

# FOSTERING EQUITABLE ECONOMIC GROWTH IN THE 2030 GLOBAL AGENDA FOR CITIES

Reflections from the United Nations Conference on Housing and Sustainable Urban Development (Habitat III)  
Quito (Ecuador) | March 2017



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**Authors:**

Dr. Rene Peter Hohmann, *Cities Alliance Secretariat*

Fredrik Bruhn, *Cities Alliance Secretariat*

Dr. Felicity Kitchin, *Senior Urban Economist Consultant*

**Layout and design:**

Creatrix Design Group

**Cover photo**

The City of Quito

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

This report captures reflections deriving from a dialogue of the Joint Work Programme (JWP) on Equitable Economic Growth in Cities at the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) in 2016. It combines interventions at the dialogue with post-event reflections collected through a survey with panellists and key experts. With a new global agenda for cities in place, the key aim of this dialogue is to better understand how a supportive enabling institutional environment for equitable economic growth in cities can be fostered. The event was part of the JWP Global Policy Dialogue series, 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.

A number of JWP members, partners and experts have been interviewed to inform the report. Against this background, we would like to thank the following people for their contributions: Ms Martha Chen, International Coordinator, Women in Informal Employment: Globalizing and Organizing (WIEGO); Mr. William Cobbett, Director of the Cities Alliance; Mr Rene Peter Hohmann, Senior Urban Specialist/JWP Programme Manager, Cities Alliance; Mr Vito Intini, Municipal Investment Finance Programme Manager, United Nations Capital Development Fund (UNCDF); Ms Rubbina Karruna, Cities Advisor, Department for International Development (DFID); Mr Somik Lall, Global Lead, Territorial and Spatial Development, World Bank; Mr Young Moon, Senior Advisor with the Urban Economy Branch, UN-Habitat; Mr Mario Pezzini, Director of the OECD Development Centre; Ms Clare Short, Chair of the Management Board, Cities Alliance and Ms Lucy Slack, Deputy Secretary General, Commonwealth Local Government Forum (CLGF).

The JWP is funded and chaired by the Department for International Development (DFID). The members of the JWP are DFID, UN Capital Development Fund (UNCDF), UN-Habitat, Women in Informal Employment: Globalizing and Organizing (WIEGO), the Commonwealth Local Government Forum (CLGF), Ford Foundation, the World Bank and Clare Short (Chair of the Cities Alliance Management Board).

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# Equitable Economic Growth in Cities – driver for implementing a Global Agenda for Cities?

This report captures reflections deriving from a dialogue organised by the Cities Alliance Joint Work Programme on Equitable Economic Growth in Cities at the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) in 2016. It combines interventions at the dialogue, hosted by the Commonwealth Local Government Forum (CLGF), with reflections collected during a post-event survey with panellists and key experts. With a new global agenda for cities in place, the key aim of the dialogue is to better understand how a supportive enabling institutional environment for equitable economic growth in cities can be fostered.

What emerges is a set of themes representing the essence from a diverse spectrum of views, interests and voices. Indeed, as evident from the report itself, perhaps the greatest strength of the Cities Alliance lies in this fundamental partnership feature: to gather a wide range of constituencies and voices around common, albeit broad, principles and interests. Diversity, in the partnership context, as so often, is an asset. What all the panellists, partners and experts represented in this report do agree on is the fundamental importance of highlighting and supporting the role of cities – those who live in, work and govern them – to foster equitable economic growth. And that the effective, inclusive and equitable provision of

public goods and services lies at the very heart of that quest.

The problem statement forms the first common theme. The challenge of equitable economic growth is not only great, but also urgent. *'What is achievable is enormous'*, in the words of Clare Short, but it will require concerted action at all levels. The second, related, theme captures this conviction in the light of the range of newly adopted global commitments. As cities are increasingly set to be the grounds in which population, economic and development trends play out, local governments and city stakeholders must be at the centre. The third, and broadest, theme outlines spheres of action required to foster equitable economic growth, at local and national levels. The focus on action and implementation is sustained in the fourth theme, moving to the international level and the role of the Cities Alliance in particular.

It should be noted that the views recaptured in this report is a summary and in some cases synthesis of individual thoughts. It is in part documentation and in part a reflective exposé. It was neither possible nor intended to capture all views in full detail. Rather, the individual views and quotes are fractions of a longer and bigger conversation. Hence, the report should be read as a way of capturing the recent past while gazing to the future. To drive the conversation forward, and to convert ideas into action.

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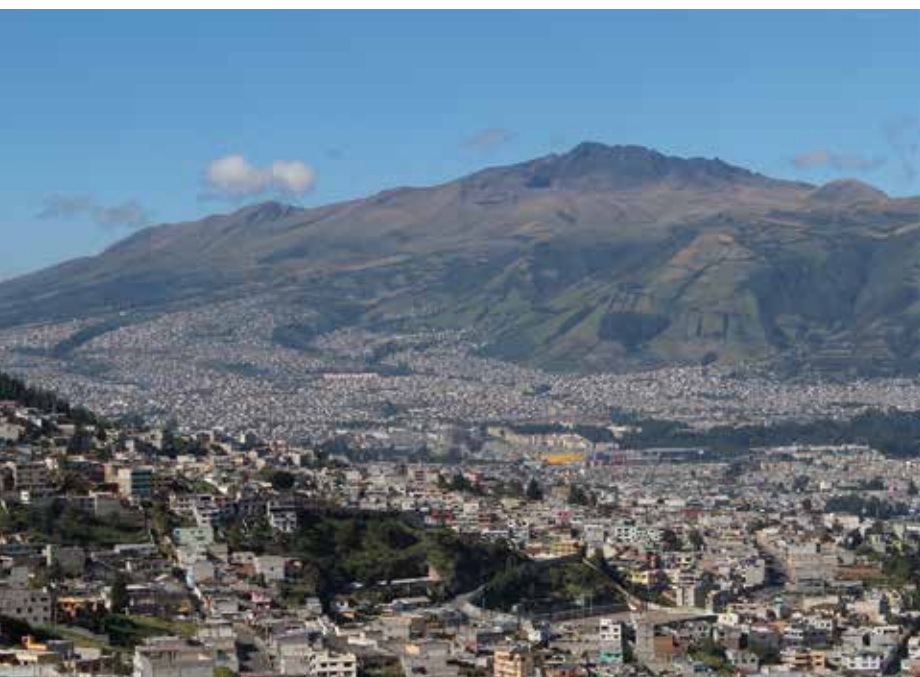
# Habitat III and the New Urban Agenda for Cities

On 17-20 October 2016, UN delegates, development partners and local authorities met in Quito, Ecuador, for the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) to reinvigorate the global political commitment to the sustainable development of cities. The product of that summit was the adoption of the New Urban Agenda (NUA), which sets out a global strategy around urbanisation for the next two decades, and the critical role that cities can play in promoting inclusiveness, equity and environmental sustainability. The outcome document of the conference highlights the great need to ensure equitable access to public goods, natural resources, basic services and the use of public spaces that are essential to the livelihoods of people, in particular the urban poor in both the informal and formal economy. It is highlighted that international and national partners will need to focus stronger on ways to

increase and harness the capacity of both the formal and informal economy, as well as the opportunities offered by the diverse creative potential of cities to create an enabling and fair business environment and support innovations. *Leaving no one behind* in cities will require development partners to shape inclusive and equitable economic growth paths.

Living in urban areas can have great advantages, often attributed to the benefits of agglomeration, density and economies of scale. However, rapid urbanisation can also have serious negative consequences that disproportionately impact on the poor and increase inequality. Equitable access to public goods, natural resources, basic services and the use of public spaces are essential to people's livelihoods. This is particularly true for the urban poor in both the informal and formal economy. Improved access to public goods and services benefits the poor and strengthens the fundamental prerequisites for growth and productivity, enabling cities to benefit from economies of agglomeration and scale.

