Discussion Paper

Subject: Preparation of a Common Position of the EU and its Member States for the Third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) to be held in Quito, Ecuador, in October 2016.

• State of Play

In 2014, 54% of the world's population of 7.2 billion people lived in urban areas. This percentage is projected to reach at least 66% by 2050 (of a global total population of around 9.5 billion), representing an increase of 2.5 billion urban dwellers within the next 35 years.

Although all of the world's regions are expected to urbanize further in the coming decades, 90% of additional urban dwellers are likely to concentrate in Africa and Asia, whose urban populations were 48% and 40% respectively in 2014. The remaining roughly 10% will be shared between i) Europe, whose urban population is projected to grow from 73% (2014) to over 80% by 2050, and ii) the Americas, where urbanization levels are already at around 80%.

The spatial distribution of urban populations around the world varies substantially. 75% of Europe's population live in urban areas with a population averaging half a million people (2014), out of which 24.2% live in small and medium sized urban areas. In Africa, this figure is around 50% whilst for North America it is only 33%. Urban density also varies considerably due to uncontrolled urbanisation patterns. The world’s fastest growing cities - those with half a million to one million inhabitants - are located in Africa and Asia. Megacities and large cities are also growing in number and in proportion to the global urban population predicted for 2030. By contrast, many EU regions experience urban demographic decline. Furthermore, half of the urban population in 2050 will be living in deltas or coastal cities. The majority of increasing migratory flows across the borders tends to have as a point of final destination urban areas.

Accordingly, there is no one-size-fits-all solution to the challenges ahead that affect cities and urban areas of all sizes – including small and medium-sized cities and urban areas – differently depending on their population size and dynamics, history and location, economic opportunities as well as their regional, national or international position.

In addressing urban challenges, a shared vision should reflect the urban diversity and specificities of each context, including those of the EU member states. It should address urban challenges taking into account also the impacts on the rural space such as urban sprawl, soil sealing, the role of peri-urban zones and spatial segregation. Furthermore, this vision should seize the development opportunities offered by cities on a larger territorial scale, including the important role the small and medium size urban areas can play, in particular at the intersection of large cities and rural areas. More generally, it should be a vehicle to promote worldwide principles of integrated urban development and global sustainability issues. Chief among these are ending extreme poverty and hunger by 2030, a sustainable use of natural resources, the minimization of environmental degradation, ensuring sustainable energy for all and increasing resilience in order to cope with the effects of climate change. Indeed, urban development is not sustainable if taking place at the expense of or separately from rural development. While recognising that urbanisation and economic
progress go hand in hand, urban policy should be developed in a partnership with rural and agricultural policy, in particular to ensure that the agricultural systems of the future can feed the cities of the future.

• The Framework for Habitat III

The dramatic urban demographic growth described above is increasingly recognised as an important development issue across the globe. The quality of life in urban areas underpins the Agenda 2030 for Sustainable Development, adopted at the United Nations (UN) Special Summit in New York in September 2015. At the Agenda’s core are the closely interlinked 17 Sustainable Development Goals (SDGs) and their 169 targets, which integrate and balance the three dimensions of sustainable development (economic, social and environmental). The Agenda not only includes SDG 11 as a specific goal on sustainable urban development, calling for "cities and human settlements" to be "inclusive, safe, resilient and sustainable", many of the Agenda's underlying targets also directly affect sustainable urban development. The New Urban Agenda should thus contribute to implementation of targets across the whole agenda, reflecting the integrated nature of the goals as well as the inter-linkages between them.

The Third United Nations Conference on Housing and Sustainable Urban Development (known as Habitat III to be held in Quito, Ecuador, in October 2016) will be amongst the first UN Conferences to take place following the adoption of the 2030 Agenda and the Paris Agreement, adopted at the 21st Conference of the Parties of the UN Framework Convention on Climate Change (UNFCCC COP 21). It will adopt a global "New Urban Agenda", intended to guide sustainable urban development for the next 20 years, and thus give an important impetus to the implementation of the Agenda 2030, in particular SDG 11 but also a number of other goals and associated targets with a preeminent urban dimension, and the COP 21 decisions.

Given the strong relationship and synergies between urbanisation, sustainable development and climate change, Habitat III offers a unique opportunity to revisit how urban and peri-urban areas are planned, managed, supplied and equipped in the light of the Sustainable Development Goals, and to reflect upon monitoring and financing of a "New Urban Agenda".

According to the United Nations General Assembly (UNGA) Resolution 66/207 and in line with the bi-decennial cycle, the UNGA in 2011 decided to convene Habitat III in order to reinvigorate the global commitment to sustainable urbanisation and to focus on the implementation of a "New Urban Agenda". The objective of the Conference was defined as "to secure renewed political commitment for sustainable urban development, assessing accomplishments to date, addressing poverty and identifying and addressing new and emerging challenges". Within the same resolution, it was decided that the Conference should result in a concise, focused, forward-looking and action-oriented Outcome Document, and that a Preparatory Committee be established in order to prepare the Conference.

