



# Public Space as a Driver of Equitable Economic Growth: Policy and Practice to Leverage a Key Asset for Vibrant City Economies

A Policy Dialogue of the  
Joint Work Programme  
on Fostering Equitable  
Economic Growth in Cities  
at the 9th Session of the  
World Urban Forum in Kuala  
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**Cities Alliance**  
Cities Without Slums

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#### Technical coordination and supervision

Rene Peter Hohmann, Cities Alliance Secretariat

Fredrik Bruhn, Cities Alliance Secretariat

#### Report preparation

GlobalCAD - Centre of Partnerships for Development

#### Communication Coordination

Erika Puspa, Cities Alliance Secretariat

#### Layout and Design:

Creatrix Design Group

#### Cover and Inside photos

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#### About the Global Policy Dialogue on Equitable Economic Growth in Cities

This report documents the global policy dialogue organized by the Cities Alliance Joint Work Programme (JWP) for Equitable Economic Growth in Cities at the 9th Session of the World Urban Forum (WUF), which took place in Kuala Lumpur, Malaysia, on the 7 - 13 February 2018. The event was part of the JWP Global Policy Dialogue series and aimed at stimulating discussion and sharing knowledge on the role of local public goods and services in supporting inclusive growth and reducing inequalities in cities. The U.K. Department for International Development (DFID) chairs the JWP, and its members are the United Nations Capital Development Fund (UNCDF), UN-Habitat, Women in Informal Employment: Globalizing and Organizing (WIEGO), Commonwealth Local Government Forum (CLGF), Ford Foundation, Institute for Housing and Development Studies (IHS) at Erasmus University Rotterdam and World Bank.

#### Disclaimer

The views, analysis and policy recommendations expressed in this publication are those of the participants alone and do not represent the views of the United Nations Office for Project Services (UNOPS) or the policies and viewpoints of the Cities Alliance Secretariat or its members.





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# ABBREVIATIONS AND ACRONYMS

CLGF	Commonwealth Local Government Forum
DFID	(U.K.) Department for International Development
ILO	International Labour Organization
JWP	Joint Work Programme
NUA	New Urban Agenda
SDG	Sustainable Development Goal
UNCDF	United Nations Capital Development Fund
UN-Habitat	United Nations Human Settlements Programme
UNOPS	United Nations Office for Project Services
WIEGO	Women in Informal Employment: Globalizing and Organizing
WUF	World Urban Forum



# 1. Public Space as a Driver of Equitable Economic Growth in Cities: A Policy Dialogue

Public space is a key enabler of economic development in cities. Streets, sidewalks, markets, squares and parks that are accessible, safe and inclusive are part of the basic infrastructure that supports the economic vibrancy and growth of cities. They are key to the productivity and wellbeing of workers and to both formal and informal businesses alike as they are primary sites of economic, social and cultural exchange.

Reliable and regulated access to public space has particular potential as a lever for more equitable and inclusive growth trajectories, not least because of its significance to informal economic activities dominating the economies in many cities in rapidly urbanizing countries. Workers and firms within the informal sector often entirely depend on regulated access to public space. Street vendors and waste pickers, for example, use public spaces both to generate income and to provide low-cost goods and environmental services to the city.



A challenge has been that so far economists have not yet been thinking enough about the value of public services and spaces for fostering inclusive growth. This clearly needs to change.”

- Marco Kamiya, Coordinator of the Urban Economy and Finance, UN-Habitat



Thinking collectively about local economic growth, exploring new ideas and new paths to improve goods and services is crucial for current development”.

- Rubbina Karruna, Cities Advisor, DFID

Public space is a productive asset for the livelihoods of many urban informal workers, notably, but not only, street vendors. For this reason, regulated access to public space was recognized as a key dimension in Recommendation 204 of the International Labour Organization (ILO) on the Formalization of the Informal Economy and in the New Urban Agenda (NUA) of Habitat III. Yet, informal workers in cities still struggle to use public space to pursue their livelihoods.

With the informal economy accounting for more than 50 per cent of economic activity and even larger shares of employment in most developing regions, the need for cities to ensure regulated and sustainable access to public space is of highest priority to realize the NUA transformative commitment of “sustainable and inclusive urban prosperity and opportunities for all,” as well as numerous targets of Sustainable Development Goal (SDG) 8 “Decent Work and Economic Growth” and SDG 11 “Sustainable Cities and Communities” in particular.

