HABITAT III POLICY PAPER FRAMEWORK

3 – NATIONAL URBAN POLICY

31 December 2015

(not edited version)

This Habitat III Policy Paper Framework has been prepared by the Habitat III Policy Unit 3 members and submitted by 31 December 2015. It has followed the Habitat III Policy Paper Framework template provided by the Habitat III Secretariat to all Habitat III Policy Units[1].

Habitat III Policy Units are co-led by two international organizations and composed by a maximum of 20 experts each, bringing together individual experts from a variety of fields, including academia, government, civil society and other regional and international bodies.

The composition of the Policy Unit 3 can be consulted at www.habitat3.org

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[1] Note by the Secretariat: In specific cases slightly changes to the Habitat III Policy Paper Framework template have been accepted such as addition of executive summaries, introductions, bibliography, etc. However all frameworks have been adapted to the three basic expected accomplishments: challenges, priorities and implementation. The Habitat III Policy Paper Framework template can be consulted at: www.habitat3.org

Executive Summary

Urbanization is an increasingly urgent global phenomenon, and is having a particularly dramatic effect on the landscape of all countries. It presents challenges and opportunities – both of which can be managed by a government that is well prepared and has a framework for its urban development in place. A National Urban Policy (NUP) harnesses the dynamics of urbanization and integrates it into the overall process of a country's development – it does not replace local urban policies, but compliments them to create an overall, cross-cutting vision of an urban landscape.

This policy framework outlines key issues involved in the design, implementation, and monitoring and evaluation of NUPs under three broad headings: i) challenges; ii) priorities; and iii) implementation. Each of these three sections contains actions and activities to be considered.

1. To identify the challenges, a review of the 22 Habitat III Issue Papers was undertaken and the pertinent recommendations were extracted. These focus on various issues, for example urban rules and legislation, urban governance, municipal finance, inclusive cities, migration and refugees in urban areas, etc. Key action points are given. These issues were then re-examined from the perspective of conflict and controversies and this is followed by a review and analysis of other key documents. Examples of countries with a NUP, some projects and practices are identified, and relevant research and other data is given.

2. The key challenges for a NUP were also identified and suggestions for the criteria for establishing the policy's priorities were made. Key changes and transformations that can be achieved through NUP are outlined and external factors that are key to this are given. Some targets are also set in this section.

3. In the final section, some key actions at all levels of implementation are identified, financial resources and their sustainability are featured, and indicators of successful implementation, monitoring and evaluation of a policy are given.

Introduction

How National Urban Policies can contribute to the implementation of a new urban agenda

The global urban population will have increased from less than 1 billion in 1950 to roughly 6 billion by 2050, and to around 9 billion by 2100, corresponding to close to 85 per cent of the projected total population. This growth requires a particular attention for a coordinated policy to manage and guide future urbanization patterns. The geography of urbanization is also changing and in most of European and Northern American countries, the largest part of urbanization is already embodied in existing city forms and infrastructure. Developing and emerging countries have an unprecedented opportunity to ensure their urbanization processes result in well-functioning and environmentally sustainable cities.

National Urban Policies (NUPs) are able to establish the connection between the dynamics of urbanization and the overall process of national development. They can help to harness the benefits of urbanization while mitigating the challenges through the development of a much broader, crosscutting vision of an urban landscape. NUPs are intended to achieve better urban results by, firstly, helping to align sectorial policies that affect urban areas, and secondly, by developing an enabling institutional environment. Thus, NUPs complement rather than replace local urban policies by embracing urbanization across physical space, by bridging urban, peri-urban and rural areas, and by assisting governments to address challenges such as integration and climate change through national and local development policy frameworks.

This policy framework outlines key issues involved in the design, implementation, and monitoring and evaluation of NUPs under three broad headings: i) challenges; ii) priorities; and iii) implementation.

1. Challenges: Identify challenges, including structural and policy constraints	
a. Review of the Habitat III issues papers	**a.1 Main recommendations from the issue papers:**
	After reviewing the 22 Habitat III Issues papers, the following points were the main recommendations related to NUPs. Issue papers 5, 6 and 7 were highlighted by the Habitat III Secretariat as being particularly pertinent for Policy Unit 3:
	Issue Paper 5: Urban Rules and Legislation
	In many countries, regulatory reforms may be needed in order to implement NUPs. Urban law depends on a series of elements, chief among which are clear and coherent policy and legislative instructions; the appropriateness of the legal instrument selected with primary legislation being a last resort; the efficiency of the mechanisms proposed and the quality of the text of the instrument; and above all, local relevance and practicality. Local and regional law-making and legislative interpretation powers significantly influence the implementation of policy on the ground. These are often highly discretionary and exist within relatively weak governance frameworks, so appropriate balances between accountability and discretion must be achieved. There are three key actions:
	1. **Review** restrictive, exclusionary and costly legal and regulatory processes;
	2. **Adopt** an enabling legal and regulatory framework; and
	3. **Effect** institutional and legal frameworks that facilitate and enable broad-based participation.
	Issue Paper 6: Urban Governance
	National governments largely control the institutional system and therefore the responsibilities and opportunities for urban governance. NUPs are therefore critical to empowering cities, capacity building, financing and, in many cases, ensuring effective governance of administratively fragmented, large metropolitan areas. NUPs should be located institutionally (ministry, presidency, cross-government body) in a place that facilitates effective co-ordination across sectors and levels of government. Irrespective of this,

responsibility for policies should be allocated to appropriate levels of government, which may entail changes in the institutional structure. Effective institutional design is critical to ensuring that a NUP is actionable and can guide policy. Crucial points from Issue Paper 6 are:

1. Effective **decentralization and stronger local governments** with the appropriate resources, transparent mechanisms and legal powers are necessary for successful implementation of NUPs:

2. Strengthening of capacities of all (national and subnational) stakeholder through **capacity building programmes**;

3. Enhanced **accountability and monitoring and evaluation** mechanisms are central to sound governance;

4. Improved governing capacities rely on **improved data-gathering** capacities;

5. **Recognition of informality** in urban areas (in terms of local economies generated, employment and space) and its relationship to the formal sector is necessary in order to avoid challenges such as precarious municipal finances.