The Preparatory Committee (PrepCom) held its first meeting in New York (September 2014), where a Bureau, consisting of two members per region, was elected. It is co-chaired by Ecuador and France. In the second meeting which took place in Nairobi (April 2015), the PrepCom agreed on further elements regarding process and timing of the Conference. The third and last meeting is planned to be held in Surabaya, on 25 – 27 July 2016, with the aim of reaching an agreement on the Outcome Document of the Habitat III Conference to be adopted in Quito. This Outcome Document will constitute the "New Urban Agenda". A zero draft of this agenda is to be tabled by the Bureau based on inputs from broad regional and thematic consultations as well as recommendations from the various policy units. Following the release of the zero draft at the beginning of May 2016, intergovernmental negotiations and informal hearings with representatives of local authorities and of major groups and other stakeholders will take place throughout the months of May, June and July.
In December 2015, the UNGA endorsed the annual Resolution on the implementation of the outcome of the UN Conference on Human Settlements (Habitat II) and strengthening of UN-Habitat (A/RES/70/210). With this Resolution, the rules of procedure for Habitat III, including modalities of participation of stakeholders and local authorities, were agreed upon. This is a major breakthrough which paves the way for focusing on substance ahead of Habitat III.

• Objectives for a Common Position of the EU and its Member States

The European Union and its Member States are committed to reaching the goal of sustainable urban development and are major partners in supporting efforts to this end, both within the European Union and globally. Sustainable urban development is paramount in poverty reduction and eradication, and a holistic approach to urban development is necessary in order to promote well-managed, economically prosperous, socially inclusive, safe and resilient, as well as resource-efficient and environmentally sustainable cities. Long-term sustainability can only be achieved if all three dimensions of sustainability – social, economic and environmental – are addressed simultaneously.

Given the crucial role that sustainable urban development will play to the quality of life of people, both within the EU and globally, and the growing relevance of the urban dimension of EU policies, it is important for the EU and its Member States to have a shared vision for the European Union and the world. Likewise, EU’s external action should better integrate the dramatic urban demographic growth which will entail major global shifts in the coming years.

Within the context of its cohesion policy, the EU has been active in the field of urban development and taken on a role in supporting cities and regions in their quest for competitiveness and cohesion. Although approaches to urban development differ among Member States, a European model has emerged. This European model is based on a polycentric urban structure, which allows the entire European territory to develop cities as centres for services, businesses and culture in an interdependent relationship with their surrounding areas. It represents a common understanding of the key objectives and principles of sustainable urban development - the European "Acquis Urbain" – that has been develop through a series of informal ministerial meetings – including Bristol 2005, Leipzig 2007, Marseille 2008, Toledo 2010 and Riga 2015 – and through the "urban dimension" of cohesion policy. This common understanding also emphasises the critical importance of elements like integration, sustainability, smart-financing and partnership.

A common position of the EU and its Member States in the Habitat III process should aim at defining a shared approach to sustainable urban development in the 21st century. In line with the requirements of the universal and integrated 2030 Agenda, which is now our common reference point, the EU also stands committed to implementing the goals and targets related to urban development internally. This requires ensuring coherence and consistency between Habitat III and the objectives agreed in the context of the overarching 2030 Agenda for Sustainable Development, as well as the commitments made in the Sendai Framework for Disaster Risk Reduction 2015–2030 (March 2015) and at the UNFCCC COP 21 in Paris (November - December 2015). To this end, the EU’s contribution to the preparation of the Habitat III Conference, both in terms of substance and organisation, as well as between the EU and its Member States and among EU Member States, will need to be coherent and consistent in all fora, including PrepCom3 in Surabaya in July 2016, the General Assembly and the Economic and Social Council.

The global "New Urban Agenda" should contain concrete suggestions on how to tackle the challenges raised by the unprecedented growth of urban populations, as well as on how to tackle challenges of urban areas with shrinking population, and propose a balanced approach to the economic, environmental and social dimensions of this growth, enabling "sustainable urban development". The role of culture as an additional key aspect of sustainable cities should also be duly considered, as well as its role in promoting intercultural dialogue, tolerance, inclusion and
mutual understanding. This requires urban development policies to follow an "integrated" approach, both in terms of substance and process. An integrated sustainable urban development policy simultaneously takes into account all concerns and interests relevant to urban development in a fair manner and results from a process in which the spatial, sectorial and temporal aspects are coordinated.

The EU’s contribution to Habitat III and its outcome document the "New Urban Agenda" is based on the shared commitment to reaching the overarching goal of sustainable urban development while taking into account the principles of subsidiarity and proportionality. It is being shaped by the ten priorities of the European Commission\(^1\) and joint work with EU Member States on an EU Urban Agenda as well as the knowledge accumulated in urban development. In this perspective, the EU Urban Agenda should become a key EU delivery mechanism of the New Urban Agenda.

Some challenges which are intimately related to governance, such as the respect of human rights, gender equality and the empowerment of women, the rule of law, and the safety of women, girls and children shall also be carefully considered. When preparing the EU's input for Habitat III, lessons learnt or best practices from the EU Regional Policy as well as initiatives such as the Covenant of Mayors, Urban Innovative Actions, Horizon 2020 Smart and Sustainable Cities, the Joint Programming Initiative Urban Europe, FP7 sustainable urban development actions, the Green Capital and Innovation Capital Awards, the European Innovation Partnership on Smart Cities and Communities and CIVITAS 2020, among others, could be taken into consideration. In addition, the experience of the EU local and regional authorities in the successful implementation of integration policies towards migrants could be used as a model to share. The third State of European Cities Report, to be published in mid-2016 by the European Commission based on joint work with UN Habitat, and the Urban Data platform, brings together data and indicators on the status and trends of European cities and may be of use for preparing the EU’s input to the Conference. Considering that Science, Technology and Innovation (STI) have been presented as a "means of implementation" for the Sustainable Development Goal number 11 together with finance, trade, and capacity building, the EU's thirty years of transnational research and innovation (R&I) actions on sustainable urban development will be instrumental in reinvigorating the global commitment towards a systemic "New Urban Agenda".

