

Inclusive Urban Economies

A background paper for the Commonwealth Sustainable
Cities Network meeting, Kigali, 18-19 September 2018



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Commonwealth Sustainable
Cities Network

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Abbreviations and acronyms

CALGA	Caribbean Association of Local Government Authorities
CFTA	Continental Free Trade Area
CFLGM	Caribbean Forum for Local Government Ministers
CLGF	Commonwealth Local Government Forum
COGTA	Department of Cooperative Government and Traditional Affairs, South Africa
CSCN	Commonwealth Sustainable Cities Network
DESA	Division for Economic and Social Affairs (as in United Nations DESA)
FCM	Federation of Canadian Municipalities
FFC	Financial and Fiscal Commission
GATT	General Agreement on Tariffs and Trade
GTF	Global Taskforce of Local and Regional Governments
ICT	Information and Communications Technology
ITU	International Telecommunications Union
LDC	Less/Least Developed Countries
LED	Local Economic Development
LGA	Local Government Association
NUA	New Urban Agenda
SACN	South African Cities Network
SADC	Southern African Development Community
SALGA	South African Local Government Association
SDG	Sustainable Development Goal(s)
TPP	Trans-Pacific Partnership
UN	United Nations
UCLG	United Cities and Local Government
UNACLA	United Nations Advisory Committee on Local Authorities
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Economic and Social Commission
UNIDO	United Nations Industrial Development Organisation
WIEGO	Women in Informal Employment Globalising and Organising
WTO	World Trade Organisation



Foreword

Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody. Jane Jacobs

The world is urbanising – already 55% of the global population is living in urban areas, which is up from 30% in 1950. By 2050 it is predicted that 68% of the world's people will be living in urban areas. This shift is impacting lives everywhere and city/municipal governments are on the frontline of managing change to ensure that cities are planned and welcoming spaces in which people can live and work.

The Commonwealth Sustainable Cities network (CSCN) was formed to enable CLGF members and its city/municipal members in particular, to come together to look at key issues relating to effective urban management, namely; devolution and governance at the city/municipal level; urban trade, economic development and investment; technology for development; and creating inclusive and resilient cities in line with SDG11 (Make cities and human settlements inclusive, safe, resilient and sustainable). Leadership is a theme which cuts across all of these and effective urban/municipal leadership is at the heart of the commitments to multi-level governance which all governments have signed up to in their adoption of the Agenda 2030 in September 2015.

This paper has been written to support discussions at the CSCN meeting, which will focus on inclusive urban economies. The paper provides a short background and context to the nature of urbanisation in the Commonwealth and the global movement toward greater recognition of the critical role of cities in development - expressed most notably in the New Urban Agenda. It then explores the important role that cities play in planning for and enabling economic development, not just within their own boundaries, but also as nodes in more complex value chains and markets that link the urban with peri-urban and rural authorities. It considers the nature of economic development

within and between cities, both domestically and internationally, looking particularly at efforts to ensure equitable economic development and enable inclusive access to markets and economic opportunities for women, disadvantaged groups and internally displaced people, with a focus on the role of ICT and mobile technology. The final section of the paper looks at the challenges of resourcing cities effectively and the need to rethink financing models. It speaks to the needs not just of major urban centres but also secondary cities, many of which are growing more rapidly and have urgent infrastructure and investment needs. In conclusion the paper challenges us to address some of the key questions which policy makers active in urban development must answer, and these questions will underpin the panel sessions at the CSCN meeting and will guide the work of the CSCN in the future.

CLGF would like to thank Glen Robbins, Honorary Research Fellow, Urban Futures Centre, Durban University of Technology, South Africa for his valuable insights and for writing the paper. We would also like to thank Microsoft for their support as an integral member of the CSCN Steering Committee, and for their contribution to funding the paper.

City leaders are uniquely positioned to facilitate dialogue with the community, civil society, and the private sector, together with other spheres of government, to mobilise the necessary collective effort towards achieving the kind of cities and urban areas that people want to live in and be part of. The meeting in Kigali, hosted by the the Rwanda Association of Local Government Authorities and The Ministry of Local Government, Rwanda, will enable us to reflect on these issues and set a course to strengthen our work to support sustainable city development across the Commonwealth

Lucy Slack
Deputy Secretary General
Commonwealth Local Government Forum

1. Introduction

“Mindful of the common challenges facing the sector, and aware of the need to ensure that local economic development strategies are locally owned and reflect local needs and circumstances, we call on national, state and local government, the private sector, civil society and development partners to support and strengthen local government’s role in local economic development (LED) to help reduce poverty, and promote economic prosperity across the Commonwealth.” (Cardiff Consensus on Local Economic Development, Commonwealth Local Government Conference, 2011)

Matters of **local economic development**

(LED) have, for some time, been the subject of enquiry and policy initiatives by a wide range of stakeholders engaged in local and national governance and business. Whilst local actors have found ways of collaborating to improve local economic circumstances for decades it has really been since the 1960s that local governments have started to try and cohere these into actionable local economic development plans (Nel, 2001). The delayed evolution of a local government sphere in many countries contributed to the take up of LED over the last couple of decades. Today, there is a diverse set of LED experiences that can be drawn on the world over and more and more local governments are finding ways to work with partners around activities to secure improved economic outcomes (Rodriguez-Pose & Tijmstra, 2005). In turn these local efforts have also increasingly been recognised in emerging policies on local government and urban development and have also been widely adopted as areas for capacity development by multi-lateral bodies, regional institutions, donors and non-governmental organisations. Rogerson & Rogerson, point out that processes of globalisation have further encouraged the spread of LED practices including in terms of the growing recognition of the local for local government: “In this reshaped terrain for local and

regional development, planning for local economic development (LED) is now a widespread facet of development planning, particularly in the context of trends towards decentralisation – the deliberate and planned transfer of resources away from central state institutions – and of shifting structures of government and governance.” (2010: 465)

More recently, these efforts, highlighted for example, by the 2011 Cardiff Consensus for Local Economic Development¹, have also demonstrated a sustained commitment to encouraging collaborative and sustainable practices in evolving urban environments. The deepening of policy dialogues and the growing body of experience, cultivated in many different contexts, has demonstrated a growing ambition to empower urban actors to move progressively to achieving levels of impact necessary to help societies make progress (Rodriguez-Pose & Tijmstra, 2007). The ambitious 2030 Agenda on Sustainable Development and its Sustainable Development Goals (SDGs)², provide a clear indication of the necessity for consistent action to meet goals for more inclusive and sustainable urban environments. These important multi-lateral steps have also encouraged actors to reflect on ongoing challenges, such as those relating to issues of inclusion, especially of women, in a context where the gains of economic processes have aggravated inequalities rather than lessening them.

Particularly significant in these processes for the urban sphere, was the adoption of Goal 11 of the Sustainable Development Goals: Make cities and human settlements inclusive, safe resilient and sustainable. Whilst noting that local government has a significant role to play in achieving all the SDGs, it has been noted that “SDG11 marks a major step forward in the recognition of the transformative

1 See www.clgf.org.uk/what-we-do/local-economic-development
 2 Adopted by the United Nations members states in September 2015 www.un.org/sustainabledevelopment/sustainable-development-goals



power of urbanization for development, and of the role of city leaders in driving global change from the bottom up.” (UCLG, 2016: 2). These shifts in global recognition, and the associated reform in national governments’ approaches to empowering local governments, are particularly important for the Commonwealth. After all, the share of urban population in the 53 Commonwealth countries³ has increased from 38.1% in 2014 (CLGF *et al.*, 2015: 37) to around 39.8% in 2018. (UNDESA, 2018b) around one billion people from Commonwealth countries are now urban (992 million people – 2018 mid-year estimate). Whilst levels of urbanisation vary quite substantially across regions and by country within the Commonwealth, the scale of this change for many countries and cities is likely to continue to be very challenging. This change presents government at all levels, but most importantly local government in cities, with enormous demands that must be met when the sector often faces inadequate resourcing and limited capacity already. This is particularly stark in secondary or transitional cities where population growth is happening quickly against a backdrop of poor infrastructure, a weak financial base and limited human and technical capacity. The pressures faced by cities pertain not only to those relating to basic services and settlements, but also critically to the economic prospects faced by their citizens in a context of persistent levels of poverty and inequality. These processes also raise important questions for other spheres of government in terms of approaches to decentralisation, national urban policies and ongoing forms of interaction with a variety of stakeholders at the sub-national and local levels.

As previous gatherings of the CSCN and the broader CLGF work have demonstrated, local authorities, and in particular cities, have been working to respond to these challenges for some time. Whilst the circumstances encountered by city local authorities vary substantially from one context to another, a wide array of important work is being done at the local level to try and secure more inclusive urban economies for all citizens and to ‘leave no one behind’. This experience has opened up greater policy space for urban local government in processes such as those associated with the SDGs. Drawing on the important collaborative messaging in the New Urban Agenda (NUA) outlined below, much effort has been invested

in growing partnerships to extend the scale and deepen the impact of LED. This has covered territory as diverse as efforts to support women-run small and medium enterprises through to collaborative projects to upgrade the skills environment in cities so as to meet the needs of faster growth businesses. Collectively this experience demonstrates a very valuable contribution already being made, and one that can be further built on to help drive better, more inclusive urban environments.