In urbanising and low-income countries relatively few city administrations have institutional frameworks and governance arrangements that empower them to implement policies that would support more equitable economic growth. Most have very weak local revenue bases, and decentralisation systems typically do not devolve responsibilities with commensurate fiscal resources or authority. Growth-led urbanisation has not automatically led to lessening of disparities or better environmental conditions and may even hinder the very growth process it arises from. Similar concerns are being voiced in OECD countries. The quality of economic growth, inequality and poverty, the contributions and challenges arising from migrants in cities, are at the forefront of recent public and policy dialogue.



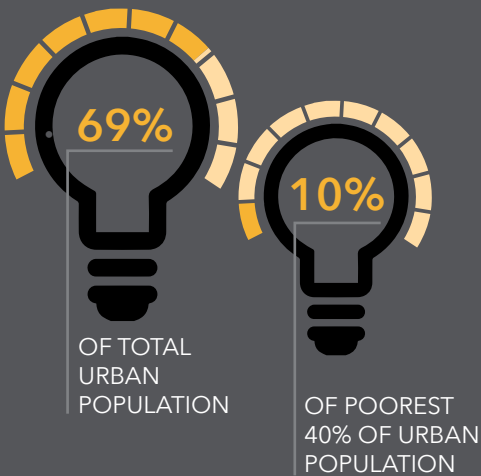
Snapshot of Quito, Source: Rene P. Hohmann





INADEQUATE WATER AND SANITATION SERVICES: GLOBAL ECONOMIC LOSSES OF **US\$260 BILLION/YEAR**

ACCESS TO ELECTRICITY IN SUB-SAHARAN AFRICA



THE INFORMAL ECONOMY DEPENDS ON ACCESS TO PUBLIC SPACE



Members of the Joint Work Programme at the Habitat III conference, *Source: Rene P. Hohmann*

### What is equitable economic growth?

Equitable Economic Growth in a city is promoted when access to public goods and services is delivered in a manner which:

- Improves the socio-economic well-being of all groups in the community;
- Facilitates involvement by the less well-off in decent and productive employment;
- Improves the productivity and commercial strength of informal and formal sector enterprises; and
- Noticeably improves the life changes of the working poor.

# The Joint Work Programme on Equitable Economic Growth in Cities

The Cities Alliance dialogue was brought together by Members and Partners engaged in the Joint Work Programme (JWP) on Equitable Economic Growth in Cities, including the UK Department for International Development (DFID), UN-Habitat, United Nations Capital Development Fund (UNCDF), Women in Informal Employment: Globalizing and Organizing (WIEGO), Commonwealth Local Government Forum (CLGF), Clare Short (Chair of the Cities Alliance Management Board), the Ford Foundation, the World Bank and OECD.

Recognising the needs and capacities of cities and local governments, the JWP works with development partners to produce global knowledge, facilitate policy dialogues and support city-level diagnostics and policy recommendations. The 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.

The Joint Work Programme implements its partnership approach through three components:

-  **1 Global Policy Dialogue**  
Structured global policy dialogue to explore and address the role of local public goods and services in stimulating growth and reducing inequalities in cities. Cities Alliance is a supporting institution of the OECD and Ford Foundation's Inclusive Growth in Cities Campaign, which aims to increase awareness, refocus the debate on concrete solutions, and empower local governments as leaders in the transition towards more inclusive growth.
-  **2 Generating Global Knowledge**  
Addressing key knowledge gaps by producing peer-reviewed global knowledge products, e.g. on gendered access to public goods and services, to inform practitioners and policy makers at the global, national and local levels.
-  **3 Equitable Economic Growth Campaign Cities**  
Facilitating local partnerships in selected secondary cities in five partner countries (Uganda, Bangladesh, Ghana, Nigeria and Kenya), supporting the development of local policy recommendations on how to foster equitable economic growth through equitable access to public goods and services.







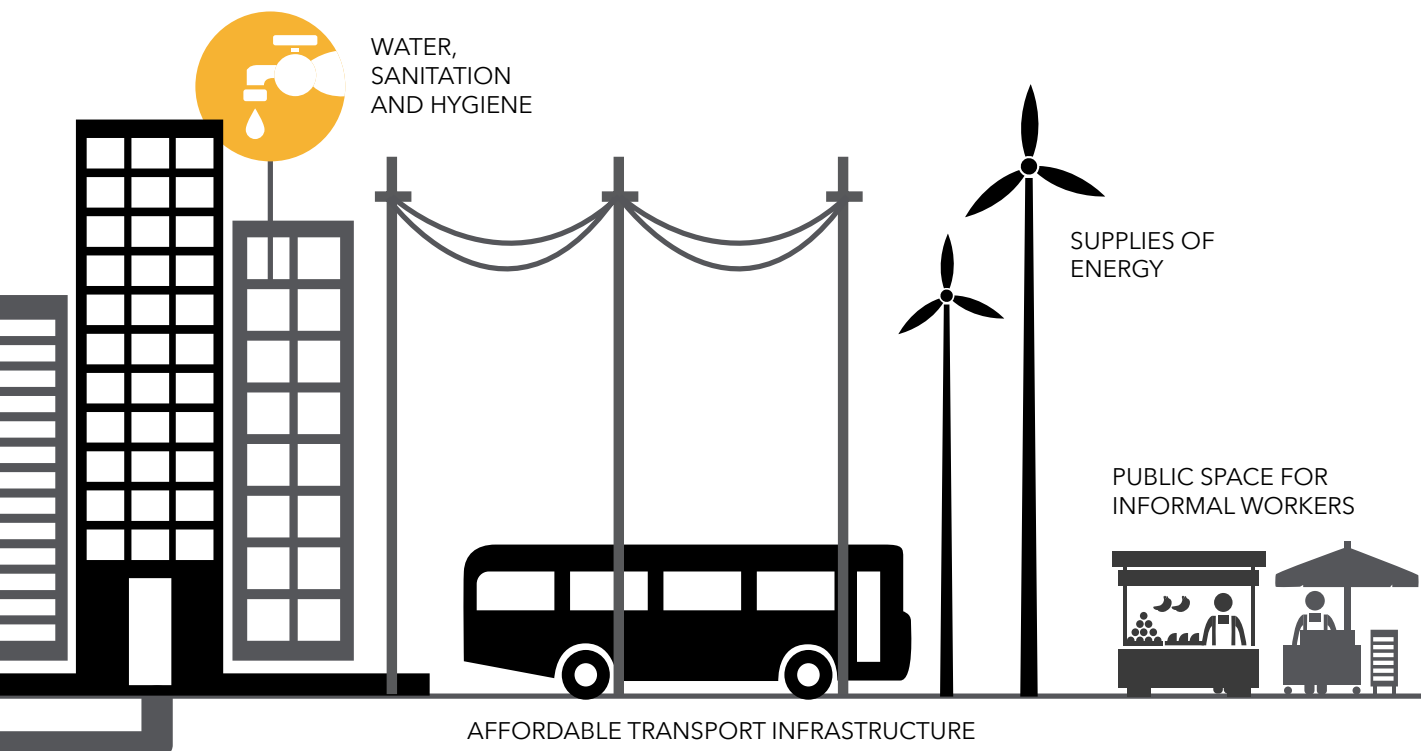
## What determines access to public goods and services in cities?

Access to a public goods or services is determined by a complex mix of factors. It incorporates multiple dimensions and can be conceptualised in a number of different ways. Common factors include the proximity, cost, reliability, quality and quantity of a good or service. For example, a recent mapping of access to public goods and services in secondary cities by Cities Alliance applied the dimensions of **coverage**, **reliability** and **affordability** to determine access levels. In such a model, the level of access is ultimately determined by the combined status of the identified dimensions.

Link: Mapping access to public goods and services for equitable economic growth in African Cities - <http://www.citiesalliance.org/eeg-toolkit>

## What public goods and services affect equitable economic growth, and how?

- Access to *social services*, such as education and health care, builds a healthy and productive labour force with the skills and knowledge to drive the urban economy, reduces inequality of opportunity and limits social exclusion, increasing intergenerational mobility.
- The universal provision of *basic infrastructure*, such as Water, Sanitation and Hygiene (WASH) increases the productivity of people and businesses.
- An effective, affordable *transport infrastructure* avoids congestion and reaps the economic benefits of connectivity.
- No economy can thrive without reliable sources and supply of *energy*, especially electricity.
- *Public space* is essential to the livelihoods and productivity of informal workers, who often operate in the streets and open areas of the city.