The EU’s vision of the future global "New Urban Agenda" is based on the understanding that an integrated and place-based approach to urban development, together with a long-term vision, is necessary in order to promote well-managed, liveable, socially inclusive and safe, resilient, resource-efficient and environmentally sustainable as well as economically prosperous cities.

This approach needs to take into account the diversity of cities and their wider territorial context, and promote urban-rural linkages in partnership with rural development and agricultural policy in order to contribute to the Union’s objective of territorial cohesion. All efforts should be underpinned by the respect for and protection of human rights, gender equality, as well as the broad participation of marginalised and vulnerable groups, as a prerequisite for achieving inclusive sustainable development. Thereby, sustainable urban development provides a paramount contribution to poverty eradication worldwide, and to economically, environmentally and socially sustainable development. Furthermore, the recognition of the central role of culture, the preservation and promotion of cultural and natural heritage, alongside the availability of public space which is a fundamental condition for participation and ownership of all for the achievement of these objectives, are part of this approach.

\(^1\) https://ec.europa.eu/priorities/index_en
The EU’s approach to sustainable urban development is, therefore, proposed to be implemented through an integrated strategy encompassing the following four strands of action:

I. Promoting the social dimension of sustainable urban development:

**Inclusive and safe cities**, i.e. by addressing urban poverty and exclusion, including through breaking the intergenerational cycle of poverty; by reducing inequalities including in access to adequate housing, shelter, basic services, food, education, employment, mobility and open spaces; by ending all forms of discrimination including against women and girls; by addressing the multiple aspects of gender, youth, people with disabilities and aging issues, as well as migration and forced displacement; by reducing segregation and ensuring a safe and healthy living environment; by fostering personal welfare and civic engagement; and by advocating for a "city for all" which understands the city as an enabling place for all.

As acknowledged by the Leipzig Charter on Sustainable European Cities, a policy of social integration which contributes to reducing inequalities and preventing social exclusion is the best guarantee for maintaining security in cities.

What distinguishes cities from other territories is their multi-dimensional nature in terms of socio-cultural diversity. Cities are places where different cultures co-exist and where ethnic diversity is a source of innovation and renewal, where social mobility and personal welfare may more easily happen. Cities can play a crucial role in enabling for civic engagement. In addition, increasing migratory flows across the borders encompass refugees and other categories of migrants, who also have a preference to move to urban areas. Circular migration and multi-locality of households are worldwide trends. But cities are also places where socio-economic disparities, spatial segregation and other form of inequalities are concentrated, which hinders the achievement of a decent life for all citizens. SDG 10 aims at reducing inequality within and among countries, and targets (10.2) the empowerment and promotion of social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic status. In the context of global forced displacement due to conflict and natural disasters, progressively larger numbers of people are forced from their homes for longer periods (i.e. protracted displacement situations). Increasingly, and when possible within the national policy framework regarding encampment, the refuge of choice for these groups is urban, where access to services and employment opportunities is more prevalent than in rural settings. With the urbanisation rate accelerating, the number of unnourished people in cities risks growing. In this context, agriculture and rural areas are, as vital suppliers of food, important to the food security of urban populations. Addressing poverty (SDG1) and food security (SDG2) are therefore key areas where urban and rural stakeholders and policy makers need to work in partnerships and where improving aspects of rural development would have positive spill-over effects on sustainable urban development. Further strengthening of rural-urban linkages should be addressed in this context, to make the most of the complementary assets of urban and rural areas.

