therefore benefit from economic activity and the subsequent economic growth. Our definition also stipulates that equitable economic growth must benefit the poorest and most marginalised members of society to a disproportionately greater extent, although not at the expense of the rest of society. This conceptualisation became the point of reference for the paper's remaining discussion and will likely do so in further efforts to promote equitable economic growth.

The first section concludes with three additional points of relevance to our conceptualisation of equitable economic growth. The first is that efforts to promote equitable economic growth must adopt a long-term perspective, because achieving equitable economic growth entails promoting societal transformations and more fundamental structural changes that can only occur in the long term. The second point is that efforts to promote equitable economic growth must reflect a consideration for economic, social and environmental sustainability. The third point relates to the compatibility of and possible tensions between the notions of economic growth and equity. More specifically, we assert that equity and growth, within the context of our definition, are not only compatible but are actually complementary.

The second section focuses on the operationalisation of equitable economic growth, recognising that the establishment of a functional definition permits insights concerning the development of suitable approaches. Much of the literature specifically related to equitable economic growth that was reviewed for this paper is theoretical and largely dedicated to understanding and conceptualising the notion. An expanded scope of literature enabled three inferences to be drawn on the relevance of equitable economic growth approaches, which can contribute to the eventual development and implementation of such approaches.

First, it was concluded via an examination of the territorially targeted approaches to economic growth employed in Alicedale (South Africa), Medellín (Colombia) and Rafaela (Argentina) that there are five features present in more successful spatially targeted policies to which their qualified successes and, where applicable, their equitable outcomes can be attributed. Such policy elements should be considered in the formation of approaches to and strategies for promoting equitable economic growth: (i) a strategic plan and articulated aims and priorities; (ii) a prominent leadership presence to oversee and coordinate the strategic process; (iii) a comprehensive process of stakeholder engagement; (iv) the

establishment of development links to enhance coordination and cooperation among all involved parties; and (v) an awareness of all types of resource constraints.

It also became clear that as fundamental as these five features would seem to be, their centrality to the success of territorial development approaches is trumped by the importance of fostering and sustaining a genuine, robust political commitment to local development initiatives. Such a commitment lays a sound foundation for a concerted effort to promote development via a localised approach.

Second, a compelling case can be made for the employment of spatially targeted (territorially specific) policies as part of the efforts to foster equitable economic growth. Cities are inevitably heterogeneous entities. Strategic approaches to the promotion of equitable economic growth in urban contexts, developing or otherwise, must reflect this heterogeneity and be tailored to unique opportunities, challenges and contextual conditions more broadly. Within the broader classification of spatially targeted approaches, we advocate for local economic development approaches to equitable economic growth in developing urban contexts in large part because of their viability across heterogeneous territories – a product of their capacity to identify and mobilise indigenous local potential – and because of their documented capacity to deliver favourable outcomes in unfavourable contexts.

Third, efforts to impel equitable economic growth specifically in a developing country context must reflect an understanding of the technical, financial or other constraints that can inhibit the design or implementation of policies or detract from their outcomes. There is ample evidence to support the assertion that contextual constraints can, if unaddressed, derail strategic approaches. It is imperative that potential constraints are identified and, where necessary, rectified. Contextual constraints can be mitigated in various ways, including through the formation of public-private partnerships, the establishment of local economic development agencies or capacity-building initiatives.

The paper's final discussion explores the engagement of various international bodies with equitable economic growth to assess the present state of the knowledge base and to review the ways in which the concept has recently been approached. Such an examination exposed unaddressed and underaddressed avenues within the study and promotion of equitable economic growth.

Our examination of organisational engagement with inclusive or equitable economic growth revealed that a handful of regional institutions, including the African Development Bank Group, the Asian Development Bank and the European Commission, have made a concerted effort to conceptualise and understand inclusive economic growth and have prioritised its pursuit in their respective strategic plans.