For this reason, the role of public space is a key theme of the Cities Alliance Joint Work Programme (JWP) for Fostering Equitable Economic Growth in Cities. The core question is how public space can be recognized and used as an asset to foster equitable economic growth in cities. On the occasion of the World Urban Forum (WUF9) under the theme, “Cities 2030, Cities for All: Implementing the New Urban Agenda”, the JWP

dedicated a network event to discuss with Cities Alliance members and partners how public space can be seen as driver of Equitable Economic Growth. Building on the experience of JWP's diverse membership, the event highlighted viable strategies and policy approaches available to cities to leverage the asset of public space as an enabler of economic and livelihood opportunities for all. Doing so, the event contributed to the operationalization of NUA's commitment to promote "safe, inclusive, accessible, green and quality public spaces as drivers of social and economic development, in order to sustainably leverage their potential."

This brochure summarizes the discussion amongst the panellists and participants, applying two major perspectives on public space in a city: the lens of local authorities and informal street vendors. It also incorporates key messages from a discussion paper produced by Women in Informal Employment: Globalizing and Organizing (WIEGO) on behalf of the JWP, titled "Inclusive Public Spaces for Informal Livelihoods."

## 2. Towards an Equitable City: The Economic Function of Public Space in Cities

More than half of the world's population now lives in cities. Cities are often portrayed as engines of economic growth, and yet, the economic and employment growth trajectories of cities remain uncertain. Especially secondary cities in rapidly urbanizing countries struggle to generate economic growth and sufficient jobs for growing populations.

The inability of cities to generate enough employment opportunities has contributed to widespread informality. Half of the global urban workforce is informally employed, more so in the Global South (ILO 2018). In most cities, high and increasing inequality - in terms of incomes, wealth and opportunities - threatens economic growth and human development.

In rapidly growing cities in the Global South, informal livelihood activities generate valuable goods and services, especially for low-income households. However, informal workers in cities, who are often undervalued and unrecognized

by many, face multiple barriers to pursuing their livelihoods, including those posed by the policies, regulations, and practices of governments, notably city governments and local officials.

Amongst these barriers is the lack of regulated access to public space, which strongly influences the productivity of urban informal workers and their livelihood activities.

But the significance of public space for economic life in cities goes beyond its impacts on informal

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"Public Spaces are all places publicly owned or of public use, accessible and enjoyable by all for free and without a profit motive. Each public space has its own spatial, historic, environmental, social and economic features." (Charter of Public Space) UN Habitat 2015

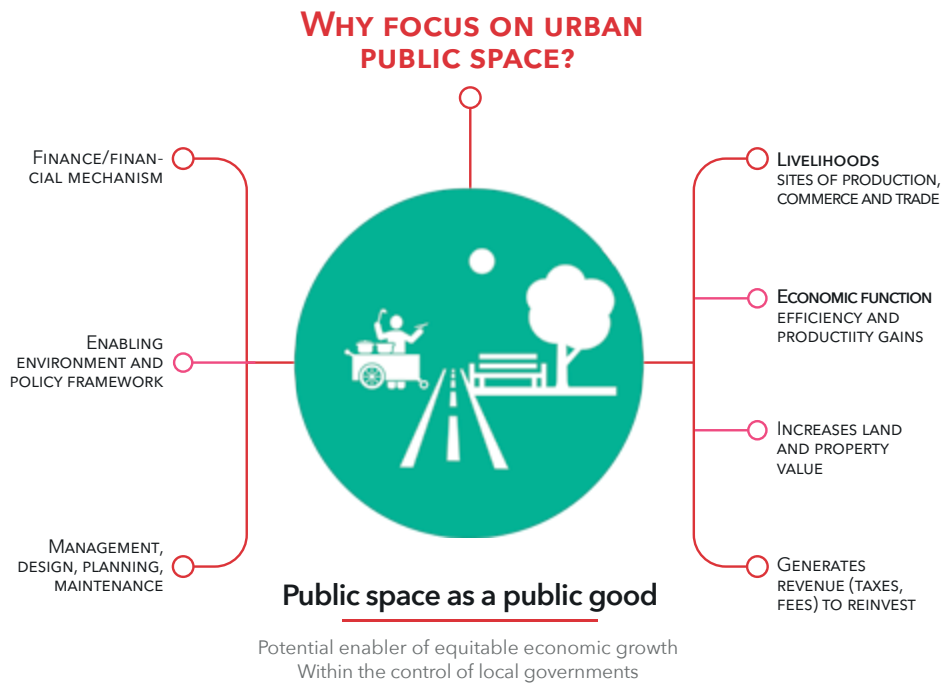
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work. Equitable access to roads and sidewalks, for example, enhances mobility and facilitates efficiency and productivity gains for firms and workers across sectors. Green and open spaces often increase land and property value in adjacent areas.

