



# **EUROPEAN UNION COOPERATION with cities and local authorities in third countries**

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# **COMMISSION STAFF WORKING DOCUMENT**

European Union (EU) cooperation  
with cities and local authorities  
in third countries



# Contents

Executive summary.....	7
<b>1. Introduction .....</b>	<b>9</b>
<b>2. The new policy context .....</b>	<b>11</b>
2.1. A new global framework for urbanisation .....	11
2.2. A reinvigorated EU policy framework.....	12
<b>3. Lessons learnt from recent experience .....</b>	<b>15</b>
<b>4. Urban development challenges.....</b>	<b>19</b>
4.1. The governance challenge.....	19
4.2. The challenges of inclusivity and safety .....	20
4.3. The challenges of climate change, environmental degradation and resilience .....	22
4.4. The challenges of prosperity and innovation .....	23
<b>5. Consolidating the EU engagement in core areas of action.....</b>	<b>25</b>
5.1. Good urban governance (partnerships) .....	26
5.2. Inclusive and safe cities (people and peace) .....	28
5.3. Green and resilient cities (planet) .....	29
5.4. Prosperous and innovative cities (prosperity).....	31
<b>6. Making use of the EU toolbox.....</b>	<b>33</b>
6.1. Promoting policy dialogue and partnerships .....	33
6.2. Enabling capacity building and twinning.....	34
6.3. Boosting investment through innovative financial instruments.....	35



# EXECUTIVE SUMMARY

This staff working document discusses how EU external policy and cooperation contributes in the case of cities to the implementation of the United Nations (UN) 2030 Agenda for Sustainable Development (also known as the ‘2030 Agenda’) <sup>(1)</sup>, the New Urban Agenda <sup>(2)</sup>, and the new European consensus on development and the EU approach to resilience <sup>(3)</sup>.

Rapid urbanisation means that global challenges such as poverty, environmental degradation, climate change, conflict and rapid population growth, including through migration and forced displacement, are to be dealt with in urban locations. At the same time, this rapid urbanisation makes it easier for cultures to mix and for knowledge to be exchanged — both of which are factors that promote innovation. Well-managed urban and territorial development can thus offer innovative solutions for these global challenges, turning them into opportunities for sustainable development.

The importance of cities and local authorities in the development process has been highlighted in recent international and EU policy documents. **Sustainable development goal (SDG) number 11 of the 2030 Agenda aims to ‘Make cities inclusive, safe, resilient and sustainable’.** Many other sustainable development goals have clear urban dimensions.

The **New Urban Agenda** of 2016 captures the driving principles for sustainable urban development contained in these commitments. In addition, the **Paris Agreement** <sup>(4)</sup> and the **Global Climate Action Agenda** <sup>(5)</sup> recognise the crucial role of cities and local actors in contributing to achieving sustainable development goals. The **urban agenda for the EU** <sup>(6)</sup> also reiterates the principles for sustainable urban development contained in the sustainable development goals.

The main reference for this staff working document is the **new European consensus on development**, referred to as ‘the consensus’ hereafter, in which the EU and its Member States commit to supporting better governance and development by empowering cities and local authorities. To achieve this commitment, the consensus stresses the importance of policy measures that fall under the following themes: **people, planet, prosperity, peace and partnership.**

The EU’s external policy has supported urban development for many years, but mainly from a sectoral perspective (focusing on areas such as infrastructure, water and sanitation and waste management). The consensus stresses the need to focus more on cities and local authorities as important actors in achieving the sustainable development goals. This

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<sup>(1)</sup> The 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly on 25 September 2015, Resolution A/RES/70/1.

<sup>(2)</sup> The New Urban Agenda adopted by the UN General Assembly on 23 December 2016, Resolution 71/256.

<sup>(3)</sup> The new European consensus on development, 19 May 2017, 9459/17.

<sup>(4)</sup> Adopted by the UN Framework Convention on Climate Change, on 15 December, FCCC/CP/2015/L.9/Rev.1.

<sup>(5)</sup> In Decision 1/CP.21, Conference of Paris (COP (21)), in 2015, the commitments from all actors are recognised, as is the urgent need to scale up the global response to climate change and support greater ambition from governments.

<sup>(6)</sup> The urban agenda for the EU and the Pact of Amsterdam, agreed at the informal meeting of EU ministers responsible for urban matters on 30 May 2016 in Amsterdam, the Netherlands.

requires the EU to promote a more integrated approach to urban development, including by strengthening the development–humanitarian nexus. This can be achieved by involving the private sector and by finding additional sources of funding for EU investments.

Based on an analysis of urban challenges, this staff working document describes how EU external cooperation supports the planning, financing and governance of cities. This support is accompanied by an integrated and territorial approach to urban development, with a specific focus on the following four areas.

- ▶ Good urban governance ('partnerships') at various levels of administration (local, regional, national) and between different actors (elected officials, civil servants, citizens' groups etc.). This fosters civic engagement and ensures inclusive participation in integrated planning and public finance management.
- ▶ The social dimension of urban development ('people') through inclusive and safe cities ('Peace') in order to better address urban poverty, inequalities, food insecurity, malnutrition, forced displacement, migration and social exclusion.

- ▶ Green and resilient cities ('planet') through the sustainable use of natural resources and protection and enhancement of natural capital (energy efficiency and biodiversity in cities), and the transition towards a low-carbon, climate-resilient and circular economy. This reduces the risk of and vulnerability to natural disasters and the ecological, economic and health impacts of pollution.
- ▶ Prosperous and innovative cities ('prosperity') with a focus on sustainable growth and job creation, fostering a responsible business environment and making it attractive to invest in the 'green economy' and in clean technology.

To address these areas, the Commission services will continue to engage in support to cities in third countries through existing EU instruments by:

1. promoting policy dialogue and partnerships;
2. fostering capacity building in partner countries, principally through 'twinning' or 'pairing', where cities in Europe or in other regions share expert advice; and
3. increasing investments that generate a measurable social or environmental improvement, by using innovative financial instruments such as the EU external investment plan.





# 1 INTRODUCTION

**The world is urbanising at a rapid pace.** While in 2016 an estimated 54.5 % of the population lived in urban areas, by 2030 urban areas are projected to house 60 % of people globally, and one in every three people will live in cities of at least half a million inhabitants <sup>(7)</sup>. About 90 % of these additional city dwellers will be located in Asia and Africa. Many will be living in megacities/metropolitan areas and primary cities with large populations, but secondary cities are also experiencing rapid demographic growth. Due to humanitarian crises, forced displacement to urban areas has become increasingly common: 60 % of refugees and 80 % of internally forced displaced persons (IDPs) worldwide have sought refuge in cities.

If global urban populations increase as expected and average urban densities continue to decline, the built-up areas of developing-country cities will increase in size by 200 % by 2030. This will require rapid construction of more urban infrastructure. How countries and cities — and local authorities in particular — deal with these urbanisation challenges will have profound consequences on progress towards sustainable development.

Urbanisation challenges vary across cities and effective support to urbanisation, therefore requires different modalities and responses depending on the specific circumstances. In megacities/metropolitan areas and primary

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<sup>(7)</sup> [http://www.un.org/en/development/desa/population/publications/pdf/urbanization/the\\_worlds\\_cities\\_in\\_2016\\_data\\_booklet.pdf](http://www.un.org/en/development/desa/population/publications/pdf/urbanization/the_worlds_cities_in_2016_data_booklet.pdf)

cities <sup>(8)</sup>, which typically present the most visible challenges of overcrowding, vulnerable infrastructure, poor services and inequality, the focus is on fostering wider inclusive growth, climate change resilience, circular economy and local job creation, by becoming regional hubs and attracting investments that have a positive social or environmental impact. In the case of secondary cities <sup>(9)</sup>, where challenges relate to spatial inequalities, the focus is on territorial planning and social-economic interaction with primary cities on one hand, and with rural and productive areas on the other hand, reinforcing the primary-secondary and urban-rural linkages.

At sub-national level, local authorities, including branches of government or municipal and district authorities, play an important role in addressing these urban challenges, including in case of crises and emergencies. The main priorities are to strengthen local authorities in their governance work and to improve their capacity in the crucial functions of urban planning, green infrastructure development, land management, waste- and water-management, climate resilience and low-carbon transition and public finance (especially in the design and implementation of fiscal policies for municipal finance and revenue generation).

