Chapter 2

Unpacking the Value of Sustainable Urbanization

When well-planned and managed, cities create value, which is the totality of the economic, social, environmental and intangible conditions (institutional, governance, political, cultural and civic perception) outcomes that have the potential to improve quality of life of residents in meaningful and tangible ways. As is increasingly understood by policymakers at all levels of government, planned urbanization leads to positive development outcomes and can be leveraged for improved quality of life and overall prosperity. Cities are not simply incidental geographies where people congregate, but rather are the loci of economic and cultural production and spaces of environmental and social development.

Urban areas are places of opportunity where aspirations are realized. This sense of possibility motivates people to migrate from rural areas to urban areas and to leave their countries of origin for global cities. Consequently, the discourse on cities has shifted from the perspective that they are challenges to address to the view that they are key to improving development outcomes. There is an increased understanding that cities create and sustain value.

Quick Facts

1. The value of sustainable urbanization is the totality of a city's economic, environmental, social and intangible conditions that have the potential to improve the quality of life of residents in meaningful, visible and concrete ways.
2. Many individuals and population groups in cities around the world are excluded from the benefits of urbanization.
3. Prioritizing youth employment creates benefits that will have significant impact on the economic value generated by cities.
4. The environmental value of urbanization improves quality of life, prosperity and wellbeing.
5. Cultural diversity contributes to the social, economic and environmental value of urbanization through tolerance, integration, and coming together in public spaces.

Policy points

1. Since urbanization will continue to be the driving force for global growth, this requires effective planning, management and governance to become a truly transformative asset.
2. The economic value of urbanization will provide the basis by which countries can contribute to achieving the SDGs and New Urban Agenda, as well as recovering from the global recession induced by COVID-19.
3. When designed with climate adaptation, mitigation and resiliency, cities can create communities that enhance environmental values like cleaner air, more compact, integrated and walkable cities.
4. Any urbanization process that does not actively address institutionalized obstacles to full representation, recognition and redistribution is inequitable and therefore undermines the value of urbanization.
5. Realizing the social value of sustainable urbanization is not a natural consequence of economic growth, which does not automatically reduce poverty and inequality.

Over the past two decades, tremendous effort has been invested to promote and articulate the significant role that cities play in the construction of a better world economically, socially and environmentally. As discussed in Chapter 1, international agencies and academics have played a leading role in promoting sustainable urbanization against the context of the traditional neglect of cities in national development policies.[1] As is increasingly understood by policymakers at all levels of government, planned urbanization leads to positive development outcomes and can be leveraged for improved quality of life and overall prosperity. Cities are not simply incidental geographies where people congregate, but rather the loci of economic and cultural production and spaces of social development. Even if this understanding is a relatively recent trend in global discourse, the role of cities in development has a long history. Cities have historically served as places of innovation and creativity and as centres of commerce, science and culture.

In the context of a rapidly urbanizing world, these roles have become more compelling, with planning, managing and governing cities now a major tool to create inclusive growth and prosperity while driving sustainable consumption and socially responsible investment. More importantly, cities have become laboratories where public policies originate and grassroots actions first take hold in order to tackle the

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critical challenges of the twenty-first century, including climate change, poverty, inequality, unemployment and inadequate housing. As a result, cities around the world are playing an instrumental role in defining and localizing global development agendas.

Once viewed primarily through the lens of challenges to be addressed, cities are now recognized as central to securing a sustainable economic, environmental and social future. Chapters 3 to 5 explore in depth the economic, environmental and social value of sustainable urbanization. As a prelude, this chapter introduces the broad concept of the value of sustainable urbanization and unpacks its various dimensions. It initiates discussion on important questions such as: What is the value of sustainable urbanization? Who is currently benefitting from the value of sustainable urbanization? How can the value of sustainable urbanization be unlocked to ensure that we leave no one behind? This chapter also further establishes how the value of sustainable urbanization supports the implementation of the 2030 Agenda for Sustainable Development and the New Urban Agenda.

2.1. Conceptualizing the Value of Sustainable Urbanization

Urban practitioners around the world continue to face complex challenges in managing their urban development process and caring for their most vulnerable residents.[2] The challenges in cities found in both developed and developing countries limit the full realization of the potential value that can be derived from sustainable urbanization. Thus, how various stakeholders who champion an urban agenda articulate and promote the value of urbanization is crucially important.

This 2020 World Cities Report offers a road map for advocates to make the case for sustainable urbanization at all levels, from the neighbourhood to the nation, and through the Report conceptualizes the value of sustainable urbanization as the totality of a city's economic, environmental, social and intangible conditions, or features that have the potential to improve the quality of life of residents in meaningful, visible and concrete ways. This chapter introduces the interconnectedness of sustainable urbanization's economic, environmental, social and intangible conditions and posits that they are characterized by several components (Figure 2.1). The economic value of sustainable urbanization can be understood through the lens of the national economy, property development and prosperity across the urban-rural continuum. Likewise, the environmental value of sustainable urbanization can be understood through the lens of cities and climate change, the built and natural environment and ecosystem services. The social value of sustainable urbanization can be understood through a city's quality of life and focus on inclusivity and equity. Finally, the intangible value of sustainable urbanization can be understood through its governance systems, political institutions, cultural production and multi-level policy coherence. These values and their characteristics are introduced and explored throughout this chapter.