This “think-piece” has been prepared as a contribution to the dialogue at the Kigali meeting of the **Commonwealth Sustainable Cities Network** (CSCN). Its purpose is to highlight both challenges and emerging best practices in mobilising local governments, and other stakeholders, including those in other spheres of government and the private sector, towards improved LED outcomes so as to advance progress in the scale and scope of efforts as well as around critical dimensions of inclusion. In this regard the document highlights experiences such as those that have contributed to tackling persistent gender asymmetries in urban economic contexts. The material also explores the challenges and opportunities of inclusion, through some examination of topical themes that will be the subject of discussions at the CSCN meeting, namely trade, ICT and innovative financing. This document does not aim to provide an exhaustive account of the issues. Rather, it provides material for senior local and national policy makers to contribute to the deepening of dialogue and hopefully also support the strengthening of areas of consensus for future action.

³ At the same time, there has been an increase in the urban population of the African Commonwealth countries from 40.8% in 2015 to 43.5% in 2018 (UNDESA 2018b)

2. Background policy context

Before exploring some elements of the dynamic policy environment facing growing urban centres, and the wider local government system around the world, it is useful to briefly appreciate the significant global policy shifts that have given recognition to the role of decentralised local government⁴ and more particularly that of cities. This work, spanning decades, including contributions from a wide range of organisations⁵, including CLGF, representing the interests of local governments, has, in recent years, culminated in process to development the New Urban Agenda (UN Habitat, 2017). As is set out below, this global policy framework is of considerable significance in that it secured agreement from the member states of the United Nations to give support to local actors to address economic, social and economic challenges.

2.1. The New Urban Agenda and the Sustainable Development Goals: a call for urban actors to contribute to sustainable and inclusive local economic development

“... the new Urban agenda can bring transformative change when equity is brought to the core of development and guides informed decision-making to enhance the lives of all city dwellers. This can happen when all levels of government and development partners adopt equity-based approaches; not only for ethical reasons, but also because they realize these approaches are cost-effective. It also happens when information, institutions, infrastructure and economic development are part of an equation of inclusive urban growth.” (UN Habitat, 2016: 169)

The New Urban Agenda⁶ (NUA) was adopted at the UN’s Habitat III conference in Quito, Ecuador, 2016⁷, following the adoption of a series of other global-level agreements such as the over-arching Sustainable Development Goals in 2015, as well as more narrowly targeted frameworks including the the Sendai Framework for Disaster Risk Reduction and the Addis Ababa Action Agenda on International Development

Finance (2015), and the Paris Climate Change Agreement in 2016. As Garschagen *et al.* have noted, *“the NUA has been lauded by urban interest groups and organisations around the globe as a milestone policy framework on the way towards achieving sustainable cities and inclusive human settlements. Its existence, content and endorsement underscore that the leaders of the world have recognized the urban turn of humanity and the need to get serious about urban sustainability.”* (2018: 117-118)

Of significance for those concerned with LED, the NUA makes explicit the imperative for urban actors to understand and attend to the economic processes in their cities, and to operate with an awareness of how these interface with the many other dimensions of urban life. The foreword to the NUA notes that, *“[t]he New Urban Agenda incorporates a new recognition of the correlation between good urbanisation and development. It underlines the linkages between good urbanisation and job creation, livelihood opportunities, and improved quality of life, which should be included in every urban renewal policy and strategy.”* (2017: iv) As such the NUA’s contribution is to make more precise the necessary areas that actors in cities around the world have to address to help realise the betterment of life in cities and human settlements in an inclusive and sustainable manner.

For the wide range of actors interested in urban development, the NUA sets out a commitment to

- 4 For detailed analysis of decentralisation see Crook & Manor 1998, and Faguet & Pöschl 2015
- 5 Such as the Global Taskforce for Local and Regional Government (GTF), which CLGF is a member, www.global-taskforce.org which works in partnership with the UN Habitat facilitated Advisory Committee on Local Authorities UNACLA <https://unhabitat.org/unacla>
- 6 Habitat III is the United Nations Conference on Housing and Sustainable Urban Development, adopted by the UN member states on 20 October 2016 <http://habitat3.org/the-new-urban-agenda>
- 7 It was subsequently endorsed by the United Nations General Assembly at its sixty-eighth plenary meeting of the seventy-first session on 23 December 2016.



ensure that thriving urban economies are supported in a manner that will enhance inclusive urban outcomes. Hence the NUA calls for, “the equal use and enjoyment of cities and human settlements, seeking to promote inclusivity and ensure that all inhabitants, of present and future generations, without discrimination of any kind, are able to inhabit and produce just, safe, healthy, accessible, affordable, resilient and sustainable cities and human settlements to foster prosperity and quality of life for all... [and] where all persons are able to enjoy equal rights and opportunities, as well as their fundamental freedoms” (UN Habitat, 2017: 5) In arguing for these commitments the NUA makes a very clear call for the achievement of gender equality and the empowerment of women in cities at all levels of society.

The NUA has also made clear the imperative for urban actors to attend to matters of economic development in supporting the commitment for national and local stakeholders to work together for, “inclusive and sustainable economic growth, leveraging urbanisation for structural transformation, high productivity, value-added activities and resource efficiency, harnessing local economies and taking note of the contribution of the informal economy while supporting a sustainable transition to the formal economy”. The NUA goes on to call for “appropriate steps to strengthen national, subnational and local institutions to support local economic development, fostering integration, cooperation, coordination and dialogue across levels of government and functional areas and relevant stakeholders.” (United Nations Conference on Housing and Sustainable Urban Development, 2017: 15)

Whilst SDG 11 sets out particular focus areas for urban settlements, as also highlighted in the NUA, it is important to appreciate that, “All of the SDGs have targets that are directly or indirectly related to the daily work of local and regional governments. Local governments should not be seen as mere implementers of the agenda. Local governments are policy makers, catalysts of change and the level of government best-placed to link the global goals with local communities.” (UCLG, 2015: 2) Clearly, with regard to economic development, urban actors need to consider the interactions between SDG 11 (Make cities and human settlements inclusive,

safe, resilient and sustainable) and SDG 8 (Promote sustained, inclusive and sustainable economic growth, full productive employment and decent work for all). However, care also needs to be taken, when considering inclusive urban economic development to appreciate the scope for integrated action around a range of the SDGs to support the deeper developmental impact required. For example, SDG 10 (Reduce inequality within and among countries) provides some important target areas that actions in SDG 8 and 11 can contribute to. Equally, commitments to safe water and sanitation, waste management and other services speak to the role of local government in ensuring an environment for enabling economic development.

2.2. What might the concept of inclusion mean for cities?

An inclusive economy is one that “*expands opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being*”. (Rockefeller Foundation as reported in Benner *et al.*, 2018: iv)

In responding to this challenge it is useful to examine some of the findings from a recent Rockefeller Foundation supported project that sought to distil, from experiences around the globe, features of programmes most likely to lead to more inclusive economies (Benner *et al.*, 2018 & Benner & Pastor, 2016). The report highlights five key features that were deemed to be of significance and that were reported as having improved economic inclusion. The five features talk to the degree to which actors are able to contribute to an environment that is equitable, participatory, growing, sustainable and stable (*ibid*: iv). The illustration below sets out these main contributors to inclusive economies and provides suggestions of indicators that can be used to measure progress. Whilst not developed specifically for urban environments, the framework remains relevant and can be useful in testing if both urban and more general economic development programmes are likely to adequately tackle matters of inclusion.

Drawing on this framework, (or others similar to it), urban local governments, working with national government and other stakeholders can work to design collaborative efforts that substantially perform around the five features.

Illustration 1. Framework for more inclusive economies

<p style="text-align: center;">INCLUSIVE ECONOMIES</p> <p style="text-align: center;"><i>Expand opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being.</i></p>	EQUITABLE	A. Upward mobility for all	Experiences of historically marginalized populations	Distribution of power
		B. Reduction of inequality		
		C. Equal access to public goods and ecosystem services		
	PARTICIPATORY	D. People are able to access and participate in markets as workers, consumers and business owners		
		E. Decision making transparency and accountability		
		F. Widespread technology infrastructure for the betterment of all		
	GROWING	G. Increasing good job and work opportunity		
		H. Improving material well-being		
		I. Economic transformation for the betterment of all		
	SUSTAINABLE	J. Social and economic well-being is increasingly sustained over time		
		K. Greater investments in environmental health and reduced natural resource usage		
		L. Decision-making processes incorporate long-term costs		
	STABLE	M. Public and private confidence in the future and ability to predict outcome of economic decisions		
		N. Members of society are able to invest in their future		
		O. Economic resilience to shocks and stresses		

(Image reproduced from Benner et al., 2018: iv)

2.3. The Commonwealth and inclusive urban local economic development

“Local government has a key role in shaping local economies, both in terms of direct investment but also as a catalyst for development. Local government has a clear leadership role in coordinating stakeholders and promoting partnerships for LED.” (CLGF, 2011: 2)

The founding of the Commonwealth Local Government Forum (CLGF) in 1995 coincided with a growing global momentum in the promotion of strategic LED practices. Efforts at supporting the exchange of knowledge amongst local government actors have included those pointing to the importance of locally derived partnership efforts, supported by other spheres of government, to galvanize action around economic challenges and opportunities. In this regard the member states of the Commonwealth, have also been active contributors to raising the profile of LED, and economic development challenges more generally, in both domestic and multi-lateral forums. These contributions have not only been towards more abstract policy processes, but also to knowledge gains based on the direct experience of actors

embedded in a wide range of different contexts. Supporting programme work in countries in Africa, different parts of Asia, the Pacific and the Caribbean has allowed CLGF stakeholders to share their experiences with growing confidence as well as exposing themselves to opportunities for reflection.