6. Increased recognition of the need for **partnership and collaboration** with communities, the private sector, civil society and women's and youth's organizations in order to empower stakeholders within the governance process.

Issue Paper 7: Municipal Finance
In most countries, national governments (or in some federal systems intermediate-level authorities) typically define the rules regarding municipal finance. It is critical that they balance equity and efficiency and that they create the right incentives for prudent financial management and sustainable development. NUPs can and should promote mechanisms for private and public financing, and address imbalances caused by various economic and social conditions. The following important points are drawn from Issue Paper 7:

1. Often **municipal finance capacity is closely tied to governance reform** that is needed to provide a strong legal and institutional framework through which the provision of urban infrastructure and other services can be facilitated across different levels of government.

2. Cities need a **sustainable flow of resources** and the necessary conditions to unlock endogenous financial resources to achieve sustainable urbanization.

3. Not only providing the tools for sustainable flows of resources, but also **building capacity in the area of resource mobilization**, is necessary for sustainable urbanization.

4. National policy must squarely address the issue of city financing and the need for national systems to evolve. This process will involve **coordination across a number of national and local ministries or departments**. The focal point for coordination needs to be given **a clear mandate** to undertake the process.

5. Subnational governments should **improve transparency**, providing easily accessible public data on provision of infrastructure and services and be able to link those expenditures to increased taxes/fees.

6. Prioritizing infrastructure investments and the financing of those investments thus needs to take place in the context of **a rational plan for city development**.

Other Issue Papers:

Issue Paper 1: Inclusive Cities
National policies aimed at fostering inclusion must address the spatial dimensions of inequality and exclusion (both in cities and among cities); these both reflect and reinforce other dimensions of interpersonal inequality and social exclusion. To this effect, NUPs require **capacity building at all levels** across all sectors involving all actors – empowering cities does not imply a simple, zero-sum shift in responsibilities from one level to another.

Issue Paper 2: Migration and Refugees in Urban Areas
Migration issues cannot be effectively addressed in the absence of intentional urban policy. Firstly, destination countries often lack an enabling national legal and policy framework (permitting freedom of movement and the right to work, for example). Secondly, the concentration of migrants and refugees in specific places imposes significant burdens on local authorities. While national policies may

determine who is allowed to enter and remain in a country, the absorption costs are often concentrated in specific locales. Co-ordination and support across levels of government, including appropriate devolution of governance and fiscal powers is needed. A NUP can provide a co-ordination framework.

Issue Paper 9: Urban Land
The mechanisms for managing the supply of urbanized land must be sufficient to accommodate urban growth while protecting sensitive areas and avoiding uncontrolled sprawl. Regulatory constraints on land supply, such as poor land allocation practices and arbitrary or discretionary normative regulations (densities, floor-area ratios, plot sizes) limit urban productivity and the supply of affordable housing in many places. NUPs can and must balance the need for equitable access to land and respect for (informal as well as formal) property rights (social function of land and property) against sustainability concerns and the use of land as a productive resource.

Issue Paper 10: Urban-Rural Linkages
The linkages between urban, peri-urban and rural areas are undoubtedly intensified and the interdependencies are clear. Urban areas depend on rural areas for goods and services, while rural areas depend on urban areas for employment, markets and services. A NUP can work to strengthen the connection between areas by, for example, providing improved infrastructural links.

Issue Paper 11: Public Space
According to Issue Paper 11, public space generates equality, and streets and open spaces (design and public investment) are a means to cities' prosperity. The private sector generally fails to recognize its importance and, as public space is a common good, it is of paramount importance that government defend and maintain public space. A NUP can provide a framework for the provision and protection of public space for all.

Issue Paper 12: Local Economic Development
As raised in Issue Paper 12, while a city's competitiveness depends foremost on the strengths of its economic sectors, there are other factors, including the quality of the governance institutions, their ability to tax, plan, legislate and enforce laws, their support for enterprises and human capital development, and public participation in decision-making. A NUP can help provide a quality governance environment which in turn can promote local economic development. It can also help national and local government guide investment

choices that can support local economic development and can help to frame the spatial economic geography of a country.

Issue Paper 14: Informal Sector
To promote sustainable and inclusive urban settlements, legislative frameworks for cities and National Urban Policies must be capable of encompassing informality and offering the protection of law to those whose homes and livelihoods are informal. In many countries, the capacity of governance systems to encompass informality in land rights is of special importance.

Issue Paper 15: Urban Resilience
As commented in Issue Paper 15, urban resilience is built on an understanding of the "urban system" which is comprised of functional, organizational, physical and spatial scales. Understanding and coordinating this system requires horizontal and vertical cooperation, which can be facilitated through a NUP. National policies play importance roles within adaptation and mitigation strategies, and can raise or lower the costs of urban climate change mitigation or adaptation efforts. National urban policies must be cognisant of the surrounding natural environment and should support revitalization or rebuilding efforts to rehabilitate cities and communities following natural disasters and conflicts, in connection with metropolitan and local policies.

Issue Paper 18: Urban Infrastructure and Basic Services, including Energy
NUPs can help guide connective infrastructure investments by thinking of cities in terms of *systems* rather than isolated individual settlements.

Issue Paper 19: Transport and Mobility
Transport/mobility policies must be framed within the broader housing, land-use and urban development policies at a metropolitan scale (defined in terms of settlement and human activity rather than administrative boundaries). Freight management cannot be neglected in designing urban transport policies.