Twinning <sup>(10)</sup> is a privileged instrument for institutional cooperation between the local authorities of EU Member States and of partner countries, or between partner countries themselves. The goal of twinning is to improve the administrative capacities of local public authorities by training staff and supporting the reorganisation of administrative structures. Sustainable economic growth and job creation can also be supported through investment mechanisms such as the external investment plan.

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<sup>(8)</sup> A primary city is defined as 'the leading city in its country or region, disproportionately larger than any others in the urban hierarchy'. Goodall, B., *The Penguin dictionary of human geography*, Penguin Group, London, 1987.

<sup>(9)</sup> Commonly, secondary cities are geographically defined urban jurisdictions or centres performing vital governance, logistical and production functions at a sub-national or sub-metropolitan region level within a system of cities in a country. CIVIS Sharing Knowledge and Learning from Cities, No 7, 2014, World Bank.

<sup>(10)</sup> Twinning is the establishment of a formal relationship between a city in an EU Member State and a city in a partner country. As part of this relationship, officials from the Member State city are sent to their 'twin' partner-country city to advise it on urban development issues and learn about how it is dealing with its urban development challenges. Officials from the partner country city will also visit their EU Member State 'twin' city to learn about policies used in EU urban management and share experience from their home city.



# 2

# THE NEW POLICY CONTEXT

## 2.1. A new global framework for urbanisation

The **2030 Agenda for Sustainable Development** (2030 Agenda) sets the basis for a sustainable urban development process. It balances the economic, social and environmental dimensions of sustainable development, encompassing the key issues of governance, with peaceful and inclusive societies. It calls for special attention to be paid to the poorest and the most excluded, leaving no one behind. **SDG 11** is specifically dedicated to

cities ('**Make cities inclusive, safe, resilient and sustainable**') and details targets to be attained by 2030. At the same time, the **New Urban Agenda** <sup>(11)</sup> recognises the essential interlinkages between goals and targets, and underpins the realisation of most of the 17 SDGs. This is to be seen together with the relevant provisions of the **Addis Ababa Action Agenda** <sup>(12)</sup>, the **Sendai Framework on Disaster Risk Reduction** <sup>(13)</sup>, the **World Humanitar-**

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<sup>(11)</sup> New Urban Agenda, the United Nations Conference on Housing and Sustainable Urban Development (Habitat III), Quito, October 2016, adopted by the UN General Assembly on 23 December 2016, Resolution 71/256.

<sup>(12)</sup> Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda), adopted by the UN General Assembly on 15 July 2015, Resolution A/RES/69/313.

<sup>(13)</sup> Sendai Framework for Disaster Risk Reduction 2015–2030, adopted by the UN General Assembly on 3 June 2015, Resolution A/RES/69/283.

ian Summit <sup>(14)</sup> and the **Paris Agreement on Climate Change**, all acknowledging the crucial role of local authorities.

Sustainable urban development received a further boost from the **New Urban Agenda**, an agreement reached by global leaders at the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) in 2016, by the United Nations Human Settlement Programme (referred to as UN-Habitat hereafter). The New Urban Agenda outlines a new global framework for sustainable and inclusive urban development. This global framework promotes public services, urban resilience, accommodation and job opportunities in urban settings. It also encourages governments and local communities to work together to identify opportunities to take sustainable policy actions that are tailor-made for each area. It also stresses that aid should flow to communities and people that are most in need.

Ensuring fair development requires an integrated approach, taking into account the diversity of cities and their wider territorial context while building on urban–rural linkages. The New Urban Agenda highlights the importance of good urban governance and, more specifically, good urban planning as important for the creation of cities that are inclusive, safe, green, resilient, prosperous and innovative. The New Urban Agenda also recognises the importance of cross-sector cooperation, knowledge exchange among cities, the promotion of human rights and women’s empowerment for achieving these goals. Finally, it places great importance on the availability of cultural activities and quality public space in cities.

**In keeping with the aims of the 2030 Agenda and the New Urban Agenda, cities and local authorities at sub-national level play an important role in the implementation of a sustainable urban development policy.**

## 2.2. A reinvigorated EU policy framework

The EU has reinvigorated its policy framework for foreign policy and international cooperation and development through two strategic documents.

- ▶ The first is the 2016 global strategy for the EU’s foreign and security policy <sup>(15)</sup>. This provides an overall vision for integrated engagement in the world, and sets out the EU’s plans to address priority issues such as energy, security, migration, resilience and climate change.

- ▶ The second is the 2017 new European consensus on development, which frames the support of the EU and its Member States for the 2030 Agenda according to the following key themes: people, planet, prosperity, peace and partnership. The consensus includes a focus on boosting the potential of cities as hubs for sustainable and inclusive growth, and identifying a set of challenges that cities must address <sup>(16)</sup>.

<sup>(14)</sup> Outcome of the World Humanitarian Summit, Report of the Secretary-General, UN General Assembly, 23 August 2016, Resolution A/71/353.

<sup>(15)</sup> “Shared vision, common action: a stronger Europe”, A global strategy for the European Union’s foreign and security policy’, Council conclusions on the global strategy on the European Union’s foreign and security policy, 17 October 2016, 13202/16.

<sup>(16)</sup> In the European consensus on development, the EU and its Member States, with the Council and the European Parliament, jointly state that they will aim to boost the potential of developing-world cities as hubs for sustainable and inclusive growth and innovation. This will be achieved by taking account of cities’ wider rural communities and the need for balanced regional development. The consensus seeks to promote inclusive and sustainable urban development



The EU's engagement in relation to cities is also informed by the following:

- ▶ the 2016 Council conclusions on the European Union and its Member States' objectives and priorities for the third UN Conference on Housing and Sustainable Urban Development <sup>(17)</sup>;
- ▶ the 2016 communication on a renewed partnership with the countries of Africa, the Caribbean and the Pacific <sup>(18)</sup>, which recalls the importance of the commitment made by EU partners to address urban challenges, especially where major population shifts require a radical change towards smart and sustainable cities;
- ▶ the Commission's strategic approach to resilience in the EU's external action of 2017 <sup>(19)</sup>, recognising the need to take a different approach to resilience and vulnerabilities and promoting a move away from the crisis-containment approach and towards more structural, long-term and nonlinear approaches to vulnerabilities, with a particular focus on anticipation, prevention and preparedness;
- ▶ the Commission communication on forced displacement and development <sup>(20)</sup> and the Council conclusions on the EU approach to forced displacement and development <sup>(21)</sup>, which recognise the importance of strengthening the development– humanitarian nexus cooperation to address the needs of forcibly displaced persons in the short, medium and long terms;
- ▶ the Commission communication on 'Empowering local authorities in partner countries for enhanced governance and more effective development outcomes' <sup>(22)</sup> and the Council conclusions on 'Local authorities in development' (2013), which emphasise a new political approach in development. This promotes the contribution that local authorities can make to the drafting of national development policies and their implementation at local level;
- ▶ the EU urban agenda of 2016, which recognises that the EU is well-positioned to exchange knowledge and practices on sustainable urban development through partnering;
- ▶ the seventh environment action programme of 2014, which calls for intensive cooperation between cities at EU and international level in relation to innovative and sustainable urban development.

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to address urban inequality by focusing on those most in need, including those living in informal settlements and slums. The EU and its Member States will support a variety of partners to improve the delivery of basic services and promote equitable access to food security for those living in cities. They will also work to ensure that accessible, decent and affordable housing is built to improve the quality of life of rapidly growing urban populations. In line with the UN's New Urban Agenda, the consensus promotes: sustainable land use planning; equitable management of land markets; sustainable urban mobility; and smart, safe cities that make use of opportunities from digitalisation and technologies. It also seeks to promote coordination between different levels of government (local, regional, national), forging stronger links between rural and urban areas. Finally, it commits to making cities in the developing world resilient to natural and man-made shocks, and to helping them harness opportunities for a low-emission and climate-resilient economy.

<sup>(17)</sup> Habitat III: the European Union and its Member States' objectives and priorities for the Third UN Conference on Housing and Sustainable Urban Development, 12 May 2016, 8824/16.

<sup>(18)</sup> Joint communication to the European Parliament and the Council, 22 November 2016, JOIN (2016) 52 final.

<sup>(19)</sup> Joint communication to the European Parliament and the Council, 7 June 2017, JOIN(2017) 21 final.

<sup>(20)</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 'Lives in dignity: from aid dependence to self-reliance', April 2016, COM(2016) 234 final.

<sup>(21)</sup> Council conclusions on the EU approach to forced displacement and development, 12 May 2016, 240/16.

