

DRAFT OUTLINE OF THE GLOBAL AGENDA OF LOCAL AND REGIONAL GOVERNMENTS FOR HABITAT III

This document is an initial outline of the main points to cover (and develop further) for the Global Agenda of Local and Regional Governments for Habitat III. Its purpose is to stimulate debate on: whether this is a compelling 'story' for local and regional governments to tell the world; whether any issues are missing or unclear; whether the approach taken to each issue is appropriate or should be reformulated. It is a live, working document, open to comments, criticisms and contributions.

Local and regional governments as levers of change in the future development agenda

1. The world has changed since Habitat II. Urbanization, globalization, the threat of climate change, increasing inequalities, impact of new technologies and citizen demands for democracy are reshaping our societies and our planet.
2. Economic globalization has changed urban and territorial geography, which now spans from small villages to megacities in an immense world web interconnected by new information and communications technologies. But not everyone is benefiting from these new opportunities. The inequalities created by the current model of development are generating new gaps and increasing old ones. This model also has dramatic consequences on the environment: pollution, natural resource depletion, impoverishment of biodiversity, climate change, and the increasing impact of natural disasters on our cities and territories.
3. The pace of change will increase over the next two to three decades; while the rural population will decline, the urban population will increase by 60%, at which point two thirds of humanity will be urban. With the current model of development, urbanized areas will triple in the next two decades with dramatic impacts on environment and the quality of life of our communities.
4. Our current pattern of development is incompatible with planetary boundaries. New patterns of consumption and production are essential for sustainable development. And the time available to make these changes and prevent irreparable damage to our planet is running out. The next twenty years will be critical. We need a **structural change** in how we approach development.
5. In this increasingly urbanized, interconnected world, local and regional governments are uniquely placed to put people at the center of development agenda and, thereby, to **act as levers of change**. As the level of government closest to the people, we can listen to and understand the priorities of all sectors of our communities, including the most marginalized, and adapt and target development policies accordingly. As public elected authorities, we also have a democratic mandate to take action, and can be held to account by our citizens if we fail to carry out our responsibilities.

6. To fulfil our potential, we propose taking action in **five areas**:
- a) **“Lead local coalitions to develop a shared vision for the future of our cities”**: elected local leaders are uniquely placed to develop a strategic vision and plan in partnership with citizens and public and private partners to *“make more sustainable, inclusive, resilient and safe cities”* (SDG). We can help to adapt models of governance to the needs of our own urban areas; regulate and defend the commons and mobilize local resources to finance sustainable development.
 - b) **“Renew the social contract and strengthen local democracy”**: local and regional governments are on the frontline of strengthening democracy at local level. We are in a unique position to promote citizen participation in the management of local affairs, particularly the inclusion and empowerment of women in local public life. We can also facilitate the participation of young people, minorities and marginalized groups, and ensure accountability and transparency in local governance. By supporting democratic debate and multi-stakeholder dialogue, we can define and implement policies and strategies to tackle all forms of exclusions and reduce inequalities
 - c) **“Connect cities and regions to unlock local potential”**: local and regional governments can use our knowledge of local actors and of the opportunities in our cities and regions to boost economic development and environmental sustainability. This ‘territorial approach’ to development pays special attention to more equitable urban-rural linkages; the role of intermediary cities in structuring local markets and the delivery of basic services in their hinterlands, and the strengthening of the governance and competitiveness of metropolitan and megacities.
 - d) **“Drive bottom-up national development”**: the territorial approach to the development also encourages a bottom-up approach to national development. Cities are increasingly the motors of national economies; promoting innovation, creativity and connectivity in cities and territories should be at the top of every national government agenda. Local governments are willing and committed to work with national governments to create more effective partnerships (multilevel governance), based on the principle of subsidiarity. This requires the decentralization of national development policies, particularly national urban policies, and adequate access to finances for subnational governments. Territorial cohesion should be ensured by means of equalization policies.
 - e) **“Take a seat at the global table and cooperate in a spirit of solidarity”**: local and regional governments are committed to build on our legacy of decentralized cooperation and international solidarity. Through this cooperation the links between local and regional governments are strengthened and citizens gain shared values and understanding of the importance of peace, human dignity and respect for one another. Local and regional governments are acting locally to address global challenges (climate change, peace-building, development cooperation) and to manage the impact of global phenomena at local level (the integration of migrants, the mediation of globalizing economic and cultural forces). We can contribute to more transparent and accountable global governance if we are recognized as partners in international and regional institutions and included in international development policies.