Issue Paper 20: Housing
A NUP should seek to correct the distortions that afflict urban housing markets in many countries, as such distortions are often rooted in national tax and regulatory frameworks or in the conflict between national and local policies.

Issue Paper 21: Smart Cities

NUPs are essential to realising the potential of "smart city" initiatives to improve urban performance. It is critical that a NUP strike the right balance between data accessibility (allowing for "open data") and privacy, as well as encouraging the use of smart solutions to promote economic and social inclusion as well as efficiency and sustainability. While much attention is paid to the potential of smart solutions to improve urban governance, the governance of "smart city" methods and technologies must not be neglected.

a.2 Disagreements/controversies

The points identified above were further examined from the perspective of disagreements/controversies. As a result, the following key challenges facing those who design, implement, and monitor and evaluate NUPs are:

1. **Establishing the need** for such a policy: In some contexts, a narrow view of urbanization sees the process mainly as a source of problems instead of recognizing its potential to increase prosperity, productivity, and well-being. A NUP must make the point that capturing the opportunities requires all levels of government to pursue coordinated and directed policies that will help prepare for urbanization. Top down urban policies and fear-driven attempts to prevent urbanization altogether have had no success. Successful urbanization needs policies that are integrated across sectors and levels of government and a NUP can make a large contribution to foster such policies. A NUP is, therefore, a crucial ingredient for building cities that are sustainable, productive, liveable and inclusive.

2. **Building support** for the NUP: Building the political and social will to develop a NUP and getting the right stakeholders together (government and non-government) as well as the right expertise.

3. **Flexibility vs predictability**: On the one hand, NUPs shall be able to accommodate development scenarios and build the basis for a long-term vision; they must provide cities, ministries and other actors with a coherent, long-term framework for action. On the other hand, cities are constantly changing, as are their external environments. These points to the need for an iterative policy design, which can monitor, adapt and adjust policies over time in ways that are predictable and transparent, so that necessary adjustments can take place without destabilising the whole framework. The policy must also contain not only long-term visions but

also medium-term goals in order to ensure the policy is action oriented.

4. **Articulating the objectives** of a NUP: It remains debated whether NUPs are about what happens in cities or in the urban system (or both). There is disagreement about whether an NUP is about identifying priorities or about integrating/aligning policies across sectors/levels of government: both should be discussed. The discussion should be tailored to the particular context in which the NUP is being developed.

5. **Defining the scope of an NUP and achieving co-ordination across sectorial policies:** The scope of NUP is not only physical urban planning. Many policies with huge implications for cities are never really seen through an "urban lens". Although a very wide range of national-level policies can have a profound effect on urban development, national governments rarely review this impact systematically. NUP should facilitate greater coherence across national sectorial policies and contribute to greater coherence between national and city-level initiatives, thereby strengthening the impact of both. However, in order to facilitate this coherence, governments must understand the system of sectorial policies prior to undertaking the development of a NUP. This understanding could be developed by undertaking institutional and policy mapping. Coordination across sectorial policies remains a challenge for most national governments, given the complex array of institutions involved. A review of OECD member countries in 2013 found that the average government had 6.7 ministries, national-level departments or agencies with urban policy functions; many had 8 or more.

6. **Balancing top-down and bottom-up approaches** to NUP development: A challenging question is whether a NUP is about national government saying what should happen locally or about local government finding a collective voice concerning what should happen nationally. The process needs top-down and bottom-up elements. Leadership from national governments is indispensable but active and institutionalized participation in the development of NUPs is equally crucial. National governments must engage with the real needs, aspirations and agendas of people in particular places. There is a balance to be found between best evidence/expertise and maximum engagement/openness (balance between bottom-up and top-down elements). When balancing top-down and bottom-up approaches, it is also essential to consider which level of government is mandated to develop urban policy in a particular context. If national government does not have an urban development mandate, it is possible for policy coordination responsibility to be at the subnational (state/province) level.

	7. **Designing the governance of the process** of formulating, implementing, and monitoring and evaluating an NUP: If the NUP is to have legitimacy and to be implemented successfully, a large number of public and private actors at all levels who will be involved in the design, implementation, and M&E of an NUP must believe that the policy process is open, fair and transparent. The optimal allocation of responsibilities/powers/resources across levels of government will vary from country to country and is often contested, but a balance must be reached to ensure sub-national governments have the responsibilities/powers/resources to make the policy actionable. The plan for the policy must take into account the financial and legislative requirements of implementation. 8. **Gathering legitimate and robust data** to provide the evidence base remains a major constraint. For example, dealing with the informal is challenging when there is no (reliable) statistical data. In addition to more traditional data sources, governments need to make the most of new data sources (the UN-Habitat's City Prosperity Initiative, Google Earth, big data, community driven data gathering, etc.) to map what is happening in urban systems. GIS data can be crucial to allow mapping of things that might otherwise be spatial statistical artefacts. Effective participation and the engagement of stakeholders, including local research institutions, to design instruments for monitoring and evaluation and wider research is needed staring from the diagnostic phase. 9. **Tensions between technical and political processes of NUP**: A NUP is both a technical and a political process. Although there can be tension between these two, a technical strong NUP and commitment and support from stakeholders are necessary elements of a transformative NUP.
b. Review / analysis of key publications / documents	**b.1 Reviews of key documents on NUPs** 1. Cities Alliance (2013), Assessing the Institutional Environment of Local Governments in Africa, Brussels. 2. Cities Alliance (2014), Managing Systems of Secondary Cities: Policy Responses in International Development. Brussels 3. DNP Colombia (2014). National Policy to consolidate the System of cities in Colombia. Colombia. 4. OECD (2012), *Redefining Urban*, OECD publishing, Paris. 5. OECD (2015), The Metropolitan Century: Understanding Urbanisation and its Consequences, OECD Publishing, Paris.

| | 6. OECD (2014), OECD Regional Outlook 2014: Regions and Cities: Where Policies and People Meet, OECD Publishing, Paris. |

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6. OECD (2014), OECD Regional Outlook 2014: Regions and Cities: Where Policies and People Meet, OECD Publishing, Paris.