<sup>(22)</sup> Communication from the Commission 'Empowering local authorities in partner countries for enhanced governance and more effective development outcomes', 15 May 2013, COM(2013) 280 final.



A city skyline at night with various skyscrapers. A large magnifying glass is positioned over the center, focusing on a silhouette of a tree. The number '3' is prominently displayed on the left side of the magnifying glass.

# 3 LESSONS LEARNT FROM RECENT EXPERIENCE

This section looks at the EU's recent experience in engaging with cities and local authorities in development cooperation. It also details the lessons the EU has drawn from this experience, and how these lessons guide EU actions in this field.

- ▶ Since 2011, the EU has provided international cooperation and development support averaging EUR 360 million per year for programmes linked to urban development. Support has been made available through different channels, typically

to fund national or regional programmes focused on urban development issues. These funding streams often promote policy measures in particular sectors (e.g. energy, transport, water), or are aimed at urban development more generally. Through the various blending facilities <sup>(23)</sup>, the EU has supported investments in urban infrastructure. Funding has also been allocated through multi-country facilities to work on particular issues of global relevance. These include the participatory slum upgrading programme <sup>(24)</sup>, 'Mobilise

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<sup>(23)</sup> Blending is an instrument for achieving EU external policy objectives, complementary to other aid modalities and pursuing the relevant regional, national and overarching policy priorities. The principle of the mechanism is to combine EU grants with loans or equity from public and private financiers.

<sup>(24)</sup> The participatory slum upgrading programme (third phase) is EU funded and aims to address some of the root causes of the marginalisation of slum dwellers through strategic, multi-sectoral, multi-stakeholder partnerships and focused planning and implementation actions.

your city' <sup>(25)</sup> and the Covenant of Mayors for Sub-Saharan Africa <sup>(26)</sup>, as well as programmes in the east and southern neighbourhood, Asia, and Latin America.

- ▶ EU development cooperation has also targeted local authorities. Between 2002 and 2014, EUR 1.7 billion was spent to support decentralisation policies and territorial development. Local authorities in the developing world will continue to receive EU funding in the future. Through the Development Cooperation Instrument civil society and local authorities thematic programme (2014-2020)<sup>27</sup>, EUR 450 million has been earmarked to support global and regional networks of local authorities. Framework partnership agreements have been concluded with five international and regional associations of local authorities <sup>(28)</sup>. This programme will also support local policies and capacity building at partner country level.
- ▶ The EU has also engaged with developing-world cities and local authorities through complementary programmes such as Horizon 2020 (EUR 435 million in 2015-2017) and its humanitarian aid instrument in funding response interventions in urban crisis contexts. It has done so through large demonstration projects on smart and sustainable cities involving a variety of different groups. These projects act as living laboratories. They involve both 'frontrunner' municipalities

(cities that have implemented effective policies in a particular area) and 'follower' municipalities (cities that wish to emulate the frontrunners).

- ▶ The EU is committed to improving city-to-city cooperation, in line with EU's New Urban Agenda. To achieve this, the EU has created the 'World cities' project, which aims to promote exchange of experiences and best practices between EU and non-EU countries on territorial development. The project has a particular focus on urban development, urban-rural partnership and urban cross-border cooperation. In addition, the EU has launched the international urban cooperation programme, which aims to make city-to-city cooperation more effective. On regional cooperation, three main EU programmes have supported local and urban governance in the past, i.e. 2007-2013: URB-AL III, the cooperation in urban development and dialogue programme and the ARIAL programme.

Lessons have been learnt through the above programmes and wider international work. From these lessons, principles for effective support to urban development have emerged. Although these principles are helpful, it must be recognised that the factors shaping urban development are so varied that there are no standard solutions. The uniqueness of each city's situation has also been a lesson from the external evaluation of the Development

<sup>(25)</sup> The Urban Mobility Support Programme, Mobilise Your City, is EU funded and aims to foster the implementation of sustainable, low-carbon climate-resilient urban mobility policies in African, Caribbean and Pacific countries through an integrated multimodal and participatory planning process at city level.

<sup>(26)</sup> This is an EU-funded initiative supporting sub-Saharan African cities in their fight against climate change and in their efforts to ensure access to clean energy for their populations.

<sup>(27)</sup> Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020

<sup>(28)</sup> As defined in COM(2013) 280 final: the term 'associations of local authorities' is to be understood as umbrella organisations based on membership and representativeness at sub-national, national, sub-continental, continental and international levels. They may be organised as an autonomous entity in accordance with the legislation in force in the country of registration. Associations of local authorities may be composed of a representative body elected by their local authority members and a permanent secretariat.



Cooperation Instrument in the case of local authorities, in the context of the ongoing mid-term review. What follows below are therefore some initial and provisional principles for engagement in overseas development work with cities and local authorities.

- ▶ The support delivered in urban areas can be significantly improved if it is part of an inclusive governance approach that plans, integrates and coordinates sectoral programmes. This requires political determination, innovative partnerships, greater decentralisation and appropriate legislation to empower the local authorities and institutional frameworks. Involvement at local and national levels is essential to create a coordinated and unified action plan, and to improve the territorial coherence of cities <sup>(29)</sup>.
- ▶ In order to promote the sustainable development of local authorities as ‘actors of governance’, they should also be more systematically associated with policy dialogue and programming processes. The framework partnership agreements with multi-country local government associations clearly respond to this need. Projects such as the Covenant of Mayors have clearly demonstrated the possibility for cities to lead in certain policy commitments, the value of city networks in peer processes and the importance of sharing experience and best practice.
- ▶ Well-targeted cooperation can play a critical role in improving the financial management capacities of local authorities. This is increasingly important for improved access to finance, which is needed to sustain investments in resilient and sustainable urban infrastructure and services.
- ▶ Civil society participation, citizens’ involvement and public-sector for all actors involved in the urban development process are essential. Evidence shows that participatory processes foster greater acceptance of decisions. They also raise awareness about climate change and environmental problems, good governance, urban planning and social and economic cohesion among citizens. These are all important issues in making cities sustainable and inclusive. This principle of strengthening participation was promoted in the EU-funded participatory slum upgrading programme, which involved community organisations in the improvement of slum areas <sup>(30)</sup>.
- ▶ Different approaches are appropriate across countries. For example, in poor countries with weak governance, development actions may focus on improving transparency and accountability and on strengthening democratic governance. In middle-income countries, the role of local authorities as actors in social cohesion may be promoted to better address inequalities at national level. This implies strengthening their capacity to execute their institutional mandate and to exercise their power of initiative as policy- and decision- makers.
- ▶ Different approaches are appropriate in different types of urban area. For example, in megacities/metropolitan areas, development policy may focus on sustainable urban planning including climate-resilient and green infrastructure, and low-carbon, smart urban mobility for developing services and infrastructure. It may also focus on health challenges related to air and water pollution, such as clean transport

<sup>(29)</sup> European Expert Network on International Cooperation and Development, ‘What innovative approaches (in terms of partnerships, policies, governance mechanisms) could be used to best support cities to address their challenges?’, Analysis and Policy Brief, May 2017.

<sup>(30)</sup> Mid-term evaluation of the second participatory slum upgrading programme, 2014/350918.

and waste management. In the case of primary and secondary cities where the problem is spatial inequalities, policy may focus on two areas. Firstly, it may aim at strengthening the links between primary cities and secondary cities and between these cities and their rural hinterlands. Secondly, policy may focus on inclusive local development, climate change investment and growth and job creation. In the case of urban areas in contexts of crisis, greater focus may be placed on the role of local actors at the frontlines of the crisis with a view to enhancing the coherence and complementarity of humanitarian, development and other relevant actors (e.g. civil protection).

- In its development cooperation, the EU may consider innovative methods to overcome the difficulties that local authorities have in building capacity and coping with EU procedures, such as twinning arrangements. These may consist in twinning an EU city with a city in a developing country (North–South cooperation), or bring together two cities from developing countries (South–South cooperation).



# 4 URBAN DEVELOPMENT CHALLENGES

## 4.1. The governance challenge

Most countries do not have institutional, financial and legal frameworks in place to promote sustainable urban development. The latter also requires favourable decentralisation and territorial policies. In countries without these frameworks in place, powers are often devolved to regions or cities without adequate financial resources. This ultimately results in ineffective organisational structures and a lack of services for city residents. In such countries, central government power remains great, and frameworks for local participation may be used to promote vested interests.

