



Cities Alliance Workshop on the New Urban Agenda

Input Paper in preparation
for our discussion on the New Urban Agenda

INPUT PAPER

Input 1 –Context and Content of NUA

2015 is a pivotal year for sustainable development. The outcomes of the 3rd International Conference on Financing for Development, the United Nations Summit for the adoption of the post-2015 development agenda, as well as the UNFCCC COP 21 will significantly shape the global development agenda for the coming decades. The SDGs have the most direct relevance for Habitat III due to the inclusion of a stand-alone urban SDG (SDG 11), and the consideration of urban issues in several targets of other goals. In addition, the zero draft of the FfD also emphasizes the importance of investments for sustainable cities. And, although the role of local governments and cities has yet to be negotiated in the context of UNFCCC COP21, the importance and recognition of cities in the global climate regime has increased since COP 17. Against this background, Habitat III is often referred to as the first implementation conference of the post-2015 agenda and the new climate agreement, leading us to questions regarding the relationship between these global processes and Habitat III:

- Considering the discussions and anticipated outcomes of the SDG, FfD and UNFCCC processes, especially with regard to urban issues, why do we actually need a New Urban Agenda? What should and can the NUA additionally contribute?
- What will be the implications of the discussions at FfD, SDGs, and COP 21 for Habitat III both in terms of content and process?

In contrast to the Kyoto Protocol and the MDGs, the new climate agreement and the Sustainable Development Goals are both intended to be universal, thus offering a relevant precondition for alignment with the New Urban Agenda.

- What can such an alignment look like? Do we need better coordination and synchronization of these processes and if so, how?

The inclusion of SDG11 indicates recognition of the importance of sustainable urban development. This offers a new starting point compared to the MDGs, which undermined the outcomes of Habitat II due to the insufficient consideration of cities and urban development.

- How can we tap the full potential of an urban SDG, as well as of the targets and indicators with an urban dimension for Habitat III?

Progress in this area also depends on the integration of urban issues in other relevant targets and goals – this is important to make trade-offs and synergies visible. While the SDGs are designed to better integrate crosscutting issues compared to their predecessors (the MDGs), not all relevant SDGs sufficiently account for urban issues, e.g. through their targets or proposed indicators.

Thesis 1: Habitat III and the New Urban Agenda should fill in the gaps with respect to urban issues in the SDGs and establish links (horizontally and vertically) where necessary.

Participation

In September 2014 the Habitat III process kicked-off with the 1st Preparatory Committee. This was followed by PrepCom 2 (April 2015), which was supposed to find agreement on the modalities of participation. While it was widely anticipated that the inclusive engagement modalities of Habitat II would be extended to the Habitat III process, member states were unable to reach consensus on the rules of procedure, including stakeholder participation. This is a central concern given that the strength of the Habitat III process and its outcomes will rest on the level of participation. The issue is now supposed to be taken up by the UN General Assembly in September 2015. However, given the busy schedule due to the UN Summit on Sustainable Development, it is uncertain whether this matter will be addressed. In that case an extraordinary session on the rules of procedure and content-related issues of the preparatory committee may have to be called before PrepCom 3.

- Is it still possible to reach broad participation or even improved participation as requested in Resolution 67/216? If so, what should and could improved participation of local authorities and other stakeholders look like? And what is needed to achieve this?
- What are the implications of the lack of agreement on participation for the New Urban Agenda?

Additionally, it is useful to re-examine the Habitat process. Habitat conferences take place every two decades, and hardly manage to place urban development visibly on the global and domestic policy agenda. They are insufficiently adaptive and flexible to address new challenges and opportunities emerging from the rapid pace of urbanization and dramatic developments for example with respect to technological innovations.

- Which corresponding elements to the Habitat process are required?
- Do we need more frequent Habitat conferences or even an entirely different process?

Thesis 2: As it might be difficult to adequately incorporate the role of stakeholders, especially local governments, into the New Urban Agenda, additional structures and processes outside Habitat III should be established.

Additional questions to be considered

- How can we turn a New Urban Agenda process into something as relevant as Agenda 21, which was a driver for local climate action and the beginning of urban transformation in the 1990s?
- Does the existing urban agenda capture (drivers of) change in urban development?
- Are existing opportunities for participation attractive for the private sector to engage? Are there any alternative fora that can or should be linked to the Habitat process?

