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Reflections on the Zero Draft of the New Urban Agenda

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1 General Reflection

This input paper is intended to provide fuel for discussion and recommendations for the further development of the New Urban Agenda to be shaped in upcoming hearings and negotiations. It was presented and discussed at the Cities Alliance Joint Work Programme Meeting in New York on May 15, 2016. This paper reflects on the zero draft against the input papers on enabling conditions, partnerships, integrated urban and territorial development, decentralization and subsidiarity, and follow-up and review, developed under the Cities Alliance Joint Work Programme for Habitat III and its partners. The following reflections highlight the extent to which the key recommendations of these input papers were included in the present draft, and identify gaps to be addressed in the upcoming negotiations on the zero draft.

The zero draft of the New Urban Agenda (NUA) was submitted on 6 May 2016 by the Bureau of the Preparatory Committee with support of the Habitat III Secretariat. It is a noteworthy basis for the upcoming sessions of the informal intergovernmental negotiations and informal hearings with local authorities associations and civil society organizations between May and July 2016. The zero draft significantly reflects content and many opinions raised during regional, thematic and informal consultations.

The text shows strengths related to function, content and process. It fulfills its function of keeping up the momentum and recognition of cities as developmental actors. It furthermore contains the building blocks needed for an aspirational basis for discussion. A preliminary collection of reactions suggests that stakeholders note the draft's balance of opinions and improvement. It is also welcomed that the zero draft addresses the meaningful participation of all major groups and other relevant stakeholders (para. 15), yet it does not explicitly mention initiatives such as the Global Task Force. The zero draft also calls for gender-responsive policy-making and planning processes, training programs and government initiatives to tackle exclusion with particular attention to women's effective participation in decision-making for urban development (para. 155).

However, the zero draft can still be bolstered to provide an inspirational, motivating and clear agenda for decades to come. The following paragraphs discuss overarching and crucial shortfalls and recommend adjustments to the text in order to address these gaps.

Rationale and place in the global landscape:

Although the zero draft acknowledges the Agenda 2030 (Preamble and paras. 2, 3, 8, 127, 166-167, 172) and the Paris Agreement (Preamble and para. 8), it lacks to specify the linkages and mechanisms for the NUA's contribution to specific SDGs (SDG 11 and beyond). Such details are in fact the *added value* of the NUA in the global landscape and an explicit statement of this unique feature of the NUA is needed in the text. It is recommended to reaffirm the rationale and unique added value of the NUA in a prominent part of the text. Moreover, the NUA should spell out the linkages and contributions of the NUA to SDGs 11 and other relevant SDGs.

Clear structure and logic of narrative:

Although the necessary building blocks for the NUA exist in the zero draft (the *ends* embodied in Our Vision, para. 5; the *means* embodied in Effective Implementation: Urban Paradigm Shift, paras. 7, 84-175; and the *guiding principles* presented as Transformative Commitments, paras. 6, 19-83), the text does not yet offer a narrative clear, convincing and rigorous enough that logically derives from an aspirational *vision*, the *principles* and *action-oriented priorities* needed for implementation. It is recommended that the structure of the main parts of the NUA (Our Vision, Effective Implementation: Urban Paradigm Shift and Transformative Commitments) be improved by spelling out the logical derivation and "storyline" from the

high-level vision, to the guiding principles embodied in the Transformative Commitments, to the enabling conditions, and translate them into specific actions.

Action-oriented priorities:

By its own standards, the NUA aspires to be action-oriented (Preamble). The zero draft sets out a valuable vision and normative commitments (paras. 5 and 6, 19-83, respectively). However, the specific actions needed for the implementation of the NUA are not sufficiently indicated and linked to the overarching vision and goals. The NUA should identify Priorities for Action in the continuity of the SDGs framework and in the realm of the enabling conditions (national urban policies, capacity development, and effective municipal finance systems and legal framework, para. 166) and the means of implementation (renewed local-national partnership, integrated urban planning, innovative financing framework, para. 7). The NUA should link these Priorities for Action to the SDGs, provisions in the Paris Agreement and other international agreements.