Ensuring access for all to adequate housing, shelter and basic services and upgrading slums by 2030 is one of the SDGs targets (11.1) that seeks to complete the work of MDGs and is an important aspect of the EU’s external cooperation in urban development. The right to adequate housing is recognised as a component of the right to an adequate standard of living enshrined in the 1948 Universal Declaration of Human Rights and the 1966 International Covenant on Economic, Social and Cultural Rights, as well as referred to in various international human rights conventions and declarations. Ensuring security of tenure including preventing (illegal) evictions and foreclosures and equal rights to own and inherit (immoveable) property (among men and women) - including by
eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action (see SDG 10) - is essential when striving towards an inclusive city. Urban poverty should be addressed by responding to the needs of marginalized and vulnerable groups (the poor, women, youth, children, indigenous people, the elderly, single parents, disabled people, internally displaced populations, migrants, refugees) facing inequalities, social or spatial segregation, or requiring specific attention in terms of access to infrastructure such as water and sanitation (see SDG 6), adequate housing, shelters, safety, health (see SDG 3) and social care, and education (see SDG 4) and decent employment opportunities (see SDG 8). Working towards inclusive local communities including adapting service provision in order to promote inclusive, community-based care and deinstitutionalization is also important. As regards the integration of migrants, guidance is provided through the Common Basic Principles for Immigrants Integration Policy in the EU, reaffirmed by the European Council Conclusions of June 2014. In particular, access to schooling for immigrants and their participation in the democratic process and in the formulation of integration policies and measures, especially at the local level, support their integration and in turn facilitate sustainable development of host communities. Furthermore, inclusive cities should support the principle of "mobility for all", notably by expanding public transport (see SDG target 11.2), cycling and walking, as a way to ensure that all groups in the society have access to these services. Moreover, mobility amongst cities, as well as between urban and rural areas, is essential in order to enable the provision of necessary services, and working and leisure time opportunities for all. In this respect, equal importance shall be given to the global target of "sustainable energy for all" (see SDG 7). In addition, as a cross-cutting condition, the quality and role given to public space are crucial to promote better health and to guarantee freedom of expression, to facilitate dialogue and mediation of conflicting interests in a complex environment, to enhance the security for all as well the perception thereof, and to enable participation and ownership of all for achieving the objectives of sustainable urban development. Finally, equal access to justice and the reduction of organised criminality, concerning in particular marginalised and vulnerable groups (see SDG targets 16.3 and 16.4) are additional essential aspects of the concept of safe cities.

Evidence shows that gender equality, women’s empowerment and women’s full and equal participation and leadership in the economy are vital to achieve sustainable development and significantly enhance economic growth and productivity. In order to contribute to the achievement of gender equality and women’s empowerment (see SDG 5) and thereby harnessing the potential of women as actors of change, specific attention should be given to the gender perspective in the planning and development of the city, including by enhancing the capacity for participatory urban planning and management (see SDG target 11.3). Women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life (see SDG target 5.5) should be ensured. Finally, gender responsive design, planning and development of public spaces and transport (see SDG targets 11.7 and 11.2), and supporting access to high-quality, inclusive services, childcare and education is crucial in addressing gender inequalities.

The spatial concentration of poverty in deprived urban neighbourhoods requires – according to the main messages of the Leipzig Charter - a comprehensive approach following the principles of non-segregation and desegregation, on which a wealth of experience has been accumulated in the EU that integrates upgrading of physical environment, strengthening of local economy, proactive education and training policies, and efficient and affordable urban transport (see SDG target 11.b). In this view, it is important to formulate territorial policies that aim at tackling social injustices in order to promote spatial justice.
**Action areas** to promote inclusive and safe cities should include in particular:

1. Gender equality measures (incl.T5.1, 5.5, 5a)
2. Access to public spaces for all (T11.7)
3. Access to adequate housing and slum upgrading and prevention (T 11.1)
4. Access to basic services and network infrastructures (including water, sanitation, energy and public transport)(T 11.1)
5. Integration of marginalised and vulnerable groups and reduction/prevention of causes and effects of inequalities (T 10.2, 10.3, 4.5)
   - social and spatial integration
   - adaptation of infrastructure (T 10.2)
   - measures against discrimination (T 10.3)
   - land rights and tenure security, as well as legal identity (T1.4, 5a, 11.3, 16.9)
6. Integration of the informal sector into the formal economy (T 8.3)
7. Combating all forms of organised crime (T 16.4)
8. Access to justice for all (T 16.3)
9. Access to safe, nutritious and sufficient food (T2.1)

**II. Promoting the environmental dimension of sustainable urban development:**

**Green and resilient cities**, for instance by supporting the development of capacities of city governments to wisely manage their natural resources, using nature-based solutions to increase resilience to the consequences of natural hazards and climate change related risks, such as floods, heat waves and extreme weather events; by conserving biodiversity; by promoting resource-efficiency of energy, water, waste and land, central to the achievement of the nationally determined contributions (NDC)s, and the transition towards more sustainable urban mobility and improved air quality; by enhancing the preparedness and capacity to respond to the impacts of disasters and climate change through disaster risk reduction measures and the development of regional and local adaptation strategies; and by promoting the efficiency benefits of preventing urban sprawl and keeping cities more "compact" while at the same time ensuring an adequate quality and quantity as well as accessibility of open green spaces in inner urban areas.

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2 In order to successfully implement the New Urban Agenda, achievements are needed in these actions areas. Prioritisation amongst these areas requires a case-by-case analysis. However, this list and the lists in all other boxes are understood as neither exhaustive nor legally binding.

3 (T x.y) stands for the corresponding target "y" of the Sustainable Development Goal "x". This list and the lists in all other boxes are understood as non-comprehensive.
This approach is in line with the 7th Environmental Action Programme, which guides the EU’s environmental policy until 2020 - where the sustainable urban development of European cities has been recognized as a key priority area politically. The EU Adaptation Strategy provides the necessary framework and mechanisms to help Member States, regions and cities to build their adaptive capacity for a more climate-resilient Europe.