City management is a major challenge in developing countries, where cities may feature:

slums or informal and unsafe housing; air and water pollution; poverty; exponential population growth; poor mobility systems; inadequate water, sanitation and energy services (electricity and cooking fuel); unsustainable use of natural resources; inadequate waste management and storage of hazardous materials; frequent heavy flooding and precipitation; and high vulnerability to disasters and environmental disasters. Such problems cannot be tackled solely by city administrations. They require assistance and coordination with national governments. The lack of 'horizontal cooperation' (between different local administrations) and 'vertical cooperation' (between local administrations and national governments) often hampers

sustainable urban development. The challenges of rapid urbanisation strain the relationships across different authority levels, in particular in countries where public resources are scarce and technical capacities are limited.

Cities in the developing world may suffer from uncoordinated spatial planning. Many countries lack urban planning strategies or urban policies at the national and local levels. Where such strategies or policies exist, they are not always effectively implemented. Frequently, urban plans have been developed using a traditional ‘top-down’ approach (i.e. without participation of local stakeholders) and are inadequate to address the problems resulting from rapid expansion. Moreover, local governments often do not have the resources to enforce building codes and issue permits in a timely and cost-efficient manner <sup>(31)</sup>.

Land management, one of the main responsibilities of national and local authorities, is of crucial importance for sustainable urban development. However, as the need for public

infrastructure, mobility and housing increases, land becomes subject to growing pressure <sup>(32)</sup>. Land-use changes in suburban areas may threaten ecosystems and natural resources, and increase the risk of natural disasters (e.g. floods). The urban poor and other vulnerable groups often cannot afford to live on land, which is connected to services such as running water, sewerage and electricity.

Planning and administrative frameworks also remain a challenge for local authorities. This is mainly due to their lack of technical and financial abilities, their low capacity to mobilise appropriate and diverse sources of funding, and the absence of participatory and inclusive processes. Despite these shortcomings, local authorities are ever more important as part of the sustainable development goals and the New Urban Agenda, including the fight against climate change, as these challenges must be addressed at the local level. Decentralisation can also promote development by mobilising resources at the local level to meet the need for investment in cities.

## 4.2. The challenges of inclusivity and safety

Urban poverty and inequality are growing problems in most cities of partner countries. Low incomes and high living costs result in difficult and unsafe living conditions. Inadequate shelter and insecure tenure are often features of unsafe neighbourhoods, which are frequently located in areas exposed to hazards such as floods or landslides. Constraints such as waste accumulation; poor air quality, inefficient, unhealthy and unsafe energy systems and housing; and limited access to water and sanitation make residents of low-income settlements extremely vulnerable to increased costs of living,

disease, accidents and disasters. In terms of employment, the informal job market is an increasingly present feature of urban life in developing cities, but it is also precarious as it exists without standards or social protection. Moreover, seasonal migration or forced displacement (conflict-related, disaster-related or climate-related) can put significant additional pressure on local authorities’ service-delivery capacity and host communities’ vulnerability, if population inflows are not well-managed. The lack of access to quality and relevant education further exacerbates inequality.

<sup>(31)</sup> ‘How To make cities more resilient: A handbook for local government leaders’, UN Office for Disaster Risk Reduction, Geneva, March 2012.

<sup>(32)</sup> See SWD(2012) 101 final/2, available at [http://ec.europa.eu/environment/soil/sealing\\_guidelines.htm](http://ec.europa.eu/environment/soil/sealing_guidelines.htm)

Cities and local authorities are on the frontline in most humanitarian crises. They are often the closest to concerned citizens, and are useful sources of information for adapting the humanitarian and development response to the local specificities. Unfortunately, they also often lack the structure, resources and sometimes absorption capacity to completely fulfil their role.

In a context of scarce employment opportunities and limited access to social protection mechanisms, these factors increase the vulnerability of the urban poor and displaced persons. They particularly increase the vulnerability of female heads of households, older people, people with disabilities and the displaced. Breaking this vicious circle whereby urban poverty generates exclusion, which in turn generates urban poverty, is a major challenge. Local and national authorities must overcome this challenge to make development policy a success.

Food insecurity and malnutrition is another issue affecting the cities of the developing world. It includes stunting (children being below average height for their age) and wasting (children being below average weight for their age) as well as the rapid increase in the numbers of overweight and obese people. Furthermore, dependence on the market for food, coupled with employment in the informal sector (particularly for women and young people), leaves the urban poor vulnerable to income- and price-related shocks <sup>(33)</sup>.

The proliferation of slums is primarily the result of institutional failures in housing policy, housing finance, public utility provision (water, sewerage, electricity), local governance and secure rental tenure <sup>(34)</sup>. Programmes to improve slums remain vital for tackling urban poverty

and insecurity. The slum population needs to be protected from potential harassment. Government authorities must plan urban land for housing in an appropriate way and ensure security of tenure. This will avoid the creation of new informal settlements, guaranteeing equitable and inclusive housing zoning.

In cities, the coexistence of different social groups in a limited space can lead to segregation and discrimination. This can pave the way for violence, particularly in fragile and conflict-prone areas. It is essential to ensure secure and safe urban environments. Insecurity, inequality and social exclusion are often linked to rapid, unplanned urbanisation and urban poverty. The urban poor are particularly vulnerable to insecurity and violence. They are most likely to be affected in parts of cities with inadequate housing, insecure tenure and difficult urban mobility. Efforts to tackle insecurity, urban crime and violence are important. Cities are difficult areas for humanitarian and development work because they are complex, politicised and ever-changing.

Worldwide, most migrants that cross national borders have cities in developing countries as their final destination <sup>(35)</sup>. Africa and Asia are facing unprecedented migratory and forced displacement flows, driven by geopolitical and economic factors (conflict, poverty, inequality, hunger and malnutrition, climate change, food and water insecurity, natural disasters, etc.). As these flows are likely to continue in the coming decades, the New Urban Agenda has recognised migration and forced displacement as a central issue to be addressed in the new urban environment. Regardless of their motives for moving to an urban area, migrants and forcibly displaced persons can either put additional stress on cities or be an asset to urban prosperity — if they are taken into consideration

<sup>(33)</sup> International Food Policy Research Institute, Global food policy report 2017, Chapter 3, 'Growing cities, new challenges'.

<sup>(34)</sup> Arimah, B., 'Slums as expressions of social exclusion: Explaining the prevalence of slums in African countries', UN-Habitat, Nairobi, 2009 (<http://www.oecd.org/dev/pgd/46837274.pdf>).

<sup>(35)</sup> [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/proposal-implementation-package/docs/20160607/communication\\_external\\_aspects\\_eam\\_towards\\_new\\_migration\\_ompact\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/proposal-implementation-package/docs/20160607/communication_external_aspects_eam_towards_new_migration_ompact_en.pdf)

in urban planning. If managed correctly, the movement of large populations into towns and cities can make significant social, economic and cultural contributions to urban life.

A number of countries need to substantially improve the protection they give to the rights

of citizens whose homes are affected by urban development projects in their neighbourhoods. Urban planning may also exacerbate gender and accessibility inequalities if the needs of women and people with disabilities are not specifically addressed.

## 4.3. The challenges of climate change, environmental degradation and resilience

People who live in cities are exposed to a range of environmental threats such as those caused by inadequate housing, transport, sanitation, air pollution and waste management. In addition, the concentration of people and assets, coupled with ecosystem degradation and urban sprawl, makes cities extremely vulnerable to disasters and to the impacts of climate change — while energy consumption in cities contributes significantly to the emission of greenhouse gases.

Following rapid and uncontrolled urbanisation across the developing world, cities are increasingly having a negative impact on natural resources. As this is happening, cities are simultaneously subject to significant pressure from climate change and environmental degradation. This can increase the risk factors for development. The ecological footprint of many metropolitan regions is higher than in its national average and often is far beyond the biocapacity.

Urban sprawl on the fringes of cities makes this worse, as does the fragmentation of landscapes by infrastructure such as roads, canals, electricity wires and pipelines. This poses a threat to biodiversity. Cities also play a major role in consuming natural resources, emitting greenhouse gases and producing waste. For these reasons, cities should be active in managing environmental issues in urban areas, supporting the transition to a low-carbon, cli-

mate-resilient, green and circular economy and creating green infrastructure. Cities located in hazard-prone areas are particularly vulnerable to natural disasters and climate-induced risks.

Residents expect their municipalities to keep the environment healthy by ensuring wastewater treatment and sanitation systems, good waste management, good-quality soil, water and air, and the sustainable use and regeneration of natural resources. Inhabitants of cities also expect municipalities to put in place a disaster-risk prevention, management and reduction strategy, as well as climate-change adaptation and mitigation initiatives. Cities can also be major players for promoting the transition to clean and sustainable sources of energy.