The CLGF Cardiff Conference of 2011 had as its stated purpose “to define and develop clear and practical strategies on LED, involving our central, local and provincial government members, to be implemented in close partnership with other stakeholders” (Reddy and Wallis, 2011 p. i). This confirmed the commitment to social and economic inclusion in the work of enhancing the contributions of local governments. The CLGF, and many other stakeholders, have been active contributors to processes that advance the agenda of improved urban economic inclusion. It is therefore no surprise that the Cardiff Consensus for Local Economic Development, adopted in 2011, stated that, “LED creates an enabling environment for business and other stakeholders to work to promote equitable and balanced local economic growth. Pro-poor and inclusive LED enables local government to address poverty, unemployment and social deprivation, including through strategies for promoting youth



employment, empowering disadvantaged and marginalised communities, support for skills development, and promotion of gender equity and equality.” (CLGF, 2011: 2)

During this period, CLGF, drawing on the collective insights of its members also sharpened its focus on the growing importance of cities in the world. For the last decade the CLGF and its forums have been integral to processes of building global awareness about the importance of urbanisation and the growth of cities to the prospects and challenges faced by all countries. As a partner in the work of Cities Alliance, the Global Taskforce of Local and Regional Governments and other organisations and partnerships, CLGF has been active in sharing its experiences with stakeholders beyond the Commonwealth, including on matters of economic development. The CLGF was also active in mobilising engagement with the extensive processes associated with the development of the NUA. As a result of these efforts, the range of policy messages in the Cardiff Consensus, on matters such as the importance of supportive national policy frameworks for LED, the imperative for multi-sectoral stakeholder partnerships, capacity building of relevant stakeholders and focused efforts at inclusion of those in the informal economy, have also found expression in the NUA.

In a recent review of experiences of LED in the Asia Pacific, CLGF noted that the key elements of a local economic development process should include:

- “A strategically planned process organised around the definition of a vision and various objectives and programmes for it to materialise.
- Focusing in on a specific territory, concerning a well defined geographical zone whose stakeholders get involved in a set of economic actions aimed at building a common future.
- Being locally owned, designed and delivered, allowing local and regional government to respond to the needs and vision of local communities within development strategies.
- Partnerships, both during the design and implementation (bringing together local and regional government, community organisations, private sector, NGOs, professional organisations, etc.)

- Integrated government actions both vertical and horizontal.
- Enabling a conducive local business environment for all, creating and fostering employment across the business spectrum (from large enterprise to SME to the informal sector).
- Integrated interventions across multiple sectors taking a holistic approach with a cumulative and mutually re-enforcing effect for all sectors of the local economy.
- A variety of interventions including both physical infrastructure development, as well as soft capacity building, and strengthening institutional frameworks and linkages.
- A focus on development and retention of local businesses and people, to build on local and endogenous strengths and opportunities.
- Projects that are delivered by all actors: public, private and non-governmental.”

(Commonwealth Local Government Forum, 2015: 8)

Case Study 1: eThekweni (Durban) Infrastructure for the informal economy

In the late 1980s and early 1990s areas around Durban’s main public transport hub – known as Warwick Triangle – saw a major upsurge in street vending and growing pressure for new market spaces. After failed attempts at removing traders, the municipality directed a small team to explore possible solutions. Initial attempts at imposing some new urban infrastructure were strongly resisted by traders and so a slow process of trust building was initiated where the officials agreed to an approach to jointly develop solutions based on a better understanding of the traders’ needs and the services they provided to thousands of commuters every day. The results of this included an array of initiatives, from food health training for informal food stalls through to the development of market and trading spaces embedded in the existing hub. Many of these solutions have been shown to be robust in a very demanding environment.

Further case study information - <https://aet.org.za/resources/publication-working-in-warwick/>

The work of CLGF together with many other actors has also highlighted the contribution that processes linked with LED can offer in achieving more equitable urban outcomes. For instance the collaborative processes to promote the scope for public space to support those working informally in cities and towns gives practical insights into the linking of Sustainable Development Goal (SDG) 8 “Decent Work and Economic Growth” and SDG 11 “Sustainable Cities and Communities”. Experiences in cities as diverse as Bangalore, eThekweni (Durban) and Accra through a Cities Alliance coordinated programme have demonstrated the inclusionary economic benefits from initiatives around informal economic activity in public space (Case Study 1).

Whilst many local governments do not always have explicit mandates around economic development, the management and delivery of traditional urban services and related infrastructure as well as the associated roles around the governance of space do have considerable impacts on the economic processes in cities. Indeed it is important to note that whilst the actions of city governments can be a positive force for economic development, equally they can impact negatively. Organised business forums too can have some influence on these processes. However, the importance of coordination and forms of closer collaboration cannot be underestimated, hence the need for LED programmes to open opportunities for ongoing partnership work between city councils and their business communities around the trajectory of

city economies. More marginalised economic actors, such as women working formally or informally, are likely to have even less influence unless programmes respond directly to their needs and actively seek to incorporate them. The experience of the CLGF members, for example in contributing to collaborative local area strategies has demonstrated that there is considerable scope for exploring the prospects of enhancing decent work, economic growth alongside contributing to sustainable communities and cities. (Case Study 2)

These processes have also started to highlight, through the experiences of those working on LED, across the regions, that shifting local, national and international contexts require on-going review and reflection of approaches to policy and practice. For example, although urbanisation is resulting in some progress in reducing absolute levels of global poverty (Roser, 2017), it is also appreciated that development can raise challenges of sustainability and exclusion in both wealthier and less-wealthy cities. It is through these processes that the growing challenges and opportunities faced by local actors in cities around matters of trade, ICT and financing have been highlighted as deserving more attention in stakeholder dialogues, policies and practices. The following section explores these themes and their relationship with LED, as well as highlighting issues pertaining to enhanced participation of marginal groups, and in particular dealing with barriers to more equitable gender participation.



Case Study 2: Belize - The role of the city council in Local Economic Development in Belize City

Belize City has a population of 57,200 people. The Belize City Council, led by the Mayor, together with local stakeholders, developed an LED strategy and work plan, appointed key staff to drive the work forward, and put together a project stakeholder committee to oversee the city's work on LED. One of the early projects to be taken forward as part of the strategy was the development of the BTL Park on the waterfront. The project helped the council to maximise benefits back to the community from its use as a venue for community activities, as a tourist location and as a space to host events. The project was built on strong public private partnerships between BTL and the Belize City Council, along with support from the CARILED program, an initiative funded by the Government of Canada through Foreign Affairs, Trade and Development, Canada, and managed by the Federation of Canadian Municipalities (FCM). CLGF together with the Caribbean Association of Local Government Authorities (CALGA) and the Caribbean Forum of Local Government Ministers (CFLGM) were also partners in the CARILED project.

CARILED further partnered with BELTRAIDE / Small Business Development Centre for the training related to the BTL Park initiative. In addition to the civic pride generated and community and tourist access to an improved space, early evaluations also show that the council has already seen the creation of 19 new businesses and 51 new jobs from the initiative. Unexpected results in the form of youth tours, aerobics/yoga classes, and a new meeting point for a local charity group for senior citizens are proving that LED initiatives can be both diverse and cross cutting in its reach.

An extra \$300,000BZD a year is being spent in the city on local procurement and tax revenues to the council have increased. Much of the success of the project is felt to reflect the commitment and leadership of the Mayor who championed the project throughout, and the fact that LED has been institutionalised across the work of the council. Local vendors have formed a local association and have been brought on board and are regularly consulted. Staff has also been oriented to understand LED.

Source: CLGF interview with Belize city officials

3. The challenge of inclusion in economic development processes of cities

According to the UNDESA 55% of the world's population now live in urban areas, up from 30% in 1950. By 2050 it is projected that 68% of the world's population will be living in urban areas (2018a). Whilst historically North and Latin America, Europe, Australia and New Zealand have had high shares of their population living cities (between 68% and 82%), Asia is now estimated to have an urban population share of around 50% and is continuing to urbanise. So too Africa, which although currently 43% urban, it has experienced the highest rates of urbanisation in the period 1995-2015 (UN Habitat, 2016:7).⁸

Much in the way of changes associated with these processes are likely to bring challenges to both citizens living in these areas and those responsible for the planning and management of cities around the world.⁹ Challenges include those of unsustainable patterns of development, accelerating climate change, and damage to the world's environmental resource base; social pressures from rising urban populations, increased patterns of migration; the need for basic services and infrastructure; and economic difficulties associated with unemployment and economic volatility. These will be familiar to many of the cities in the CSCN, whether they be located in upper-income, middle income or lower income countries.