Globally it is estimated that cities are responsible for about two thirds of national energy consumption. However, while they have high carbon footprints due to high demographic density and consumption patterns in absolute terms, their footprint can be comparatively lower in relative terms. Cities are starting to embrace adaptation and mitigation strategies to cope with climate change (see SDG 13). Urban areas offer huge opportunities for CO2 emission reductions, due to the development of innovative solutions, such as energy-and resource-efficient solutions in the context of the built environment and transport modes notably by applying the Avoid-Shift-Improve approach (Avoid or reduce the need to travel. Shift to or maintain the share of more environmentally friendly modes such as mass and low impact transportation systems). Shifting transport modes apply to both individuals (e.g.: walking, biking, public transport, alternatively fuelled vehicles etc.) and freight (e.g.: alternatively fuelled vehicle, bike, boat or rail). Also, the sharing economy models with new concepts for car sharing or taxi and express deliveries have an impact on the city environment. Local governments can make a decisive contribution towards climate change mitigation and adaptation, notably via energy efficiency measures and the use of renewable energy, as well as through better access to affordable sustainable and low-fossil-fuel transport and mobility. Better urban management of food supply chains and a particular focus on the reduction of food waste also have a strong impact on the environment and climate (SDG target 12.3). On the adaptation side, the multiple use of space should be used as a principle to maintain better land-use while guaranteeing the quality and access to open spaces, and sustainable use of the ecosystem services. This can make cities more resilient. The shift towards sustainable urban development represents unprecedented opportunities for green growth and resource efficiency with sustainable models of production and consumption recognizing ecological boundaries for instance by promoting circular economy and sustainable urban metabolism.

Land consumption and soil sealing in urban areas is progressing at a fast pace and often faster pace than urban population growth, thus leading to urban sprawl. The notion of compact cities refers to using urban space in a more sustainable way and to using sustainable planning tools, notably to avoid urban sprawl. The prioritization of regeneration/renewal of existing cities is key to the achievement of more dense and compact settlements. In the same way, increasing the land allocated to public space together with its equitable distribution and its connection through an adequate network, contributes to achieve compact cities (see SDG target 11.7). Promoting urban regeneration, cultural heritage protection, conservation and valorisation, and the re-development of former industrial and commercial sites are ways to halt the growing use of green fields and remedy the alarming shrinkage of agricultural lands and green spaces, thus contributing to achieve food security (see SDG 2) and preserving biodiversity (SDG 15). Combined with integrated urban governance and proper land use regulation (i.e. re-plotting and land re-adjustment), integrated urban planning is a strong tool for decreasing the rate of urban sprawl, the loss of fertile arable soil and increasing resource and energy efficiency in urban areas (see SDG target 11.3). In addition, good urban design and land use planning may ensure the provision of ecosystem services in order to make cities more resilient to flooding and to heat pressure (see SDG 11.5). Ensuring sufficient and well preserved green and blue spaces provides valuable ecosystem services. Well-managed urban-rural partnerships can ensure a high degree of self-sustainability and resilience of metropolitan areas and limit uncontrolled suburbanisation processes (see SDG target 11.a). Beyond food production, rural areas supply public goods to urban dwellers, including ecosystem services, fresh air, recreational opportunities, raw material, and energy. Vibrant rural areas also present an alternative to urban living and migration to cities. Increased use of green public procurement can enable more sustainable and innovative products to reach the markets (see SDG 12).
Taking into account the effects of disasters and climate change in urban development is particularly important in some developing countries where cities are located in hazard-prone areas, making them particularly vulnerable to pollution, inadequate disposal of waste, natural disasters and climate induced risks (see SDG 11.5). Urbanizing deltas and coastal areas in this respect are facing extreme and specific tensions because of the combination of socio-economic and natural/environmental dynamics. In this regard, more needs to be done to address the local characteristics of underlying disaster risk drivers in order to prevent and reduce existing disaster risk and thus contribute to resilience and sustainable development⁴.

Action areas to promote green and resilient cities should include in particular:

1. Establishment of strategies in the area of climate change and disaster risk reduction
   - adaptation to climate change and resilience building (T 13.1)
   - mitigation to climate change, in particular through low-carbon emission strategies
   - renewable energy (T 7.2)
   - holistic disaster risk management and risk-informed policies, in line with Sendai (T 11.b)
   - loss and damage reduction (T 11.5)
   - resilience through nature-based and preventive solutions with specific attention to vulnerable regions like urbanizing deltas. (SDGs 6, 7, 9; T 11.2, 11.c)

2. Resource efficiency (T 12.5)
   - energy efficiency plans (T 7.3)
   - water, sanitation, waste including food waste management (T 11.6 and SDG 2, 6)
   - land management
     - land use (T 11.7 public space /green space /residential, industrial and commercial areas)
     - prevention of urban sprawl (T11.3)
     - equal access to land market/preventing land speculation and land grabbing (T11.2, 11.3)
     - legal, fiscal and financial tools (T11.1, 11.3)

3. Liveable cities
   - green and blue networks (T 11.7)
   - air quality, noise reduction (T 11, 6)
   - sustainable urban mobility (T 11.2)
   - urban regeneration
     - protection, conservation and valorisation of cultural heritage (T 11.4, 12.b)
     - redevelopment of former industrial and commercial sites (T 11.3)

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⁴ Sendai framework for Disaster Risk Reduction 2015-2030, Guiding Principles (i) and (j).
III. Promoting the economic dimension of sustainable urban development:

Prosperous and innovative cities, i.e. increasing cities’ attractiveness with a focus on innovation, inclusiveness, improvement of youth and gender perspectives and job creation through a conducive business environment and local economic development strategies, while respecting the environment and pursuing highest resource efficiency, e.g. through the promotion of circular economy.