Input 2 – Implementation and Financing of NUA

Implementation

In the Habitat Agenda, nation states committed to its implementation at the local, national, regional and international levels, through national plans of action and/or other relevant national programs and actions. This process allowed countries to adapt the Habitat II recommendations to their specific needs and circumstances. The success of Habitat II therefore largely rested on the extent to which national plans of action addressed and implemented the Habitat Agenda. Habitat II moreover called for such national plans of action to be complemented by bilateral, subregional, regional and international cooperation in pursuit of implementation.

The state of implementation was first comprehensively reviewed at a UNGA *Special Session for an overall review and appraisal of the implementation of the Habitat Agenda (Istanbul+5)* in 2001. This session raised several concerns about the state of implementation of the Habitat Agenda. In particular, it noted that lack of political will was a basic obstacle to the implementation of the Habitat Agenda, and that since 1996, not much had developed in terms of international cooperation on shelter and human settlements development. A comprehensive review is currently in preparation for Habitat III and will show to what extent the Habitat Agenda has been implemented and what obstacles have (not) been tackled.

- What processes are needed to catalyze political will and buy-in?
- How can sufficient capacity be built both at the national and local level to ensure successful implementation of the NUA?
- What multi-level governance structures are needed to support the implementation of the NUA?
- Do we need new mechanisms of international cooperation to ensure the effective delivery of the NUA?

The PrepCom report (Sept 2014) moreover mentions enduring failures to implement policies, and policy shortcomings as hampering progress on the Habitat Agenda. Thus, while countries made important progress on the implementation of the Habitat Agenda and implemented policies, institutions and programs in line with the Agenda, these efforts have not been sufficient to fulfill the goals of adequate shelter for all and sustainable human settlements development. These implementation gaps of Habitat II raise several questions regarding how to ensure that the New Urban Agenda has better chances of successful implementation:

- What policy processes are needed to ensure that national urban development strategies or policies are being developed in a transparent and inclusive way?
- What regulatory frameworks are needed at the national level for an effective implementation of Habitat III?
- How can the means of implementation of the SDGs, in particular with respect to the specific targets and indicators related to urban issues, be harnessed to promote the implementation of Habitat III?
- What mechanisms should be used to unlock the full potential of private sector and civil society? Would it be supportive to develop Local Agendas for implementation of the NUA?
- What actors/institutions are drivers of change that can encourage implementation? Can the policy units play a role in the implementation of HIII?

Thesis 3: Effective implementation of the NUA will rest on the quality of national urban policies, strategies or plans of action, which should be integrated into the national development strategies as suggested by the

Mechanisms and structures will be needed to support and fund implementation at the local level. Knowledge exchange and sharing best practices can offer guidance on the content of such means of implementation and can encourage integration of the goals of the NUA. Increased cooperation with city networks and urbanization partnerships can play a role in this context.

Financing

Implementing sustainable urban development requires effective financing mechanisms. However, financing has several interrelated components. Firstly, where responsibilities are decentralized to local authorities, this should be accompanied by a decentralization of resources and capacity. Secondly, finance for sustainable urban development requires a well-functioning local finance system. Developing and implementing such systems is a long-term process, as it requires coordination and cooperation across different levels of government, different ministries and departments. Improvements on municipal finance systems, e.g. with respect to local revenue generation, effective tax collection are supported for example by a host of World Bank programs. Thirdly, once a well-functioning municipal finance system has been established, local authorities can tap into funding under other international sustainable development investment frameworks, loans, etc.

Private sector funding could make substantial contributions to funding for sustainable urban development. However, local governments in developing countries rarely use private sector sources of funding. Moreover, only few cities (4%) in low-income countries have access to international markets (UN-Habitat 2015, World Bank 2013). This lack of access to finance is caused by a host of problems cities face, such as exchange rate risk, and low creditworthiness. Institutions and programs working to address such problems with respect to cities' access to finance include the World Bank's City Creditworthiness Program, or the Cities Development Initiative for Asia. Several issue-specific collaborations also exist in this area, such as the Medellin Collaboration on Urban Resilience (MCUR), which aims to catalyze cities' access to finance for resilience-enhancing investments, and the Cities Climate Finance Leadership Alliance (launched in New York in September 2014), which supports cities in low- and middle-income countries in finding public and private investments to finance sustainable infrastructure.