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# 1. Promoting more equitable economic growth in cities

“Equitable Economic Growth is urgent; if we don’t address these issues the consequences will not be only African, but global.”

– Mario Pezzini, OECD

Every day, countless economic activities take place in any given city on the planet. Individually, they shape lives and livelihoods; taken together, they transform the world. Building on the benefits of agglomeration, density and scale, cities have the potential to influence growth trajectories of countries, affecting the wellbeing and prosperity of populations way beyond city limits. Reflecting the enormous thrust of urban economies, it has been estimated that the world’s cities contribute up to 80% of global GDP. It is clear that if the world is to meet its global commitments, the wealth and opportunities created in cities will have to be intentionally geared towards providing prosperity for all. Economic growth in cities must be equitable, inclusive and sustainable.

Currently, however, the economy of most cities in the developing world is not keeping pace with population growth and urbanisation rates<sup>1</sup>, resulting in under- and unemployment as well as a large and growing informal economy. Inequalities are rising in cities worldwide, threatening social cohesion, economic development and prosperity. In OECD countries income inequalities are higher on average in cities than nationally, and has been rising over the last decades<sup>2</sup>. The uneven distribution of economic (and other) opportunities have led to staggering within-city variations in well-being: life expectancy differs by 20 years across neighbourhoods in cities like London and Baltimore<sup>3</sup>. With the urban populations in low-income countries projected to almost triple, increasing by over 500 million, and more than double in lower middle income countries, in the next 35 years to 2050, the equitable economic growth challenge is not only great, but also urgent.

With its principles to “leave no one behind” and to “ensure sustainable and inclusive urban economies” the New Urban Agenda doubtless embeds a recognition of the

fundamental challenge ahead<sup>4</sup>. It lays a foundation upon which to potentially build initiatives to address the challenge, “by ensuring the creation of decent jobs and equal access for all to economic and productive resources and opportunities”. Importantly, it also incorporates the vital role of local public goods and services by emphasising “equal access for all to physical and social infrastructure and basic services”.

The emphasis on public goods and services for ensuring equitable economic growth in cities rests on a number of challenges lining the path towards realising global agendas such as the New Urban Agenda and the Sustainable Development Goals (SDGs). The situation is pertinently captured in a recent report by the World Resources Institute, outlining four challenges for sustainable cities<sup>5</sup>:

- The highest rate of urbanisation is and will continue to be in Sub-Saharan Africa and South Asia between 2015 and 2013;
- Countries are urbanising at lower incomes and in more countries where incomes have remained stagnant than in past decades;
- The share of poor people living in urban areas is rising worldwide, contributing to an “urbanisation of poverty”;
- Cities facing the greatest challenges have the lowest levels of per capita resources to meet increasing service demands.

The last point is made stark by the fact that most of the projected urban growth to 2050 will take place in small and medium-sized cities, often underserved and not connected to the national economy.

Providing widespread access to public goods and services, including public amenities, infrastructure and utilities, is crucial for both the productivity and liveability of urban areas, by providing

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<sup>1</sup> United Nations Conference on Housing and Sustainable Urban Development (Habitat III), 2016. “Policy Paper 7: Urban Economic Development Strategies”. Habitat III Preparatory Committee, Third session, Surabaya, Indonesia, 25 -27 July 2016.

<sup>2</sup> OECD, 2016. “Making Cities Work for All: Data and Actions for Inclusive Growth”, OECD Publishing, Paris.

<sup>3</sup> Ibid

<sup>4</sup> United Nations General Assembly, 2016. “New Urban Agenda”. Seventy-first session, 21 November 2016.

<sup>5</sup> Beard, V.A., A. Mahendra, and M.I. Westphal. 2016. “Towards a more equal city: Framing the Challenges and Opportunities.” Working Paper. Washington, DC: World Resources Institute

“What is achievable is enormous, but without strengthening of local government, it won't be achieved; there has to be determination in governments, international development partners and everybody to get on and do it instead of just talking about principles, talk about implementation.”

- Clare Short, Cities Alliance

benefits to individuals and firms without which the agglomeration effects are offset and the city is less likely to host a vibrant economy<sup>6</sup>. In other words, failing to ensure equitable access to public goods and services in cities, given current demographic and economic trends - in direct disparity to the principle of the New Urban Agenda - risks leaving many urban citizens behind.

Importantly, local governments often exert some level of control over the way public goods and services are provided and, subsequently, accessed by individuals and firms in cities. As powers and responsibilities for the provision, regulation, pricing and maintenance of local public goods and services are devolved, local governments influence service coverage, reliability and affordability, which in turn determines access levels and equity. By focusing on the way they provide public goods and services, cities control some of the key levers influencing equitable and inclusive economic growth. Cities, therefore, should be recognised as key development actors, vital to support the fulfilment of global commitments and goals.

### Box 1: Urbanisation and structural transformation in African cities

Africa's economic transformation hinges on unlocking the potential of its cities, stated the African Economic Outlook 2016. According to the report, Africa's historically rapid rate of urbanisation brings about both opportunities and challenges. While urbanisation can spur structural transformation, if accompanied by productive employment and adequate public goods, currently, a large share of the urban labour force remains trapped in low-productivity informal services activities and access to key public goods is unequal. The trend seems to support the general observation that unplanned urbanisation can undermine structural transformation, although it should be noted that the links between urbanisation and structural transformation across the continent are complex and varied.

Importantly, there are opportunities to be seized: “as two-thirds of the investments in urban infrastructure to 2050 have yet to be made, the scope is large for new, wide-ranging urban policies to turn African cities and towns into engines of sustainable structural transformation”. Those policies must not only ensure that infrastructure keeps up with rapid urban growth, but also secures well connected urban centres. Actively promoting urban planning and governance will also be key to fulfil Africa's urbanisation potential.

Link: <http://www.africaneconomicoutlook.org/en>

### Box 2: Urban growth and inequality in high-income countries - insights from the OECD

As part of its *All on Board for Inclusive Growth* initiative, the Organisation for Economic Cooperation and Development (OECD) in cooperation with Ford Foundation has undertaken several measures to explore and promote inclusive growth dynamics in cities.

The 2016 report, *'Making Cities Work for All: Data and Actions for Inclusive Growth'*, provides a comprehensive analysis of growth and inequality in OECD cities. It reveals that cities - home to 50% of the OECD population - have contributed to 60% of total employment and GDP growth over the last 15 years. At the same time, income inequality is higher in cities, has been rising over the last decades and is often starkly manifested through special segregation. People living in disadvantaged areas experience lower quality services, which undermines opportunities and reproduces disadvantages across generations. Key recommendations to meet these challenges include to lower administrative fragmentation by integrating policy work at city and national levels; to strengthen human and social capital to expand job opportunities for all; and to harness the physical and environmental capital of cities to improve access to infrastructure - vital to expand socio-economic mobility.

To support city leaders to foster inclusive growth and to provide them with a platform for exchange, a global coalition of Champion Mayors was launched in New York in March 2016, and reconvened in Paris in November 2016. The Cities Alliance is a supporting institution of the campaign.

Link: <http://www.oecd.org/inclusive-growth/champion-mayors/>

<sup>6</sup> Venables, A.J. 2015. "Making Cities Work for Development", IGC Growth Brief Series 002, London.

“We need to recognize and value and support the economic activities of working urban poor. This needs a changed mindset - that the informal workforce is not illegal, we must remove the stigma and integrate them into urban plans and procurement, and integrate the urban poor at the base of the pyramid into local government strategies - so that it becomes equitable economic development not just growth.”