In Europe, 67% of GDP is generated in metropolitan regions whose population represents 59% of the total European population.

Cities are the engines of the global economy, offering an opportunity to find innovative and competitive solutions to societal and environmental challenges, e.g. for increasing our resource efficiency in consumption and production (see SGD target 8.4). Urban economic and employment activities and opportunities should be strengthened along with equity and social integration in order to improve global urban living conditions of citizens, and to promote inclusive and sustainable economic growth, employment and decent work for all (SDG 8), including for young people (see SDG target 11.5; SDG target 8.6). In this regard, it is important to ensure an inclusive and gender-balanced education system that grants equal access to quality technical and vocational training as well as higher education, and that pays particular attention to matching labour demand and supply.

Boosting the endogenous potential of cities for innovation, including social innovation, is one of the ways to foster sustainable local economies and create employment. ”Smart city” approaches are relevant here. They make use of opportunities from digitalization, clean energy and technologies as well as innovative transport technologies, and thus provide possibilities for citizens to make more environmentally-friendly choices and boost green growth.

This strand of action should also link to the possible role of sub-national authorities in leveraging both public and private finance to support urban development and infrastructures (see SDG target 17.1). In this regard it is important to encourage the formalisation of the informal sector, including the small and medium sized enterprises, as well as the promotion of sharing economy approaches.

Local and global food and transport systems have to ensure production, distribution and delivery of good quality, safe, nutritious and affordable food to an increasing number of urban dwellers. Urban food security depends on transparent, functioning markets to which rural suppliers must have easy access and are given fair prices and contract terms. Well-developed production systems, rural infrastructure, transport and storage systems are also paramount. Given the role that the urban economy can play in stimulating rural-urban linkages production and supply chains, and fostering the development of the hinterland, national and regional development planning should be strengthened and better integrated (see SDG target 11.a). Sustainable and efficient transports links supporting mobility modes are major prerequisites to ensure fair and innovative production consumption patterns (see SDG target 9.1 and 11.2). In this perspective, urban-rural linkages can be supported through public space networks, in particular markets, as a basis for the local economy.

The circular economy approach is relevant here as it ensures the efficient use of raw materials and energy resources as well as the prevention and sound management of waste. Furthermore, it is important to promote sustainable urban metabolism analysing both socio-economic and ecological relations and considering the centrality of urban ecology as both contributing to facilitate and define urban economies and their distribution. This will reduce urban inequalities and promote rural-urban partnerships.

Enhanced economic growth across socio-economic sectors can also financially support measures that are aimed at improving urban resilience (see SDG target 11.5), slum upgrading (see SDG target
11.1), improving governance (see SDG 16), and protecting local cultural heritage sites (see SDG target 11.4) also in view of tourism development.

**Action areas to promote prosperous and innovative cities should include in particular:**

1. Conducive business environment for the private sector, in particular local firms (T 8.2., T 16.6)
   - women access to private sector support initiatives (T 1.4, 5a)
   - sectors with high added value/ high intensive labour (T 8.2)
   - social enterprises providing proximity services (T8.3, 12.a)
   - local regulation and policies, including cadastre and taxation

2. Development of network infrastructure (T 11.1, 11.2)
   - energy efficiency and conservation (T 7.1)
   - urban mobility and rural/urban linkages (T 11.2, 11a)
   - urban markets and food supply chains (T 2.3, 2c)

3. Transition towards green and circular economy (T 11.3, 11.6, 13.1, 15.5)
   - sustainable urban metabolism (T 11.3, 11.6, 15.1)
   - smart combination of functions and green/blue infrastructures and innovative market solutions (T 11.7)
   - rural urban linkages (T 11a)

4. Endogenous potential of cities (T 17.9)

**IV. Promoting good urban governance**, i.e. improving urban governance by strengthening the capacity of local authorities in integrated planning and management as well as multi-actor approaches; establishing adequate legal and policy frameworks at the national, regional and local levels; strengthening multi-level governance in accordance with the principle of subsidiarity; ensuring sound municipal finance; and creating a shared knowledge basis.

In the EU there is a growing recognition of the added-value of involving urban local authorities in fulfilling policy objectives set at higher levels of governance. Enhanced governance could make possible better use of this urban potential in addressing sustainable development challenges.

Poor governance is one of the factors which hampers progress and might even give rise to violence, insecurity and injustice, which in turn jeopardizes any possible chance of sustainable development.

Good urban governance can be achieved by developing effective, accountable and transparent institutions at all levels (see SDG target 16.6) and by ensuring inclusive and participatory decision making (see SDG target 16.7 SDG target 11.3). Good urban governance also requires a legal and policy framework at central level that both enables local authorities to effectively implement national urban policies and empowers them as policy makers benefiting from a sufficient level of
autonomy in decision-making in accordance with the principle of subsidiarity. The resulting multi-level governance system requires political commitment from all echelons of government for an efficient and effective share of functional assignments for coordination and cooperation.

It is key to promote wide-ranging and sound national urban policies with clear objectives, targets and an institutional architecture laying out the respective competences, resources and implementation and monitoring mechanisms. Such policies should be shaped through a transparent and participatory process involving - beyond national, subnational and local authorities - all relevant non-state actors, such as NGOs, citizens and the private sector. National urban policies provide a valuable framework for coordination among the different policy sectors, supporting cooperation between different levels of government and fostering partnerships with other public and private actors. Moreover, national urban policies should be designed and implemented according to a "place-based" approach, taking into account the specificities of each territory.