Air pollution levels are increasingly becoming relevant for city residents, as well as the public and private sectors. Cities are thought to account for between two thirds and three quarters of total worldwide energy use and a similar share of carbon dioxide (CO<sub>2</sub>) emissions. In developing countries, the urban environment and urban air quality are affected by a variety of factors: rapid population growth; growing industrialisation; absence of access to clean cooking and heating fuel such as natural gas (poor households reverting to burning wood, coal, waste, etc.); unsustainable production and consumption patterns (including for mobility); a lack of public transport; and poor



fuel quality. These problems create imbalances in the broader regional climate. In addition, as cities in developing countries continue to use more energy, their contribution to long-term climate change is likely to become significant. Motor vehicles are responsible for around one quarter of global energy related to greenhouse gas emissions. Air pollution is also the biggest health threat in developing countries.

According to World Health Organisation (WHO) estimates, air pollution accounts for 23 % of the global deaths (12.6 million) that are linked to environmental factors. This means air pollution is responsible for 7 million deaths every year. Nearly 90 % of people living in cities worldwide breathe air that fails to meet WHO air-quality guideline limits. Since most future population growth will take place in cities, urban expansion needs to be planned and designed in ways that make cities centres of health and wellbeing. Specific sectoral policies in energy, urban planning, sustainable transport, housing and infrastructure should be designed and implemented with clear objectives in mind for health and the environment.

Cities face severe strains on fragile water and sanitation systems. This may affect both water quality and quantity, and can be exacerbated by the impacts of climate change. Urban water distribution and sanitation systems are all too often in poor condition and unable to cope with the growing population. This excludes many of the urban poor (who are mainly located

in slums) from these services, and therefore increases inequality.

Waste management can also pose specific challenges for city managers in the developing world. This is due to the combination of rapid urbanisation, economic growth, increasing pressure on available land resources and the need to conserve natural resources. This is made more difficult by the complexity of waste management, which differs depending on the origin of the waste (industrial, municipal or domestic) and the type of treatment. At the same time, waste management can also provide economic and job opportunities that increase resource efficiency, thus promoting the circular economy.

Rapid and unplanned urbanisation also often leads to people settling in hazard-prone areas. It is estimated that urban populations exposed to earthquake and cyclone risks will more than double by 2050 in developing countries. Finally, national and local authorities face the challenge of including disaster-risk preparedness and reduction, management strategies, and climate- and disaster-resilience approaches in their policies. These concerns should improve urban planning standards and promote sustainable urban development. Strengthening state and societal resilience to disasters is an important way to reduce the vulnerabilities of developing-world cities. When planning disaster-resilience policies, particular focus should be placed on anticipation, prevention and preparedness.

## 4.4. The challenges of prosperity and innovation

In many developing-world cities, macroeconomic instability, an unfavourable investment climate, inadequate urban planning and inadequate infrastructure are major challenges for sustainable development. In these cities, improving management may be a way

to increase economic activity, employment opportunities, fairness and social integration.

Well-managed cities are especially attractive to companies and entrepreneurs because of their stimulating business environment.

Such cities can provide cost-effective services and promote innovation. This is because well-managed cities have effective administrative and judicial procedures and transparent and equitable land management, which helps attract private-sector investment. In order for the developing world to create cities with these characteristics, regional governments, national governments, the private sector and civil society need to work together through innovative partnerships. National governments need to create the regulatory and policy environment through which cities can attract investment and ensure that a qualified and skilled workforce is available. Appropriate climate-resilience and disaster risk-reduction strategies also help decrease the short- and long-term risks of investment.

The population in Africa's cities will grow the fastest over the coming 20 years <sup>(36)</sup>. Tremendous growth in the under-14 population, even as birth rates decline, represents a great demographic opportunity. It also represents a challenge for the continent, as it seeks to absorb millions of young people into the urban labour force. It will have to manage the political stability risks that could result if youth unemployment soars.

In this context of rapid urban growth, the concept of the green and circular economy can play an important role. The green and circular economy is a model for an economy that promotes sustainable growth and job creation, integrating and balancing the three pillars of sustainable development (economic, social, environmental). Because cities are drivers of economic growth but also major contributors to global warming and environmental problems, the green and circular economy is a relevant model for future urban economies.

Among the challenges posed by urbanisation is the need to provide access to urban services to all city residents without discrimination. These services include water and sanitation, solid waste and wastewater disposal, energy and transportation. All these services are critical for economic development. In addition to these urban services, the legal and security framework must also be improved in developing-world cities. Particular attention must be given to the rule of law and to security of tenure for residential accommodation. Both of these are prerequisites for sustainability. Although security of tenure is critically important, there is no single model to promote it. Instead, a diverse range of models for security of tenure exist. For example, an affordable rental market, collectively owned housing, or state-owned housing for particular groups all offer different advantages to people wishing to avoid temporary and insecure housing. These models can help to prevent gentrification, displacement, socioeconomic segregation and inequalities.

Similarly, the power of information and communication technologies should also be harnessed to promote economic growth. This is especially important given that young people are the greatest users of these technologies and developing-world cities will increasingly be populated by young people. This trend could be used to promote 'smart cities'.

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<sup>(36)</sup> Global Cities 2030, Future trends and market opportunities in the world's largest 750 cities, The Global 750: forecasting the urban world to 2030, 'Global Cities, The changing urban hierarchy', Economist Mark Britton Associate Director, Oxford Economics, December 2017.



An illustration of a city skyline at sunrise. A large yellow sun is rising behind the city, with green and blue rays emanating from it. There are white clouds in the sky. In the foreground, there is a green hill with a tree on the left and a small structure. A large white number '5' is on the left side of the image, partially overlapping the city skyline.

# 5 CONSOLIDATING THE EU ENGAGEMENT IN CORE AREAS OF ACTION

This staff working document sets out, concerning the four areas below, ways to further consolidate EU engagement with cities and local authorities through strengthening the integrated and territorial approach to urban development.

- ▶ Promoting good urban governance ('partnerships') by strengthening governance at various levels of administration (local, regional, national) and between different actors (elected officials, civil servants, citizens' groups, etc.). This may foster civic engagement and inclusive participation in integrated planning and public finance management.
- ▶ Promoting the social dimension of urban development ('people') through inclusive and safe cities ('peace'), in order to better address urban poverty, food insecurity, malnutrition, forced displacement, migration and social exclusion.
- ▶ Promoting green and resilient cities ('planet') through the protection of natural capital and the sustainable use of natural resources (energy efficiency and biodiversity in cities), and the transition towards a low-carbon, climate-resilient and circular economy. This may contribute to reducing the risk of and vulnerability to natural disasters, as well as the economic, ecological and health impacts of pollution.
- ▶ Promoting prosperous and innovative cities ('prosperity') with a focus on growth and job creation. This should foster a responsible business environment and make it attractive to invest in the 'green economy' and clean technology.

This staff working document confirms the importance of a rights-based approach <sup>(37)</sup>, of gender equality and of strengthening

women's empowerment to harness the potential of women as actors of change.

## 5.1. Good urban governance (partnerships)

Continued promotion of good urban governance, and the necessary policy and legal frameworks at national government level is essential to allow local authorities in the developing world to effectively implement national urban policies. To foster a system of multi-level governance (at national, regional and urban/local levels), local authorities' role as autonomous policymakers, in line with the principle of subsidiarity should also be promoted. Building such a system requires political will from all levels of government. At city level, this includes a territorial approach to local development, allowing municipalities to take the lead in deciding what policy measures to take and how to implement them.

Core intervention areas include: support to building the capacities of local authorities by strengthening governance systems and empowering local authorities to tackle sustainable urban development challenges in an integrated manner; drawing up suitable rights-based legislative frameworks (notably at the local and metropolitan levels); and creating and consolidating a shared knowledge base.

Local authorities need to increase their technical and managerial capacity in the following areas.