- Martha Chen, WIEGO

**Fostering equitable economic growth means creating more decent, productive jobs.**

Unemployment and, to an even greater extent, informal and vulnerable<sup>7</sup> employment, poses great challenges for cities. While unemployment in metropolitan areas in OECD countries has increased since the financial crisis<sup>8</sup>, the number of working poor and people in informal and vulnerable employment represents perhaps the greatest indication of lack of productive employment worldwide. Workers in vulnerable employment are typically subject to high levels of precariousness and are less likely to have formal work arrangements. Hence, they often lack decent working conditions, social security and adequate earnings. According to the International Labour Organisation (ILO), vulnerable employment accounts for over 46 per cent of total employment globally, translating into nearly 1.5 billion people, and indicating that “there are large gaps in the inclusiveness of growth

patterns and the availability of decent work”<sup>9</sup>. More specifically:

“The problem of vulnerable employment is particularly acute in emerging and developing economies, affecting over half and over three-quarters of the employed population, respectively. In both Southern Asia and sub-Saharan Africa the rates are roughly 73 per cent and 70 per cent, respectively”<sup>10</sup>.

In cities in the global south, the majority of employment opportunities are created in the informal economy, which is dominated by vulnerable employment and working poverty. Tackling the challenge, therefore, requires a change in attitudes towards informality. Informal employment comprises more than 50% of non-agricultural employment in all developing regions except the Middle east and North Africa<sup>11</sup>. At 82%, South Asia has the highest percentage of informal employment in the world, followed by Sub-Saharan Africa

**TABLE 1: INFORMAL EMPLOYMENT AS A PERCENTAGE OF NON-AGRICULTURAL EMPLOYMENT (2004-2010)**

REGION	SHARE OF INFORMAL EMPLOYMENT (%)	RANGE
South Asia	82	62% in Sri Lanka to 84% in India
Sub-Saharan Africa	66	33% in South Africa to 52% in Zimbabwe to 82% in Mali
East and South-east Asia	65	42% in Thailand to 73% in Indonesia
Latin America	51	40% in Uruguay to 75% in Bolivia
Middle East and North Africa	45	31% in Turkey to 57% in West Bank and Gaza

Source: Vanek et al, 2014. “Statistics on the Informal Economy: Definitions, Regional Estimates & Challenges”, Women in Informal Employment: Globalizing and Organizing (WIEGO), WIEGO Working Paper (Statistics) No 2. Available at <http://wiego.org/informal-economy/statistical-picture>.

<sup>7</sup> Vulnerable employment is the share of own-account and contributing family workers in total employment. Although the correspondence is inexact, vulnerable employment can be regarded as a sub-set of informal employment and may be used as a statistical proxy indicator for identifying at least a portion of the workers vulnerable to informality (ILO 2016; ILO 2013).

<sup>8</sup> OECD, 2016. “Making Cities Work for All: Data and Actions for Inclusive Growth”, OECD Publishing, Paris

<sup>9</sup> ILO, 2016. “World Employment and Social Outlook: Trends 2016”; International Labour Office: Geneva 2016

<sup>10</sup> Ibid

<sup>11</sup> Vanek, J., Chen, M., Carré, F., Heintz, J., Hussmanns, R., 2014. “Statistics on the Informal Economy: Definitions, Regional Estimates & Challenges”, Women in Informal Employment: Globalizing and Organizing (WIEGO), WIEGO Working Paper (Statistics) No 2.



at 66% (see table 1). It seems clear that a city cannot influence its economic growth trajectory and public goods and services without rethinking its general attitudes and practice towards informality. This includes acknowledging the importance of informal livelihoods as well as informal settlements. It also includes a stronger recognition of the public service and infrastructure needs of informal workers, including for example the importance of access to public space.

**Supporting equitable economic growth through improved access to public goods and services requires careful attention to local realities; capacities, needs, development patterns and political economies.** Cities vary hugely in size, with completely different realities and roles. The tendency has been to focus on megacities and to forget smaller cities where the greatest

challenges, in terms of actual numbers, lie. "We need to consider the taxonomy of cities and to have a clear analysis of what public goods are likely to mean in different cities"<sup>12</sup>.

Public service provision is affected by complex, often unbalanced relationships between public service users, policy makers and service providers, and is usually skewed towards service providers. Different types of failures (government, market, and collective action) disproportionately impact the poor. There are also multiple actors, different potential sources of funds, and many possible contracting arrangements<sup>13</sup>. This is even more complicated in developing countries where funds are scarce and subnational borrowing is extremely uncommon, and usually heavily regulated. This complexity hinders the achievement of equitable economic growth.

"These failures and skewed imbalanced relationships result in suboptimal provision of public services which, in turn, results in non-equitable economic growth."

- Vito Intini, UNCDF

Rapid urban expansion means that "the delivery of public services is becoming more difficult and more expensive for local governments which furthers economic disparities and economic segregation and threatens equitable access to economic opportunities and social mobility for citizens, and hurts citizens, industry and governments."

- Young-Hoon Moon, UN Habitat



Dialogue of the Joint Work Programme at the Habitat III conference, Source: Rene P. Hohmann

<sup>12</sup> William Cobbett, Director, Cities Alliance, Interview, 9 December 2016.

<sup>13</sup> Vito Intini, Municipal Investment Finance Programme Manager, UNCDF, Interview, 22 November 2016.

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## 2. Can local governments help deliver the global commitments?

“With regard to economic growth, job creation and inclusion, cities are a key part of delivering on the agenda across all three global commitments (Agenda 2030, COP (Paris) and the NUA).”

– Rubbina Karruna, DFID

2016 marked the culmination of the adoption of a range of global commitments to shape a new agenda for cities to foster equitable economic growth. The New Urban Agenda, the Sustainable Development Goals (SDGs), the Paris Climate Agreement, the Addis Ababa Action Agenda and the Sendai Framework for Disaster Risk Reduction, have drawn increased global attention to the decisive role of cities and local governments to respond to global development goals. While opinions diverge regarding how to interpret and localise this plethora of new commitments, the acknowledgment of cities as key development actors have clearly been fortified.

Indeed, many contend that a common linkage across the global commitments is the increasing role of cities and voices of city governments and citizens, with the growing recognition of the role of cities to effectively address climate change and poverty<sup>14</sup>. Rather, the challenges now concern implementation and the building of coherence across these agendas. It is not a question of which agenda is more important – they are all largely complementary – but how to formulate a coherent whole and define a plan of action towards implementation<sup>15</sup>.

For example, the New Urban Agenda could have focused more on implementation and integration mechanisms and less on identifying and reiterating some of the issues<sup>16</sup>. For implementation to be successful, it will be important to develop the linkages between global commitments

and national frameworks and policies around cities<sup>17</sup>. It will also require a multi-stakeholder and multi-level approach. The international community could probably do more to address this, but the first responsibility lies with national and local governments<sup>18</sup>.

The challenge of curbing the trend of rising inequalities and creating decent jobs and inclusion is evident across the board of global commitments. And the crucial role of cities and local governments in doing so is widely recognised – expressed not least in the discussion around how to localise the SDGs. As clearly stated by the Global Taskforce of Local and Regional Governments, “all of the SDGs have targets directly related to the responsibilities of local and regional governments, particularly to their role in delivering basic services”<sup>19</sup>.

While it is national governments that have made global commitments to promote inclusion and reduce inequality, local governments are, in large part, the implementation sphere, where investment and actions can work towards accomplishing these global commitments. As the implementation sphere, local governments also deal directly with the very localized consequences of inequality, e.g. service delivery protests, and high levels of poverty. Local governments are therefore critical to promoting equitable economic growth and achieving global commitments, in large part due to their provision of public goods and services. However, to do this, they need to be strengthened.

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<sup>14</sup> Young-Hoon Moon, UN Habitat, Interview, 13 December 2016

<sup>15</sup> Archer, D., Misselwitz, P., 2017. “Understanding Global Agendas and their Relevance for National and Local Governments”, Discussion Paper for Cities Alliance workshop “After Quito: Challenges of Implementation”, Unpublished, January 2017.

<sup>16</sup> Lucy Slack, Deputy Secretary General, CLGF, Interview, 16 December 2016.

<sup>17</sup> Rene Hohmann, Senior Urban Specialist, Cities Alliance, Interview, 23 November 2016.

<sup>18</sup> Vito Intini, Municipal Investment Finance Programme Manager, UNCDF, Interview, 22 November 2016.