Moreover, such assets can be an important source of revenues for local governments, if effectively managed (through taxes and user fees), in turn allowing for reinvestment in more and better public goods and services. Importantly, the management of land and particularly public spaces typically falls under the mandate and authority of local governments.

Amongst all public services delivered at the local level, land and public spaces are key albeit often underrated assets of local governments and administrations for boosting and steering productivity in the city.

The vital social and economic functions of public space and the imperative to create an enabling regulatory environment to better leverage these functions to the benefit of all citizens, makes public spaces a key lever towards the fostering of an "Equitable City" (Garau 2014).



**Figure 1:** Functions of Public Space in the City

## 2.1 Regulating Public Spaces in the City: How Local Governments can Leverage Public Spaces for Equitable Economic Growth

*“Unlike many other areas of urban policy, public spaces are the full responsibility of local governments either officially or by default.” (UCLG 2016)*

Despite being an uncontested responsibility and asset of most local governments, the value of public space (and its potential to influence equitable economic growth in cities) is often overlooked. Finding the right balance between regulation and deregulation of various uses, by different constituencies and users within a city, such as communities, private sector entities and informal workers, touches upon the various roles that local governments assume in relation to public spaces in the city. These include the roles of investor, regulator, implementer and funder, as displayed in the Figure 2, which summarizes the various functions of local governments.



The management of public space needs to be set in the context of an Integrated Development Plan. As different constituencies in a city are sometimes competing for the same resources, such as the use of space, local governments need to facilitate in a participatory manner.”

Greg Munro, Secretary General, CLGF

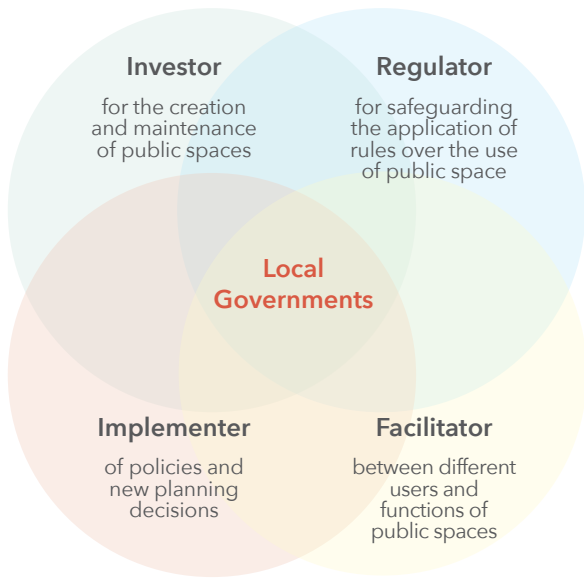


Figure 2: The Role of Local Governments in Relation to Public Space

Source: Adapted from UCLG, 2016.

The discussion in the JWP policy dialogue at WUF9 reflected the roles and responsibilities of local governments in relation to public space. The dialogue highlighted various roles that local governments can, or have not fully, assumed to regulate public spaces in a manner to foster equitable economic growth. Panellists and participants collated recommendations, tools and mechanisms key to foster a more conducive environment to public space management.

1. The way in which public space is managed and, as a result, can be accessed, needs to reflect the urban governance model that a city government is following. This is, for example, demonstrated in the participatory manner in which planning practices with residents are created and enforced and the amount of attention, as well as budget, that is allocated to creating and maintaining public spaces across the city.
2. The way local governments engage with users prior to identifying and implementing new designs of public spaces illustrates the level of inclusiveness of the city. The planning and management practices related to public spaces in cities can, therefore, become a litmus test for local democracies.
3. There is a perceived need, particularly in financially constrained cities, to lead a dialogue with different constituencies and users across the city to allocate and co-share maintenance costs, as well as to avoid and minimize trade-offs.