Urbanization is a multidimensional phenomenon, as such, its value must be couched in the language of multidimensionality. This Report uses value in the broadest sense—economic, environmental, social and the intangibles. That conceptualization implies that urbanization processes should benefit, not handicap, all residents who live in urban areas. As a transformative force, sustainable urbanization should accelerate the ability of governments to meet the diverse needs of residents' lived experiences, aspirations and wellbeing. The Report recognizes that because cities are inhabited by diverse residents, their needs and expectations of urban processes are different. In most cases, the distinct historical, cultural and political experiences of people influence how they perceive and value urbanization. For instance, merchants turned refugees fleeing the war zone of Aleppo (Syria) in fear for their lives, young professionals who made a voluntary lifestyle choice to buy a high-rise condominium in a walkable neighbourhood of Vancouver

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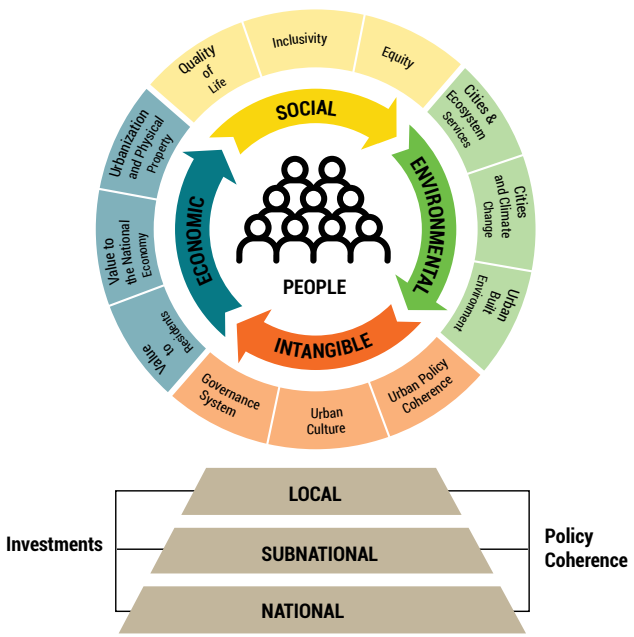
Borough Market in Southwark, London, United Kingdom. © ndreyspb21/Shutterstock

(Canada) or an affluent family who lives behind fences in a gated community in Buenos Aires (Argentina) will all view and value urbanization differently from one another. Thus, while cities may be plagued with challenges such as war, violence, inequality and poverty, they also offer opportunities for prosperity, hope, freedom and security.

The Report also recognizes that value is both time-sensitive and variable. In the context of urbanization, the economic roles of cities have evolved over time. During the peak of the industrial economy of the nineteenth through the mid-twentieth centuries, cities such as Manchester, Philadelphia, Lille and Osaka were economic powerhouses driven by industry. However, global economic restructuring had led to the erosion of traditional manufacturing away from legacy economies and into cheaper developing regions. As a replacement, developed world cities have taken on new economic functions, centring on knowledge industries, technology, advanced producer services and banking. These once-mighty industrial cities are now secondary cities whose economic prospects trail the financial capitals of New York, London, Paris and Tokyo. Some intermediate cities, including former manufacturing hubs that have inherited a legacy of underutilized warehouses, factories and industrial infrastructure, have pursued policies to remake their economies, and ultimately their civic identity, as "cultural capitals."[3]

Figure 2.1: Conceptualizing the value of sustainable urbanization



Around the world, from Montréal to Melbourne, from Essen to Katowice, cities have deliberately cultivated artistic activity as a sustainable economic alternative to heavy industry. Public policies have successfully reimagined these cities by spurring the physical regeneration of abandoned industrial sites and the creation of iconic cultural facilities, which have contributed to an economic reorientation toward consumption, services and knowledge industries.[4] When industrial cities can transition to an entirely different economy—and a factory can become a museum or a warehouse can become a nightclub—it indicates that the value residents derive from urban areas may change as a result of macro-economic trends. Since perceptions of value can vary over time, urban policies and programmes should be updated regularly through public participation processes to reflect urban residents' experiences and expectations. In the cultural sector, for example, the so-called "experience economy" of festivals, conferences, art exhibits and other in-person gatherings is currently at risk due to the COVID-19 pandemic and cities may have to reevaluate their approach to such large gatherings in the post-pandemic world.[5]

2.2. Value within the Context of Sustainable Urbanization

For many decades, the perceived value derived from sustainable urban development has predominantly been measurable by economic growth. However, this Report argues that value cannot be limited exclusively to the economic realm. Reducing the value of urbanization only to that which can be measured ignores the complexity and excludes the benefits that do not easily lend themselves to measurement, including the intangible value such as effective institutions, good governance, cultural diversity, sense of belonging and civic identity.