Gender:

It is welcome that the Preamble ascertains cities as places where the people “will aim to achieve gender equality, empower women and girls”. The zero draft calls *for attention* to women and girls among other groups several times (paras. 5, 12, 25, 33, 36, 37, 42, 57, 65, 66, 155). Building on the pieces of text that begin to specify actions veered towards the empowerment of women and girls and gender equality (paras. 33, 40, 66, 155) special attention should be placed in the forthcoming negotiations and hearings to build a substantial proposal on how the city can achieve gender equality, empower women and girls.

“Cities for all” and rights-based approaches:

The zero draft rightfully commits to the concept of cities for all to “ensure that all inhabitants, of present and future generations, are able to inhabit, use, and produce just, inclusive, and sustainable cities” (para. 4). Aspiring to be a universal agenda with transformative potential (Preamble of the zero draft), the NUA should indeed explicitly accept and build on existing human rights standards. The attainment of socially just, inclusive and sustainable cities is crucial for the promise of human rights. At the global level, the codification of a Right to the City remains difficult to realize. Many member states oppose and caution the introduction of a new right and the use of language, which has not been agreed upon such as the right to the city. Moreover, there is no common understanding of the concept and what the right to the city exactly entails. The NUA should unequivocally express commitment to the principles of the Charter of the United Nations and anchor in the Universal Declaration of Human Rights and other relevant instruments, in alignment to the text of Agenda 2030. The NUA should further discuss and include concrete actions to operationalize the concept of Cities for All.

Economic development and technology:

The zero draft is weak in articulating the comparative advantage of cities as drivers for economic development and prosperity. An economic narrative prominently placed throughout the text would help to leverage private investment for sustainable urban development and urban transformation, particularly as SDG 11 does not target the ‘productive’ role of cities. In this context technology development application and cooperation plays an important role. Technology is one of the key drivers of urban transformation, relevant to a variety of urban sectors such as infrastructure and basic services; transport and mobility, housing and building, financial management, as well as public administration and governance. Technology applications are also indispensable for ecological modernization and decarbonisation and the provision of basic services.

2 Thematic reflections

2.1 Enabling Conditions

Enabling conditions are the structures and resources necessary for stakeholders to take action and implement the NUA. In particular, local governments will be key actors for the success of the NUA. Consequently, enabling conditions such as national urban policies, capacity development, and effective municipal finance systems and legal frameworks need to be put in place in order to enable and empower local governments to properly perform their role as key implementing entities.

The zero draft recognizes an enabling policy framework as an essential precondition to realize the transformative commitments set out through the NUA (para. 84). It further specifies national urban policies, capacity development, and effective municipal finance systems and legal frameworks as enabling vectors and conditions (para.166). The three essential enabling conditions are thus fully captured.

However, the narrative why these enabling conditions are critical for the implementation of the NUA and for the achievement of SDG 11 and the urban dimension of other SDGs is not well articulated. **Enabling conditions are among if not *the added value of the NUA and should be highlighted as such.*** The preamble clearly states that the “New Urban Agenda is the first step for operationalizing sustainable development in an integrated and coordinated way at global, regional, national, sub-national and local levels. By creating an action-oriented roadmap for implementation, the New Urban Agenda will drive the achievement of the 2030 Agenda for Sustainable Development, especially Goal 11, of making cities and human settlements inclusive, safe, resilient, and sustainable, as well as other targets across the Sustainable Development Goals” (preamble). In this context, it needs to be emphasized that the enabling conditions, defined in the NUA, are *key* to the successful realisation of the NUA, SDG 11 and the urban dimensions of other goals and targets.

National Urban Policies are prominently mentioned as one of the three drivers of change (para. 7a). The purpose of National Urban Policies to set out an overall institutional architecture, with the respective competences, tools and resources clearly defined for each level of governance, to enable stronger coordination between sectors and across levels of government and between relevant stakeholders is clearly specified (para. 87-88). Moreover, local authorities are recognized as key actors to implement national urban policies and will be empowered through legal and policy frameworks (para. 88). It should be added that national urban policies should also provide guidelines to improve connectivity between cities and strengthen urban-rural linkages.