7. OECD (2013). Rural-Urban Partnerships: An Integrated Approach to Economic Development, OECD publishing, Paris.

8. Turok Ivan (2015). Turning the tide? The emergence of national urban policies in Africa, Journal of Contemporary African Studies, 33:3, 348-369, DOI: 10.1080/02589001.2015.1107288

9. UN-Habitat (2015). A Framework for a Rapid Diagnostic. UN-Habitat: Nairobi, Kenya

10. UN-Habitat (2015). A Guiding Framework: National Urban Policy. UN-Habitat: Nairobi, Kenya.

11. UN-Habitat (2014). The International Guidelines on Urban and Territorial Planning. UN-Habitat: Nairobi, Kenya.

12. United Nations Human Settlements Programme (2014a), State of African Cities Report, Nairobi.

13. UN-Habitat and Cities Alliance (2014). The Evolution of National Urban Policies: A Global Overview, Nairobi.

14. Wold Bank (2009) The International Bank for Reconstruction and Development , Washington D.C.
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| c. Identify examples, projects, practices | **c.1 List of examples/projects**

 The following are examples of NUPs to illustrate different stages of NUP processes: feasibility / diagnosis / formulation / implementation / monitoring and evaluation:

 1. **Argentina**: long experience of renewing/improving national urban policies and indicators: programme financed by the CAF to strengthen territorial planning (worked v well for them) www.planificacion.gob.ar

 2. **Chile**: decree defining urban policy, creating national urban policy council (designed to try to transcend politics and give it long life, consensus: governance matters, because civil society, business and other actors wanted it to continue after a change of administration) [Unitary]

 3. **Brazil**: 1988 constitution (right to the city), 2001 city statute, 2003 Min Cidades, legislation 2004-14/15. National, state and local |

actions and legislation, investment programmes, campaigns for updating master plans, sectorial policies developed (housing, mobility and sanitation) [federal] National Council of Cities 2005

4. **Colombia:** a National Policy to consolidate the System of Cities was established in 2014. The main objective is to strengthen the System of Cities as the motor of the country's growth, promoting regional and national competitiveness, an improvement of quality of life and environmental sustainability, in the context of equality and post-conflict.

5. Over 50 years, the evolution of NUP in **Korea** had the following features: spatial concentration of industries, boosting exports, growth poles, attracting substantial population and investment flows with some shortcomings such as severe shortages of housing, infrastructure, and land for development. The NUP also sought to deconcentrate jobs and population away from the capital area in pursuit of "balanced territorial development", strengthen the role of cities in the green agenda. Korean Government is now working to improve vertical and horizontal policy coordination within government, to enhance the capacity of local government, and to strengthen the link between policy-making and implementation within the field of urban development.

6. In **Morocco**, key ingredients for the successful implementation of the NUP include subsidies to private developers to provide affordable housing; making public land available for development; streamlining the planning system, and signing contracts with city authorities to implement the policy effectively.

7. In **Ethiopia**, one can highlight the systematic approach to urban expansion as one important feature of urban policy, whereby local government controls the use of land and grants leases to different users and developers.

8. In **Germany**, the National Urban Development Policy of Germany was driven by the Leipzig Charter on Sustainable European Cities and although built with a traditional planning system in mind, can provide examples of empowering cities through funds and instruments and using NUP as a participation platform and for policy dialogue.

More examples and experiences can be found in Annex 1 and in the reference list, particularly the following: UN-Habitat and Cities Alliance (2014), The Evolution of National Urban Policies; UN-Habitat (Forthcoming 2015/2016): Regional assessments of National Urban Policies; OECD Urbanization Reviews (series and several countries), World Bank Urbanization Reviews in several countries.

d. Identify research and data	**d. 1. SGD goals and targets** NUP can serve as a key instrument to achieve SDGs, in particular SDG 11 on cities, SDG 6 on Sanitation, SDG 8 Economic Development. Goal 1: Poverty Eradication, targets 1.4 and 1.5: land tenure security and resilience Goal 2: Food Security, Nutrition and Agriculture, targets 2.3 and 2.a: land tenure security and urban-rural linkages Goal 3: Gender, target 5.2: safety and 5.a ownership and control over land Goal 6: Water, targets 6.1 and 6.2: access to drinking water and sanitation Goal 7: Energy, targets 7.2 and 7.3: access to renewable energy and energy efficiency Goal 8: Economic Growth and Employment, targets 8.3, 8.5 and 8.6: job creation, decent work and youth unemployment Goal 9: Infrastructure and Industrialization, targets 9.1, 9.4 and 9.a: access to and upgrading and financing infrastructure Goal 10: Reduce inequality – target 10.4 discriminatory laws Goal 11: inclusive, safe, resilient and sustainable cities and human settlements; from 11.1-11.7 and 11.a-11c. Goal 12: Sustainable Consumption and Production, target 12.5: waste management Goal 13: Climate Change, target 13.1: resilience and adaptive capacity; 13.b capacity for effective climate change-related planning and management Goal 15: On terrestrial ecosystems; 15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, Goal 16: Peaceful Societies and Inclusive Institutions, targets 16.7 and 16.a: governmental subsidiarity and institutional capacity building, 17.b non-discriminatory laws and policies for sustainable development Goal 17: on means of implementation and partnership for sustainable development; 17.14 Policy coherence for sustainable development; 17.17 Effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

d.2 List of other indicators to be taken into account

There is a need to take into account of wider range of data and indicators and the need for a functional approach to defining urban spaces. This is not just about functional urban areas (FUAs) vs administrative data but also about the fact that "urban" and "rural" designations are in some countries based on historical classification with no link to settlement patterns, built-up area or economic activity. All indicators, and collection of data, should be based on ethos of participation, partnership, and coordination and cooperation of actors. Through the use of indicators, the progress and the extent to which a NUP satisfies key criteria can be tracked. Possible indicators or key criteria may be that a NUP:

1. Responds to population dynamics

2. Ensures balanced regional and territorial development

3. Prepares for infrastructure and services development

4. Promotes urban land-use efficiency

5. Enhances resilience to climate change

6. Protects public space

7. Develops effective urban governance systems

8. Increases local fiscal space

Other examples of indicators:

1. Demographic data

2. Households size

3. Finances, etc.

4. Statistical and geospatial (on functional urban areas)

	5. Productivity (structure and efficiency of markets)
	6. Quality of life (cost of living, life conditions)
	7. Environmental (ecological structure, climate change, risk)
	8. Territorial organization (Territorial planning, urban – rural linkages)
	9. Infrastructure and services (transport infrastructure, public utilities)
	10. Institutional arrangements and effectiveness (public finances, governance, coordination)
	11. Connectivity (digital connectivity, freight physical connectivity, etc. to avoid and limit "divides" (technology, income, social, territory)

2. Priorities: Identify the policy priorities & critical issues for implementation of a new urban agenda

a. Establish criteria for identifying policy priorities	**a.1 List of criteria** Through a review of Issue Papers and a consideration of the challenges for National Urban Policy, the Experts of Policy Unit 3 identified the following criteria for defining policy priorities: 1. The process for defining urban policy priorities needs to be underpinned by **a strong communications strategy** (careful mapping of stakeholders and identification of interests and potential roles and responsibilities to introduce the process and invite all to be involved). An inclusive dialogue aiming to establish a consensus, involving all the key actors, is critical for successful implementation as well as legitimacy; if all parties are to be fully engaged in implementation, they need them to be involved from the start and need to have full access to data and other relevant information. 2. Priority-setting must be based on **an adequate and effective assessment of the _status quo_** – the evidence base (stocktaking) is critical; this implies a strong technocratic/expert component to accompany a broadly inclusive process.. The evidence base, though, must encompass non-statistical evidence as well as "hard" data, lest the priorities be distorted by ease of measurement or

	availability of data. Within a wider research programme, a continuous monitoring process is desirable to improve the national evidence base to support improved policy decision-making.
	3. Strategic choices have to be made about **priorities and sequencing during the NUP process,** as there will undoubtedly be a range of issues to be covered (money, people, infrastructure, urban form/design, internal and external connectivity, essential services (water, transport, health), etc.). Issues of finance and capacity must be considered when developing policy priorities, but **political feasibility (mandate to make these choices) is also important**. An exhaustive list of desirable objectives, with no hierarchical ordering or link to urgency/feasibility, should be seen as a wish list, not a set of priorities.
	4. Policy priorities should be defined **keeping in mind a realistic interpretation of financial and legislative capacity**. Priorities can be in the short, medium, and long term and should be affordable, politically feasible and efficient/effective.
	5. A NUP should be based on a governance model which allows for the **needs, demands, suggestions and active participation by key stakeholders** (also important for implementation), improving the levels of transparency, equity and accountability. The determining of policy priorities should also be based on the same governance principles.
	6. **Building capacity and knowledge sharing** are essential in order to develop priorities based on realistic expectations, and therefore priorities that are implementable. Opportunities in the form of partnerships with academic institutions, private sectors, NGOs, civil society organizations, etc. can enhance knowledge share and promote capacity building.
	7. Policy priorities must consider **the overall impacts** of the NUP, such as the people affected, environmental impact, etc.
	All policy priorities must be based on a firm foundation of understanding of the **context**. Particular attention could be paid to: the level of government with an urban mandate, reviews of existing legislation, policy instruments, levels of institutionalization, stakeholders, etc.
b. Define key transformations to achieve by	**b. 1 List of key transformations** In view of the foregoing, it is clear that NUPs constitute an important part of any serious attempt to implement the SDGs – not merely SDG 11 (which explicitly addresses cities and other settlements). Most of the SDGs have evident urban dimensions and cannot be

policy priorities	realised without addressing what happens in cities.
	Transformations can be realized through the <u>process</u> of NUP, not only through the <u>product</u>. Spatial, cross-governmental institutional architecture, effective devolution (fiscal, policy-making, and service provision), capacity assessment and appropriate capacity development are examples of transformations that can be made through the process of developing a NUP. Although many policy domains were exclusively under national jurisdictions in the past, now most areas of domestic policy are a shared responsibility. Policy coordination across levels of government is essential if cities are to function well and this requires national leadership.
	Successful NUPs can enable the following key transformations:
	1. Increased coherence of national and local policies affecting and relevant to urban development (territorial/spatial impact of national sectoral policies). Selected relevant national and local policies are: economic policies (which impact the economic impact (e.g. job creation) that urbanization can bring), land, public service, safety and security, housing, certain infrastructure, climate, natural resources/environment, mobility, and social policies. Increasing coherence at the policy level can improve administrative effectiveness and resource flows at the metropolitan level.
	2. Empowering local authorities by building capacity, rebalancing fiscal systems and giving legal and political mandate.
	3. Empowering communities, grassroots organization, social and traditional leaders and civil society at large by providing them tools for monitoring and evaluating policies and increasing participatory mechanisms in budgeting and/or policymaking process.
	4. Improving investment in cities by improving business environment.
	5. Fostering co-operation and collaboration across jurisdictions by overcoming metropolitan fragmentation and discouraging "race-to-the-bottom" competitions (e.g. regulatory competition, harmful competition that prevents local governments from collecting sufficient revenue).
	6. Improved quality of life and well being (poverty, accessibility, environmental quality, etc.). While the components of this improvement will vary according to challenges and contexts, improved quality of life is the ultimate aim.

b.2 List of key priorities

NUP is highly dependant on context and will need to vary depending on the circumstances. Key priorities include:

1. **Structuring the urban systems** (from large to medium to small cities) **and the connectivity among cities** to support sustainable development of the country. The structure of the urban system matters for growth. Because cities do not exist in isolation, sustainable connectivity at all scales is increasingly important to the performance of national urban systems. For example, national decisions about major infrastructure networks can have a tremendous impact on cities' competitiveness and growth potential.