The World Cities Report (2016) explores a number of features of the economic challenges faced by cities in some more detail. It notes that issues of inequality have been of considerable concern for cities around the world. The report states that:

1. "Today the world is more unequal than it was twenty years ago: 75 per cent of the world's cities have higher levels of income inequalities than two decades ago.
2. Opportunities across diverse individual abilities and cultural backgrounds that historically characterize urban dynamics have stalled in many regions of the world.
3. Too many cities today fail to make sustainable

space for all, not just physically, but also in the civic, socioeconomic and cultural realms.

4. The spatial concentration of low-income unskilled workers in segregated residential quarters acts as a poverty trap with severe job restrictions, high rates of gender disparities, deteriorated living conditions, social exclusion and marginalization and high incidence of crime."

(UN Habitat, 2016: 69).

Problems related to exclusion in urban areas, often with considerable ramifications for citizen participation in economic development, are reported as being particularly problematic for women in many cities around the world (Chant, 2013). In cities women invariably participate less in the formal labour market, earn less than men do for equal work, are more often exposed to vulnerable employment – often informal work, and face structural barriers around access to land, finance and government programmes (REF? weigo?). It is for these reasons that many national, regional and local governments have seen fit to develop policy responses to these challenges ranging from reserving seats in local government structures for women¹⁰, through to public sector procurement system that seek to target women-owned and operated businesses for various public sector contracts¹¹.

As processes of urbanisation continue to transform regions, so national/federal and provincial/state level

8 UNDESA points out that, "Just three countries – India, China and Nigeria – together are expected to account for 35 % of the growth in the world's urban population between 2018 and 2050. India is projected to add 416 million urban dwellers, China 255 million and Nigeria 189 million." (UNDESA, 2018a).

9 As is noted in the World Cities Report 2016, "although urbanization has the potential to make cities more prosperous and countries more developed, many cities all over the world are grossly unprepared for the multidimensional challenges associated with urbanization." (UN Habitat, 2016: 5)

10 In the Commonwealth in local elections this includes Bangladesh, India, Kenya, Lesotho, Pakistan, Sri Lanka, Uganda and Rwanda (CLGF 2018: p vii) www.clgf.org.uk/default/assets/File/Country_profiles/Women_councillors2018.pdf

11 For example in Kenya and South Africa (Vyas-Doorgapersad & Kinoti 2015)



governments also need to embark on reforms that enable greater levels of decentralised decision making and action around a wide range of urban matters. Today, an imperative exists for this to move well beyond exceptional arrangements for national capitals or larger cities to embrace the potential of secondary cities and evolving sub-national and local structures of towns and villages, as well as smaller cities that might characterise some island states. Rwanda¹², India¹³, the Bahamas¹⁴, the UK¹⁵ and Nigeria¹⁶ are some examples of Commonwealth countries that have sought, in recent times, to sharpen the urban focus of their administrations and to strengthen local capacity and devolved power in local governments. Developing national policies¹⁷ to support and enable local actors to secure the economic agglomeration¹⁸ potential of urban settlements is key not just for national growth and employment prospects but also to harness the potential of local actors to contribute to making outcomes more inclusive.

The reforms in these countries and others are dynamic and are not without their challenges, but nonetheless, they do present opportunities for deepening the scope of local action to address challenges of inclusion. For example, the recent adoption of an Integrated Urban Development Framework (IUDF) in South Africa has sought to mobilise improved performance around urban development outcomes in line with the SDGs through combinations of more effective local and national actions: “the IUDF aims to guide the development of inclusive, resilient and liveable urban settlements, while directly addressing the unique conditions and challenges facing South Africa’s cities and towns. Importantly, this vision for South Africa’s urban areas recognises that the country has different types of cities and towns, each with different roles and requirements. As such, the vision has to be interpreted and pursued in differentiated and locally relevant ways.” (COGTA 2017: 8) Representative local government structures in South Africa, such as the South African Local Government Association (SALGA) and networks of local government such as the South African Cities Network (SACN) were instrumental in building a case for this ambitious framework to guide local, provincial and national government. Other local government association-hosted city networks¹⁹ such as those in Canada, Australia and the UK, are also active in voicing the concerns and recommendations of cities to central government policy makers.

These processes are critical, not just for countries with larger cities or higher levels of urbanisation, but also in contexts where accelerated urbanisation might still be something to be encountered in the future. Whilst smaller cities might seem to have insufficiently developed institutional capacity to take on more complex roles, there is considerable evidence that delaying the development of urban policies and reforms to decentralise government functions and powers can in fact limit scope for capacity building of local government functions at a time when they might not be overly stressed²⁰ (Roberts 2014).

12 The Rwandan government, with assistance from development partners, have been providing significant investments in the country’s six secondary cities See: World Bank 2017 Reshaping Urbanization

13 Delhi The government of Delhi is initiating various innovations in local services, such as the recent move to deliver public services to citizens doorsteps, see Economic Times, 10 Sept 2018

14 Nassau In the Bahamas, they are undergoing a public consultation on the Introduction of Local Government in New Providence, see Bahamas Information Services 28 August 2018

15 Combined Authorities; as of September 2018, nine combined authorities have been established, of which seven have secured devolution deals and six have in place directly elected mayors. For more information, see www.local.gov.uk/topics/devolution/combined-authorities

16 Lagos, Cheeseman Research with policy makers in Lagos, Cheeseman & de Gramont (2017) show how empowering regional and local actors can facilitate more responsive and effective urban government

17 Such as National Urban Policies – for more information, see <https://unhabitat.org/urban-initiatives/initiatives-programmes/national-urban-policies>

18 “A distinction is typically made between urbanization economies (benefits from clustering of diverse economic activities) and localization economies (those from clustering of firms in the same sector). ... These mechanisms ...generate increasing returns to scale that arise from geographical concentration and co-location (Overman and Venables, 2005).” (UNECA. 2017: 70-71)

19 These include FCM’s Big City Mayors Caucus, LGA of England and Wales’ Core Cities and Key Cities Networks, the Pacific Capital Cities’ Forum, the Council of Capital City Lord Mayors, and the Local Government Safe Cities Network in Australia

20 “For various reasons decentralization policies have not worked in many countries. The primary reason for failure is the level of financial autonomy granted to local governments and the propensity to increase the number of local governments in response to political pressure. If local governments are not given greater incentives to take care of local economic development and determine how public funds, especially block grants, are used, then they will make little effort to take greater responsibility for the development and maintenance of infrastructure and provision of services. This is made more difficult in countries [...]where there has been a propensity to increase the number of local governments rather than amalgamate many of them into more efficient units. There is a need for a progressive movement towards local governments, within limits, to have access to subsovereign lending, raising local infrastructure bonds, and other financial instruments to raise capital in order to build strategic infrastructure and support the diversity of local economies.” (page 197)

Rising levels of inequality have been observed in cities, both those in more developed economies and those in emerging economy countries (UN Habitat, 2016). In these contexts, emerging economic dynamics such as those related to trade, ICT and finance require attention from local and national policy makers, not just to secure a sustainable local benefit, but also to try and encourage activities that reduce persistent forms of exclusion. To illustrate some of the issues at stake, the following section sets out some of the context of these challenges and highlights possible actions that a range of stakeholders can take, informed by commitments such as those in the NUA and the Cardiff Consensus.

3.1. Exploring inclusionary urban economic development challenges and emerging practices in current areas of policy focus:

3.1.1. Trade

“Cities have stronger economies when they facilitate international trade and connect to diverse economic clusters in the world, thereby boosting their own local markets and industries.” (UN Habitat, 2018: 14)

“Agglomeration economies are undercut when connectivity, urban mobility and infrastructure are poor. Weak transport connections between industries and workers harm industrial productivity and job seekers. So governments should improve urban efficiency by providing a network of connected transport links, including to industrial areas, and by supporting policies to cut transport costs and congestion.” (UNECA, 2017: 129)

The period since the 1980s has seen substantial changes to patterns of global trade, through a process commonly referred to of ‘globalisation’. The decades after World War II were dominated by bilateral arrangements, trading blocs and an array of multi-lateral preferential arrangements that were slowly brought into a common trade governance framework. Initially, protectionist trade policies were almost universally applied through tariffs and quotas or carried out through other policy instruments. Various rounds of multi-lateral trade negotiations led to the common global architecture for trade in the 8th round (1986-1994), known as the Uruguay Round, which concluded in a General Agreement on Trade and Tariffs. This ultimately led towards the generally more liberalised global trade regime that

pertains today, and is overseen by the World Trade Organisation (WTO). Although elements of this process are encountering considerable challenges²¹, they have been associated with an unprecedented growth in absolute levels of global trade as well as significantly greater participation in global trade flows by many more countries around the globe. A number of formerly developing countries are now major global exporters of manufactured goods, eg Bangladesh and Vietnam, alongside neighbouring India and China; and in the global service sectors such as IT, banking and health, for example, the Bahamas, Singapore, Malaysia, South Africa and India are now major players.