Furthermore, the engagement and ownership in policy making of urban authorities at all levels is necessary. Cities not only know their needs and potentials better, they can also provide expertise and knowledge to tackle the challenges they face. Urban actors can interact by screening new policies impacting on cities and transparently follow up implementation. Cities need to be enabled, entitled and empowered in order to act on the principles of sustainable development and to be key actors in the implementation of sustainable urban development.

Supporting and building the capacity of local authorities is a key element identified for establishing and strengthening systems and practices of good governance. This is done by empowering and qualifying all relevant levels to tackle social, economic, environmental and demographic urban development challenges in an integrated manner; and establish and implement adequate and rights-based legislative frameworks, notably at the local and metropolitan levels, as well as by the creation and consolidation of a shared knowledge basis. Local authorities can act as catalysts for change in cooperation with civil society organisations, which is particularly relevant in enhancing the efficiency, transparency and accountability of public administration and addressing urgent challenges faced by local communities, including social exclusion, displaced populations, public safety and violence and limited resources. Their administrative capacity is important primarily as regards cadastres and land management, property markets and related fiscal policies, in particular concerning local revenue improvement, and sound financial management and audit mechanisms.

Good urban governance requires sound municipal finances so that cities can provide needs-oriented services to their inhabitants. This includes local authorities' enhanced access to financial resources: strengthened own source revenues by establishing and improving revenue generation and collection systems at sub-national level, improved access to national financial allocations, as well as enhanced access to domestic and foreign direct investment and capital markets, including through so-called blending frameworks whereby access to loans from national and international financing institutions, in particular private loans, is facilitated through public sector grants (Official Development Assistance). Effective and transparent budget management and procurement have to be strengthened. In this regard the EU could bring to the debate its experience with the so called cohesion policy of which urban development is an important strand.

Urban development must be planned and managed taking into account the respective functional urban area and/or metropolitan vision, taking into account territories which provide opportunities or risks beyond the administrative boundaries of cities and building on urban/rural linkages (see SDG target 11.a). Cooperative mechanisms of urban planning and steering in metropolitan areas beyond administrative boundaries as well as information exchange to support mutual understanding of the needs of urban and rural populations should be strengthened and supported by integrated spatial strategies on higher levels in order to ensure a balanced territorial development considering social inclusion, environmental sustainability and economic effectiveness in urban, peri-urban and rural spaces. Special attention should be paid to land management and land access as a pre-requisite for
sustainable urban development, as well as ensuring adequate, feasible and economically sustainable financing models for urban development that guarantee the public benefit from the increases in land values and the mobilization of urban development capital gains in favour of land use planning, for instance by enhancing urban regeneration and land readjustment. In this context, and in order to guarantee the availability of adequate public space, stringent regulation against the excessive privatisation of public space is necessary.

The concentration of populations and economic activities within cities, often with high levels of vulnerability to a range of shocks and stresses, requires risk management to be mainstreamed across urban planning and across sectors. Special attention should also be paid to the specific issues that arise in cross-border urban areas. Furthermore, good urban governance is a prerequisite for the implementation of planned and well-managed migration policies (see SDG target 10.7). Therefore, migration issues should be coherently addressed in local policy making and urban planning, thus enabling cities to provide better, coordinated responses, and to promote benefits for migrants as well as their host societies. Especially in view of the future increase in migration flows due to security and environmental issues, cities need to prepare strategies to cope with short- and long-term migration.

Good governance is evidence-based and builds on a shared knowledge base using both globally comparable data (such as land-use efficiency) as well as locally generated data (e.g., soft data). Urban data collection and indicators, both at national and local level, are essential in order to monitor progress achieved, and are crucial in supporting good urban governance. Data should be transparent and openly accessible. The crucial role that cities may play in data collection, monitoring and reporting on progress at local level regarding sustainable development should also be honoured and corresponding capacities built.

There is a diverse set of best practices of knowledge exchange networks and platforms to this end, such as the EU URBACT programme, and other mechanisms between European and partner countries. A tool for sharing information and knowledge on and between cities is the Urban Data Platform that aims to bring together data and information on urban areas from different sources. The future Global Human Settlement Layer will allow identifying the degree of urbanisation and create a map of all urban centres with population over 100 000 inhabitants, in line with the EU-OECD city definition. The Culture and Creative City Monitor 2016 helps building knowledge on the impact of culture-oriented initiatives on a city's economic and social development.

Innovative governance, business and financing models are also needed for cities to become actors of open innovation. In this regard, "innovation deals" and innovative and responsible public procurement could be seen as key instruments to accelerate the transition towards urban sustainability.