<sup>19</sup> Global Taskforce of Local and Regional Governments, 2016. “Roadmap for Localizing the SDGs: Implementation and Monitoring at Subnational Level”. UN-Habitat, UNDP.

“In order to assess to what extent global commitments are likely to translate into gains for the urban poor and equitable economic growth, we need to conduct an audit across the commitments. This would highlight any overlap or contradictions, but they seem to reinforce each other.”

- Marty Chen, WIEGO

“These recent global commitments all speak to the importance of public goods and recognize that this is not something that has to happen centrally and then trickle down to local level, which has been a fundamental conceptual shift.”

- Lucy Slack, CLGF

“Growth is a tool, it’s not an end in itself. Therefore, global commitments such as the SDGs define a set of real objectives which include growth but cannot be reduced to growth.”

- Mario Pezzini, OECD



Audience of Dialogue of the Joint Work Programme at the Habitat III conference,  
Source: Rene P. Hohmann

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## 3. What kind of action is needed?

“Cities and their economies are spectacularly diverse. As a result, there is no single prescriptive solution to the economic development challenges they face. The stakeholders of each urban economy must find their path forward.”

– Habitat 3, Policy Paper 7<sup>20</sup>

There are as many urban economies as there are urban areas. The specific challenges, opportunities, constraints and enablers, varies with each one. Despite this spectacular diversity, however, several broad areas can be identified that based on past experience appear vital to strengthen local government to address equitable economic growth through improved public goods and services provision. Such areas include enhancing the status and capacity of local government through professionalisation and improved training; addressing resource shortfalls, both human and financial; promoting innovative partnerships and collaboration; creating a city enabling environment by addressing the relationship between national and local government; providing better data; and knowledge sharing and peer learning. These areas of action can be schematically situated at the local and national level

respectively. Interdependence, fluidity and mutual dependence, however, are all crosscutting traits.

### Local level areas of action

**In the local context, the human resources and professional capacity needs to be strengthened, especially in secondary cities and particularly in Sub-Saharan Africa.** Initial research conducted by Cities Alliance in four countries in Sub-Saharan Africa indicate that cities are functioning at an average 28% of required staffing capacity<sup>21</sup>. The same research found that over two-thirds of municipal staff have no formal education and that all staff are consistently paid less than counterparts at equivalent grades in the private sector<sup>22</sup>. In order to perform the increasingly complex tasks assigned to them, the status and capacity of local government needs to be enhanced, through increased professionalization, developing local government as a career, and improving the standing of local government in comparison to other spheres.

Increased capacity is vital not only to manage and provide municipal goods and services, but to assess and plan for current and future growth - in terms of the economy and the population.

Cities need to strengthen the capacity of political leaders and officials to understand to what extent they are expanding and to plan for this<sup>23</sup>. They need to understand their city and its context, and identify capacity, service provision gaps, resources needed, access and poverty levels, and the legal framework in which they operate<sup>24</sup>.



Audience at the Joint Work Programme Dialogue at the Habitat III conference, Source: Rene P. Hohmann

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<sup>20</sup> United Nations Conference on Housing and Sustainable Urban Development (Habitat III), 2016. “Policy Paper 7: Urban Economic Development Strategies”. Habitat III Preparatory Committee, Third session, Surabaya, Indonesia, 25 -27 July 2016.

<sup>21</sup> Cities Alliance, 2017. “Benchmarking Human Resource Capacity in African Cities”, Future Cities Africa Programme, DFID.

<sup>22</sup> Ibid.

<sup>23</sup> Young-Hoon Moon, UN Habitat, Interview, 13 December 2016

<sup>24</sup> Vito Intini, Municipal Investment Finance Programme Manager, UNCDF, Interview, 22 November 2016



“Particularly in sub-Saharan Africa, in secondary cities the capacity of local government in terms of trained professionals is pitiful. If we are serious about all the things we agreed to at Quito and in the SDGs, there has to be a strengthening of professional capacity at local government level especially in secondary cities as that is where the bulk of the population are and that’s where the biggest neglect is.”

- Clare Short, Cities Alliance

**Cities often lack financial resources, and need to increase their access to finance and develop ways to address their own financial management**<sup>25</sup>. As aptly noted by the Habitat III Policy Unit on Municipal Finance, steady economic growth requires properly financed and functioning municipal governments, supporting institutions, and infrastructure - “municipal finance is the operational fulcrum on which the success of ongoing future rapid urbanization rests”<sup>26</sup>.

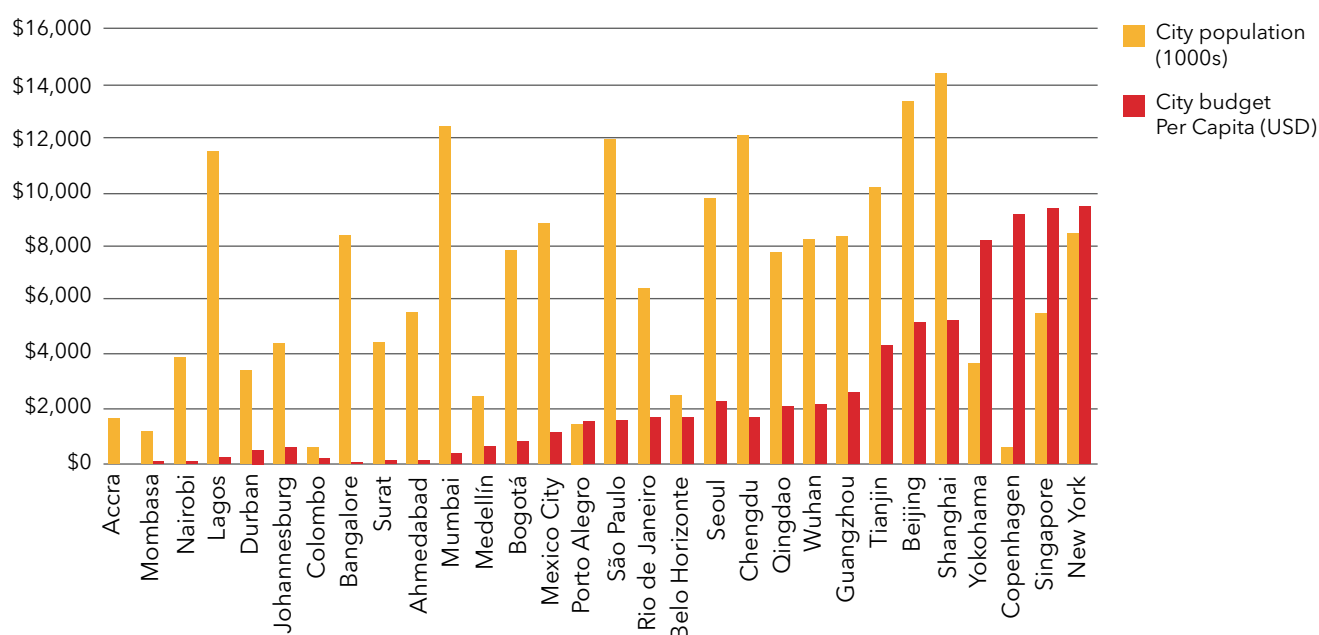
A recent study of local finances in 101 countries by OECD and UCLG shows that low-income countries tend to be less decentralised in terms of both spending and revenues (measured as shares of GDP and shares of public expenditure/revenue)

than middle and high-income countries<sup>27</sup>. Furthermore, city-level data compiled by the World Resources Institute suggest that cities in the global south, generally facing the biggest challenges in terms of assuring widespread access to public goods and services to enable equitable economic growth, also have the lowest per capita budgets<sup>28</sup>. As seen in figure 1, a comparison of city population size and municipal budget per capita in a sample of 30 cities shows that cities in Sub-Saharan Africa and South Asia face the largest resource gap<sup>29</sup>. Many cities in the global south also remains highly dependent on transfers from the central government, with limited own-source revenue. Hence, local governments

“There is a need to professionalize local government, making it a profession that people want to join as a career.”

- Lucy Slack, CLGF

**Figure 1: City population and budget per capita in selected cities**



Note: Budget data represent years 2010 to 2016

Source: Beard, V.A., A. Mahendra, and M.I. Westphal. 2016. “Towards a more equal city: Framing the Challenges and Opportunities.” Working Paper. Washington, DC: World Resources Institute.