- Drawing on the experience of the above mentioned programs, how can collaboration and partnership between local authorities and the private sector be supported? What is required and are the preconditions on the part of the private sector and what on the part of local governments?
- What additional finance and investment facilities are needed?

In the realm of financing for sustainable development, there are a multitude of sources of funding available to local authorities that could be tapped to fund sustainable urban development projects. However, programs are required that enable local authorities to effectively access these sources of finance, e.g. through capacity building.

- What is needed for local authorities to access available funds at the international level?
- How can capacity building of local governments be supported?
- What kinds of initiatives are needed to support cities in accessing funds? Do we need different or more of the above mentioned programs to ensure effective implementation of the New Urban Agenda at the local level?
- Which of the above mentioned financing opportunities should be part of the New Urban Agenda?

Thesis 4: The success of Habitat III and the New Urban Agenda hinges on its complete and effective implementation, as well as the availability of and access to sufficient funding at the local level.

Input 3 – Review and Monitoring of NUA

Monitoring, reporting and review are important components of a New Urban Agenda. Discussions on the form of these components should integrate lessons learned from Habitat II, as well as from relevant platforms for monitoring and review on urban issues. Awareness of such other platforms is also useful to avoid duplicating their efforts.

With respect to Habitat II, progress on goals was reported in national, regional and global reports, which built up on each other. UN-Habitat's flagship reports, *State of the World's Cities* and *Global Report on Human Settlements*, are produced alternately every two years. Inputs for the reports were, among other things, provided by the Global Urban Observatory (GUO), which was established to monitor progress on the Habitat Agenda. The GUO collects information on 30 key indicators, and 9 qualitative checklists in a sample of cities worldwide, leading to the question whether the number of indicators is enough to sufficiently capture progress. The database is updated in preparation for conferences, e.g. the Habitat II Conference and the Istanbul+5 Conference. The database moreover tracks progress on target 11 of the MDGs, which concerns improvement in the lives of slum dwellers. A City Development Index (CDI) was developed to rank and compare these cities with respect to indicators. At the national level, UN-Habitat recommends that countries (re-establish) National Habitat Committees, which will then collect and analyze indicators, best practices, etc. and compile these into national reports. UN-Habitat recommends that the National Habitat Committees involve a wide range of stakeholders.

Thesis 5: Thorough monitoring and review are of fundamental importance for the successful implementation of the New Urban Agenda. A task group could now be established to provide a proposal to be integrated into the NUA.

Nonetheless, the level of scrutiny to progress on the Habitat II goals has been deemed insufficient. Moreover, limited updating of indicators means data is often outdated. While not all indicators can reasonably be updated annually, monitoring and reporting at the national level should nonetheless occur regularly to be aligned with national planning and budgetary processes, to facilitate funding allocation to priority issues. Regular, in-depth reviews of national reports should ideally happen not just at the regional level, but also at the international level, to ensure effective peer pressure where necessary, or identify where more capacity building is needed.

- Where and how should the review and monitoring process of the NUA be anchored within the UN system?
- What monitoring and review mechanisms are needed and how should the process be structured?
- Should stakeholder involvement in the monitoring and review process of the NUA be strengthened? What would be the implications of this?
- What role can cities play in the review and monitoring process?

Existing review and monitoring platforms

Various international organizations, state and non-state actors have developed platforms for review, monitoring and reporting that are relevant to urban issues.

Some of these platforms cover specific issues or sub-topics that are relevant to cities. For example, the carbonn Climate Registry (cCR) provides a platform for local governments to report and measure their local climate action developments, while UN-Habitat's City Resilience Profiling Program (CRPP) provides tools for monitoring, measuring and developing responses to hazards and urban resilience.