The key recommendations for capacity development as proposed in the input paper have been largely included in the zero draft. It recognizes the need for capacity development at all levels and of multiple stakeholders both at the institutional and individual level (para. 150). Moreover, aspects such as peer-to-peer learning, inter-municipal cooperation and the role of local governments associations have been included. The zero draft further calls for strengthening planning and (revenue) management capacities (para 153), as well as strengthening competencies for organizational and institutional governance processes (para. 151).

However, the chapter on capacity development also has some shortcomings. In general, the reference, coherence and structure of the part on capacity development and the anchoring of capacity development in the entire document require further improvement. Moreover, the need for capacity development per issue is not well-balanced. For instance, capacity devel-

opment for financial management is addressed in detail, yet the need for capacity development for coordination between sectors and across levels of government to ensure integrated urban and territorial development is not sufficiently mentioned. Moreover, the importance of capacity development with a particular focus on technical support in data collection, analysis and compilation, new indicators and spatial data should be included.

It is advisable to restructure the part on capacity development, starting with rather general capacity development needs (e.g. coordination) and then focus on particular issues. Further, the level of detail how capacity development is addressed throughout the zero draft is not consistent: some chapters and issues go into more detail than others, leading to gaps and redundancies. Lastly, the need for capacity development should be prominently included as a “driver of change” to do justice to its critical role in supporting the implementation of the NUA.

The zero draft sufficiently recognizes the need to strengthen municipal finance systems through capacity development (para. 134), the enabling of local governments to expand their potential revenue base (para. 137), and supporting local governments in leveraging on domestic resources and accessing external financial sources (para. 127) (see below for a more detailed assessment of financing).

2.2 Partnerships

Partnerships are key for implementing the NUA and promoted as a common position of the Joint Work Programme. They help mobilize the resources and knowledge of a wide range of urban actors, and can thus be particularly important for weaker local authorities that lack sufficient means for implementation. Partnerships also improve the inclusiveness of implementation by involving all relevant stakeholders.

The zero draft of the NUA sufficiently recognizes the importance of multi-stakeholder partnerships, involving both state and non-state actors at all levels, to support the implementation of the NUA, and to finance urbanization (paras. 92 / 196 / 143). Positively, the zero draft calls for the meaningful engagement of all stakeholders in all stages of the policy process, from planning to budgeting, implementation, and monitoring (para. 93). It also acknowledges the relevance of partnerships in the implementation, as well as the follow-up and review of the NUA (para. 165).

The NUA zero draft moreover calls for new forms of civil society participation, particularly in the field of housing, land management, water management, and monitoring and review (paras. 7a / 29f / 102 / 108, / 110 / 119 / 155 / 159 / 163 / 165), and proposes various formats for partnerships, such as public-private partnerships, peer-learning partnerships, people partnerships (paras. 102 / 120 / 134). In addition to recognizing the need for engaging both state and non-state actors, the NUA zero draft highlights the relevance of building strategic partnerships among governments at the global, regional, national, sub-national and local levels to create strong national systems of cities and urban areas (preamble).

However, the right framework conditions need to be created so that partnerships are successful and can make a worthwhile contribution. These include: review of partnership activities and support for their effectiveness, a platform and forums where new partnerships can be formed and success cases showcased. The zero draft falls short on addressing these framework conditions for the development and support of partnerships. Although the draft mentions that partnerships will be supported through well-resourced permanent mechanisms (para. 93), it does not provide any further specification on how this will be done. It further states that it will be ensured that multi-stakeholder partnerships contribute to the long-term

success of sustainable urban development and are enabled to build effective links with national, regional and local policy initiatives and priorities (para. 94), yet the framework and mechanisms for support remain unclear.

It is recommended to include criteria for partnerships. These should contain that partnerships complement rather than substitute government action, be new or additional, be specific and measurable, be adequately funded, and contribute to the implementation of at least one key topic of the New Urban Agenda. Furthermore, the NUA should provide guidance on how to establish and maintain well-functioning partnerships – an aspect that the current text fails to address.