2. **Facilitating urban policies and governance at a metropolitan scale**. Inter-municipal co-ordination typically requires support from higher levels of government. There has been increasing attention in recent years to the benefits of governing cities as functional economies rather than administrative units. Higher levels of government can have a role in facilitating the cross-jurisdictional co-operation that is needed to improve the outcomes in complex metropolitan areas.

3. **Strengthening urban, peri-urban and rural interactions** to enhance and structure the environmental, social, economic and public policy connections and therefore promote functional linkages between urban, peri-urban and rural.

4. **Promoting equitable opportunity in cities, addressing urban poverty, segregation and inequality**, addressing issues such as informal settlements, land reform and housing should be at the centre of a NUP framework. In order to tackle such multifaceted and cross cutting urban challenges, strong national support is needed in these thematic areas.

5. **Recognizing rural areas and the urban-rural continuum**: Rural areas must be recognized within functional urban areas (FUA), however the importance of linkages to rural go beyond the FUA. Policies need to address this, especially with respect to development of infrastructure and management of eco-system services (land and water, in particular). Furthermore, rapidly urbanizing countries need to understand whether and to what extent urbanization is driven by rural-push factors rather than urban pull as this has implications for the economic dynamics of agglomeration; inefficient agglomeration may result if people are driven to cities for security or for consumption opportunities but productive opportunities. Rural development policies, though, are often distinct from national urban policies, and therefore need to be considered within them. An NUP need not downgrade rural policy as a priority and it might even strengthen it.

	6. **Promoting a territorial and differentiated approach** by considering key urban and territorial principles, such as those in the International Guidelines for Urban and Territorial Planning. A differentiated approach is needed based on population, needs and social infrastructure. Particularly, **empowering local governments** through planning and territorial differentiation of responsibilities and competences based on the administrative capacity and effectiveness, and/or the population-size of cities.
	7. Considering **safety and security** in cities with particular reference to urban governance, local economic development and impacts on vulnerable populations, such as women, children, youth and the elderly.
	8. **Supporting cities' actions for environmental sustainability**, particularly controlling pollution and climate mitigation or adaptation.
	9. **Adequate Financing** of the NUP process, particularly the implementation, has to be thought through. Managing and modernizing existing funding instruments and adopting new instruments for supra-municipal funding.
	10. Relevant **legal and regulatory frameworks** will be required to support the successful implementation of the NUP.
c. Identify common external factors favourable to the success of the policy priorities	**c. List of external factors** 1. The broader institutional environment: success will be facilitated where there is already experience/tradition of effective cross-sectorial co-ordination of policy at national level. Where this is lacking, more experimentation (and adjustment via trial and error) may be needed to evolve a process and set of mechanisms/institutions that enable effective co-ordination. 2. Co-ordination across levels of government is important. This implies that the process will involve capacity building at all levels. Governments at different levels must learn to interact effectively, whether via contracts or other co-ordinating institutions and mechanisms. 3. Empowering cities, a key stakeholder of the New Urban Agenda, will also entail the creation of new capacities at central level as well. This should not be thought of in terms of "decentralization" as it is often conceived, because it need not imply dis-empowerment of senior levels of government. Despite the way it is often discussed, decentralization/local empowerment does not usually imply a simple transfer of central power to regional and local levels (the reallocation of a fixed set of powers, functions or capacities). More often, it is about creating new and better capacities for co-ordinated state action at all levels. Empowering regions

	and localities may require new capacities at senior levels of government, to ensure that less-centralized governance does not compromise the coherence of the state or the unity of the economic space. Further, developing mechanisms/systems for improving both national and local government performance, such as performance based awards, may encourage local authorities to work with national government to achieve common vision.
d. Create targets for those policy priorities	**d. List of targets** Considering phases/stages – diagnostic, formulating, implementing, monitoring and evaluation, the following targets can be set: 1. By 2020, 2/3 of the member countries will have initiated the process for developing a NUP, or are reviewing their existing NUP framework; 2. By 2025, half of the member countries will have formulated and initiated the implementation of a NUP; and 3. By 2030, 1/3 of the member countries will have monitored and evaluated their NUP. In addition, for all initiated NUPs, we recommend the following: 1. Stakeholder participation mechanisms in the process of developing a NUP; 2. Institutionalized mechanisms for coordinating NUPs.
3. **Implementation:** Develop action-oriented recommendations	
a. Identify key actions at all levels of implementation	**a.1 Key recommendation for action** In this policy paper, key actions are defined to ensure that a NUP is legitimate, integrated and actionable, it can be monitored effectively, that mechanisms exist to help ensure long-term continuity while allowing for necessary adjustment. Key actions discussed here focus on formulating, implementing and monitoring and evaluating a NUP rather than the content of the policy itself. 1. **Considering the feasibility of NUP**: defining the purpose, the value-added, contents and scope, and timeframe of a NUP, taking into

account of the country's national/local context and creating a consensus on the need for NUP.

2. **Understanding the context: mapping institutional settings** and **key stakeholders** to formulate, implement, and monitor and evaluate NUPs (ministry, presidency, cross-government body, the private sector, civil society, etc.). All relevant ministries should take part in the formulation of an NUP to ensure inclusion of a wide range of relevant policies and a widespread feeling of ownership. The **roles and responsibilities** of different stakeholders need to be clarified to ensure that all have the same expectations for implementation.