A broad platform that provides information on a wide range of topics that are potentially important to the New Urban Agenda is the World Council on City Data (WCCD). This initiative provides standardized data on cities to aid decision-making, facilitate targeting and help leverage government funding for priority issues. It tracks 100 indicators, grouped into 17 themes, many of which are relevant to the proposed New Urban Agenda (covering topics ranging from economy, energy, environment, finance, to water and sanitation). These indicators are part of the international standard ISO 37120 Sustainable Development of Communities, which was developed using the framework of the Global City Indicators Facility (a further platform working in this area). Such platforms could be useful partners for the New Urban Agenda. Questions related to their activities include:

- What added value can be expected from the monitoring and review process of the NUA?
- What actors should be involved in monitoring and review, and for what purpose?
- How can existing review and monitoring platforms for cities be utilized?
- What elements of the New Urban Agenda are not covered by existing monitoring and review processes?

Monitoring and review of the Sustainable Development Goals

In addition to the platforms mentioned above, ongoing discussions with respect to monitoring and review in the context of the SDGs can potentially provide useful insights for the New Urban Agenda. On the one hand, there have been many fruitful discussions regarding what an effective monitoring and review process needs to look like in preparation for the UN Summit to adopt the Post-2015 Development Agenda. And, on the other hand, the thematic overlaps between the proposed SDGs and the New Urban Agenda may also provide avenues for collaboration on monitoring and review.

Discussions on monitoring and review in the context of the SDGs highlight that what is needed is more than data collection and reporting. Rather, a review process needs to ask governments critical questions regarding their successes and failures at achieving targets. The results from such a review process can be used to address frequent problems with respect to implementation, such as lack of capacity and lack of political will. Thus, where there is a failure to achieve targets because of lacking capacity, a critical review process will identify what additional resources countries may need, and how exchange of knowledge and best practices can help. This would also be an incentive for countries to participate in the review process, especially considering some countries' fears about the review process as an infringement of sovereignty. While there will be no compliance and sanctioning mechanisms to address lack of political will, a thorough review process will at least allow for peer pressure.

- What can we learn for the New Urban Agenda from discussions about reporting, monitoring and review in the context of the SDGs?

Considering the potential thematic overlaps with the New Urban Agenda, the specific indicators and monitoring procedures of SDGs and targets with relevance for urban issues should also be considered. Discussions on monitoring of the SDGs indicate that this will likely occur across multiple – national, regional, global and thematic – levels. The focus of monitoring will likely be at the national level. Global Monitoring Indicators will be the same in all countries to ensure comparability, while Complementary National Indicators could allow countries to track challenges of particular concern to them and even develop additional targets if need be. Thematic monitoring will require specialized and sector-specific indicators. A lead UN entity or network for a particular topic could encourage ongoing collaboration between international organizations, civil society and business groups, bring together data producers, users and analysts, supervise annual thematic reporting and respond to improvements in data availability, new data generation mechanisms, etc. Such thematic groups could play an important role in pushing a data revolution, by picking up new developments in measurements and metrics and integrating these into the monitoring process for the SDGs. Integrating innovations in data collection and measurement can also facilitate the more frequent data collection called for above.

Indicators are an aspect of SDG monitoring that is of particular importance for Habitat III. A reassuring development in this respect is the focus on disaggregation, the importance of which was recently affirmed at the first meeting of the Inter-agency and Expert Group on Sustainable Development Goal Indicators (IAEG-SDGs) to develop an indicator framework (June 1-2, 2015). Indicators will likely be disaggregated along multiple dimensions, including spatial dimensions (e.g. urban and rural, metropolitan areas, districts), with an emphasis on achieving targets for all relevant groups. Questions may arise with respect to whether all relevant indicators will be appropriate to urban contexts. For example, the indicator on extreme poverty is often mentioned as one that is not suitable to urban contexts. Developments in this area include a push for an alternative indicator for extreme poverty in urban contexts, and an updating of the current threshold of \$1.25/day as contexts evolve. A further noteworthy development with respect to indicators is the proposition of a Complementary National Indicator for SDG11 that tracks the “Existence and implementation of a national urban and human settlements policy framework”.

- Should the NUA review process be aligned with the SDG process? What are the benefits and consequences of an integrated or parallel review process?
- How can the review and monitoring process be designed in a dynamic way that facilitates learning, renews political commitment, and responds to technological innovations?