Moreover, the NUA does not make any reference to the multi-stakeholder forum of the SDGs, which would be a suitable venue for the review of partnerships in the context of the NUA, the creation of new partnerships and the showcasing of success cases. The importance of building on existing structures and forums should be strengthened in the NUA.

2.3 Integrated Urban and Territorial Development

As urbanization and demographic growth have increasingly linked cities with their peri-urban and rural hinterland, it is crucial to take an integrated urban and territorial development approach to ensure the equitable distribution of resources across the wider urban rural continuum.

The relevance of strategic and integrated urban and territorial planning and management, including the strengthening of urban-rural and cross-sectoral linkages beyond the administrative borders across the urban-rural continuum, is promoted as one of the three drivers of change to realize the transformative commitments (para. 7b). It is considered as a key mechanism to meet the challenges of urbanization and to achieve sustainable urban development, and thus prominently included in the zero draft.

Further, urban-rural linkages, cross-sectoral management and cooperation among different scales of cities and towns within and across territories (para 51) is promoted, and will be supported through urban and territorial plans including city-region and/or metropolitan plans (para. 98). From a governance point of view, the call for integrated urban and territorial development is sufficiently included.

However, the reference to urban-rural linkages and the need for a territorial approach varies greatly throughout the document and is not consistently addressed in the (sub-) chapters focusing on particular sectors. For instance, the relevance of improved connectivity and strengthened urban-rural and territorial linkages is mentioned in the sub-chapters on inclusive growth (para. 45) and urban form and infrastructure (paras. 51 / 54), yet there is a lack of consideration in the chapter on ecological and resilient cities. The zero-draft should promote a territorial ecosystem approach and call for better coordination of energy, water, sewage and waste management. In general, the zero-draft should provide for more coherent and consistent inclusion of this issue.

With regards to linking financing and territorial development, the zero-draft falls short of encouraging fiscal policies that promote links between financial and spatial planning instruments. Yet reference is made to vertical and horizontal models of distribution of financial resources to decrease inequalities between territories and urban and rural areas (para. 132).

In addition to the various forms of partnerships that are already included in the zero-draft, the establishment of urban-rural partnerships, councils and networks focused on knowledge

exchange, dialogue and capacity building in the area of urban-rural linkages should be included.

2.4 Decentralization and Subsidiarity

It is widely recognized that local governments can better represent their citizens, respond to their needs, and deliver public services, as they know the local context best. The zero-draft recognizes that local and subnational governments as key player in the implementation of the NUA (para. 169). However, each level of government has its advantages and disadvantages in exercising certain tasks. Accordingly, responsibilities and resources for executing a particular task should be devolved to the most appropriate level, based on the principle of subsidiary.

The draft identifies effective decentralization, based on the principle of subsidiarity and the recognition of local self-governance, as key driver to realize the transformative commitments (para. 7a). The text moreover calls for the creation and strengthening of respective regulatory and legal frameworks at the national level and suitable institutions at the subnational and local level (paras. 85 / 85 / 125 / 139f / 151 / 154).

However, there is still a lack of consistent inclusion of decentralization and subsidiarity throughout the document. It is further not clearly defined what mechanisms are required to allow for effective decentralization. It needs to be stressed that effective decentralization requires multi-level governance, legal and institutional frameworks that are tailored to urban areas, capacity development and sufficient financing. Decentralization also necessitates the definition of clear roles, power and responsibilities to establish effective multi-level governance and to allow for coherent planning. The draft falls short of providing an explicit link in this regard.

Yet the text includes a number of commitments that are related to and allow for effective decentralization, but are scattered throughout the document. For instance, para 88 calls for appropriate fiscal, political, and administrative decentralization based on the principle of subsidiarity and the respect for local self-government to enable local authorities to effectively implement national urban policies.

