



BETTER CITY, BETTER LIFE

LIVERPOOL, UNITED KINGDOM 2018

Building Sustainable and Resilient Cities

World Cities Day 2018

Sustainable and resilient local economies

Through concentrating and clustering economies cities have become the main creators of global wealth, generating over 70 per cent of the world's Gross Domestic Product (GDP). Most industries and businesses are located in or within immediate vicinity of urban areas, providing city residents with jobs, and as the number of employment opportunities within urban areas grow, cities will continue to attract job seeking populations¹. The way cities are designed and managed impact on their effectiveness as economic hubs – adequate density, adequate allocation of inclusive public space, mixed land use and good connectivity are important attributes.

KEY WORDS

Sustainable Economic Growth, Local Economic Development (LED), Urban Informal Economy, Municipal Investment Finance, Public Finance, Urban Financing Strategies, Public Private Partnership (PPP), Resilience Growth, Sustainable Development Goals (SDG).

KEY FACTS AND FIGURES

- Today, over 50 per cent of the world's population is urban, with this figure expected to rise to over 65 per cent by 2030².
- Almost 30 of the 75 poorest countries collect less than 15% of GDP in taxes. ³
- Over 60% of GDP in most countries comes from urban-based economic activities, with the share reaching 80-90% in developed countries.
- Some 75% of future GDP growth is expected to come from cities and towns. ⁴
- Local Economic Development promotes a sustainable and inclusive urban economy which can improve the quality of life in and around cities and help address inequalities such as those linked to gender.

¹ <https://unhabitat.org/urban-themes/economy/>

² <https://unhabitat.org/urban-themes/economy/>

³ <http://sdg.iisd.org/commentary/policy-briefs/sdg-knowledge-weekly-tax-official-development-assistance-and-urban-finance/>

⁴ http://habitat3.org/wp-content/uploads/Habitat-III-Issue-Paper-13_Jobs-and-Livelihoods-2.0.pdf

- Cities with a diverse local economy are more resilient and more ready to address crises.⁵
- Inequality and poverty have a drag effect on economic growth. Developing countries that have promoted decent work have experienced faster economic growth as well as declines in poverty⁶.

ISSUE SUMMARY

The complexity of the urban environment requires economic strategies that are tailored to local opportunities and challenges. It is of key importance that as cities generate economy, they generate decent jobs for all and improved social equality. Sadly, in many cities, the opposite is experienced – as they generate wealth, social divides increase, sometimes with destabilising effects. Consideration of the informal economy and the promotion of labour in city planning and policy development is key to ensuring more inclusive urban economies and decent jobs.

Global economies impact city economies. As we have learnt from many industrial cities that recovered from or withstood economic recessions over past decades, economic diversification, innovation and conditions to allow small and medium size enterprises to thrive are key to economic resilience, as we will be hearing from Liverpool, the host of the World Cities Day global observance.

It is also critical that mechanisms are in place to ensure that value generated by urban economy and land value translates into stable forms of local revenue. This way, virtuous cycles towards resilient, sustainable cities and human settlements can be achieved: investment in well-planned, equitably distributed infrastructure and services improves local economic conditions and living standards, which in turn improves local economies, strengthens social equality and generates more revenue, which is reinvested in the continued improvement of urban environments. There is thus an urgent need to empower city authorities to engage communities in effective planning and in generating and accessing sustainable sources of financing⁷.

The ability of urban economies to generate jobs and revenue will be essential to the achievement of the 2030 Development Agenda, and this will not happen automatically. Many city governments are recognising their role in creating conditions for inclusive, resilient, economies that produce decent jobs, and are increasing their engagement in the management of their cities and in the development of local economic strategies. Business is an indispensable partner for governments in implementing the 2030 Development Agenda and structured collaboration between all businesses - large and small, governments, civil society and local authorities is key.

⁵ http://habitat3.org/wp-content/uploads/Habitat-III-Issue-Paper-12_Local-Economic-Development-2.0.pdf

⁶ http://habitat3.org/wp-content/uploads/Habitat-III-Issue-Paper-13_Jobs-and-Livelihoods-2.0.pdf

⁷ <https://uncdf-cdn.azureedge.net/media-manager/85549?sv=2016-05-31&sr=b&sig=LePTYWGKZlwXhEjkVrAwE5fcl6VSXPmGiGbeK%2BcXMbQ%3D&se=2018-09-15T08%3A45%3A18Z&sp=r>

GUIDING QUESTIONS

The cities of Liverpool, Accra and Birmingham (Alabama), will reflect on their experience in building more resilient urban economies, the University of Cardiff will highlight the importance of the informal economy, and the UK Department of International Development will reflect on policy approaches in responding to the following guiding questions that will initiate discussion.

- What have been key attributers of success in improving urban economies?
- What is needed to ensure that urban economic growth results in the improved wellbeing of all?
- What are key policy directions at national and local level that can support well functioning urban economies
- How can the collaboration between the private sector and local governments be strengthened?