- ▶ The decentralisation process: local authorities need to be able to effectively implement national urban policies and to be empowered as policymakers to draw up and implement appropriate legislative frameworks (at the local and metropolitan levels). This requires a degree of autonomy in decision-making, as well as appropriate devolution of competences and resources.
- ▶ Integrated urban planning policies: local authorities need support in developing sound legal frameworks for multi-sector urban development plans. These plans must contain regulations and rules for the following areas: land use and land management (i.e. residential, commercial, green areas, industrial, offices); environmental and landscape protection; low-carbon and climate-resilient infrastructure and service development; cultural heritage conservation and regeneration; infrastructure systems and facilities provision; risk prevention and management; urban-rural linkages; migration issues; and financial resources.
- ▶ Land management and land tenure security: local authorities in the developing world need support to enforce rules on land management and land access. This is a prerequisite for sustainable urban development. This also requires the development of municipal financing models that can benefit from increases in land

<sup>(37)</sup> The European consensus on development commits to a rights-based approach (RBA) to development cooperation, encompassing all human rights, with due regard to the working principles of applying all rights, participation and access to the decision-making process, non-discrimination and equal access, accountability and access to the rule of law, and transparency and access to information.

values in order to provide basic services for all. EU support in this area may be directed at good land management to ensure balanced territorial development fostering social inclusion, environmental sustainability and economic growth in urban, peri-urban and rural spaces.

- Fiscal policies and revenue generation: local authorities need to develop sound municipal finance mechanisms. These would help them manage their resources, and mobilise different sources of financing (including from the private sector) that can be invested in urban and territorial development. In particular, the EU may support such cities in their efforts to do the following:
  - Attract private capital investment, through blending facilities, in which access to loans from private funding sources (both national and international) is facilitated through public-sector grants. In addition to blending facilities, innovative financing models and partnerships with multiple interested parties may also be encouraged. These financing models and partnerships include special-purpose vehicles, joint ventures, public-private partnerships, public-public partnerships and public-community partnerships.
  - Strengthen domestic revenue mobilisation by improving the collection of local taxes and by creating effective and transparent budget management and procurement.

At the same time, local authorities must be encouraged to work with a wide range of non-state actors, such as civil society, academics, experts and the private sector. This engagement does not change the fact that the final political decisions remain with elected representatives. Engaging with non-state actors in this way leads to more transparent policies, clear procedures, sound planning guidelines and robust frameworks for finance and administration.

In practice, this means **pursuing actions to promote good urban governance** through:

1. integrated urban planning and design with spatial and territorial approaches, and multi-level cooperation processes;
2. the design of urban policies with particular attention to land management and land tenure security;
3. the development of financial and legal frameworks to improve finance management, especially transparency and accountability at local level;
4. access to public and private funding, reinforcing the capacity to increase local financial resources (domestic revenue generation, land value capture) and design tailored fiscal policies (taxes and tariffs);
5. participatory and inclusive processes through dialogue and collaboration with civil society and other stakeholders, including the private sector, to enhance the efficiency and legitimacy of local public administration; this helps to improve transparency and accountability at local level and to prevent corruption;
6. ensuring sound humanitarian development approaches, addressing poverty, conflict, fragility and forced displacements, and linking urban planning and emergency preparedness.

## 5.2. Inclusive and safe cities (people and peace)

In the context of urban poverty and exclusion, taking into account how these problems can be concentrated in certain areas of cities is important, in order to prevent both the causes and effects of inequality, marginalisation and segregation. Moreover, cities are the closest to concerned citizens and can help ensure humanitarian and development actions adapted to local specificities. The needs of marginalised and vulnerable groups such as disabled people, displaced people and migrants should be addressed through appropriate policies. Their needs should also be included in urban planning processes, and translated into concrete actions on the ground. Examples of such actions include protection of human rights and personal welfare, access to independent and fair legal systems, and regulation of the labour market.

In addition, particular attention is given to harnessing the potential of women as actors of change. This may be achieved through actions that ensure their effective participation and through equal opportunities for leadership at all levels of decision-making. The role of young people as drivers for democracy and transformation of society also needs to be emphasised.

The primary intervention to reduce urban poverty in cities focuses on suitable, safe and affordable housing for all and the upgrading of slums. In partner countries, the EU is promoting improvements to other aspects of housing, particularly around entitlements and the right to adequate housing. This right is a critical component of the universal right to an adequate standard of living. As part of this right, it is also essential to ensure security of tenure and equal rights to own and inherit property. This can be best achieved by eliminating discriminatory laws, policies

and practices, and promoting appropriate legislation, policies and action.

The EU also addresses the spatial concentration of poverty in deprived urban neighbourhoods, for which a comprehensive approach is necessary. This approach is to follow the principles of non-segregation and desegregation, by ensuring that poor neighbourhoods receive public services such as water, sanitation, solid waste management, clean and affordable urban transport, street lighting, energy services and education. Disaster risk reduction and climate-resilient strategies help address the social and economic gap, as the impacts often affect the urban poor and vulnerable groups disproportionately.

Finally, it is necessary to address the urban dimensions of a comprehensive healthy food and nutrition strategy, linking urban areas with their rural peripheries. Support for policies on food and nutrition targeted specifically at cities is indispensable for an integrated approach to food, health and the environment. Specific policies of this kind can help local communities, and improve cities' connections to the rural areas that provide them with food. This can also help create local jobs and improve access to food. If the urban-focused food policy promotes locally grown food, it can also promote a sustainable environment (growing foods near to consumers can contribute to reduced fuel consumption, pollution, transport and packaging costs, and can promote biodiversity).

**Inclusive and safe cities may be promoted through:**

1. mainstreaming the integration of marginalised and vulnerable groups, including forcibly displaced persons and vulnerable migrants, to tackle inequalities such as land

- rights, tenure security, while also addressing protection and humanitarian needs.
2. fostering gender equality and women's and youth empowerment in city's development; and fostering better educational and employment opportunities focusing on women and youth as drivers for transformation of society and democratisation.
  3. encouraging adequate, affordable and green housing, and slum upgrading promoting both relevant urban policies and strategies and physical upgrading.
  4. strengthening the access to basic services and network infrastructures, such as water, sanitation, waste (including recycling), energy (including efficiency), and public transport.
  5. supporting access to safe, nutritious and sufficient food in a wider context supporting functional rural-urban links.

### 5.3. Green and resilient cities (planet)

Promotion of a shift towards green urban development and an urban circular economy in developing-world cities should continue. This could increase the quality of life, foster urban green growth and make cities more resource-efficient through sustainable modes of production and consumption. It also contributes to reducing emissions of greenhouse gases from the use of fossil energy sources or low-efficiency technologies for, for example, transport, thus decreasing pollution levels and making cities more resilient to climate change.

EU cooperation supports integrated urban planning and design. This is a powerful tool for the regeneration of existing urban settlements and the containment of urban sprawl. It also promotes the efficient use of urban space to achieve denser and more compact cities. Promoting better urban planning may also reduce pressure on biodiversity and ecosystem services, enhance the role of ecosystems in disaster risk reduction and climate change adaptation, and increase employment, tax revenues and the use of existing infrastructure.

In parallel, the EU encourages urban-rural partnerships. These can create more sustain-

able and resilient metropolitan areas, and can limit uncontrolled growth of suburban areas. The adoption of integrated policies and plans for cities and their surrounding regions aims at reducing the environmental impact of urban development and tackling problems created by climate change.

The promotion of the urban circular economy stimulates sustainable economic growth by protecting natural resources and turning waste into a resource. Waste minimisation is based on reducing, reusing, recycling and recovering. Support to 'green' private-sector development and entrepreneurship at all levels is also crucial to ensure sound waste management and minimisation of the use of hazardous chemicals. A 'green' private sector can also promote local renewable energy solutions or accelerate the transition to a circular economy.

Another important intervention is to help cities to adopt adaptation and mitigation strategies to cope with climate change. On the mitigation side, this would mean helping cities to reduce industrial pollutants and greenhouse gas emissions through innovative measures, such as promoting energy-efficient and resource-efficient technology in the environment,

construction, industrial and transport sectors. On the adaptation side, this involves improving cities' resilience to floods, heatwaves, water scarcity, droughts and other natural and man-made hazards. This is achieved, for instance, through the use of green and blue infrastructure (i.e. nature-based solutions such as planting forests to soak up water during floods), in addition to preventive man-made infrastructure and integrated spatial planning. This benefits ecosystem services, which are natural services that improve human health, benefit biodiversity, reduce energy use, prevent or reduce climate change-related disasters, and enhance the climate resilience of built infrastructure and assets.

Emergencies in urban settings can be particularly acute and require rapid and efficient response, robust assessments and strong cooperation with first responder communities. These policy measures are to be combined with coordinated strategies in the areas of disaster risk preparedness and reduction, and climate change adaptation. Support to developing-world cities should promote resilience measures to enhance the ability of local authorities to anticipate events and address underlying drivers of vulnerability, thanks to better quality information. These measures mean guiding development away from risk areas, such as deltas and coastal areas, and addressing the impacts of climate change. They also require that post-disaster recovery, rehabilitation and reconstruction reduce future risks ('building back better').