The issue of fiscal decentralization and enhanced revenue raising capacities of local governments is further specified in the sub-chapter on domestic public resources (paras. 129-133). To ensure that local governments have sufficient financial resources to fulfil their duties, a strong and transparent system of intergovernmental transfers from higher levels of government to subnational and local governments is proposed that provides for adequate and predictable transfers matching the functions and mandates of local governments, guaranteeing a minimum of at least 20% of national resources to local government (para. 130). The zero-draft moreover calls for the implementation of sound sub-national fiscal policies, to increase local government autonomy over taxes, revenues, expenditures, debt financing as appropriate and to implement specific mechanisms, as appropriate, to enable shared authority and financing between municipalities or metropolitan areas and state or national governments agencies" (para. 131). The zero draft also recognizes the need for capacity development of local governments (paras. 150-157) yet no specific link is made to the additional capacity need that will derive from decentralization and the enhanced tasks and responsibilities. As local government associations are recognized as one of the providers of capacity-development and important instruments for knowledge sharing (para. 156), it is crucial to include that these associations also need to be supported. Moreover, the NUA should recognize the need to support national local government associations as a key component.

Moreover, the NUA should call upon universities to ensure that their courses are attuned to the needs of contemporary cities, and to the needs of capacity-development appropriate for local government professionals.

The zero-draft also fails in reaffirming or making any reference to guidelines on decentralization and strengthening of local authorities (2007), access to basic services for all (2009), as well as urban and territorial planning (2009), as approved by the Governing Council of UN-Habitat in its resolutions 21/3 of 20 April 2007, 22/8 of 3 April 2009, and 25/6 of 23 April 2015.

2.5 Financing

On financing, the NUA should address two dimensions: funding for sustainable urban development and financing to implement the means of implementation of the NUA itself. On the former, the current draft puts strong emphasis on the need to strengthen municipal finance frameworks, including access to external sources, better management of domestic resources and the required capacity building for local governments. On the latter, the current draft lacks any references to funding mechanisms for specific means of implementation, such as an international review process, a dedicated urban development fund or to finance required capacity building measures.

In general, the zero draft calls for a stronger role of local governments in sustainable urban development, through the establishment of better frameworks, more access to funding and a robust mix of financial resources, including strong paragraphs on debt financing (paras. 131 / 136 / 139 / 141 / 147). However, neither a rationale to justify the required action, nor a guideline or benchmark to give policy action a clear direction is provided in the current document. It is highly advisable to include a reference on linking available resources to required expenditures, based on the tasks and responsibilities of local governments in their specific national context.

The zero draft includes a commitment to implement “[...] a strong and transparent system of intergovernmental transfers [...]” (para. 130), which would benefit the borrowing capacity of local governments and thus increase the potential of debt financing. The importance of debt financing to bridge the infrastructure gap is explicitly covered in an entire paragraph (para. 139). While the need for adequate structures (expenditure control and regulatory framework) to ensure prudent debt financing is recognized (para. 131), a reference to potential pitfalls is not included in the zero-draft. Subsidies and grants are mentioned in the context of infrastructure development (para. 114) and ODA (para. 145). In the section on finance, grants and subsidies are mentioned as vital, but are only part of the funding mix (para. 152).

Moreover, accountability and transparency are referenced in various paragraphs on urban management, economic development and citizen participation, yet a specific connection to finance and fiscal policy is only made in para. 137. The importance of accountability and transparency should be made more explicit, especially in paragraphs addressing the issue of debt finance. The context specific importance of grants and subsidies (e.g. in developing countries) is barely included and only touched upon in the section on enabling debt financing (par. 139). While context specific priorities and actions are referenced under the theme of national frameworks (par. 87), a specific reference to context specific funding is not included.

Regarding specific financial resources for both - realizing sustainable urban development and supporting means of implementation under the NUA - the zero draft calls to establish intermediary bodies to facilitate cities’ access to funding opportunities (para.148) including the Green Climate Fund (para. 142). This is not sufficient, as it does not provide practical

linkages to funding mechanisms in other contexts, such as development funding. The Addis Abba Action Agenda is recalled in para.10 as general point of reference, and in para. 147 in the context of ODA, but no specific practical linkage is given to mechanisms such as the Global Infrastructure Forum. Further, functional links should be defined between SDG targets and funding to implement measures under the NUA. Means of implementation that are set to reach a specific SDG target and achieve goals of the NUA should be prioritized for financing, e.g. through a dedicated fund.