Another reason to broaden the language ascribed to the value of urbanization is that economic gains have largely benefited a small group of elites while worsening inequality. If only the economic dimension of urbanization is measured, the potential negative outcomes such as impacts

on social marginalization, environmental degradation and the breakdown of collective responsibility are ignored. This Report instead promotes a measure of urbanization that accounts for the unique needs and aspiration of all categories of urban dwellers in which no one is left behind (Table 2.1).

What has until recently been institutionalized as "development" is unsustainable and comes at a high cost in human, ecological and socio-economic terms. The 2030 Agenda and the NUA represent a new way of conceptualizing urban development. The SDGs are grounded in the developmental interdependence of economic, social and environmental values; there is an explicit recognition that current patterns of consumption and production exceed planetary boundaries and that unchecked global climate change presents immediate dangers. The NUA commits to people-centred development across the urban-rural continuum of human settlements that protects the planet and is responsive to the realization of all human rights and fundamental freedoms.[6] It outlines a commitment to share the value generated by sustainable urbanization in an inclusive manner.

Only when social equity is foundational to urban development, thereby ensuring access to core services for the most underserved, will cities thrive as engines of economic growth and contribute to environmental regeneration. This virtuous cycle is at the heart of the expanded notion of the value of sustainable urbanization that underpins this Report, which believes that cities should not strive to be the best city in the world, but the best city for the world.[7] This idea is a return to notions of collective responsibility and the interconnectedness of cities and their residents that requires a balance between individual wants and collective and planetary needs.

Such a recalibration should begin with the original inhabitants of any given geography. Even as humans migrate and establish human settlements far from their place of origin, the NUA acknowledges the value of indigenous peoples globally and commits to an intentional and ongoing dissemination of indigenous knowledge that comes from the long-term occupancy of a geographic area. Indigenous knowledge sees the individual as a part of nature, making decisions with past, present and future generations in mind.[8] As the urban community begins to recognize the value in development that balances economic growth with environmental sustainability and social cohesion, there is an emerging interest in indigenous knowledge and ways of being, including in cities where indigenous people have historically been excluded by laws and policies that view indigeneity as incompatible with urban lifestyles.[9]

Such a mindset should also contribute to an understanding of economic value that not only generates wealth, but also levels the playing field for people currently excluded from economic prosperity. Similarly, environmental value cannot merely halt ecological destruction, but must also build ecological resilience and adapt to climate change. Social value cannot be superficial, but rather identify and address the root causes of exclusion and inequity. In practice, this approach means that cities must be welcoming to migrants and more accommodating of marginalized and underserved inhabitants. Local authorities must work with their constituents and social movements to build an economy that contributes to environmental and social goals.[10] Finally, cities can unlock the intangible value of sustainable urbanization by creating public spaces and opportunities for democratic participation and social inclusion that allow the cultural fabric of urban life to flourish.

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In conceptualizing the value of urbanization, this Report recognizes that the specific circumstances of urban areas are not the same. While the scope of the SDGs and the NUA are universal and the targets for the global urban agenda include measurable indicators, setting the priorities and actions at various geographic levels requires grassroots community building informed by the needs of residents. With this recognition, it is nevertheless feasible to broadly conceptualize the value of sustainable urbanization. However, implementation and evaluation must be built on locally defined models of sustainability that are based upon the lived realities of local peoples. While cities around the world face similar challenges and hold similar aspirations, the priorities of the urban population can differ based on

Children on the playground of Kalijodo, Jakarta, Indonesia. © Pepsco Studio/Shutterstock

a variety of contextual factors such as economics, politics, ecological resilience, geographic location and social cohesion. Further, within each urban area resides a multitude of different individuals with different lived experiences who are looking for different types of value in the city based on their unique goals and aspirations (Table 2.1).

2.3. Harnessing the Value of Urbanization for People

The SDGs and NUA are explicit in the need for sustainable urbanization to be people-centred, which means it should serve the diverse interests, needs and aspirations of residents. Around the world, people who migrate from rural to urban settings do so with expectations. An African migrant who crosses the Mediterranean Sea destined for Europe and a young person leaving their rural South American village for the nation's capital have different needs, but they are both looking for opportunities. The unique geographical context in which people live will also shape the value they expect from sustainable urbanization. For example, residents of a small human settlement in the Amazon rainforest are concerned about having an adequate health clinic when the nearest regional hospital is several days transport by boat versus urban planners hoping to locate enough basic services in a sprawling Sydney district so that residents can live in a "15-minute neighbourhood" and avoid adding to traffic congestion with trips across town. Likewise, slum dwellers crammed into inadequate housing in Mumbai need larger flats to prevent overcrowding while workers struggling to afford accommodation in affluent parts of Los Angeles where single-family houses predominate are pushing local authorities to relax zoning rules and allow smaller dwelling units that cost less. While these contrasts present extreme cases, the value desired by various groups in urban settings may overlap. For instance, most groups' environmental needs value protection from natural disasters and changing weather patterns. Thus, truly sustainable urbanization should accommodate both the unique and overlapping needs of each distinct group and aim to provide meaningful economic, environmental and social value (Table 2.1).