The five dimensions of local and regional government development agenda

I. "Lead local coalitions to develop a shared vision for the future of our cities"

7. In this increasingly urbanized, interconnected world, local and regional governments are uniquely placed to put people at the center of development agenda and, thereby, to **act as levers of change**. As the level of government closest to the people, we can listen to and understand the priorities of all sectors of our communities, including the most marginalized, and adapt and target development policies accordingly. As public elected authorities, we also have a democratic mandate to take action, and can be held to account by our citizens if we fail to carry out our responsibilities.
8. Urbanization is among the most significant global trends of the 21st century and is dramatically transforming our societies. Its potential to drive sustainable global development has been widely recognized. However, current models of urbanization are not sustainable in many respects (e.g. unplanned cities, urban sprawl, social exclusion, and environmental degradation).
9. Local and regional authorities are well-placed to lead the sustainable development of urban areas and territories. Our democratic mandate and knowledge of local issues put us in a unique position to develop a **strategic vision with our communities** that integrates the four pillars of development (social, economic, environmental and cultural). We work best by creating broad local coalitions to shape this sustainable urban future. Successful cities have developed comprehensive and flexible planning strategies to respond to the increasing complexity and speed of urbanization.
10. Local and regional governments can learn from these experiences to promote **new models of governance** for expanding mega cities and metropolitan areas, peripheral cities, intermediary cities and towns. These new models of governance should promote innovative planning and coordination mechanisms that enable sustainable urban and regional development. E.g. strategic planning can generate a process to bring together broad coalitions of all sectors (civil society, the private sector, and public institutions) and create a shared vision, empower local institutions and communities to guide urban growth, boost economic development and strengthen environmental sustainability. Flexible planning strategies can help cities to adapt faster to a changing social and economic environment (e.g. aging population, youth bulge, economic restructuring, and the transition toward a green economy).
11. **Cities can contribute to new patterns of consumption and production.** Mayors and other local elected leaders are seeking to make our cities more compact, socially and economically mixed, with walkable local environments, universal access to public services, mass public transport and resilient local communities (both to natural risks, social and economic threats). We also hope to reduce the environmental footprint and fossil-fuel dependence of our communities and use new technologies to make cities smarter and more energy efficient.
12. One of our core goals as local and regional governments is to **regulate and defend the commons**, e.g. water, air, land use, public services and public space. We have ambitions to guide urban development through land use regulation and management and by improving our regulation of the real estate market.
13. We would like to be able to finance the development of our cities by **mobilizing local and national resources** and, given the growing scarcity of resources, **improving the management of our assets and heritage. Massive public and private investments** will be necessary to renew old infrastructures, particularly to

cope with the impact of climate change and to build the new cities that will host 2.5 billion of new urban residents during next three decades, mostly in developing countries.

14. To adapt these principles and prepare to face the challenges of urbanization, local governments, particularly in low-income countries, will **require one another's support and that of national governments and of the international community**. We need to act now to anticipate these pressures because it is always more complex and costly to intervene to transform or improve precarious settlements or to upgrade slums once they already exist.