This process has been heralded as enabling increasing numbers of countries to participate more meaningfully in global economic opportunities. There is much evidence that growing levels of employment in much of the developing world has been associated with rising exports and that improved access to a wider range of more affordable imported goods and services have been important in reductions in poverty as well as in raising levels of economic productivity (UN Habitat, 2018). However, these processes have also, at times, been somewhat disruptive and brought with them some complex economic adjustments, especially in much of Africa where productivity gains have not been as widely noted (UNECA, 2017). The greater inclusion of more countries into global trading processes has also allowed certain economic actors to capitalise on weaker regulatory systems related to working conditions and environmental standards (REF). This has led some policy makers to increasingly explore what can be done around concerns that, in some contexts, the distribution of benefits to people and locations of production across global value chains often remain highly uneven (Kaplinsky, 2005). However, alongside these complex cases of highly uneven and asymmetrical impacts, there have also been examples of countries²² that have made steady progress to enhance the scope for improved economic outcomes in ways that have sought to overcome

21 For example, prominent trade analysts, Dani Rodrik of Harvard University, has noted that some elements might require renegotiation to enable nation states to manage some of the negative social effects, such as employment loss, of substantially free trade (Rodrik, 2017).

22 For example, Ethiopia is often noted as providing important insights in how countries can start to secure important gains from processes of globalisation (UNECA, 2017).



these challenges. Working to better understand trade processes and their likely implications for urban areas is particularly important in light of recent moves to initiate new sets of agreements such as those associated with Continental Free Trade Area (CFTA) in Africa and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership²³ (CPTPP).

One key feature of rising levels of trade and the associated economic shifts that have taken place, is that they have coincided with the growing significance of cities. So-called world cities or global cities have been identified as playing a critical role in the emerging global economic systems in that they host critical infrastructure, systems and institutions that have a global reach and significance. It should also be appreciated that cities were key to the earliest trading processes, well before the industrial revolution, and in many cases cities existed prior to the formation of present nation states²⁴. Berube and Perilla point out that, “metro areas both facilitate trade, and are themselves an outcome of trade” (2012: 2). Today cities of all sizes play crucial roles as places where trade is facilitated, traded goods and services are consumed or produced and delivered, and services are dispatched. The companies or networks of producers making goods and services, service providers to these companies, their suppliers and customers, institutions that enable trade (such as regulatory and financial bodies), and often much of the critical infrastructure (airports, ports, major road or rail connections) are concentrated in or near cities. Cities are able to provide the appropriate land uses, services and labour force to work in these trading systems. The scale of cities makes them critical market places in many countries and as such producers from surrounding towns, villages and rural areas as well as neighbouring countries, and producers from around the world keep a very close watch on the market potential in cities. It is widely understood that countries with under-developed urban systems are likely to struggle to participate more effectively in trading processes and also can face asymmetries in trading arrangements without the benefits that thriving urban systems can bestow on economies (Lall *et al.*, 2017; UN Habitat, 2018). For instance, the United National Economic Commission for Africa (UNECA) cites research demonstrating that, “In Africa FDI has shown a preference for cities and countries with good access to the continent’s domestic markets” (2017: 107).

These connections between cities and trading processes are not without their complexities. Trade activities can also, at times, be fickle, with changing circumstances causing sudden shifts in products or services than can cause substantial disruption to established producers and markets. More often than not higher levels of trade also bring flows of people, both from surrounding rural areas but also from surrounding countries and from trading partner countries themselves. This can have significant impact on demographics, particularly in many of the small island states in the Commonwealth where urbanisation has resulted in major disparities in infrastructure, employment opportunities and other services between communities/islands. Although migration within countries is not new and the rapid urbanisation seen more recently in many island states has also brought with it greater socio-economic and significant environmental challenges, compounded by the need to deal with the pressing impacts of climate change.

Trade is often associated with forms of foreign direct investment (FDI) as well migration as with the presence of trading communities working in different aspects of the facilitation and processing of trade or servicing the requirements of the array of companies and even government departments involved. Locations with a very high dependence on a narrow band of traded goods and/or services can thus face some considerable risks unless they are able to encourage some diversification. These risks can also be borne unevenly across urban areas and policy-makers therefore need to pay close attention to the nature of the threats posed and options for building improved economic resilience that enhance inclusion.

Mayors and city leaders have an important role to play in planning for city development, creating and enabling environment for business, and representing their communities in marketing their cities and towns and centres for investment and

²³ The CPTPP agreement, also known as TPP11 by Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam following the withdrawal of the US from its predecessor, the Trans-Pacific Partnership (TPP). See www.mfat.govt.nz/assets/CPTPP/Comprehensive-and-Progressive-Agreement-for-Trans-Pacific-Partnership-CPTPP-English.pdf

²⁴ For a global perspective on this see Therborn (2017) and for a discussion in the African context see Freund (2007)

Case Study 3: SADC Regional value chains facilitation

UNCTAD has been working with governments of a number of Southern African Development Community (SADC) member states to explore the scope to build improved policy coordination around potential regional value chains. The notion informing this is that together countries can develop economies of scale in production and in markets that can support globally competitive economic activities. One example is that countries may be able to specialise in certain value-added activities and through more effective coordination and intra-regional trade improve the prospects for all SADC actors.

Further case study information - <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1462>

economic development.²⁵ Economic development is a major focus for the newly elected Combined Authorities in the UK and cities such as Manchester²⁶ and Birmingham²⁷ have internationalisation strategies to guide their engagement with strategically chosen countries. In South Africa the national Department of Trade and Industry regularly invites mayors of cities and districts to participate in trade missions and also schedules visits to municipalities for potential investors. In the larger cities, mayors regularly spearhead meetings with trade and investment delegations and also often lead city-based delegations on overseas missions (see for instance the Mayor of Cape Town.²⁸ In New Zealand and Canada, mayors and council standing committee chairs regularly act as ambassadors for their communities in place marketing missions to forge links and leveraging investment internationally.

In most regions of the world there has been slow, yet steady movement to develop better regional trade arrangements. For many countries the trade experience has tended to be one where more significant relations existed with distant countries linked though former colonial relationships or dominated by very few trading partners, often at some distance²⁹ (UNECA, 2017). Neighbouring countries, especially where economic processes might have not been that robust, have often had greater trade barriers between each other than they did with nations many thousands of kilometres away. For example in much

of Africa, intra-African trade, whilst growing, remains low, only making up 16% of the share of trade for African countries between 2010-2015 (UNECA, 2017: 19). As a result countries are starting to prioritise the intra-country infrastructure, services and regulatory processes to allow access to each other's markets and to support opportunities to build regional value chains that might not have been viable within the individual countries. Cities are key centres of economic growth and development within countries. (*Case Study 3*). However, it can also be noted that engagements on trade matters are often undertaken by national actors, such as central government and industry bodies) without a deeper appreciation for specific processes or indeed impacts that might arise from changing regulations etc. Localities and their regions often have different comparative advantages and competitive advantages and also varied institutional and infrastructure arrangements (Davis and Dingel 2017, see also Riccardo 2004 [1817]). Furthermore, some are more proximate to certain potential trading partners or trade routes than others. Often this gives cities particular trade characteristics that can be leveraged for national gain, but it can also render them exposed if not fully engaged in debates and processes around trade, whether it be something as apparently mundane as border post operations or the debates about reciprocal deals that might be entered into in bi-lateral or other trade pacts.

Beyond these notions of inter-country trade, that dominate global debates, it is also important to appreciate that villages, towns and cities within countries are also increasingly seeing flows of goods and services between one another. Improvements in infrastructure, modernisation of communication systems, the delivery of services such as water and electricity and the growing scale and scope of

25 With the support of a number of partners including UNCDF, Cities Alliance and a number of government agencies and departments, secondary cities in Uganda recently held their inaugural Uganda Urban Expo under the theme "Becoming investment ready: Unveiling the business and investment potential of secondary cities"

26 www.marketingmanchester.com/wp-content/uploads/2017/02/Internationalisation-Report.pdf

27 <https://distinctlybirmingham.com>

28 See www.ftwonline.co.za/article/124019/Cape-Town-leads-trade-and-investment-mission-to-Ethiopia and www.wesgro.co.za/news?NewsID=ZIFgx-I-CX for more details

29 This manifests with the US, EU, UK, Australia and China being the most significant trading partners for many Commonwealth countries in the Caribbean, Africa, South and South East Asia and the Pacific - see the Commonwealth Trade Review 2018



businesses has seen domestic goods and services trade become critical to national economies.³⁰ This has undoubtedly caused some disruption as new flows of goods and services might displace older ones, but has also presented growing opportunities for new livelihoods and forms of employment. In many of these contexts secondary cities have become key in these processes of domestic flows of goods and services as they enable a degree of agglomeration of activities that can be very important in servicing this activity and the business processes taking advantage of it. For rural areas, especially within wider city regions that form the hinterland of towns and cities, opportunities exist to take advantage of the improved amenities and markets in these growing urban centres. National policies need to be responsive to the prospects for working with the diversity of formal and informal economic processes associated with this trade and seek ways to empower local government and other local actors to support steady improvements in access to these opportunities as well as opportunities for improving the productivity of locations for the associated businesses.

What then could be done to enhance the position of local actors in these processes, and to contribute to more equitably shared gains from trade-related opportunities?

Knowledge sharing, dialogue and awareness building

It is increasingly important that the many different stakeholders involved in local economic processes familiarise themselves with the dynamics of trade that pertain to their location, regions and countries, and with national policies that impact on these. National governments would do well to open/improve lines of dialogue with key local actors, especially through local government associations, around their intent and expectations on trade/economic development matters and related factors. However, local stakeholders can also meet to share their own insights and seek to engage national stakeholders. Here it is important that local actors, including those in organised local government, build awareness around economic processes that are important to different stakeholders in their cities and are likely to be substantially impacted by trade linked processes. It is important that city mayors and councils have appropriate advice and technical support within their staff to effectively enable economic development.