Table 2.1: Groups and priorities in urban settings

Groups	Economic Value	Environmental Value	Social Value	Connection to SDG and NUA
Youth	▪ appropriate education and skills for productive participation in society ▪ productive employment and livelihood opportunities	▪ healthy and productive environment for their future ▪ coordinated local climate action and sustainable urban infrastructure	▪ hope and aspiration for future ▪ connection to community and shared values	▪ safe, healthy, inclusive and secure cities ▪ effective participation in decision-making ▪ full and productive employment, decent work and livelihood opportunities ▪ access to education, skills development, and employment for increased productivity
Children	▪ environment that protects children's ability to attend school and not be forced into labour	▪ safe and secure urban environment ▪ healthy and productive environment for their future ▪ access to age appropriate play and recreation facilities and opportunities	▪ access to basic needs such as education, food, water, sanitation, etc. ▪ protection from trafficking, exploitation, violence and abuse	▪ equitable access to sustainable basic physical and social infrastructure; housing, drinking water, food, health care, education ▪ safe, healthy and secure cities
Urban Poor Women	▪ empowerment in decision making ▪ recognition of disproportionate amount of domestic responsibilities	▪ protection from natural disasters and changing weather patterns	▪ gender equality, enabling them to participate and benefit equally in society ▪ improve maternal health and access to reproductive health	▪ reducing inequalities and discrimination ▪ security of land tenure ▪ enabling all to live, work and participate in urban life without fear of violence ▪ full and productive employment, decent work for all and livelihood opportunities
Urban Poor Migrants	▪ access to income-earning opportunities ▪ enhanced and protected working conditions	▪ protection from natural disasters and changing weather patterns	▪ access to knowledge, skills upgrading, educational and training facilities ▪ affordability, accessibility and safety	▪ promote non-discriminatory access to legal income-earning opportunities to promote full and productive employment, decent work for all and livelihood opportunities ▪ ensuring full respect for human rights
Urban Poor Elderly	▪ mobility and access to the city ▪ opportunities to contribute	▪ protection from natural disasters and changing weather patterns	▪ access to social protection programs	▪ equitable access to sustainable basic physical and social infrastructure; housing, drinking water, food, health care, culture and information technologies ▪ opportunities for dialogue with government
Residents of slum or informal communities	▪ -security of land tenure and other assets -recognition of informal economy	▪ -protection from natural disasters and changing weather patterns -participate in proactive planning for a just transition to zero-carbon sustainable cities	▪ Access to amenities (e.g. sanitation, water, electricity, etc. ▪ representation in decision-making for land tenure and upgrading	▪ strengthening and retrofitting all risky housing stock to make it resilient to disasters ▪ address the multiple forms of discrimination ▪ improve the living conditions ▪ security of land tenure
Physically, mental and developmental challenges	▪ Access to transportation and adequate mobility options (e.g. paved and cleared sidewalks)	▪ mobility is prioritized during extreme weather conditions ▪ compact, connected, and clean cities that address climate change	▪ access to basic and affordable health services ▪ integrated into a society that welcomes and respects them as human beings	▪ sustainable mobility and transport infrastructure that is responsive to different levels of physical, mental and developmental challenges ▪ full and productive employment, decent work for all and livelihood opportunities ▪ addressing multiple forms of discrimination