<sup>25</sup> Rubbina Karruna, Cities Advisor, DFID, Interview, 24 November 2016

<sup>26</sup> United Nations Conference on Housing and Sustainable Urban Development (Habitat III), 2016. “Policy Paper 5: Municipal Finance and Local Fiscal Systems”. Habitat III Preparatory Committee, Third session, Surabaya, Indonesia, 25 -27 July 2016.

<sup>27</sup> OECD/UCLG, 2016. “Subnational Governments Around the World: Structure and Finance”.

<sup>28</sup> Beard, V.A., A. Mahendra, and M.I. Westphal. 2016. “Towards a more equal city: Framing the Challenges and Opportunities.” Working Paper. Washington, DC: World Resources Institute.

<sup>29</sup> Ibid.

“Economic policies and urban planning functions still tend to work in silos. Government should include spatial elements in economic and industrial policy, and economic elements in urban planning. There is a growing awareness of this and governments need to better coordinate this to strengthen their capacity.”

- Young-Hoon Moon, UN Habitat

need to capacitate themselves to enhance and diversify their revenue stream and to leverage other investment<sup>30</sup>. Assistance can be provided to local governments to explore ways to enhance revenue collection from existing sources and diversify revenues<sup>31</sup>.

Increasing and diversifying revenue streams will be essential in order for cities to be able to respond to increasing expenditures in terms of infrastructure and service needs. Fiscal decentralisation - determining the ability of municipalities to respond to additional or raising expenditure requirements by devolution of financial resources and/or authority - is a key enabling factor. As indicated in the OECD an UCLG study, it is possible to observe a positive correlation between the level of spending and revenue decentralisation on the one hand and country GDP per capita on the other hand. The relationship is displayed for a smaller country sample in Table 2. The table also highlights the low average level of local revenues in low-income countries compared to wealthier countries: subnational taxes amounts to an average of 2.3% of GDP, around 36% of the equivalent share in richer countries. In general, the sharing of national tax revenue as well as own-source taxes do not benefit local governments in low-income

countries<sup>32</sup>. The share of local revenues in low-income countries also falls short of recent estimates of the annual expenditure required to cover urban infrastructure needs, indicating that around 3% of GDP will be required for new infrastructure and an additional 2% for maintenance<sup>33</sup>.

**To play their role in addressing local inequality and meeting global commitments, local governments need to be innovative in building new relationships and partnerships, including those with sectors they have not engaged with in the past.** For example, the role of civil society and set up platforms for engagement need to be rethought where local authorities can engage with organizations of the urban poor<sup>34</sup>. This will help local governments understand what civil society and citizens are demanding and provide goods and services accordingly<sup>35</sup>.

In many cities, creating a space to allow for the organised voice of the working poor to be heard will enhance women’s economic empowerment, in particular when such engagement includes workers in the informal economy. Informal employment is a greater source of non-agricultural employment for women than men in three out of six regions (South Asia, Sub-Saharan Africa, Latin America and the

TABLE 2: FISCAL DECENTRALISATION IN HIGH-INCOME AND LOW-INCOME COUNTRIES

REGION	SUBNATIONAL GOVERNMENT EXPENDITURE		SUBNATIONAL GOVERNMENT TAXES	
	PERCENTAGE OF TOTAL GOVERNMENT EXPENDITURE	PERCENTAGE OF GDP	PERCENTAGE OF TOTAL TAXES	PERCENTAGE OF GCP
Developing countries	18.8 (16)	5.1 (20)	11.4 (16)	2.3 (20)
Industrialised countries	27.8 (26)	13.9 (26)	22.7 (24)	6.4 (25)

Note: Data reported are unweighted averages for the 2000s. The numbers in parentheses are the number of countries included in the comparison.

Source: Bahl, Roy W., Johannes F. Linn, and Deborah L. Wetzel, eds. 2013. *Financing Metropolitan Governments in Developing Countries*. Cambridge, MA: Lincoln Institute of Land Policy; International Monetary Fund. *Various issues. Government Finance Statistics*. Washington, DC.

<sup>30</sup> Young-Hoon Moon, UN Habitat, Interview, 13 December 2016

<sup>31</sup> Ibid

<sup>32</sup> OECD/UCLG, 2016. “Subnational Governments Around the World: Structure and Finance”.

<sup>33</sup> Bahl, R. and Linn, J., 2014. “Governing and Financing Cities in the Developing World,” Cambridge: Lincoln Institute of Land Policy.

<sup>34</sup> Martha Chen, International Coordinator, WIEGO, Interview, 16 December 2016.

<sup>35</sup> Rubbina Karruna, Cities Advisor, DFID, Interview, 24 November 2016

Caribbean) as well as urban China<sup>36</sup>. In addition to being overrepresented in informal employment, women are more commonly engaged in vulnerable jobs, bear a disproportionate burden for unpaid care work and are paid less than men<sup>37</sup>. Estimates indicate that closing the employment gap and the wage gap between the genders could increase women's income globally by up to 76% - to a global value of some USD 17 trillion<sup>38</sup>. City leaders need to engage with organizations of the urban poor who are "willing, ready and able to engage cities"<sup>39</sup>.

Local governments could also strengthen their relationship with business, for example, by establishing one-stop shops or key contact for business. Where these do exist, people and processes are normally not well capacitated, and evidence, especially from secondary cities, indicate that there is little sharing of information on business opportunities<sup>40</sup>. Engagement of all stakeholders needs to increase. Given local government's central role in

meeting global commitments, it needs to be engaged in the whole process.

Building partnerships and engaging a broad range of stakeholders is essential to understand demand, needs and guide investment decisions. Investment plans and decisions however should be based on an integrated approach to local economic development, as the effects of investment in different sectors are inherently linked. Uncoordinated plans and investments in public goods and services often reinforces urban spatial and economic inequalities. For example, non-integrated urban regeneration initiatives may drive housing prices up and put pressure on the road network, in turn forcing lower income households out of regenerated neighbourhoods while attracting wealthier residents and high-end businesses<sup>41</sup>. As noted by the OECD, "an integrated public investment strategy can help improve people's access to affordable, equitable and sustainable infrastructure, and expand opportunities for socio-economic mobility in cities"<sup>42</sup>.

"Forums need to be established at local level, where there is more implementation. We spend a lot of time and energy creating platforms for engagement, empowering the working poor to engage with cities effectively in creative and collegial ways. We do a lot of coaching and preparation for groups of working poor to engage effectively with cities so that it becomes a more mutual agenda."

- Marty Chen, WIEGO



Rubbina Karruna (DFID), Chair of the Joint Work Programme, addressing the floor at the Habitat III conference, *Source: Rene P. Hohmann*

<sup>36</sup> ILO/WIEGO, 2013. "Women and Men in the Informal Economy: A Statistical Picture". Second Edition, Geneva: International Labour Office 2013.

<sup>37</sup> UNWomen, 2016. "Facts and Figures: economic Empowerment". [www.unwomen.org](http://www.unwomen.org).

<sup>38</sup> Actionaid, 2015. "Close the Gap! The cost of inequality in women's work". Accessible at [www.actionaid.org.uk](http://www.actionaid.org.uk).

<sup>39</sup> Martha Chen, International Coordinator, WIEGO, Interview, 16 December 2016.

<sup>40</sup> Rene Hohmann, Senior Urban Specialist, Cities Alliance, Interview, 23 November 2016.

<sup>41</sup> OECD, 2016. "Making Cities Work for All: Data and Actions for Inclusive Growth", OECD Publishing, Paris

<sup>42</sup> Ibid.

“Much of the enabling and regulatory environment in which local authorities operate is developed and controlled at national level, and many cities are not empowered through national legislation to do what is expected of them.”