II. Renew the social contract and strengthen local democracy

15. Growing inequalities (between and within countries and territories) is a global challenge. Predictions of international institutions indicate that this trend will worsen over the coming decades. It is a source of accumulated social frustrations and of increasing popular unrest, particularly in urban areas.
16. In cities, inequalities create new forms of poverty and exclusion, for example, in urban peripheries in developed countries, and exacerbate slum expansion in developing countries. Slum-dwellers make up more than 50% of urban population in some developing countries. Gender inequalities persist globally, denying the full political, economic, social and cultural potential of half of the world's population. Intergenerational inequalities are increasing in all regions, particularly in developing countries where young people make up a substantial part of the population. The growth of migration creates new challenges of integration and inclusion, as well as opportunities for exchange and innovation. Urban violence blights the lives of many urban-dwellers, and acts as a major impediment to development, prosperity and wellbeing.
17. The retreat of the welfare state means that local policies will be more necessary in the future to tackle social and economic exclusion and promote community cohesion. While the powers and resources of local and regional governments are, in general, inadequate to tackle many contemporary forms of inequalities, we are in the position to address others, particularly if we work in partnership with the communities we serve. **We will not abdicate our responsibility to tackle social exclusion, reduce inequalities and promote social justice.**
18. With the appropriate support, local and regional governments are in a strong position to identify inequalities in our communities and target policies to address them efficiently and **empower all inhabitants** to fully participate in local political, social, economic and cultural life.
19. Local government **initiatives to tackle social exclusion and urban violence** can take many forms, e.g. neighbourhood regeneration, social housing, support the integration of migrants, targeted social assistance (e.g. for the unemployed or elderly), youth programmes (e.g. vocational training, jobs, post-gang reinsertion) and initiatives to tackle the "digital divide". Slum-upgrading and support to the informal sector are most effective when they are developed in partnership with NGOs and local communities.
20. Local and regional governments are committed to the principle of **gender sensitive local governance**, mindful of the specific needs of women and men and fostering equal participation in local decision making and policy definition.

21. Local and regional governments want to **draw on the meaning and legitimacy of our local cultures** to engage and mobilize citizens to collaborate in development in a way that works for them. The *Agenda 21 for culture* shows how local culture can be harnessed for sustainable development.
22. **Local democracy and citizen participation in local decision making** are also essential to foster a strong feeling of belonging, particularly in contexts of social and cultural diversity. Local governments have developed recognized innovative approaches to local democracy (e.g. participatory planning and budgeting, neighborhood committees, digital democracy and referendums). We should support civil society rights to self-organize, facilitate their access to local government information, improve transparency to enable citizens to hold sub-national governments to account, and tackle corruption.
23. **A human rights approach** in local policies is a basic condition to guarantee people's ability to fully take up active local citizenship. An example of this approach can be found in the *Global Charter-Agenda for Human Rights in the City*, adopted by UCLG in 2011 (right to participate in political and city management process, civic peace and safety, gender equality, accessible public services, and housing, etc.)

III. Connecting cities and regions to unlock local potential and promote a territorial approach to development

24. Economic development and environmental sustainability are at the centre of the global and local development agendas. How will the world create decent jobs and opportunities for 2.5 billion new urban dwellers, when the unemployment of young people and informality are already widespread in many regions? How can the world produce enough food and drinkable water for 9 billion human beings? The impacts of these global challenges are experienced at the level of villages, towns, cities and regions.
25. Local and regional governments can help to unlock the local potential of cities and territories to drive economic growth in an environmentally sustainable way by adopting a 'territorial approach to development'. A successful **territorial approach is one that integrates the different dimensions of development**, strengthens urban-rural linkages, brings together local and national institutions and actors to define priorities, plan and implement joint strategies to support economic growth in a way that is compatible with environmental sustainability and a better quality of life.
26. Sub-national governments are increasingly involved in **local economic development policies**:
 - a) Many local and regional governments actively **promote the attractiveness** and dynamism of their territories to attract and expand firms and create quality jobs. In OECD countries, they manage around 70% of total public investments.
 - b) We contribute to **increase economic productivity** (e.g. good infrastructures and public services), as well as a business friendly policies (e.g. procurement and contracting policies favouring local businesses) and services to enhance economic activities and innovation (e.g. incubators of enterprises, training, support to MSME and informal sector).
 - c) Nonetheless, we do not want to be forced into a dynamic of competition against one another. Attractiveness, productivity and jobs should not be the result of

reduced social, environmental, and labor standards or low taxes and deregulation.

- d) These local economic development policies are instrumental to an effective territorial approach of development and to complement national economic strategies, but we require an **appropriate institutional framework and support from national governments**.