Groups	Economic Value	Environmental Value	Social Value	Connection to SDG and NUA
People living with HIV/AIDS and related immune deficiencies	▪ Protection from stigma and rejection from employment opportunities	▪ healthy and urban friendly environment for active living ▪ environmental design that reduces stress levels	▪ access to basic and affordable health services relevant to their needs ▪ protection from stigma	▪ addressing multiple forms of discrimination ▪ prioritize health and well-being ▪ build just and inclusive communities ▪ ensuring full respect for human rights
Refugees, Asylum Seekers, and Internally Displaced Persons	▪ Access to productive employment ▪ Legal protection for employees	▪ protection from natural disasters and changing weather patterns	▪ welcoming environment and non-discrimination ▪ Legal and social protection	▪ promote non-discriminatory access to legal income-earning opportunities to promote full and productive employment, decent work for all and livelihood opportunities ▪ ensuring full respect for human rights
Small Holder Farmers (Rural urban connection)	▪ Access to market – physically (e.g. transport) and through reduced regulations ▪ Access to basic input and services ▪ Fair market price ▪ "Pay as you earn" (PAYE) for market access	▪ environmental leadership focused on adaptation and mitigation to climate change ▪ access to environmentally sustainable inputs and technology ▪ proactive planning for a just transition that centres the role of rural farmers	▪ celebration of "farmers feed cities" ▪ safety net in case of economic downturn	▪ facilitate effective trade links across the urban-rural continuum ▪ ensures that small-scale farmers are linked to local, subnational, national, regional and global value chains and markets
People Experiencing Homelessness	▪ subsidized housing built into future developments ▪ sufficient rental units and rent control	▪ protection from natural disasters and changing weather patterns ▪ compact, connected, and clean cities that address climate change	▪ access to decent and affordable housing ▪ social protection and adequate services	▪ addressing multiple forms of discrimination ▪ support policy that progresses towards the right to adequate housing for all and to prevent arbitrary evictions ▪ facilitate full participation in society and eliminate the criminalization of homelessness
Indigenous People	▪ adequate culturally appropriate employment opportunities ▪ support for indigenous business development	▪ effective management of environment and natural resources ▪ recognition of a cultural tie to land ▪ share in urban prosperity while participating in a just transition to sustainability	▪ respect for culture and language ▪ accuracy in the telling of history	▪ equitable access to sustainable basic physical and social infrastructure; housing, drinking water, food, health care, and culture ▪ recognizing the role that natural and cultural heritage plays in strengthening social participation
People with differing sexual identity and orientation (LGBTQ2+)	▪ Protection from stigma and rejection from employment opportunities	▪ quality environment, including access to amenities such as green spaces, public spaces, entertainment, etc.	▪ promotion of just and inclusive societies ▪ celebration of difference ▪ legal rights and protections	▪ addressing multiple forms of discrimination
Retirees and Older Persons	▪ ability to meet basic needs (i.e. housing and nutrition) ▪ protection of investments (i.e. property)	▪ healthy and urban friendly environment for active living ▪ benefit from connected, clean and compact cities built to address climate change	▪ reduced isolation or enhanced integration programs	▪ equitable access to sustainable basic physical and social infrastructure; housing, drinking water, food, health care, culture and information technologies ▪ opportunities for dialogue with government

Groups	Economic Value	Environmental Value	Social Value	Connection to SDG and NUA
Wage Labour	▪ -productive, decent and secured employment ▪ ability to meet basic needs (i.e. housing and nutrition) ▪ fair wage vis-à-vis cost of living in cities	▪ equal opportunities, allowing people to live healthy, productive, prosperous and fulfilling lives ▪ benefit from connected, clean, and compact cities built to address climate change	▪ safety net in case of economic downturn ▪ ability to achieve hope and aspirations	▪ access to income-earning opportunities, knowledge, skills and educational facilities ▪ full and productive employment and decent work and livelihood opportunities
Middle Class	▪ Strong economy to grow investments ▪ Addressing challenges faced by local businesses	▪ quality environment, including access to amenities such as green spaces, public spaces, entertainment, etc. ▪ proactive plan for adapting and mitigating the effects of climate change	▪ respect for culture and language ▪ ability to achieve hope and aspirations	▪ address the challenges faced by local business community by supporting micro-, small and medium-sized enterprises and cooperative throughout the value chain
Rich and elites	▪ Property protection -Investment security ▪ Enabling environment for business and innovation ▪ Sustainable economic growth	▪ quality environment, including access to amenities such as green spaces, public spaces, entertainment, etc. ▪ proactive plan for adapting and mitigating the effects of climate change	▪ opportunities and spaces for socializing and networking ▪ overall prosperity leading to pride in their city ▪ ability to promote their ideology and values	▪ increasing economic productivity ▪ promoting an enabling, fair and responsive business environment based on the principles of environmental sustainability and inclusive prosperity, promoting investments, innovation and entrepreneurship

In practice, ensuring that the value of urbanization responds to the needs of all groups may pose some challenges, including the capacity of urban governments to address competing priorities. Although local governments and their governance networks cannot possibly focus on all distinct groups within their city, they can intentionally plan their urbanization processes and services to address the most complex challenges, which will ultimately yield benefits for a larger swath of the population. UNICEF, in a report on urban development for children, suggests that designing child-responsive urban settings will meet the needs not only of families but also other vulnerable populations like women and older persons.[11]

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2.4. Economic Value of Sustainable Urbanization

The economic dimension is the most visible feature of the value of urbanization.[12] For decades, economists have argued for the importance of cities to economic development. Around the world, national prosperity or development continues to be largely dependent on the economic performance of cities. No country has achieved sustained economic growth and transitioned to middle- or high-income status without substantial and sustained urbanization. Moving from low-income to middle-income country status is almost always accompanied by a rural-to-urban economic transition.[13] In most emerging and some developing countries, cities are contributing to

Cairo, Egypt, overflowing streets and chaotic trading in the bazaar. © Byleshiy985/Shutterstock

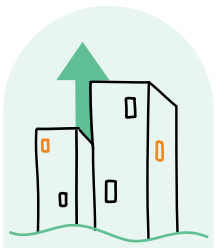
Cities have the capacity to generate local economic activity and attract foreign investment, which is a key contributor to economic growth and development

productivity growth and job creation as their economy transitions from primary to secondary and tertiary industries.[14]

Fostering economic development and enhancing competitiveness are key goals for many cities around the world. Cities have the capacity to generate local economic activity and attract foreign investment, which is a key contributor to economic growth and development. At a macro level, the value generated by urban growth, such as the appreciation of land, housing and real estate values, constitutes a key feature of the economic dimension of the value of urbanization. The following section examines the economic value of sustainable urbanization at three levels: national, individual and physical properties.