Case Study 4: Municipal Institute of Learning – eThekweni

The Municipal Institute of Learning (MILE) of eThekweni Metropolitan Municipality in South Africa has been operating for a number of years. It is a unit of the municipality, but its programmes are jointly developed with a number of local tertiary institutions. Apart from an annual research conference, it also organises, together with its partners – a series of special seminars and workshops to share the knowledge of the municipality and researchers within the municipality and with stakeholders outside the municipality – including some municipalities outside South Africa. As an information and knowledge sharing platform it has also reached out to other stakeholders in the city, including those in the private sector and in civil society.

(Further case study information - www.mile.org.za/Pages/default.aspx).

Initiating discussions with business and industry associations, commissioning research, engaging with their local university academics and interactions with a wide range of businesses that participate in trade linked activities are all useful for generating and sharing knowledge and underpinning local planning processes (Case Study 4). These endeavours should not be one-off events, but rather form part of a regular process of assessment and reflection. Local governments can contribute to improving communication with other spheres of government on challenges and opportunities and can also use the engagements to inform specific programmes and projects that might have wider support.

Creating a supportive environment for forms of trade and foreign direct investment (FDI)

Cities provide the site of different stages of activities linked to trade: they serve as locations through which goods or services pass, are sites

³⁰ "...African cities are disproportionately expensive relative to cities in countries at similar or even far higher levels of development. A cross-sectional comparative analysis of cost of living price indices of 62 countries adjusted for urban prices in a World Bank study shows that African cities are up to 31 per cent more expensive than those in comparable countries (Nakamura et al., 2016)" as cited in UNECA, 2017 (page 122).

of exchange and often where value is added, as well as being final markets for goods and services. (Berube & Parilla 2012) Not only does the enabling environment for these activities impact on employment, they also impact directly on costs of doing business. Lall *et al.* (2017) note that poorly connected urban spaces within cities limit opportunities for economies of scale so important in generating agglomeration type benefits. Whilst policymakers should keep a close eye on supporting local value added that is linked to trade, these other matters of basic services and infrastructure should not be overlooked, especially in light of the increasingly integrated flows of people, goods and services. In many markets the effective flow of imported goods is essential to the efficiency of key local businesses, including those that might well be exporters. Ensuring adequate infrastructure, available and appropriately planned, zoned and serviced land and working with partners around regulatory factors, including for example handling of bonded goods or the regulation of transport codes, are often critical matters. These might well require some considerable coordination between different national and local state and non-state actors such as customs, transport authorities, logistics businesses and others.

It is also important to appreciate that many trading activities are under-taken by small businesses and informal economic actors, often within countries.³¹ Local stakeholder processes exploring the opportunities and challenges around trade should also examine these processes, for example in terms of informal distribution networks of products. In many less mature economies, men and women are involved in the moving of goods from one region to another for the purposes of selling or to supply into local production. These can often be associated with other small and micro business opportunities such as those related to transport businesses. These activities are often associated with physical retail or trading markets as well as with temporary or permanent street markets not just in the primate city but also across a network of secondary and intermediary cities and towns throughout the country and across porous borders between countries. Participating in these trading activities – which often have low barriers to entry for small and micro or informal businesses – are important livelihood activities as well as often a first step in emerging commercial businesses. With the

exception of some highly organised sectors such as transport, there will almost always be a concentration of women and migrants active in these roles as the lower barriers to entry can provide an important foothold in economic processes that might otherwise be inaccessible.

As noted, supporting export growth is also often core to local policy focused on economic development (UN Habitat, 2018). The export of goods and services allows local actors to access growth opportunities in markets that might have very different characteristics from local markets. Localities can then tap into demand from larger markets that can in turn support employment and business growth in a producer city. In services terms, the attraction of visitors from outside a locality, most often through tourism, can bring spending in to a city and has similar characteristics to the gain from local export businesses. It is for this reason that so many localities seek to work with stakeholders in enhancing the prospects of local producers of goods and services to access new markets for their commodities. Whilst this might well involve networking and collaboration with multi-national exporting businesses, it can also support opportunities for smaller local businesses as suppliers and many localities have been particularly successful in working on partnerships in this regard. The attraction of external investors to localities as a base for exports of goods and services can be a very useful associated activity that can enable a locality to benefit further from trade processes (UN Habitat, 2018). In this regard city mayors and councils should be particularly aware of the competitiveness of their offerings which may range from labour markets, to land, services and infrastructure. (*Case Study 5*)

Using local government and city associations to participate in dialogues on trade

In a context where the growing importance of trade for cities is widely acknowledged, and at a time where there is much in the way of movement in many regions towards new trading arrangements, it is critical that cities and local government more generally work with

³¹ "Informal employment comprises more than one-half of non-agricultural employment in most regions of the developing world – specifically 82 per cent in South Asia, 66 per cent in Sub-Saharan Africa, 65 per cent in East and Southeast Asia and 51 per cent in Latin America. In the Middle East and North Africa informal employment is 45 per cent of non-agricultural employment." (Vanek *et al.*, 2014: 1)



Case Study 5: Greater Kuala Lumpur Investment Promotion

Although nationally directed, Invest Kuala Lumpur has a board that includes representation from the Kuala Lumpur City Hall. The organisation is tasked to work closely with national and local government to ensure the needs of investors and key businesses are met. It is required to work with relevant stakeholders to ensure the environment for business is suitable to the needs of the investment community. As the capital city, Kuala Lumpur works hard to ensure that it can offer a globally competitive business environment.

Further case study information - Greater Kuala Lumpur Investment Promotion - <https://siterelection.com/issues/2015/jan/ip-greater-kuala-lumpur-malaysia.cfm> and www.investkl.gov.my/About_InvestKL-@-Overview.aspx

other stakeholders to explore the implications and to raise their voice. These engagements are not seen as natural sites for engagement with local government, but in acknowledging the growing role of cities in all forms of trade, as well as the likelihood that many of the impacts of these changes will occur in cities, it is imperative that the voice of local government is heard. The production of a range of reports cited in this report (UN Habitat, 2018; UNECA, 2017, Lall *et al.*, 2017) highlights that many international forums are considering these matters. Following their involvement in the Habitat III process, local government associations and various city networks need to continue to play a role in considering these issues and in raising concerns and opportunities. Bodies such as United Nations Industrial Development Organisation (UNIDO), United Nations Conference on Trade and Development (UNCTAD) and UNECA have already been active in supporting actors in some of these processes, for example UNCTAD's work with investment promotion agencies, including sub-national ones.

3.1.2. Information, communications and technology

"We commit ourselves to adopting a smart-city approach that makes use of opportunities from digitalization, clean energy and technologies, as well as innovative transport technologies, thus providing options for inhabitants to make more environmentally

friendly choices and boost sustainable economic growth and enabling cities to improve their service delivery." (New Urban Agenda, 2017:19)

The rapid ongoing evolution of information, communication and technology (ICT) systems, their increasingly global reach, and the take-up of the associated technologies by billions of people has been rapid. The potential inclusive economic benefits of digital connectivity are well known. The World Development Report (2016) notes that digital technologies can enhance inclusion by substantially lowering the barriers to access to information for both individuals and firms. A little over a decade or so ago, well over half the world's population had only limited exposure to advanced telecommunications systems, computers and the information sharing opportunities that are associated with them. Today, in part through the widespread use of mobile phones, the picture has changed to the extent that access to at least some basic ICT services is increasingly becoming the norm. The World Bank has noted that the "reason that all of these technologies have had such a massive impact on almost all aspects of life is that these devices are linked so that information can be distributed and accessed effortlessly from anywhere." (World Bank, 2016: 42)

To gauge the scale of this change the World Bank estimates that "the number of internet users has more than tripled in a decade—from 1 billion in 2005 to an estimated 3.2 billion at the end of 2015." (World Bank, 2016: 2) However, the UN's International Telecommunication Union (ITU) cautions that only around 15% of households in Least Developed Countries (LDCs)³² have internet access at home (ITU, 2017). Despite this, the World Bank reports that, "More households in developing countries own a mobile phone than have access to electricity or clean water, and nearly 70 percent of the bottom fifth of the population in developing countries own a mobile phone" (World Bank, 2016: 2). Urban mobile phone use has driven much of the change in developed and developing countries. For example in Malawi, 20.8% of urban households had access to mobile phones in 2004 and this had risen to 74.7% in 2012, whilst in Nigeria 88.6% of

³² Which includes Gambia, Lesotho, Malawi, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda and Zambia in the Commonwealth (ITU 2017)

households reported access to a mobile telephone in 2013 (UN Habitat, 2016: Statistical Annex).