### **Green and resilient cities may be promoted by:**

1. urban renewal and regeneration of settlements, biodiversity-rich green public spaces and reduction of urban sprawl, ecological restoration of degraded former industrial and commercial sites, pollution control measures, the fight against climate change and valorisation of cultural heritage;
2. urban low-carbon, climate-resilient transition and the green and circular economy as a model for sustainable growth promoting innovative green market solutions, to allow waste prevention, reuse, recycling and sustainable management and efficient use of natural resources, ecosystems and biodiversity conservation;
3. strategies in the area of climate change by addressing mitigation and adaptation policy frameworks at national level, and operationalization of strategies for energy efficiency, low carbon emissions, climate-resilient urban development and resilient infrastructure;
4. holistic disaster risk management and risk-informed policies enhancing resilience and synergies with adaptation planning and action; in particular where a lack of planning or investments in disaster risk preparedness and reduction measures could expose local populations to significant human and economic damage in the case of crises or natural disasters.



## 5.4. Prosperous and innovative cities (prosperity)

The EU supports cities as actors of open innovation. This means enabling interactions between different people and organisations involved in the creation, design and implementation of integrated and innovative policy actions for urban and peri-urban areas.

EU development cooperation aims to make cities more innovative to foster sustainable local economies and create employment. Megacities and metropolitan areas are the engines of the global economy, and primary cities are hubs that drive regional or local growth. They both offer an opportunity to find innovative and competitive solutions to societal and environmental problems. Both public and private finance may be considered for investments in and maintenance of municipal infrastructure. Priority sectors of municipal infrastructure include: urban mobility and transport; water supply and sanitation; solid waste management; energy efficiency; and renewable energy services.

Targeted support focusing on the business environment for local firms and industries in developing countries (especially micro and small-to-medium size businesses) can help to achieve aims such as increasing economic productivity, with a focus on high-value-added and labour-intensive sectors. Higher economic growth can provide the resources needed to improve urban resilience, upgrade slums, improve governance and protect local world heritage sites (important for developing tourism). Cities can be made better living environments by supporting local economic development, employment opportunities (especially for women and youth), social integration and greater fairness.

The urban economy can play an important role in stimulating trade between rural and urban areas, thus fostering the development of the urban area's hinterland. For this reason national and regional development planning should be strengthened to promote 'polycentric' development, which connects primary cities, secondary cities and small rural towns. This would contribute to creating sustainable and efficient transport links, and to improving the availability of digital services. It would also promote the sustainable use of tourism resources, the cultural landscape and natural products.

The 'smart city' model deserves to be promoted. This model requires cities to be given access to a variety of communication technology services. It also requires 'clean' technology in energy, transport, housing and materials use that are connected to these communication technology services. The EU can further develop the smart city concept in the developing world by helping municipalities to put in place the digital foundations necessary for the deployment of e-governance services. It can also help by securing finance (including from private sources) for digital technology such as affordable broadband.

### **Prosperous and innovative cities may be promoted by:**

1. boosting investment through innovative and financial arrangements bringing together different sources of funding (blending, private-public partnerships/external investment plan, private-sector facility) to finance large-scale infrastructure investment and maintenance that is consistent with a low-carbon, climate-resilient, circular economy;

2. enhancing job creation, with a specific focus on women and youth, by addressing educational needs and stimulating an enabling environment for the private sector, in particular local firms promoting inclusive and social enterprises (micro and small to medium-sized) and innovative market solutions;
3. supporting the endogenous development potential of secondary cities and small towns (tourist resources, cultural landscape, natural products, etc.);
4. supporting 'smart cities' through interventions that turn digitalisation into a positive force to create employment and to promote socially responsible entrepreneurship.





# 6 MAKING USE OF THE EU TOOLBOX

EU support to cities in partner countries may take different forms, such as:

- ▶ promoting policy dialogue and partnerships;
- ▶ fostering capacity building in the developing world, principally through 'twinning' where cities in Europe share expert advice with cities in the developing world;
- ▶ increasing investments that generate a measurable social or environmental improvement, by using innovative financial instruments such as the EU external investment plan.

## 6.1. Promoting policy dialogue and partnerships

EU development cooperation policies and priorities are to a large extent aligned with those of the countries and regions receiving EU aid. Mutual agreement among donors and recipients on the goals of urban development is essential to ensure sustainable development. In this context, policy dialogue between the EU and recipients of EU aid is promoted at regional and national levels, in particular

through EU delegations. In some cases, budget support provides a useful framework for this dialogue on urban-related issues. Existing initiatives, such as the Global Covenant of Mayors for Climate and Energy, including the Covenant of Mayors for Sub-Saharan Africa <sup>(38)</sup>, can also provide a vehicle for enhanced dialogue with and between national and local authorities.

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<sup>(38)</sup> The overall objective of the Covenant of Mayors for Sub-Saharan Africa is to engage sub-Saharan local actors in the provision of access to sufficient, sustainable and safe energy services for urban and peri-urban populations.

Deeper dialogues with local authorities are encouraged, as initiated through the Policy Forum on Development and the Structured Dialogue on policy <sup>(39)</sup>. Dialogues about achieving the sustainable development goals in specific local areas should be promoted through the Global Partnership Initiative No 14 <sup>(40)</sup> and the territorial and integrated urban approach. This approach includes different levels of governance (i.e. local, regional, national) and a variety of participants and organisations. It takes into account these stakeholders and their different roles, skills and power. ‘Vertical’ integration (coordination between local, regional and national levels) and ‘horizontal’ integration (ensuring that different parts of a government are working in a coordinated way) are essential in that regard.

Partnerships may be pursued with a broad range of players including:

- ▶ local and regional authorities and their associations, from EU or partner countries;
- ▶ civil society organisations and local non-governmental organisations;
- ▶ knowledge hubs: these include European cities and partner-country cities; UN organisations (e.g. UN-Habitat, United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Children’s Fund (Unicef), United Nations Educational, Scientific and Cultural Organisation (Unesco), United Nations Office for Project Services (UNOPS), United Nations High Commissioner for Refugees (UNHCR), United Nations Office for Disaster Risk Reduction (UNISDR)), think tanks and academia, and other international and regional institutions;
- ▶ the private sector: these partnerships include mechanisms for consultation with the private sector and involvement of the private sector in urban services delivery, including through public–private partnerships.

## 6.2. Enabling capacity building and twinning

Capacity building may focus on area such as governance, environment and socioeconomic issues. It may include, for example, science, technology, innovation, public finance management, and preparedness for crises and emergencies. Capacity building may be enhanced through technical assistance, alongside other operational tools. In that context, twinning may be encouraged. Twinning involves more strategic and long-term partnerships, peer-to-peer cooperation, the

transfer of know-how (i.e. vocational education) and assistance in reforming urban development. To this end, North–South or South–South twinning, in particular city-to-city cooperation, would help to build long-term relationships between local authorities.

Exchanges between different cities with similar challenges and shared interests can help to identify effective urban solutions, share knowledge and design new policy models. These can then be transferred among local authorities.

<sup>(39)</sup> The Structured Dialogue for an efficient partnership in development took place in 2010–2011, bringing together more than 700 civil society organisations and local authorities from all over the world, as well as participants from the EU Member States, the European Parliament and the European Commission, which resulted in the establishment of the Policy Forum on Development.

<sup>(40)</sup> Global Partnership Initiative No14 on local authorities is part of a series of voluntary initiatives led by different types of development actors to improve the effectiveness of development through principles and commitments agreed in the Busan Partnership Agreement (2011), the Mexico High Level Meeting Communiqué (2014) and the Nairobi Outcome Document (2016).

One example of this is Connect <sup>(41)</sup>, where local authorities request exchanges that are tailor-made on the basis of their needs.

Involving the private sector in peer-to-peer cooperation may also create new business opportunities.

## 6.3. Boosting investment through innovative financial instruments

The EU external investment plan has been set up to encourage investment in Africa and the EU's neighbourhood region, strengthen partnerships, and contribute to achieving the sustainable development goals, as well as to help to address some of the root causes of migration. One of the pillars of the external investment plan is the new European Fund for Sustainable Development (EFSD), which supports investments by public financial institutions and the private sector.