- Marty Chen, WIEGO

## National level areas of action

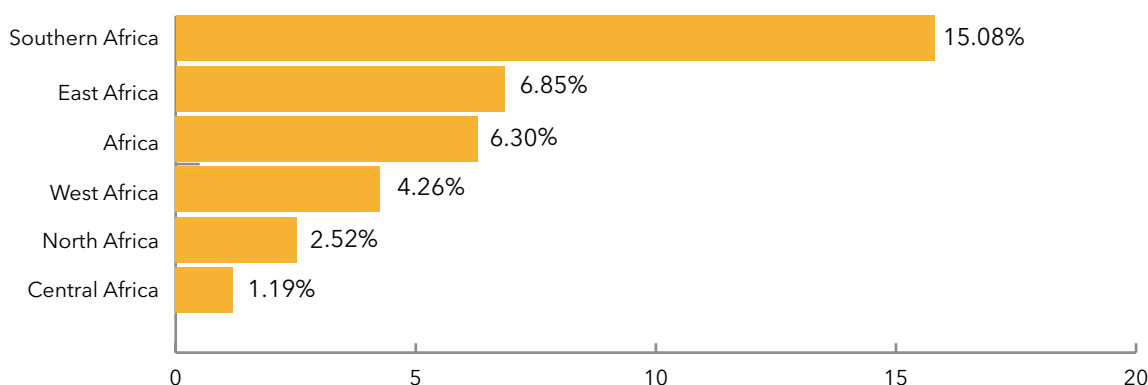
**For any city level action to be successful, cities need national and state governments to provide an enabling national environment.** They need to be empowered: supported through solid institutions, sufficient resources, clear legislation and defined mandates. That includes the need to enhance the status of local government nationally, through increased professionalisation, developing local government as a career, and improving the standing of local government in comparison to other spheres.

Cities need the legislative environment to do what they are supposed to deliver. But the different roles of central government and local government is often unclear, thereby undermining effective service delivery and equitable economic growth at the local level. Cities Alliance in cooperation with United Cities and Local Governments Africa (UCLG-A) has assessed the institutional environment of local governments in Africa in 2012 and 2015, aiming to promote a city enabling environment on the continent. Tracking criteria including legislative frameworks, fiscal systems, capacity building provisions

and citizen participation, the assessments reveal a modest but tangible trend towards improvement. Across the continent, the average rating in 2015 rose by 6% over the 2012 ratings. On the other hand, a clear majority - some three quarters of the countries - received ratings below average and still have a long way to go<sup>43</sup>.

An enabling institutional environment is necessary for public goods and service provision to support equitable economic growth. Indeed, research suggests important benefits of decentralisation with respect to the allocation of public resources and delivery of services, as local governments are well positioned to plan and manage investment “at street level”<sup>44</sup>. Successful decentralisation however rests on aligned governance structures and co-ordination and responsibilities at all levels of government. The JWP, for example, supports the production of Institutional Enabling Environment Reports (IEERs) to map powers and responsibilities with respect to the planning and delivery of public goods and services in all its Campaign Cities. While city responsibilities vary greatly in terms of service delivery mandates, they all need to be empowered to engage with stakeholders at various levels of government and to allow effective multilevel governance.

Figure 2: Improvement in the Institutional Environment by Region of Africa (in order of best to worst)



Source: Cities Alliance and United Cities and Local Governments of Africa, 2015. “Assessing the Institutional Environment of Local Governments in Africa”, Second Edition. Available at: <http://www.citiesalliance.org/node/5799>

<sup>43</sup> Cities Alliance and United Cities and Local Governments of Africa, 2015. “Assessing the Institutional Environment of Local Governments in Africa”, Second Edition. Available at: <http://www.citiesalliance.org/node/5799>

<sup>44</sup> OECD, 2015. “All on Board: Making Inclusive Growth Happen”, OECD Publishing, Paris.



EXAMPLE OF SERVICE PROVISION BY LEVELS OF GOVERNMENT IN UGANDA AND BANGLADESH (ADAPTED FROM CLGF)

SERVICES	UGANDA				BANGLADESH				
	Central	Districts	Urban councils	Village and community councils	Central	Zila	Upazila	Union	City/ Municipality
<b>GENERAL ADMINISTRATION</b>									
Police	•				•			•	•
Fire protection		•	•		•				
Civil protection	•	•			•				
Criminal justice	•	•			•				
Civil status register		•						•	
Statistical office		•			•			•	
Electoral register	•				•				
<b>EDUCATION</b>									
Pre-school (kindergarten & nursery)		•	•	•		•	•	•	•
Primary		•			•	•	•	•	
Secondary		•			•	•			
Vocational & technical		•			•				
Higher education		•			•				
Adult education		•			•	•	•	•	•
<b>SOCIAL WELFARE</b>									
Family welfare services		•			•	•	•	•	•
Welfare homes		•			•				
Social security		•			•				
<b>PUBLIC HEALTH</b>									
Primary care		•	•	•	•	•	•	•	•
Hospitals		•	•	•	•	•			•
Health protection		•	•	•		•	•	•	•
<b>HOUSING &amp; TOWN PLANNING</b>									
Housing					•				
Town planning		•			•				•
Regional planning		•			•				
<b>TRANSPORT</b>									
Roads	•	•			•	•	•	•	•
Transport		•			•	•	•	•	•
Urban roads					•				
Urban rail					•				
Ports	•				•				
Airports	•				•				
<b>ENVIRONMENT &amp; PUBLIC SANITATION</b>									
Water & sanitation		•			•	•	•	•	•
Refuse collection & disposal		•				•	•	•	•
Cemetaries & crematoria		•							•
Slaughterhouses		•							•
Environmental protection			•		•	•	•	•	
Consumer protection		•			•	•			

Key: • Sole responsibility service    • Joint responsibility service    • Discetionary service

Continued on next page...

SERVICES	UGANDA				BANGLADESH				
	Central	Districts	Urban councils	Village and community councils	Central	Zila	Upazila	Union	City/ Municipality
<b>CULTURE, LEISURE &amp; SPORTS</b>									
Theatre & concerts		•			•	•	•	•	•
Museums & libraries		•			•	•	•	•	•
Parks & open spaces		•	•	•	•	•	•	•	•
Sports & leisure		•			•	•	•	•	•
Religious facilities					•	•	•	•	•
<b>UTILITIES</b>									
Gas services					•				
District heating									
Water supply	•	•			•	•	•	•	
Electricity	•				•				
<b>ECONOMIC</b>									
Agriculture, forests & fisheries		•	•	•	•	•	•	•	
Local economic development/ promotion		•	•	•	•	•	•	•	
Trade & industry	•				•				
Tourism		•			•	•	•	•	•

Key: • Sole responsibility service • Joint responsibility service • Discetionary service

Source: Adapted from CLGF, 2015. "Commonwealth Local Government Handbook 2015/16", Publications UK, London.

**A key component of an enabling city environment is an effective fiscal transfer system and clear provisions with respect to fiscal decentralisation.** The key function of the fiscal transfer system is to bridge the gap between municipal mandates - the cost of providing municipal public services - and the own source revenues raised by cities to provide those services<sup>45</sup>. Table 3 illustrates that fiscal transfers constitute a large proportion of city revenues in many countries, at various income levels. In low-income countries in particular, sub-national governments are highly dependent on central government transfers. In 2013, transfers and subsidies from the centre constituted 63% of local government

revenues in low-income countries, compared to roughly 50% in high-income countries, and the share of tax revenue was lower - at 24% in low-income countries versus 35% in high income countries<sup>46</sup>. Consequently, strengthening city finances will require concerted efforts and a holistic approach, incorporating a stable and reliable fiscal transfer system, strengthened systems for generating own source revenues as well as exploring alternative sources of finance and investment. This might involve better use of public-private partnerships, local land taxes and user charges as well as more effective and equitable fiscal equalisation arrangements between national and local governments<sup>47</sup>.

*"Stronger dialogue is needed between cities and central government, not only ministries of local government. Cities also need more direct contact with sectoral departments as the expectation in these global commitments is on partnerships between different spheres of government, on multilevel governance. Governments need to be clear about how they are going to adopt SDGs and the NUA so that local governments can then plan themselves how they will do it, retaining the local democratic mandate."*

- Lucy Slack, CLGF

<sup>45</sup> United Nations Conference on Housing and Sustainable Urban Development (Habitat III), 2016. "Policy Paper 5: Municipal Finance and Local Fiscal Systems". Habitat III Preparatory Committee, Third session, Surabaya, Indonesia, 25 -27 July 2016.