The unevenness of access and use of ICT is particularly acute in gender data. Once again, drawing from the ITU, they report that, “The proportion of women using the Internet is 12% lower than the proportion of men using the Internet worldwide. While the gender gap has narrowed in most regions since 2013, it has widened in Africa. In Africa, the proportion of women using the Internet is 25% lower than the proportion of men using the Internet. In LDCs, only one out of seven women is using the Internet compared with one out of five men.” (ITU, 2017: 2) Additionally, youth access to ICT is critical in that 60% of Commonwealth citizens are under 30 years old. Furthermore the demands of modern labour markets are such that familiarity with and capacity to engage actively with ICTs is a key factor in influencing prospects for economic inclusion.³³ It is especially important for Commonwealth policy makers to appreciate that almost 90% of youth without access to the internet are in Africa or Asia and the Pacific. (ITU, 2017). UNESCO (2013) points out that ICTs offer the prospect for many of the world’s disabled people to connect to services, opportunities for mobilisation and economic activity, and ICT literacy has been shown to be higher than the host population among migrants where information and communication connectivity helps with employability and integration (EU 2015) From these figures it is clear that although ICTs are increasingly becoming a feature of daily life for most, significant digital divides persist and particular attention if required from policy makers to hence access and ICT literacy for all.

For city councils, addressing barriers to ICT access is critical because of its potential to generate inclusive social and economic benefits. In environments where many businesses, especially smaller businesses in cities and towns are disconnected from one another or from their suppliers or markets, ICTs offer an important area for local governments to play a coordination role to extend access and encourage take up of new technologies.³⁴ Much in the way of infrastructure for ICTs and the related services is in the hands of private companies. This requires local authorities to open lines of communication with these private firms as they are now involved in the provision of what is effectively a critical urban service utility that is important to the effective delivery of services by the state, empowering citizens and enabling livelihood and business activities.

Case Study 6: Information on ICT needs and uses from informal economy workers (eThekweni (Durban), Accra, Pune)

The use of ICT is not just a feature of formal businesses, local government and citizens more generally. Research under WIEGO’s Informal Economy Monitoring Studies has generated information to show the dynamics in use of mobile phone technology by those working informally. The research illustrates that there is an opportunity for local government and other stakeholders to consider options for improving access and to also explore options for smart city type services that can take advantage of the take up of ICTs.

Further case study information - www.wiego.org/sites/default/files/publications/files/IEMS-Durban-Street-Vendors-City-Report-English.pdf
www.wiego.org/sites/default/files/publications/files/IEMS-Accra-Street-Vendors-City-Report.pdf
www.wiego.org/sites/default/files/publications/files/IEMS-Pune-Waste-Pickers-City-Report.pdf

Local stakeholders in cities should consider a number of issues in relation to ICTs. Some of these would include:

Facilitating education and knowledge sharing for inclusive ICT

Within a city, a variety of stakeholders need to be encouraged to work together in promoting awareness and the take up of ICT related technologies, especially amongst those communities where use of those services has been limited. Many cities and local governments are increasingly interested in participating in smart-city type programmes and have likely been interacting with ICT role players over matters

³³ “The proportion of young people aged 15-24 using the Internet (71%) is significantly higher than the proportion of the total population using the Internet (48%) [...] In developed countries, 94% of young people aged 15-24 use the Internet compared with 67% in developing countries and only 30% in Least Developed Countries (LDCs).” (ITU 2017:2)

³⁴ “ICT and mobile phone ownership enable access to business networks and education, financial services and real-time market information. This is of particular importance to empowering female entrepreneurs” (UN Habitat, 2018: 136).



such as the installation of communication towers, laying of cables or the introduction of communication services for government. This set of existing connections can provide a useful basis for interacting with ICT companies around a broader agenda. It is often in the interests of ICT companies to encourage the uptake of their services and many would recognise the potential of working with entrepreneurs or community groups to encourage awareness and enhance ICT skills. (Case Study 6).

Partnering for improved ICT infrastructure and services

Some of the first-round reforms into mobile phone technology in many countries prioritised national revenue over service coverage and quality. As demand has developed, most countries have reforming their policy environments and to seek ways to encourage investment to enhance access and quality. National stakeholders could encourage dialogue with those in cities around their specific requirements around both investments and support for take up of ICT amongst less connected communities. Influential ICT companies can often play a role in supporting a wide range of economic opportunities³⁵. Public-private collaborations might also allow for the extension of services and infrastructure that might not have been possible by any one actor on their own. The availability of WiFi access is one example where partnerships might play a key role, including in relation to council facilitating free WiFi access that might assist small businesses and informal economy actors in accessing services or interacting with customers (Case Study 7).

3.1.3. Finance

“We further acknowledge that expenditures and investments in sustainable development are being devolved to the subnational level, which often lacks adequate technical and technological capacity, financing and support. We therefore commit to scaling up international cooperation to strengthen capacities of municipalities and other local authorities. ...We will strive to support local governments in their efforts to mobilize revenues as appropriate.” (UN: Addis Ababa Action Agenda, 2015: 16)

The process of decentralisation to local governments has been a notable feature of reform in countries the world over in the past decades (Crook & Manor 1998, Faguet & Pöschl 2015). This has been accelerated in places by an increasing awareness by central

Case Study 7: Digital Cape Town

The City of Cape Town has been working for sometime on a smart city strategy. Important in this work has been the identification of four areas of focus for this work:

- Digital Government
- Digital Inclusion
- Digital Economy
- Digital Infrastructure

These programmes allow for a range of activities to be pursued by the municipality together with partners that include projects to improve government services through the adoption of appropriate technology systems, enhancing access to free WiFi services, especially at community facilities such as libraries, and working with corporate partners to support appropriate incubation programmes for emerging ICT businesses as well as in the delivery of major ICT network infrastructure to connect the city, its citizens and firms to the world. Much of the activity is also done through a partnership venture with the private sector called Accelerate Cape Town (<http://acceleratecapetown.co.za>).

Further case study information - <http://acceleratecapetown.co.za/wp/wp-content/uploads/2016/11/The-City-of-Cape-Towns-Digital-Journey-Towards-a-Smarter-Future-Rudy-Abrahams-CoCT.pdf>

governments of the potential for more effective local administration through decentralisation. Moynihan notes that, “Fiscal decentralization is intended to reduce central control in favor of local preferences that foster allocative efficiency” (2007: 59). Demands from local actors in these areas, seeking far greater influence over decisions that affect their lives, has also contributed to reforming drives. Key to these processes has been the reform of systems for resourcing local government (Smoke 2017). Although approaches differ substantially, the tendency has been to consider options for

³⁵ for example a major mobile telecoms provider in Uganda has worked closely to develop local suppliers in addition to the expected business opportunities for re-sellers of its core products (UNCTAD, 2011: 83)

enhancing the potential of local revenue generation by municipal authorities as well as improving the funding of urban growth-responsive activities by national and regional/ provincial/ state governments. However, as discussed at the Addis Ababa meeting on International Development Finance, many challenges remain in meeting the demands of resourcing activities in increasingly complex urban systems. Nonetheless, the commitments in the Addis Ababa Action Agenda (AAAA) on International Development Finance (United Nations, 2015) provide an important basis for developing dialogue between stakeholders through the acknowledgment ongoing efforts in support of devolution of expenditures and investments. A role is set out not just for public finance reform, but also for the cooperation with the private sector to support private sector development and wider development objectives.

As cities' contribution to national economic activity grows, and as the scale of urban settlements grow in response to this economic activity, the imperative for developing appropriate financing strategies also grows. The increasing complexity of economic activities, and their integration with the global economy can often require a significant shift in both the focus and the size of local investment in infrastructure and services. Without this cities can encounter a weakening of their productivity and even enter crisis periods, for example in the absence of road maintenance or energy supplies³⁶. Intergovernmental division of revenue and access to revenue sources, local government revenue systems, policies around public-private partnerships and municipal borrowing are essential elements to help fully realise the potential of city governments to enhance opportunities and to achieve inclusive urban economies.

Recent years have seen the introduction of forms of policy-directed lending such as green bonds, the global environment facility, the adaptation and the climate investment funds. These have been introduced to assist city authorities to invest in climate change mitigation/resilience projects and other environmental programmes.³⁷ Innovative financing options may also involve efforts around cost sharing of some infrastructure through public-private-partnerships with property developers, or build-operate-and-transfer schemes where initial capital costs are carried by the private entity. Enhancing both the financial health and technical capacity of local

authorities is a critical step in enabling them to explore and realize some of these options. The NUA highlights the importance of a range of financial investment and support measures to help cities better respond to the demands on them.

In these processes considerable care needs to be taken to consider the impacts of these processes on women, and poor and marginalised communities. Fiscal devolution has often been inadequately matched with the required resources and the impact on local authorities can be that they face pressure to raise revenues. As cities expand it is not uncommon for there to be drives to extend the net of revenue generation to cover more categories of business, including often small and informal businesses. Consideration needs to be given to ensuring that administrative cost burdens on these entities do not damage their prospects to support livelihoods, especially when economic inclusion is being sought. In this regard participatory engagement, with an array of economic actors can help identify collaborative financing and operational activities that connect payments made by economic actors to investments to improve the business environment and to secure decent work environments, especially for those working informally (*Case Study 8*). Mitlin *et al.* (2018) highlight the importance of community driven finance schemes for ensuring improved inclusionary outcomes, such as those linked to savings groups or housing associations. Exploring innovative finance options should therefore also include these community-informed practices so as to more effectively address the needs of the urban poor. The authors point out that local government is often well placed to work with these programmes, highlighting the fact however that many urban local governments lack the funding to meet the needs of all citizens.