Creating a 'sustainable cities' investment window within the EFSD helps to address the challenges of sustainable urban development. Several types of investments may be envisaged, including:

- ▶ infrastructure-focused investments for urban mobility, solid waste management, water, sanitation and sustainable energy services and energy efficiency; these could include public-private partnership schemes and project bonds and 'green' project bonds could also be explored under these schemes;

- ▶ fostering access to private finance for cities and local utilities, through the issuance of bonds (either directly or through special purpose vehicles covering several cities to mutualise risks) and/or by creating the right conditions for local public lending by commercial banks (longer loan terms matching infrastructure maturities);
- ▶ promoting incentives to private-sector businesses working with municipalities to roll out 'climate-smart' and green technologies (i.e. grey-water recycling, rainwater harvesting, smart metering solutions, energy-efficient street lighting, housing).

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<sup>(41)</sup> The Connect initiative is EU funded, in the context of the framework partnership agreement. It facilitates the exchange of technical expertise among local authorities from the north and the south.





Council of the  
European Union

Luxembourg, 25 June 2018  
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# **COUNCIL CONCLUSIONS**

EU cooperation with cities  
and local authorities in third countries

1. The Council recalls the international and EU policy framework, including the new European Consensus on Development, <sup>(1)</sup> for ensuring strategic engagement with cities and local authorities in developing countries, stressing amongst other elements the principles of “Cities for All”. The Council strongly underlines that sustainable urban development as well as inclusive, balanced, integrated territorial and urban policies are essential for achieving Sustainable Development Goal (SDG) 11 as well as all the other SDGs. The Council calls upon the Commission to support the implementation of the 2030 Agenda for Sustainable Development at local level and to make full use of the policy framework and all available instruments to effectively optimise the benefits of intensified and innovative cooperation with cities and local authorities in partner countries.
2. The built-up areas of cities in developing countries, particularly in Asia and Africa, are expected to increase in size by 200% by 2030. Urbanisation and associated challenges are also significant in other regions, including in Latin America and the Caribbean as well as in the EU Neighbourhood. The continued rapid pace of urbanisation implies that the fulfilment of EU policy objectives can only be achieved through strengthened partnerships with cities and relevant local authorities in third countries.
3. Many cities and local authorities are increasingly faced with the challenges of urban poverty, social exclusion and spatial inequality, over-crowding, conflict, crime and violence, vulnerability of infrastructure, poor basic service delivery, and environmental degradation. Cities and local authorities remain at the forefront of most humanitarian crises. The vulnerability of cities to epidemics and disasters and to the impacts of climate change increases because of rapid population growth and unplanned urbanisation. Unprecedented migratory and forced displacement flows driven by geopolitical, humanitarian, economic and environmental factors further exacerbate these urban challenges. In such contexts, women and girls are disproportionately exposed to an increased risk of insecurity and violence.
4. The Council is strongly committed to boosting the potential of cities as hubs for sustainable and inclusive growth and innovation as well as to enhancing the role of local authorities in this regard. The Council welcomes the Commission Staff Working Document on EU cooperation with cities and local authorities in third countries. <sup>(2)</sup>
5. The Council stresses that effectively addressing urbanisation challenges requires a paradigm shift from the current sectorial approach to a territorial perspective that enhances urban-rural linkages and integrates the three dimensions of sustainability in urban development whilst ensuring coherence between urban and rural development policies. The EU and its Member States need to devise diversified strategies, instruments and procedures and to conduct effective policy and political dialogues in support of impactful and result-oriented partnerships with cities and local authorities in partner countries.
6. The Council emphasises the importance of the continued promotion of good governance at the level of cities and local authorities. The Council further stresses that effective systems of multi-level governance and sound policy and legal frameworks at

<sup>(1)</sup> The 2030 Agenda for Sustainable Development, the New Urban Agenda; Council conclusions on Local Authorities in Development, July 2013.

<sup>(2)</sup> 9095/18 - SWD(2018) 269 final



national and sub-national levels are essential. A conducive and enabling policy and regulatory environment is needed to allow local authorities to effectively implement sustainable urban policies and a territorial approach to local development. The Council recognises the importance of inclusive multi-stakeholder processes, including civil society and the private sector in local governance, as well as sound humanitarian and development approaches linking sustainable development solutions, urban planning and resilience. The Council notes that many actors in EU Member States are providing support to strengthen local governance in partner countries.

7. The Council further stresses the need for strengthening the technical and managerial capacity of cities and local authorities for developing and delivering integrated, multi-sector urban planning policies, including tools for active engagement with citizens. Building on a human rights-based approach, this should be done in conjunction with empowering rights-holders to claim their rights.
8. The Council recognises the very substantial investment needs and corresponding financing gaps faced by cities and local authorities. The competencies and capacities of cities and local authorities to design and implement fiscal policies for municipal finance and revenue generation are essential where such powers have been devolved. The Council invites the Commission to step-up efforts to support public finance management and own source revenue at the local level.
9. The Council also encourages the Commission to support, whenever possible, local capacities and efforts to attract private capital investment, notably by using blending facilities and further exploring innovative financing models and partnerships, including those developed by Member States' local authorities. Public private partnerships can play a key role in creating smart, sustainable and resilient cities. The Council calls for a swift and effective support to sustainable urbanisation, including by mobilising additional finance offered by the European External Investment Plan and its "Sustainable Cities" window.
10. The Council recognises the potential of cities and local authorities to bring about a green and circular economy as a model for inclusive growth and that cities are crucial in addressing climate challenges. The Council encourages the Commission to promote green and resilient cities, by supporting the transition towards urban low-carbon and climate resilience with a focus on sustainable public transport.
11. The Council underlines the importance of public space and cultural heritage as contributing the social, economic and political functions of cities.
12. The Council recognises that mega-cities and metropolitan areas are engines of the global economy and that primary and secondary cities are hubs that drive regional and local growth and job creation. In this context, the Council recognises the importance of stimulating an enabling environment for the private sector in particular micro and small-sized inclusive and social enterprises and innovative market solutions while encouraging a transition from the informal to the formal economy. The Council calls for a specific focus on creating better educational and employment opportunities for women, youth and persons with disabilities.
13. The Council encourages the Commission to further support "smart-city" approaches, including by helping local authorities and cities in partner countries to put in place the digital foundations, including the nec-

essary connectivity and accessibility, for the deployment of e-governance services and resource efficient solutions. The Council calls upon the Commission to support digitalisation as a positive force to create employment and socially responsible entrepreneurship thereby supporting the role of cities as drivers of the 2030 Agenda for Sustainable Development.

14. Engagement with cities and local authorities should seek to introduce more transparency, inclusive governance and accountability in public funding and the delivery of public services and should integrate elements on best practices for tackling corruption and improving land rights and tenure security for all. The Council also stresses the need to promote the active and meaningful participation of residents in planning, implementing and evaluating relevant local actions and public services.
15. The Council underlines the importance of promoting inclusive and safe cities and of addressing the drivers and effects of inequality, marginalisation and segregation within the city and between different cities. It encourages the Commission to mainstream the inclusion of marginalised groups and vulnerable people, including people with disabilities, the elderly, forcibly displaced persons and migrants in EU support to cities and local authorities in third countries. As some cities and local authorities increasingly face migratory and refugee flows, the Council encourages the Commission to continue to support cities and local authorities that are hosting migrants and refugees.
16. Gender equality and women's empowerment in urban areas should be prioritised, as well as the role of young people as drivers for democracy, development and transformation. The Council calls on the Commission to support local capacities to enhance the safety and security of women

and girls in urban areas as well as to improve land rights and tenure security for all.

17. The Council encourages the Commission Services and the EEAS to integrate urban-related issues in thematic policy and political dialogue, and to deepen their structured dialogues with cities and local authorities. The Council stresses the importance of promoting people-to-people links at local level and recalls that the use of tools such as decentralised cooperation, twinning for cities and local authorities and city pairing has good potential for strengthening the capacity of cities and local authorities alongside institutional cooperation and technical support. It invites the Commission to speed up action in this area and, where relevant, integrate twinning in future urban development programmes.
18. The EU and its Member States recognise the important role of UN-Habitat in supporting sustainable cities.
19. The Council emphasises that particular support should be given to ensuring an integrated and multi-sectoral approach to cities and local authorities, both urban and rural, in EU external assistance.
20. The Council invites the Commission to provide regular updates to the Council on progress made on the implementation of the cooperation with cities and local authorities in third countries. It also encourages the Commission to put in place an adequate forum to regularly exchange information, experience and knowledge with EU Member States and relevant partners on cooperation with cities and local authorities in third countries.

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