### Action areas to promote good urban governance should include in particular:

1. Women civil rights and empowerment in urban governance matters (T5.1, 5.5)

2. Combating corruption and bribery (T16.5) and ensuring transparency and accountability at the local level

3. Establishment of appropriate National Urban Policies (T 11.3)
   - review of regulatory and policy decentralisation frameworks in line with existing constitutional arrangements
multi-level governance and multi-level multi-actor coordination mechanisms

4. Reinforced capacity and accountability of Local Authorities (T 11.3, 17.9) for
   - integrated urban planning and policies (T 11.3)
   - implementation/design of fiscal policies/revenue generation (T 17.1)
     - attracting private capital investment, inter alia, through blending facilities (T 8.10)
     - improved collection of local taxes
   - land management and land tenure security, and legal identity for all (T 11.3, 16.9)
   - exchange of best practices to develop shared knowledge basis (T 17.8)
   - citizens' and other stakeholders' participation (T 11.3, 17.7)
   - efficiency, transparency and legitimacy of urban political and technical administration (T 11.b)
   - simplified public access to information (T 11.3)

In the EU's external cooperation, a particular focus will be put on sustainable urban governance including at national level (notably spatial, territorial, urban, fiscal and housing policies) as well as institutional and organisational capacity building to develop and strengthen enabled, capable and accountable local governments in the context of ongoing decentralisation processes. This includes facilitating local authorities' access to financial resources including at capital markets and attracting domestic and foreign direct investment, establishing and improving revenue generation and collection systems at sub-national level, and promoting integrated urban planning and design. Greater attention needs to be given to areas such as land use and tenure rights, access to basic services and network infrastructure development (including urban mobility) and access to public and green spaces. Renewed focus is also proposed to be put on ecosystem services including food production, as well as the technical, administrative and legal work concerning slum upgrading. Civil society participation, citizens’ involvement and capacity building for all actors involved in the urban development process are prerequisites for the effectiveness of this cooperation. Furthermore, the specific needs of the Least Developed Countries and the Small Island Developing States will have to be carefully considered, as well as policy coherence with other EU policies ensured.

• Conclusions

Consistency among the four strands mentioned above has to be sought through an integrated and place-based approach to sustainable urban development, as supported, inter alia, by the EU Regional Policy 2014-2020. All issues have to be seen as components of a comprehensive urban development strategy that sets out integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas. Cities should be "people-centred" and enhance conditions for well-being and development of their citizens.

Habitat III will guide urban development policies and implementation for the next 20 years, and give an important impetus to the implementation of the "integrated and indivisible" Agenda 2030, in particular to SDG 11 but also a number of other relevant goals and their associated targets, notably SDGs 1 and 2, ending extreme poverty and ending hunger in all its forms everywhere by 2030. The "New Urban Agenda" will endeavour to create a mutually beneficial relationship between urbanisation and sustainable development, and should offer a rights-based approach, that
help turn urban challenges into vehicles for inclusive economic and social growth, in the understanding of the significant inter-linkages across the goals and targets.

The EU and its Member States are committed to reinvigorating the global commitment to sustainable urbanisation, and thus to work towards guidelines on how to address all related new and emerging challenges in an integrated manner. To this end, the EU and its Member States consider it important for the outcome of the Habitat III Conference, i.e. the "New Urban Agenda" to be better focused and result-oriented than the declarations of the two preceding processes, while keeping in mind its universal character, the need to properly encompass the three dimensions of sustainability and the importance of avoiding a North-South divide along the Conference's preparatory process, in line with the universal nature of the Agenda 2030.

Furthermore, the EU and its Member States consider that the New Urban Agenda will need to include a coherent, efficient and inclusive follow up and review mechanism, contributing to the follow up and review system to be agreed for the 2030 Agenda for Sustainable Development. It should build on platforms and processes where these exist and avoid duplication. Progress in the implementation of the New Urban Agenda will be measured, monitored and reviewed based on the relevant set of the 2030 Agenda indicators. This framework should be flexible and open to changes and modifications based on methodological improvements and data availability.

Consistent with the principles established in the 2030 Agenda, all relevant stakeholders, in particular local authorities will need to be closely associated and involved, in line with the principles of subsidiarity, proportionality and multilevel governance. A bottom up approach in the follow up and review of Habitat III would allow building on input from the local level.

To this end, data collection and indicators' completeness are both essential at national and local level, in order to monitor progress achieved and to decide on adjustments of implementation. The generated data should be transparent, openly accessible and disaggregated as appropriate to capture existing inequalities and efforts to promote inclusive development.

Habitat III should strive to achieve a strong participation of local authorities and stakeholders who will not only be key implementers of the "New Urban Agenda" but whose inputs are also necessary for its elaboration. The EU and its Member States are committed to supporting them throughout the process so that they can engage actively and meaningfully in the process. In particular, the EU and its Member States support the effective engagement of local authorities in the implementation of the New Urban Agenda, of related Sustainable Development Goals and of the 2030 Agenda, including through their access to all public and private sources of financing as set out in the Addis Ababa Action Agenda, including to adequate flows of Official Development Assistance (ODA) and frameworks that facilitate blending ODA with public and private loans.

Generally, the "New Urban Agenda" will require a stronger focus on multi-level urban governance and multi-actor approaches including rural and agricultural sectors as well as reference to a global partnership– set out in Goal 17 of the 2030 Agenda -, seen in particular from the perspectives of transparency, inclusiveness, and appropriate national legal frameworks to facilitate sustainable urban development.

Habitat III provides for an important opportunity at global, national, regional and local levels to contribute to shaping the cities of tomorrow and is an integral part of the implementation of the Agenda 2030.