In order to better connect processes of reform in municipal finance in cities to inclusive economic outcomes a number of processes are relevant:

³⁶ See the example of Kigali, Johannesburg, Cairo, the Abidjan-Lagos corridor discussed in UN Habitat, 2018

³⁷ The City of Cape Town raised R1bn (US\$66m) through the auctioning of a green bond in 2017 to help finance projects ranging from the procurement of electric busses to water management projects. www.fin24.com/Economy/city-of-cape-town-pleased-with-success-of-first-green-bond-20170712



Case Study 8: Accra – Street vendors

The views of street vendors have not always been taken that seriously by many governments. They are often seen by those tasked with managing cities to be something of a nuisance. However, public space trading is a major feature in African cities and will remain so for sometime. It is also a very important route for women to earn an income. In Accra street vending is a major feature of many urban spaces. A variety of local and international organisations have worked for some time with local street vending organisations to raise the profile of the value of informal economy activities to the city and the country as a whole. One of these projects involved support for vendors to do their own research about issues that presented barriers to decent work places and improved incomes in their street vending. The representatives of the associations were able to table their evidence with the Accra Municipal Assembly in order to propose areas of mutual focus for future development and priority areas for action by the municipality. In a context where local governments often have little information about the dynamics of trading activities the case illustrates how different forms of dialogue can open up areas for collaboration as well as provide opportunities for citizens to hold local government to account.

Further case study information - www.wiego.org/wiego/focal-cities-accra See also Amis 2015 and Brown et al 2010

Inter-governmental planning and coordination: Participation in finance planning processes with other spheres of government

It is not uncommon for national fiscal strategy choices to be made with limited or no engagement with local government. Local government associations can play a crucial role in placing urban finance issues on the national agenda and national administrations should work to support opportunities for strategic engagement. For example³⁸ in South Africa, the Constitution provides for a Financial and Fiscal Commission (FFC)³⁹ which has the task of providing technical advice and policy inputs with respect to the National Parliament's decisions on the division of national revenue.

Case Study 9: Douala Urban Development and Poverty Reduction Strategy

Douala is Cameroon's largest city and produces 25% of the country's GDP. As the city has grown it has faced increasing challenges as to how to cope with urbanisation, high levels of poverty, and the demands of servicing as a hub for economic activity. The process of developing an Urban Development and Poverty Reduction Strategy brought a range of stakeholders together to develop a plan to prioritise initiatives and secure the confidence of funding parties for infrastructure projects.

Further case study information - www.citiesalliance.org/examples-cds-projects

Local governments are involved in the governance arrangements of this structure and are obliged to be consulted in its work. Furthermore, the South African National Treasury Department's Cities Support Programme⁴⁰ helps create a situation where local government decision makers can interact with national treasury technical teams on a variety of matters, including the regulations pertaining to local government budgeting and finances.

Actors involved in innovative/alternative finance opportunities

Nationally, regionally and internationally there are numerous events and organisations that are in a position to share ideas and expertise around finance options. Municipal authorities should find ways to broaden local awareness of, and participation in these, in order to facilitate approaches that support wider economic benefit and crucial buy-in. Here it needs to be appreciated that changing circumstances can curtail or support new opportunities. For example, a municipality seeking to finance the development of a landfill might in fact find that partnerships with small businesses around recycling or engagements with waste-to-energy companies might enhance the requirements

³⁸ Likewise, in New Zealand the annual national meeting between the national association, Local Government New Zealand, and the prime minister and cabinet, includes discussion on budgetary implications of the devolution programme. (CLGF 2018: 156)

³⁹ See www.ffc.co.za

⁴⁰ See <https://csp.treasury.gov.za/Pages/default.aspx>

for such a project. An example of this would be the recently commissioned Reppie waste-to-energy plant in Addis Ababa.⁴¹

Civic partnerships to develop a medium to longer term City Development Strategy

In a context of continuous change, it is critical that the public sector and other stakeholders meet together to assess the dynamics of existing and projected demand on cities and the financing issues that arise from these. The City Development Strategy framework promoted by Cities Alliance is one example of how this can be advanced in a manner

that supports a range of inclusive urban outcomes.⁴² (Case Study 9) Whilst local governments might well be constrained in terms of their own sources of revenue or flows from national government, they can seek out ways to work with and support community schemes that mobilise collective assets or external support for bottom-up programmes of development. These could be better incorporated into local government support programmes and be recognised as a significant source of innovative development finance.

41 See www.unenvironment.org/news-and-stories/story/ethiopias-waste-energy-plant-first-africa and www.africawte.com/. See www.unenvironment.org/news-and-stories/story/ethiopias-waste-energy-plant-first-africa and www.africawte.com.

42 See www.citiesalliance.org/cds.



4. Reflecting on possible future inclusive urban economic paths and their challenges

In a context where inequality in almost all cities is on the increase, urban local governments and other stakeholders (UN Habitat, 2016), need to seek out approaches that improve strategic responses to pressing new challenges whilst also seeking to address conditions that continue to reproduce forms of exclusion. Responding to new trading circumstances, promoting the broadening and deepening of ICT adoption, and improving financing opportunities can, without careful collaborative strategy building, take cities further away from some SDG goals whilst tackling others. Especially in environments where many economic actors experience limitations on their participation in economic processes - whether this be the exclusion of women in high earning sectors of the economy because of gender or a lack of access to skills for a smaller enterprise - a necessity exists for action to tackle persistent barriers to greater inclusion.

In these processes elected municipal councillors and mayors, need to play a particularly important role in not only ensuring innovative and effective local government practise in their territories, but also in placing local economic development agendas more firmly in the national policy frameworks. Building partnerships with other local actors and stakeholders in other spheres of government will no doubt assist in these processes. The recent UNECA report also makes it clear that those responsible for “national policy levers and implementation instruments” will be crucial in ensuring that countries and local authorities are able to make, “urban systems productive” (UNECA, 2017: 94)

Throughout this “think piece” we have highlighted a number of issues that could benefit from further attention by local and national policy makers in broader urban development, specifically that focused around economic development.. A selection of these are synthesised below to help inform discussions within the CSCN Kigali meeting and beyond:

- What can local governments, their associations and other stakeholders in cities and towns, do

to raise the profile of LED and to support the dynamics of urban economies and their rural hinterlands in both national urban policies and in national economic programmes?

- How can cities maximise opportunities for trade or infrastructure financing (including ICT infrastructure)?
- What might the distinctive needs of secondary cities be in terms of enabling them to fulfil important economic roles such as those with respect to domestic and international trade?
- What can city authorities and their associations do to better plan for any challenges and take advantage of any opportunities arising from regional trading agreements, such as the planned implementation of the Continental Free Trade Area (CFTA) in Africa?
- Given the continued globalisation of urban economies, what options might exist for local government and other urban stakeholders to devise innovative programmes that could support improved inclusion of marginalised people in economic programmes?
- How could infrastructure investments for economic development be developed in such a manner as to enable more opportunities for emerging small and informal businesses?
- What information and data requirement do local government and other urban actors have to better respond to challenges of exclusion such as those affecting women entrepreneurs?
- Are the city partnership models between local government and private sector stakeholders current being applied adequate to the task of meaningfully tackling persistent urban inequalities and forms of exclusion? What approaches could be considered to strengthen and enrich such partnerships?
- What implications might there be for the evolving financing environment in terms of local government powers and functions, capacity needs and regulatory factors?

5. Conclusion

Over half the Commonwealth member states already have an urban population above 50% and over the next decade another handful of countries will see their populations becoming majority urban. Most of this urban growth is projected to take place in the growing cities in Asia and Africa. This shift will be deeply influenced by urban economic processes with significant shares of the new growth projected to take place in secondary and intermediary cities. For many fast-growing cities the imperative will be to develop governance structures at the local level to play a deeper role with respect to supporting economic development and encouraging more inclusive outcomes, often with the support of national governments. In already largely urbanised countries, the maturing local government systems are also evolving as new challenges emerge, especially with regard to persistent and, in most cases, rising urban inequalities. Enabled by growing trade connection, enhanced ICT platforms and innovative financing opportunities, the possibilities exist to build networks of cooperation across these cities to share knowledge and to learn from one another's good practices. (Lall *et al.*, 2017)

Urban local governments and their leadership, often embodied in a directly elected mayor, need to continue to assert the case for a greater role with respect to urban economic processes as well as in informing the development of national frameworks that will have a disproportionate impact on urban processes. National economic actors, more especially those working in national government departments should look to partner more closely with urban local governments, not only to support the programmes they might offer, but also to increasingly appreciate the insights that local processes offer to national policy and programme development. As Satterthwaite (2018) points out, the NUA, as a foundational framework for urban development internationally, is somewhat weak on the important leadership role city mayors and local governments will need to play in these processes.

Organisations such as CLGF and the **Commonwealth Sustainable Cities Network** can play a critical role in supporting this essential leadership mandate as urban local governments seek to respond to the challenges of urban economic inclusion that are faced the world over. After all, as Rodriguez-Pose & Tijmstra note, "While national institutions are often too remote to be able to respond effectively to the rapidly changing local and regional needs, local institutions can be much more flexible and can more easily interact with other local economic and social actors. This allows them to formulate development strategies in cooperation with local stakeholders, making them better tailored to local needs." (2005: 4)



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