3. **Creating a national vision/strategy for urban policies**, with clear objectives, targets, responsible institutions, and implementation and monitoring mechanisms. A mechanism to revise the NUP periodically should be included in the vision / strategy. The process for developing the vision should be transparent and beyond national and subnational governments; it should also involve all relevant non-state actors, such as non-governmental organizations, citizens and the business sector.

4. **Reviewing and adjusting existing national legal, institutional and fiscal frameworks and guidelines of all sectors** to ensure the implementation of the vision/strategy. To a great extent, national governments establish the ground rules for cities. National (and, in some federal systems, state/provincial) legislation typically defines cities' responsibilities, powers and, crucially, revenue sources. Attention to the basic legislative framework for cities is essential but it is too often overlooked. Fiscal frameworks, in particular, may create powerful incentives for city leaders that contradict other national policy priorities, e.g. when the tax system makes green-field development more attractive to cities than infill.

5. Maximizing the use of **technology** (geo-spatial and behaviour) to help evidence-based decision-making.

6. Establishing a participatory mechanism to facilitate **policy dialogues** among national and subnational, state and non-state actors on NUP, ensuring effective participation of all actors.

7. Establishing a **global mechanism** (e.g. intergovernmental panel) to stimulate **policy-relevant research** on urban issues to support implementation of the New Urban Agenda.

8. **Building capacity (human, institutional, financial and technical)** at all levels of government for formulating, implementing, and

	monitoring and evaluating NUPs. Capacity building should also be considered for the private sector.
b. Analyse financial resources required and instruments for their sustainability	**b. 1 Financial resources** Effective NUP will require clear ownership of national governments. In order to ensure sufficient financial resources for formulation and implementation of NUP, the following measures could be enhanced: 1. Mapping of the existing budget flows/availability in the government / international source / private sectors to be allocated to NUP. When resources are limited, NUP could start with developing some policy principles, coordination and consultation measures to leverage awareness on the case of NUP. 2. Cost sharing between different levels of government to enhance municipal financing, and scoping of alternative and innovative financing mechanisms (including mechanism of value capture and sharing, subsidies and tax collection). 3. Accessing and expanding private finances – both through improved Public Private Partnerships (PPPs) and access private capital to finance the urban policies and plans requires multiple funding sources, including private sources.
c. Establish indicators of successful implementation, monitoring and evaluation	**c.1 Indicators of success** Indicators for successful conception and implementation of NUPs vary by countries, but can include the following: 1. The NUP answers nationally defined goals in the short, medium and long term. 2. The vision of the NUP is mainstreamed into departmental programmes and policies. Indicators for successful monitoring and evaluation may include the following: 1. Measurability through access to adequate data sources that allow comparison with a baseline scenario. 2. The use of participatory monitoring and evaluation techniques in order to ensure an inclusive monitoring and evaluation process that is open to all stakeholders.

	c.2 Monitoring mechanisms Outcome monitoring may be linked to SDG's reporting system, as most of NUP targets are clearly related to SDG targets: 1. In this context, stakeholders can play an important role in monitoring the impact of a NUP. 2. NUPs may set in motion certain processes, and it could be useful to measure both the process and as well as specific policy outcomes; this could facilitate the embedding of programmes that mainstream NUP priorities. 3. Regular tracking of implementation of NUPs via national government as well as other stakeholder institutions. 4. Ideally, such a tracking process should be put in place *ex ante*.
d. Analyse links with Agenda 2030	**d.1 Linkages with Agenda 2030 / Paris Agreement** Given the large share of populations that live (or will be living) in cities and, correspondingly, the large share of cities in global emissions, the fight against climate change will be won (or lost) in cities. NUPs should strive to make cities environmentally sustainable and in particular to reduce their carbon footprint, at a minimum in accordance with COP 21 engagements. A NUP that places sustainability at its core can be an important tool for government to support cities in their adaptation efforts in order to ensure that cities remain liveable and resilient while facing the impacts of climate change.
	Conclusion: This framework document has worked to illustrate the key challenges and priorities of NUP as well as key elements of the implementation of NUP. It is clear that although challenges can exist in the development of a NUP, both the transformative power and the ability to capitalize on urban opportunities are strong reasons that make a case for NUP. What has been demonstrated through this Framework is that transformations can be realized both through NUP itself and through the process of developing a NUP. It is essential for a NUP to be place specific, and it therefore a thorough understanding of the context is required. Through an understanding of context, processes such as cross-governmental institutional architecture, effective devolution (fiscal, policy-making, service provision), capacity assessment and appropriate capacity development, and empowerment of stakeholders can be evaluated and augmented, and

are therefore examples of transformations that can be made through the process of developing a NUP. In this way, a NUP can work to answer key areas of concern which have been raised in this framework, particularly a need for devolution of power (political and financial), an increase in capacity for subnational governments, and a need for the support of more thorough and reliable urban data and research.

It is clear also that NUPs touch on and are relevant to many of the SDG Goals, particularly SDG 11 on Cities, SDG 6 on Sanitation and SDG 8 Economic Development. Due to this widespread relevance, it is necessary to recognize that NUP can be a key instrument to measure the achievement of the SDGs and should constitute an important part of any serious attempt to implement the SDGs. Finally, both the demonstrated relevance of NUP for many Issue Papers and the diversity of case studies presented, suggest that the power of NUP to direct urbanization, facilitating the development of productive and prosperous cities, mean that NUP should be recognized as a key driver towards the implementation of the New Urban Agenda.

Annex 1

Afghanistan: The beginning of the development of a NUP in a conflict area, where there is both a high rate of urbanization and a high proportion of many cities being informal settlements. There is, however, strong political support for the urban agenda within the country.