2.4.1. National economy

The performance of national economies largely depends on the performance of urban economies.[15] Highly urbanized countries have higher incomes, provide better opportunities for investment and employment, boast stronger institutions and are better able to withstand the volatility of the global economy than those with less urbanized populations.[16] Urbanization geographically concentrates both people and economic activity. The value of concentration includes increased productivity and job creation, specifically in services and manufacturing, as well as higher standards of living. Overall, cities generate productivity and thereby enhance the agglomeration impacts of urbanization.[17] For instance, it is estimated that Asian urban productivity is more than 5.5 times that of rural areas.[18]



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Cities benefit from agglomeration effects when firms and talent locate near one another. These agglomerations drive innovation, oftentimes leading to clusters of similar industries. Successful cities thus develop brands tied to specific fields—finance, health care, software, fashion, biotechnology, entertainment, higher education and media—that attract investment and businesses, generating benefits for the local economy that drive national economic figures.[19] Cities are also important nodes that articulate and shape the global economy. In advanced nations, so-called "alpha world cities" such as New York, Paris, London and Tokyo have long powered not only their national economies, but also the global economy.[20] While their economic influence as the leading world cities continues, they have been joined by growing a list of cities whose economic profiles have risen over the last two decades, including Bangkok, Beijing, Dubai, Guangzhou, Istanbul, Jakarta, Johannesburg, Kuala Lumpur, Mexico City, Mumbai, Seoul, Shanghai and Sydney.[21] In a changing world economy, these recently certified world cities and a vast array of second-tier cities are playing an important role in the economic prosperity of nations. The role of cities in propelling the economic growth of nations has taken a new dimension in the evolving global economy. This new dimension has confirmed a long-held view that cities, rather than countries, are the key economic units and motivates subnational policy prioritization.[22]

For many cities, their economic value has been enhanced in the current era of rapid urbanization and global competitiveness

As noted in Chapter 3, for many cities, their economic value has been enhanced in the current era of rapid urbanization and global competitiveness. Experience suggests that as countries' economies develop, urban settlements account for a larger share of national growth. Although urban areas constitute 55 per cent of the world's population, they generate roughly 80 per cent of the world's gross domestic product (GDP).[23] In some countries, a single city is contributing a disproportionate share of national economic growth—up to 50 per cent in certain cases, most notably the Republic of Korea where Seoul contributes almost half, and Hungary and Belgium where Budapest and Brussels contribute about 45 per cent, respectively.[24]

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Since the early 1990s, the "new economic geography" has been instrumental in reemphasizing the downward force on transportation costs engendered by increasing density as a central agglomerative force.[25] Alongside work in urban economic and regional science, scholars associated with this intellectual movement seeking to inject a spatial awareness in economic analysis highlighted the relationship between urban density and greater specialization, higher incomes and increased worker productivity. But it has also been recognized that densification generates risks and negative externalities. The influential 2009 World Bank Report, "Reshaping Economic Geography," drew upon some of this work in making a strong case for the role of cities within economic development, highlighting the need to promote densification and enhance the market forces of agglomeration, migration and specialization while avoiding the diseconomies of scale arising from congestion.[26] Yet the tone was often celebratory. Economists' renewed optimism around urban areas is also captured in Edward Glaeser's *Triumph of the City*.[27] In the wake of the COVID-19 pandemic, urban optimists are more tepid in their enthusiasm, both reaffirming their faith in agglomeration economies while also expecting some dispersal of economic activity away from expensive "superstar" cities to more tertiary locations.[28]

Beyond the theoretically assumed benefits of agglomerations, available evidence suggests that it is much cheaper to provide services and infrastructure in urban areas with high levels of concentration. The concentration of individuals, particularly the skilled, facilitates the exchange of ideas and the sharing of knowledge, boosting innovation and productivity.[29] Urban concentration encourages the start-up of new business enterprises. The widely known Silicon Valley in the San Francisco Bay Area (US) is a classic example. The area is home to thousands of start-up companies in high-tech innovation and scientific development (Chapter 6).