4. Many local governments do not consider public spaces as capital assets in their asset management plans. Rectifying this gap may allow for a mindset change and foster more adequate maintenance of public spaces, as well as recognize their vital function for local economies.

5. Concerns were expressed that public space is being excessively privatized, trading public over private interest. This reinforces the need for public spaces to be considered a public asset, and thus to be protected from privatization and speculation.



When more integrated and inclusive services are provided, more businesses invest, and more human activities are developed. Properties are positively impacted, and cities can count on a higher revenue base."

Khomotso Letsatsi, Municipal Finance Expert, UNCDF



Money is what decisions makers listen to. We need to show them without delay, that when public space does not function correctly, it will cost in many different ways a lot of money in the long term."

Thomas Hagedorn, Capacity Development Advisor, GIZ CDIA



## 2.2 Using Public Spaces in the City: How Informal Workers and Businesses Access Public Spaces for Economic Activities

Public spaces in cities are generally thought to be open and accessible to all urban residents. They shape and make cities, but the politics of the city also shape and produce them.

Public space is a scarce resource with competing users and uses. Restrictions on the use of public space, the privatization of public space and alternative visions of how public space should be used have made it a controversial topic. Informal workers, especially in the Global South, use public spaces for their livelihood activities. These spaces include the following:

- Alleyways
- Road medians
- Railway lines and stations
- Arcades of public buildings
- Bridges, flyovers and elevated walkways
- Land under bridges or flyovers
- Vacant land or empty lots.



By evicting street vendors, governments are destroying the economic basis of the city. The services are for the workers. We have to show them that the eviction will actually damage the economy of the city.”

Clare Short, Chair of the Cities Alliance Management Board

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Political scientist Elinor Ostrom began her career interrogating the management of urban public services in the United States, specifically, water and policing services (Ostrom 2010). But she became best known, and earned a Nobel Prize in Economics, for her research on the collective management of common-pool natural resources, such as fisheries, forests and pastures, in (mainly) the developing world. She challenged the prevailing notion in economics of “the tragedy of the commons” (Hardin 1968). In cities, public space, such as streets, sidewalks, and parks, are widely seen as “the most obvious analog to the commons metaphor” (Foster 2009: 267). Although public spaces are owned by local government, they are effectively open-access and, therefore, resemble a “pure commons” (Garnett 2012: 2007). The policy challenge, from this perspective, is to ensure that the state does not impose unfair restrictions on citizens and regulates access to public space for different uses and users.

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Informal workers have to improvise to pursue their livelihoods by finding and filling gaps in the use of public space, both temporal and spatial. The result is that many informal workers occupy different spaces for different functions at different times. Streets, sidewalks, and traffic intersections are, therefore, places of work for many fixed-site and mobile street vendors, who provide goods and

services to consumers at all times. Other commonly used public spaces are parks, fairgrounds and municipal markets. The same public spot may be used for different purposes at different times of day: in the mornings and afternoons it might be used to sell food, fruit and consumer durables,

while in the evenings, it converts to a sidewalk café with multiple street food vendors.

The benefits of working from public spaces are evidenced by the demand and competition for them. In the competition for sites close to transport and commuter nodes, city authorities have different options for action, ranging from outright prohibition of street vending, to regulated and negotiated use of sites, to relocation to alternative sites. Which policy option is chosen has different costs for informal traders (and their customers). Harassment, confiscation of merchandise, imposition of fines, physical assault, and evictions – all these costs affect the bottom line for vendors. Given these costs of operating informally, many street vendors are willing to pay license fees or other operating fees provided that the procedures are simplified, the fees are not too high, and the benefits of doing so are ensured. Moreover, street vendors would like city governments to recognize and protect the "natural markets" – where they have worked for decades, if not centuries – as these are areas where there is a guaranteed flow of pedestrian customers.

Against the background of these issues, participants of the networking event highlighted that public space is an important productive resource for urban informal workers, yet its usage by informal workers, who represent the majority of urban workers in most developing countries, has not received sufficient policy attention.