Additionally, several prominent international organisations have directed time and resources to the study and promotion of inclusive economic growth. OECD, for example, developed an initiative that sought to investigate the concept of inclusive economic growth and then provide an inclusive growth framework to assist in its operationalisation. The World Bank has formulated its own conceptualisation for inclusive economic growth and produced an Inclusive Growth Analytics Guide to aid in the development of suitable policies. UNDP has engaged substantively with inclusive economic growth via the establishment of the International Policy Centre for Inclusive Growth, the primary focus of which is the "production and dissemination of studies and policy recommendations, the exchange of best practices in development initiatives and the expansion of South-South cooperation" (IPC-IG website).

Other international organisations, including the International Labour Organization, the International Monetary Fund, the United Nations Office for Project Services and UN-Habitat, have displayed some interest, but their engagement with the concept has been less substantive than the other institutions highlighted here.

The literature review exposed the need for an explicitly urban-oriented equitable economic growth initiative. Much of the work thus far has been dedicated to the conceptual engagements, and while some of it is tangentially relevant within an urban context (UN-Habitat, for example), an initiative directed explicitly towards equitable economic growth in developing urban environments has yet to materialise.

There are several avenues that Cities Alliance and its partners could consider in responding to that need. The most feasible and immediately impactful of these would be the development of a 'sourcebook' that provides theoretically and empirically founded guidance and counsel to assist in the pursuit of equitable economic growth and the formation of policies and strategies at various territorial scales in diverse contexts. It would also include guidance for the provision of technical support to programmes. Such a manual could be supplemented by the ongoing and gradual assembly of an urgently needed repository of equitable and inclusive economic growth case studies as well as policy or strategy evaluations from developing urban contexts. Both of these resources would help ensure that efforts to foster equitable economic growth in any urban context are not undermined by a lack of technical capacity or know-how.

This paper represents only an initial foray into the development of an understanding of equitable economic growth and the design of approaches in its pursuit. Much work remains to be done, beginning perhaps with a robust assessment of where equitable economic growth has been prioritised and continuing along the lines highlighted in the preceding paragraph.

In providing a holistic conceptualisation of equitable economic growth on the basis of previous research and taking steps towards the operationalisation of equitable economic growth and the development of suitable approaches, this paper opens the door and provides a direction for subsequent research and exploration.

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# Annex

## Definitions of inclusive growth associated with various international organisations

Organisation	Associated publication	Conceptualisation
Organisation for Economic Co-operation and Development	OECD, 2014	Inclusive growth is “economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society.”
African Development Bank	AfDB, 2012	Inclusive growth is “economic growth that results in a wider access to sustainable socio-economic opportunities for a broader number of people, regions or countries, while protecting the vulnerable, all being done in an environment of fairness, equal justice, and political plurality.”
Asian Development Bank	Rauniyar and Kanbur, 2009 Ali and Zhuang, 2007	Inclusive growth is “growth coupled with equal opportunities.”
The World Bank	World Bank, 2009b	Inclusive growth “allows people to contribute to and benefit from economic growth.”  Inclusive growth “should be broad-based across sectors, and inclusive of the large part of the country’s labour force.”  “Inclusive growth is about raising the pace of growth and enlarging the size of the economy, while levelling the playing field for investment and increasing productive employment opportunities.”
IPC-IG	IPC-IG website <sup>30</sup>  Ranieri and Ramos, 2013	“Inclusive growth comprises both outcomes and processes, involving participation and benefit-sharing.”  “Inclusive growth allows opportunities for everyone to participate in the growth process while making sure that benefits are shared.”
European Commission	European Commission, 2010	“Inclusive growth means empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems so as to help people anticipate and manage change, and build a cohesive society. It is also essential that the benefits of economic growth spread to all parts of the Union, including its outermost regions, thus strengthening territorial cohesion. It is about ensuring access and opportunities for all throughout the lifecycle.”

30 See the IPC-IG website: [www.ipc-undp.org/?q=what-inclusive-growth](http://www.ipc-undp.org/?q=what-inclusive-growth).

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