Generally, firms in urban areas enjoy the privilege of having access to a large local market, which in many cases may also be well connected to the markets of neighbouring cities and global markets. Access to larger markets encourages a wider variety of goods and services, many of which are inputs into the production of other firms. Firms in cities that are within mega-regions have even greater advantage with respect to access to a wider market and regional economy (Chapter 3). For example, the Northeast Megalopolis (US) is a US$3.8 trillion economy that stretches from Boston to Washington via New York City. It is home to 44 million inhabitants and generates 20 per cent of national GDP while consuming only two per cent of national land area.[30] Europe has a transnational mega-region: the Rhine/Scheldt Delta that spans Belgium, the Netherlands and Germany with a population of 26 million. Through infrastructure investments like high-speed rail and the world's longest oversea bridge, China has stitched together the Pearl River Delta cities of Guangzhou, Hong Kong and Shenzhen into the Greater Bay Area, a mega-region with a population of 70 million.[31] In these regions, agglomeration economies create more value at the local level through proximity of the factors of production and the increased size and specialization of markets.[32]

Despite agglomeration benefits, the spatial concentration of people and firms has drawbacks as well. Rising land, housing, labour, congestion and pollution costs are all potential outcomes from urbanization. These negative externalities eventually make the costs of living and conducting business challenging and may limit the competitive advantage of a given area. Spatially, agglomeration can intensify inequality within and between cities in the national and global urban system. National governments must properly manage their system of cities across the urban continuum in order to balance agglomeration benefits with the potential negative consequences of "superstar city" formation that leaves smaller cities and rural areas behind.

If properly planned, urban areas can also contribute to national development through the synergies that exist

If properly planned, urban areas can also contribute to national development through the synergies that exist between rural and urban economies

between rural and urban economies. Urban and rural areas are not mutually exclusive, but rather a seamless continuum of economic activities and settlements.[33] Urban markets provide a powerful incentive for and support to increased rural production, and rural markets have provided an equally powerful foundation for increased urban production of goods and services.[34] The concentration of economic resources in cities is an important asset for national economies, including all rural areas. If managed properly, the economic, environmental and social benefits of sustainable urbanization will not be limited to metropolitan edges but will also benefit rural areas. Ideally, sustainable urbanization will catalyse a long-term convergence in living standards between urban and rural areas.[35] Indeed, empirical evidence shows strong beneficial spillover effects from urban to rural areas for countries such as India and Nepal.[36]

In the vast majority of countries, ongoing economic, environmental and governance tensions make it difficult to realize the benefits of the interdependence between rural and urban areas. The core tenets of sustainable urbanization should embrace the enduring dynamic relationship that has existed at all human settlement scales, from small towns to metropolises, as well as between urban areas and their surrounding rural areas.[37]

Regrettably, in most countries, especially those in the developing world, the economic value of urbanization is being undermined by unplanned and spontaneous urbanization

Regrettably, in most countries, especially those in the developing world, the economic value of urbanization is being undermined by unplanned and spontaneous urbanization, which is reflected in the continuous expansion of slums, sprawling development, rising inequality, inadequate services and poor environmental management (Chapter 1). These conditions are undermining the economic productivity of cities and liveability of urban environments. Urbanization must be well-planned and properly managed to ensure that urban growth becomes an opportunity to enhance productivity, ensure liveability, promote equality and leave no one behind.[38]

2.4.2. Value of urbanization to residents

Urbanization offers economic value to those who choose to locate in cities by providing richer market structures, jobs, recreation and entertainment.[39] Urban dwellers generally have better access to financial resources and opportunities to pursue creative ideas. They have a dense local consumer market to support their efforts. Likewise, urban workers often have better access to basic services like transportation, water, electricity and telecommunications including mobile phone and internet access. The concentration of economic activity in cities attracts a wider variety of business enterprises and offers employment opportunities that provide higher incomes for workers. It also generates opportunities for upward mobility and improved social status.[40] In most cases, the economic output per person in cities is much greater than that of the country. In cities such as Singapore, Kuala Lumpur, Bangkok and Manila, economic output per person varies between US$14,200 and US$66,800, although figures for Singapore will be coterminous with national figures.[41] In Latin America, cities such as Mexico City, São Paulo and Santiago have been attractive centres of investments for multinational corporations and regional start-ups alike in recent years, although the global recession occasioned by the pandemic may change those cities' fortunes.[42]

Residents of cities also derive value from the fact that urbanization reduces poverty. Studies have found that urbanization has helped lift the productive potential and standards of living for billions of workers.[43] In China, urbanization has contributed to lifting more than 700 million people out of poverty in the last 15 years, with more than 70 per cent of them migrants from rural areas. The Asian Development Bank has also found that between 1990 and 2008, the number of urban poor dropped from 137 million to 37 million, despite a doubling of the urban population.[44] These figures reflect the transformative power of cities and indicate that if managed properly, urban areas

In an uncertain global economic environment compounded by frequent catastrophic weather events and the COVID-19 pandemic, urban poverty and unemployment are growing in scale and extent in many countries

can be adaptable and resilient by absorbing huge numbers of migrants without sliding into poverty. Although there have been substantial strides in poverty reduction in urban areas, life in cities is still challenging for large segments of the population (Chapter 1). In an uncertain global economic environment compounded by frequent catastrophic weather events and the COVID-19 pandemic, urban poverty and unemployment are growing in scale and extent in many countries. Globally, nearly half a billion people are still expected to live in extreme poverty by 2030, mostly in Africa, where urbanization is largely unmanaged.[45]

While the composition of groups in poverty will vary from country to country and city to city, one consistently underemployed or unemployed group in cities in both developed and developing countries is youth. Prioritizing youth employment creates benefits that will have significant impact on the entirety of economic value generated by cities around the world (Table 2.2).