<sup>46</sup> OECD/UCLG, 2016. "Subnational Governments Around the World: Structure and Finance".

<sup>47</sup> UN-Habitat, 2016. "Urbanization and Development: Emerging Futures", World Cities Report 2016. United Nations Human Settlements Programme.

“We have to address how to finance production of public and collective goods in urban areas in developing countries. This includes raising taxes at a national and local level, how to attract foreign direct investment (FDI), how to channel remittances (which now compare with FDI in volume so they are very important resource). The problem is that Africans, for example, finance development in Africa even when abroad, but they tend to invest in private consumption which is understandable; we need to put in place mechanisms that attract these resources to public goods as promoted for example through Mexico's *Tres por Uno Programme*.”

- Mario Pezzini, OECD

**To perform their roles effectively, local governments need accurate and up to date data and information.** Lack of data and information is a huge obstacle to city planning and to promoting equitable urban economic growth. It allows for inequities in the urban land market, and costs of services and land being higher for the poor. City leaders need to agree on what their city is and what it needs to become. For that, data is critical, providing answers to questions like “who is in my city, what have they got, what are they paying for

it? Many managers do not have the requisite information to make intelligent decisions”<sup>48</sup>.

Having open data and open government would make a catalytic change in promoting equity<sup>49</sup>. Not least because better data and information allows for sharing of experiences and knowledge of similar situations and contexts with other cities. Hence, knowledge transfer and dissemination through guidebooks, toolkits and case studies is useful in strengthening local government<sup>50</sup>.

“Also important is having the right tools, access to evidence, knowledge on the ground, leading to an understanding of what civil society and citizens are demanding.”

- Rubbina Karruna, DFID

TABLE 3: FISCAL TRANSFERS - GRANTS AS A PROPORTION OF TOTAL MUNICIPAL REVENUE, BY COUNTRIES AND REGIONS

CATEGORY/ REGION	COUNTRY	DATA YEAR	FISCAL TRANSFERS AS A PERCENTAGE OF TOTAL MUNICIPAL REVENUES	FISCAL TRANSFERS AS A PERCENTAGE OF GDP
OECD	France	2011	29	3.3
	Germany	2011	35	2.7
	Japan	2011	46	7.5
	United Kingdom	2011	70	8.7
Latin America and the Caribbean	Argentina	2013	48	0.7
	Brazil	2011	67	4.9
	Chile	2011	42	1.2
	Colombia	2011	51	3.2
Developing Asia	Kazakhstan	2011	61	5.9
	Indonesia	2010	85	4.5
	Mongolia	2011	8	0.3
	Thailand	2011	60	2.4
Africa	Cote d'Ivoire	2012	79	0.4
	Ghana	2012	80	0.7
	Kenya	2013	88	0.3
	Malawi	2013	75	0.9
	Nigeria	2013	98	2.2
	South Africa	2011	30	2.3
	Uganda	2011	93	3.3

Sources: *Habitat III, 2016. "Policy Paper 5"; Argentina Urban Diagnostic Report (Draft, World Bank, 2016); Côte d'Ivoire Urbanization Review (World Bank, 2015); Ghana Urbanization Review (World Bank, 2015); Government Finance Statistics Year book (IMF, 2012); Indonesia Local Government and Decentralization Project Appraisal Document (World Bank, 2010); Malawi Urban Development Report (World Bank, 2015); Nigeria Urbanization Review (World Bank, 2016); Uganda Inclusive Growth Policy Note (World Bank, 2015).*

<sup>48</sup> William Cobbett, Director, Cities Alliance, Interview, 9 December 2016.

<sup>49</sup> Ibid

<sup>50</sup> Young-Hoon Moon, UN Habitat, Interview, 13 December 2016.

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## 4. Global action and the role of global partnerships

At the global level, it is agreed that development partners are striving to provide support to national and local actions through a number of concerted measures. For example, the capacity of local governments should be assisted through initiatives ranging from municipal finance and financial management to more innovative revenue-generating tools such as credit based municipal bonds, and land-based revenue-generating tools<sup>51</sup>. Official Development Assistance remains a crucial source of finance because these resources can be oriented towards the production of certain public goods. However, supporting horizontal cooperation is also critical i.e. what cities do for other cities, between peers within and across countries<sup>52</sup>. Global partnerships can play a role working with development partners and cities to inform for example National Urban Policies and City Development Strategies.

Global partnerships, such as the Cities Alliance, have an essential role to fill, particularly in profiling the city agenda, demonstrating the value of partnerships and stakeholder collaboration, and knowledge sharing. Cities Alliance brings together members from different types of institutions which reflect the types of partnerships needed to promote equitable economic growth and achieve global commitments. In doing so,

it provides a platform for exchange between peers, with great potential for creating partnerships to provide implementation tools for SDGs to cities<sup>53</sup>.

Generally, there is a great need for partnership platforms to ensure a coherence of effort at the national level, providing space to think about capacity and policy gaps regarding finance, national policies and frameworks for coordination. Similarly, at a global level there is still a need to address knowledge gaps looking at the role of cities as a productive force for prosperity and development, the characteristics of inclusive cities, the role of the private sector and other constituencies and actors that are not yet recognised as change agents in the sector. A key role of the Joint Work Programme itself is to assist in filling knowledge and capacity gaps: by organising global dialogues, giving voice to secondary cities and exploring knowledge gaps from new angles<sup>54</sup>. Indeed, sharing knowledge and experience, and developing the evidence base necessary for promoting equitable economic growth is at the heart of the JWP. The work allows members and partners to see what works, and highlights potential to possibly scale up good practices coming from the partnership<sup>55</sup>.

“Donors and other partners at national level can assist to ensure that the role of urban development is mainstreamed at national level, and can help cities to develop plans that are connected to national level planning.”

– Rubbina Karruna, DFID

“All this requires better donor coordination.”

– Vito Intini, UNCDF

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<sup>51</sup> Young-Hoon Moon, UN Habitat, Interview, 13 December 2016

<sup>52</sup> Mario Pezzini, Director, OECD Development Centre, Interview, 6 January 2016

<sup>53</sup> Ibid

<sup>54</sup> Rene Hohmann, Senior Urban Specialist, Cities Alliance, Interview, 23 November 2016.

<sup>55</sup> Lucy Slack, Deputy Secretary General, CLGF, Interview, 16 December 2016.



"The fact that Cities Alliance is set up as a partnership provides huge opportunities to mobilize across different groups and to move away from silo thinking to a more collaborative approach. There is opportunity for Cities Alliance to create at an international level the integrated partnerships we are looking for at city level, which gives the organization real strength. It enables us to draw out best practice and to share the different kinds of models of best practice which we can take forward."

- Lucy Slack, CLGF

"Global commitments demand concerted effort from all levels of stakeholders. A key strength of Cities Alliance is its reach and convening power that brings together multiple stakeholders (government and civil society) and partners who drive governance but may not otherwise work together, bringing a collective wisdom."

- Rubbina Karruna, DFID

"We were keen to be part of Cities Alliance network because of the way Cities Alliance is set up as a partnership which mirrors this new thinking around the partnerships we need for delivery and for achieving the SDGs and other global commitments."

- Lucy Slack, CLGF

"Cities Alliance could adopt a principle of setting up consultative platforms in all areas where they work, particularly locally, which could include information exchange, policy dialogue, and negotiations for new approaches and mechanisms for implementation. Ideally, these should be founded on the principles 'leave no-one behind' (i.e. target the most disadvantaged), and 'nothing for us without us'".

- Marty Chen, WIEGO

"We must also not lose sight of the fact that cities are not a world in themselves but are part of a wider space. We have to take the wider region into account. We need to balance the focus on cities with developing viable rural development options otherwise people will move to towns and cities without changing their condition, leading to high levels of urbanization characterized by displacement from rural poverty to urban poverty, rather than by transformation."

- Mario Pezzini, OECD





## 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)