27. A “territorial approach to development” is one that promotes **urban and rural interaction and complementarities and strengthens urban-rural linkages**:

- a) Urban and rural local governments can foster socio-economic development and environmental sustainability by facilitating dialogue and cooperation, using joint planning instruments and regional development policies, ensuring food security, access to services, jobs and amenities in functionally integrated urban and rural areas.
- b) A territorial approach to development requires a stronger engagement of local and regional authorities in **horizontal cooperation**. This should be accompanied by national policies and regulations that encourage **rural-urban partnerships** and facilitate sub-national government cooperation.

28. Global urbanization is seeing an increasing variety of forms and sizes of urban areas, each with its distinct advantages and limitations. This necessitates, more than ever before, a localized approach to city planning and policy-making. Such an approach implies each local government identifying and addressing the unique resources and needs of its jurisdiction in collaboration with the other local governments in the same urban area:

- a) **Mega-cities and metropolitan areas** are nodes where global and regional flows of people, capital, goods and information combine, becoming the main engines of development. However, increasing negative externalities and management problems can erode their economic advantage of economic of scale, and degrade quality of life, particularly in peripheral marginalized urban areas.
- b) **Intermediary cities** are where most of the future urban expansion will take place, and therefore play an increasing role in supporting the development of subnational economies and the emergence and development of local and regional markets. However, they struggle with the rapid urbanization and accumulated gaps with respect to larger cities (in basic services, infrastructures, connectivity, job opportunities, etc.).
- c) There is a pressing need to **reduce these gaps between the largest and intermediary cities**, supported by adequate territorial approaches, decentralization and equalization policies that strengthen their management capacities and competitiveness.

29. This new urban geography creates opportunities, but also **environmental constraints** (e.g. pollution, GHG emissions, natural resource depletion, and impoverishment of biodiversity):

- a) Many of our cities and territories are experiencing the increasing impact of **natural disasters and natural resources depletion** (e.g. water stress, or air quality degradation). All coastal cities and towns will be affected by sea-level rise.
- b) Local and regional governments want to increase the **resilience of our cities and territories** by addressing risk in planning and land management, tackling

the deficit of basic infrastructures and services, and promoting community involvement in risk preparedness, particularly for more vulnerable groups.

- c) Successful climate change adaptation and disaster risk reduction depend on the strengthening of local and regional government's capacities and resources, and on coordinated responses with civil society and other levels of government.
- d) National climate change policies should focus on urban adaptation to climate change and risk prevention and create a financial framework through which sub-national governments can fund ambitious climate actions.

IV. Drive bottom-up national development

- 30. A territorial approach to the development is also instrumental in driving bottom-up national development policies and strategies. Local and regional governments can support national governments in achieving their goals by taking action on the ground to foster local development. To harness local potential, national governments must ensure an enabling environment in which local and regional governments can experiment, innovate, and capitalize on the resources and points of competitive advantage afforded by their locations and populations. The integrated management of cities and a territorial approach to development cannot be achieved from outside or from above. National and sub-national governments need to strengthen their collaboration and take a more enduring, cooperative, flexible and integrated approach to development. **Sub-national governments need adequate and effective powers, capacities and resources to develop innovative solutions to local and national challenges.**
- 31. After two to three decades of structural reforms, while local democracy has made impressive progress in almost all regions of the world, **effective decentralization** with empowered local authorities, are still unfulfilled promises in many countries.
- 32. **Poorly implemented decentralization** processes lead to ineffective multi-level governance, weak planning processes, overlapping and economic inefficiencies that undermine an integrated approach to development and waste resources.
- 33. In order to be effective, **multilevel governance should be rooted in the principle of subsidiarity, respect for local autonomy and genuine partnership.**
- 34. With regard to urbanization challenges, **the world has a window of opportunity in the next twenty years** to promote a more sustainable development model (5th IPCC Report, 2014):
 - a) **Urban policy must be moved up the national agenda**, within the framework of reinforced cooperation with local and regional governments, to harmonize the dynamics of urbanization with the overall process of national development and cohesive territorial policies.
 - b) **Sustainable financing** for development is a major challenge, e.g. the investments needed for urban infrastructure, land use, and energy are around US\$90 trillion, according to *The New Climate Economy Report*, 2014.
 - c) However, current financing and investment patterns will not deliver sustainable development. Governments should **mobilize adequate public financing** and create an **enabling environment** to attract investment. This will require a **great**

mobilization of domestic resources (public and private), and, in particular in developing countries, a revision of taxes and financing mechanisms. National and local governments need to join forces to mobilize domestic resources and tackled tax evasion. International financing should complement these national efforts, while limited ODA should be concentrated in less developed countries and fragile states.