More attention needs to be paid to the differential treatment of formal and informal economic



**We must think about what the use of public space should be. Experimentation promoting a collective management of public spaces has shown very good results"**

Sarah Orleans Reed, WIEGO, focal point, Bangkok, Thailand

activities related to public space. The use of public space by formal businesses is often associated with the state privatizing the land, while the use of public space by informal businesses frequently leads to penalization or criminalization of informal workers.

Recent global commitments – the United Nations SDGs, the Habitat III NUA and the ILO's Recommendation 204 on formalization of the informal economy – can provide a normative framework for a new and integrated regulation of urban public space usage

### 3. Outlook and Key Recommendations

Cities need to consider public spaces as drivers and enablers of economic development. Indeed, while quality public spaces add to the diversity of urban areas, they can also generate and improve incomes. By investing in public spaces, local governments can generate important economic and fiscal benefits, as they contribute to the quality, attractiveness and competitiveness of urban areas. Healthy and attractive public spaces stimulate investment and consumption, improve security, provide opportunities for small and medium enterprises, and foster urban rural linkages, amongst other things. Cities that develop good quality public spaces have a great opportunity to support economic development and trade by attracting people and activities into the area.

As a matter of fact, land markets are excellent indicators to monitor this investment as property

values considerably increase according to the quality of the surrounding public space.

Finally, it is essential to acknowledge the important role played by the informal sector in the local economic development. Facilitating space allocation to street vendors, on the one hand, and regulating their access to public spaces through local policies and by delivering personal licenses, on the other hand, are great ways to boost and regulate local development. Integrating informal activities into the formal economy is a priority, but the transition must be inclusive and cannot be reached by marginalizing those struggling to make a living.

The session generated two key messages and related recommendations:

**1. A crucial change of mindsets is needed.**

- To overcome the common pool resource dilemma, communities have managed over centuries to formulate solutions for public goods based on norms and mutual trust. Following this perspective may be useful to understand the use of public space in cities today.
- There is a need for a new metric to measure the economic value of mixed-used public spaces.
- Policy makers and others should be more creative regarding the distribution of public spaces and the related urban legislation, such as the use of wastelands and temporary use models.
- The SDGs should be used as a key frame to identify what policies are missing at the local level
- If cities invest in public spaces, there will be more human and economic activities, cities will receive higher revenues, the economic growth dividend will be higher, and there will be more private investments.
- Coalitions enable the creation of action groups, generate dialogues, and balance out the equation of powers, especially when informal sector groups are concerned.

## 2. Credible data and monitoring systems on public space need to be developed.

- Generating credible and disaggregated data enables the design of adequate planning and showcases the importance of the informal sector in the local economy.
- Data could demonstrate to local authorities the following:
  - a) Informal workers provide services that are essential for well-functioning cities, for

example, through the reduction of traffic and the provision of affordable food.

b) Improved regulation of public spaces contributes to economic productivity.

c) Destroying or limiting services to informal workers and forcing evictions negatively impact the local economy.

Local authorities do not always perceive the links between public goods and services and equitable economic growth. Therefore, all the panellists and participants at the session agreed that the starting point should be to persuade decision makers that public space has an economic, social and political value, all in need of more attention. Generating credible and disaggregated data on the use of public space improves city planning and showcases the contribution of public space to the urban economy, when accurately managed.



Based on our research on African Cities we found that proximity and density in cities is a prime driver for people-to-people services in the informal economy. Public spaces are an example of these central places.”

Shagun Mehrotra, Senior Urban Specialist, World Bank



## 4. Background Information

### 4.1 The Joint Work Programme and the Policy Dialogue Series

The session on Public Space as Driver of Equitable Economic Growth: Policy and Practice to Leverage a Key Asset for Vibrant City Economies was brought together and organized by the Cities Alliance Joint Work Programme (JWP) for Equitable Economic Growth in Cities, under its global policy dialogue series.

The JWP for Equitable Economic Growth is a four-year programme (2016–2020) created to support equitable access to public goods and services by all citizens and formal and informal businesses in cities as a pathway to more equitable, inclusive and sustainable growth trajectories. It works with local governments, city stakeholders and development partners to produce global knowledge, facilitate policy dialogues and support city-level diagnostics and policy recommendations. Its goal is to better understand and provide tools, approaches and practices to demonstrate the link between the provision of public goods and services and economic growth.