Cambodia: The level of urbanisation in 2010 was 27 per cent, the urban areas contributing to 50 per cent of GDP. The objective of the Draft National Urban Development Strategy Framework is to ensure socially inclusive and equitable development through coordination between various National Policies like the Housing Policy, Land Policy, Green Growth Policy, Industrial Development Policy, Organic Law Policy (Good Governance) and coordination with National Transportation Planning and Urban Development.

Cameroon: Cameroon has a high level of urbanization rate, at 52 per cent and a high level of spatial growth of cities. In order to control the rapid urbanization within the country and in accordance with achieving the aims of the "Vision of Cameroon on the Horizon 2035," Cameroon will begin the process of development of a NUP.

Egypt: Following on the 1982 National Urban Policy Study, Egypt is now moving into the Diagnostic Phase of NUP, which will aim to foster productivity, connectivity, competitiveness in and between Egyptian cities, and effective legislation (land/territory reform policies), robust governance, and territorial sustainable development.

Gabon: Gabon has a high level of urbanization, at 86%, the urban population concentrated in four principle cities. The case study demonstrates the disharmonious development of cities in Gabon, which struggle with informal settlements. Phase One (Diagnostic) of a Stratégie Nationale de l'Habitat et du Développement Urbain (National Strategy for Housing and Urban Development has been completed, although Phase Two has not begun.

Ghana: In 2009, more than 50 per cent population lived in the cities. For years, the focus of the government was on rural development with isolated intervention on issues on National Development Plans. Preparation of NUP started in March 2009 with the objectives of promoting urban centres as engines of growth, development through an integrated settlement system, facilitating socio-economic development of rural and lagging regions, mainstreaming environmental concerns into urban development, enhancing participatory and accountable urban governance, employing information,

education and communication strategy and emphasizing the roles of central and local governments. On the whole, the NUP has had no impact because it has not been implemented as per the principles stated in the action plan document.

Iran: An overview of the trends of urbanization and the planning system in Iran where there is a hierarchy within the planning system: national, regional, and local, and a number of different plans at different levels of government, such as: national spatial plans, physical plans, 25 year vision of the country, special master plans, national schemes, etc.

Japan: As with Germany, Japan is facing different urban challenges then other case studies, such as an aging population, shrinking cities, and suburbanization. However, the case is made that due to the reality of these challenges developed countries can also benefit from a NUP. In the case of Japan, the central government attempted to reduce economic disparities, promote a compact and networked city structure, and make cities more resilient through disaster risk reduction strategies.

Madagascar: The continued development of a National Urban Development Policy in Madagascar recognizes cities as key drivers of the development of the national territory and also recognizes the need for a policy to direct the rapid urbanization in Madagascar, which is a trend expected to continue for twenty years.

Myanmar: About 30 per cent people live in urban Myanmar that has a bipolar urban structure. Before 2011, the Government did not recognise the need for complex urban governance. There has been increasing commitment to NUP and initiatives to draft Planning Law, Housing Law and development of zoning codes. The country suffers from capacity gaps, lack of data, a need for funding and actors for urban research, and a lack of municipal government outside major cities. The UN Habitat is supporting the Ministry of Construction in developing the NUP.

Nigeria: Nigeria went for a revised Urban Development Policy in 2012, as urban problems could not be addressed by the 1992 NUP. The new Urban Development Policy was approved in June 2012 to facilitate efficient urban development and promote regional planning. The provincial and local governments are yet to be aware of the responsibilities to bring success to the policy. Presently, there is over-ownership of the central government with incomplete decentralisation.

Philippines: The Philippines is 49 per cent urban. The country suffers from problems of access to basic amenities including housing, decreasing green area, decline in the quality of life, inefficient urban transport among others. Coordination between national-regional and various implementation agencies is

required to bring about sustainable urbanisation in the country. Philippines is yet to embark in implementation in NUP with technical support from UN-Habitat. Presently, the country has urban policies in the form of a framework.

Rwanda: The National Urbanization Policy of Rwanda was approved in December of 2015. The development of a NUP has, and will continue to show, positive urban developments in Rwanda. For example, improved access to building land, serviced by a series of reforms such as the reallocation of land and the creation a land bank, the preservation of urban culture and heritage, the introduction of a property tax, funding for public investment, and promoting urban governance.

Sri Lanka: The development of a metropolis with the objective to bring systematic change into the urban community and allow urban areas to become a part of socio economic development of the country. There is a vision to promote sustainable urban life, ensuring economic a spiritual well being of the people and gracious living in harmony with nature.

Vietnam: The level of urbanisation in 2015 was 35 per cent, the urban areas contributing to 70 per cent of GDP. Migration accounts for one-third of urban population. Lack of household registration records limits migrants' access to basic services, resulting in multi-dimensional urban poverty and increasing inequality. Since 2015, the Vietnam National Urban Development Strategy is being developed by the Ministry of Construction (MoC), Cities Alliance, UN-Habitat and other partners for the period until 2020 with a vision until 2030. In 1998, the Orientation Master Plan for Urban Development, administered by the MoC was launched with several other urban strategies and programmes in the interim period.

Zambia: Zambia is one of the most urbanised countries in Sub-Saharan Africa with 39 per cent level of urbanisation, contributing to about 80 per cent of the country's GDP. The country suffers from obsolete urban legislation, weak regulatory framework and low institutional capacity. The NUP is expected to bring about desired urbanisation in next 20-30 years with poverty reduction, rural development, job creation, infrastructure development, strengthening of municipal institutions and development of a more functional national urban system. The development of NUP has begun with stakeholders meeting taking place. The Cabinet has approved the proposal for NUP. Implementation, monitoring and evaluation is yet to take place. The country is likely to engage UN Habitat for technical advice.

Zanzibar: The development of a NUP in a small island context that aims to focus on the preservation of culture, identity, and heritage while still capitalizing on the opportunities of tourism and mitigating the threats of climate change.