2.6 Follow-up and Review

An effective follow-up and review mechanism is essential to support the implementation of the New Urban Agenda. It should guide decision-making and strengthen the New Urban Agenda's political impact, inclusiveness, legitimacy and accountability. At the same time, follow-up and review should create and renew political commitment from member states and motivate UN agencies and other stakeholders to engage in and contribute to the implementation process.

The New Urban Agenda zero draft recognizes the need for carrying out follow-up and review to ensure an effective implementation and progressive impact (para. 164). However, an effective follow-up and review mechanism can also guide decision-making and strengthen the agenda's inclusiveness, legitimacy and accountability. This should be added in the first paragraph to provide an overarching vision. Chapter C on follow-up and review (paras. 164-175) includes several important aspects: It recognizes the need for multi-level follow up and review at the global, regional, national, sub-national and local levels (para. 166), calls for recognizing and strengthening existing platforms and processes to avoid duplication (para 165), stresses the need for an inclusive process (para 166 / 168), and the reinforcement and creation of partnerships (paras. 165,170).

However, the chapter enters quickly into specific institutional arrangements without having established the foundation what an effective follow-up and review mechanism constitutes. The paragraphs are not logically structured and combine too many aspects in one paragraph. Moreover, the relationship with Agenda 2030 needs further elaboration and clarification. The zero draft currently proposes that the follow-up and review mechanism of the New Urban Agenda should feed into and should be coherent with the Agenda 2030 follow-up and review (para. 166), and that a progress report on the implementation of the New Urban Agenda should be prepared (para.168). Yet the draft fails to make any reference to the HLPF, and define modalities and structures for how the follow-up and review of the NUA could feed into the HLPF.

The following structure for chapter C is suggested: define the goals of an effective follow-up and review process and what principles it should follow, define the mechanisms and its link to the Agenda 2030, and define the institutional architecture and call upon relevant stakeholders (e.g. financing institutions, the UN system, UN-Habitat, all levels of government, non-state actors) to contribute to the follow-up and review process.

With regards to goals and principles for an effective follow-up and review process, it is advisable to include that an effective follow-up mechanism should be inclusive, multi-level, allow for comparability as well as flexibility, builds on existing capacities, is based on comparable data but encourages the use of multiple sources of data, and calls for enhanced coordination and the sharing of data among and between relevant stakeholders, including the private sector and civil society. The review mechanism should be inclusive and participatory, take place regularly, facilitate political learning and trigger urban policies and actions, and

establishes a link to support measures to help actors implement commitments under the New Urban Agenda.

Chapter C currently falls short of providing a clear follow-up and review mechanism. Moreover, the institutional architecture for the implementation of the follow-up and review should be further fleshed out prior to the third session of the Habitat III Preparatory Committee in Surabaya in July, considering the suggestions made by the General Assembly of Partners and the UN Development System. At present, the zero-draft very prominently calls for UN-Habitat to coordinate “the UN System on urban development issues, to prepare a periodic progress report on the implementation of the New Urban Agenda in order to provide a qualitative and quantitative analysis of the progress made (...)” (para .168). We caution against focusing exclusively on UN-Habitat, and would rather suggest using the recommendation of the CEB High-Level Committee on Programmes on the New Urban Agenda, which explicitly called for a UN system-wide approach to assisting countries and municipal authorities in implementing the urban dimension of the post-2015 UN development agenda (CEB/2014/HLCP-28/CRP.5, September 2014). We suggest that the NUA should acknowledge that the follow-up and review process should be a partnership effort mobilizing relevant knowledge and expertise from different UN agencies, and from a wide range of sources.

The zero draft also lacks clarity on how a review process could look like. It is suggested to include that the review process should be tripartite, involving national reviews, city peer reviews, and contributions by non-state actors. Peer learning could be encouraged directly between cities through city networks.