- d) **Fiscal decentralization and improved local government capacities** are necessary to improve budget management, increase local resource mobilization and create adequate mechanisms for financing (e.g. bonds, pooling funding, crowdfunding). The distribution of national budgets, including equalization mechanisms, should be improved to ensure an adequate distribution of national wealth to support urban and territorial development.

V. Take a seat at the global table and cooperate in a spirit of solidarity

- 35. Our century-old international municipal movement is playing an increasing role on the international stage and is being increasingly being recognized as a partner in development.
- 36. Peace and international solidarity were the first objectives of the international action of local and regional governments. City-to-city cooperation has contributed to keeping channels of dialogue and friendship even when at the level of national governments the bridges were cut. We owe to the long standing partnerships between local governments around the world the promotion of the concept of 'partnering as equals', later adopted by the international community that still struggles to implement it fully despite recurrent calls for empowerment and ownership proclaimed in the Paris Declaration, the Accra Agenda for Action, and the Busan partnership on effective development cooperation.
- 37. Decentralized cooperation are open to a large range of opportunities and exchanges between local institutions, including schools, health centers, civil society organizations, the business sector, not forgetting local governments officials and officers. Cities and regional governments contribute to educate citizens to support international solidarity and cooperation for development. This education effort should target particularly young people.
- 38. Subnational government initiatives at global level contribute to provide solutions when states are at a deadlock. Increasingly, the work, vision and solutions of subnational governments transcend local political confines and exert national and global influence. At the same time, local leaders act to channel and mediate the impact of global economic, environmental and cultural forces in our local communities.
- 39. **From 'local to global':** Local and regional leaders act at local level to solve global challenges (peace building, post-conflict and post-catastrophe cooperation, climate change mitigation, global development agenda) and defend public goods (water, land, coastal areas, ecosystems); e.g. Compact of Mayors to reduce GHG city emissions and enhance resilience and the Global Task Force for the Post-2015 Agenda and toward Habitat III.
- 40. **Global to local:** local governments contribute to mitigate the impact of global forces in our communities (economic and cultural globalization, migration, climate change adaptation and resilience).

41. **Global networks for cooperation:** as mentioned above, local and regional governments have a long tradition of mutual solidarity and decentralized cooperation. In the coming years, local governments have committed to promote networks and learning processes between cities and regions, strengthening south-south cooperation and our coordination of initiatives to support the implementation of the global development agenda and the new urban agenda that will be adopted in Habitat III. Local and regional governments are convinced that effective development cooperation would be better assured if at least 25 per cent of the ODA were channeled through decentralized cooperation mechanisms that have been successfully implemented by local and regional authorities around the world.
42. **Global governance – strengthening the recognition of subnational governments:** in the last decade, the global movement of local and regional governments has made important steps in our recognition by international institutions (e.g. European Union, Rio+20, GPEDC, Post-2015 Development Agenda process).
43. Similarly, international financing institutions should recognize the role of subnational governments. Such institutions should explore how they can directly support urban and territorial development. ODA could be a lever to encourage sub sovereign financing for urban and territorial development (basic infrastructures need concessional rates and long-term repayment). Our access to Green Climate Fund and Global Environmental Facility should be facilitated.
44. Local and regional governments will push for a qualitative leap in our recognition in the institutions of global and regional governance over the coming years. Today we have the same status as “civil society organizations”, and our access to UN and multilateral processes is limited. Our democratic legitimacy as a sphere of government should be recognized with a unique status in the UN and multilateral system to contribute to a more democratic and accountable global system of governance.