Facilitated by the Cities Alliance Secretariat and chaired by U.K. Department for International Development (DFID), the programme is constituted by various Cities Alliance members, including the Commonwealth Local Government Forum (CLGF), Ford Foundation, Institute for Housing and Urban Development Studies (IHS) of Erasmus University Rotterdam, United Nations Capital Development Fund (UNCDF), UN-Habitat, WIEGO and World Bank. The JWP implements its partnership approach globally and locally through three components:

#### COMPONENT 1: GLOBAL DIALOGUES.

Generating structured global policy dialogues to support global cooperation to empower cities and address the role of local public goods and services in stimulating growth and reducing inequalities in cities.

**COMPONENT 2: GENERATING GLOBAL KNOWLEDGE.** Addressing key knowledge gaps by producing peer-reviewed global knowledge



“What kind of recommendations can we give to a mayor of a secondary city on how to foster equitable economic growth? The JWP on Equitable Economic Growth was created to explore and provide answers to this challenge.”

Rene Peter Hohmann, Senior Urban Specialist and Manager of the Joint Work Programme, Cities Alliance Secretariat

products to inform practitioners and policy makers at the global, national and local levels.

#### COMPONENT 3: THE CAMPAIGN CITIES

**INITIATIVE.** Facilitating local partnerships in selected secondary cities in Bangladesh, Ghana, Kenya and Uganda, supporting the promotion of equitable access to public goods and services based on local needs, capacities and priorities. The campaign complements the JWP’s globally oriented components by producing evidence-based policy recommendations through a locally driven process, building on city-level partnerships to engage local authorities and stakeholders in setting priorities and recommending actions necessary to foster equitable economic growth in the city.

## 4.2 The World Urban Forum 9th Session, Kuala Lumpur, Malaysia

The 9th Session of the World Urban Forum (WUF) took place in Kuala Lumpur, Malaysia, on the 7-13 February 2018. WUF is a technical forum on sustainable urban development and human settlements, convened by the United Nations Human Settlements Programme (UN-Habitat) and held every two years since 2002. The Forum gathers a wide range of experts, from national, regional and local governments, non-governmental organizations, professionals, research institutions and academics, the private sector and United Nations organizations, amongst others.

World Urban Forum 9 (WUF9) followed the theme, "Cities 2030, Cities for All: Implementing the

New Urban Agenda". The theme was chosen to emphasize the realization of the vision of cities in the year 2030, embedded in the Sustainable Development Goal (SDG) 11, with no one left behind and urban advantages and opportunities for all.

The complementarity of the New Urban Agenda and SDG11 provides an opportunity to bring together a diverse range of partners and stakeholders to integrate policies and actions that address multiple urban related issues and develop integrated multi-level governance, territorial strategies and urban plans to achieve sustainable urban development.



### World Urban Forum Goals

Raise awareness on sustainable urbanization amongst stakeholders and constituencies, including the general public.

Improve collective knowledge on sustainable urban development through inclusive open debates, sharing lessons learned and exchanging best practices and good policies.

Increase coordination and cooperation between different stakeholders and constituencies to advance the achievement of sustainable urbanization.

Gather inputs of multilateral organizations and stakeholders into the reporting of the implementation of the New Urban Agenda (aligned with Op. 167 of the New Urban Agenda).

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# Cities Alliance

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## Cities Without Slums



## About Cities Alliance

Cities Alliance is the global partnership for poverty reduction and promoting the role of cities in sustainable development.

Partnerships are critical to achieving the 2030 Agenda for Sustainable Development. We bring together organisations with different perspectives and expertise on city issues around common goals: well run, productive cities that provide opportunities for all residents. Our members include multilateral organisations, national governments, local government associations, International NGOs, private sector and foundations, and academia.

The Cities Alliance secretariat is based in Brussels, and is hosted by the United Nations Office for Project Services (UNOPS).

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### CONTACT INFORMATION

Rene Peter Hohmann, *Senior Urban Specialist*  
[rhohmann@citiesalliance.org](mailto:rhohmann@citiesalliance.org)

Fredrik Bruhn, *Urban Programme Analyst*  
[fbruhn@citiesalliance.org](mailto:fbruhn@citiesalliance.org)

[info@citiesalliance.org](mailto:info@citiesalliance.org)