Prioritizing youth employment creates benefits that will have significant impact on the entirety of economic value generated by cities around the world

2.4.3. Urbanization and physical property

The concentration of people in urban areas increases demand for housing and land. Higher demand and market forces often lead to an appreciation of land, housing and real estate values, constituting a key feature of the economic value of urbanization. Around the world, land value generated by urbanization has been increasing. For example, rapidly expanding urban areas such as Dhaka (Bangladesh) have experienced 74 per cent yearly increase since the early 2000s.[46] Fast growing cities appear to be experiencing the most housing appreciation. The Global Residential Cities Index for Q1 2020 shows a 4.3 per cent average annual increase for the top 150 cities around the world, with 85 per cent of the cities indexed experiencing year over year price appreciation. The Philippine capital of Manila saw the highest increase (22.2 per cent), followed by Budapest, Hungary (16.3 per cent) and Izmir, Turkey (16.3 per cent).[47]

Table 2.2: The value of urbanization for youth

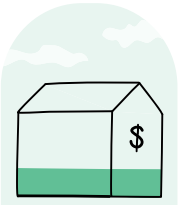
Value of urbanization	Plight of youth in cities
Economic ▪ Appropriate education and skills for productive participation in society ▪ Productive employment and livelihood opportunities	Youth unemployment and precarious jobs contribute to high levels of poverty in cities and countries. Almost 74 million young women and men of working age are unemployed throughout the world. In 2018, one-fifth of the world's youth were not engaged in education, employment or training programs. In addition, many more youth are underemployed and working long hours for low pay. An estimated 59 million youth between 15 and 17 years of age are currently engaged in hazardous forms of work. The under and unemployment of youth is a pressing economic issue in both developed and developing countries alike.
Environmental ▪ Healthy and productive environment for their future	Climate change will adversely affect future generations as they enter adulthood, leaving urban youth particularly at risk of sea-level rise, extreme weather patterns and natural disasters. Unchecked environmental degradation like poor air quality shortens life expectancies for youth who must endure unhealthy particulate matter over the course of their lifetimes.
Social ▪ Hope and aspirations for the future ▪ Connection to community and shared values	For youth looking to enter the job market, sustained unemployment can make them more vulnerable to social exclusion and prone to violence. Social policy in cities must specifically target the emerging crisis of youth unemployment. For youth to experience the social value of sustainable urbanization, priorities must address their unique needs within urban areas. With adequate employment youth can be a productive and socially responsible member of society that contributes to addressing the other challenges faced in cities. Addressing unemployment and social exclusion is complex and the solutions in each city will need to be tailored by local stakeholders according to the cultural context.

Source: https://www.un.org/youthenvoy/employment/

Korail slum settlement in Dhaka, Bangladesh. © UN-Habitat-Kirsten Milhahn/UN-Habitat

At the macro level, the urban housing market is a major economic sector that contributes significantly to GDP. The supply and consumption of housing interacts closely with economic growth through its impact on employment, income generation, investment and savings. In Singapore and Hong Kong, real estate plays such a major role in the functioning of the economy that one scholar describes the two cities as "property states."[48] Real estate forms an important part of the stock market and has enjoyed considerable growth while providing substantial revenue for governments and wealth for individuals. There are also significant interactions with financial systems, through housing banks, mortgage schemes, interest rates and consumption of housing services.[49]

Despite its economic value, speculative interest in property markets creates so-called "hedge cities" where global elites park excess capital outside of their home country. This trend excludes millions of urban residents and worsens inequality in many cities. From Auckland to London, Toronto to Sydney, cities with high quality of life located in stable countries are facing significant challenges in providing safe and adequate housing for urban residents. Rapid appreciation of real estate has fuelled the construction of high- and middle-income housing by profit-seeking private companies to the detriment of low-income housing development. In Vancouver (Canada), the median total income of households is US$72,662 while the average house price is roughly US$1.1 million, although local authorities are fighting back with policy tools like a provincial foreign buyer's tax and municipal empty homes tax.[50] Rents are alarmingly high in most large and mid-size cities, and out of line with incomes forcing many to pay more than half of their monthly income on housing.[51] In most countries, housing investment as a share of GDP has not kept pace with urbanization. In low- and lower-middle income countries especially, housing investment as a percentage of GDP lags behind what is needed to accommodate sustainable urbanization.[52] About a third of all urban dwellers worldwide—1.2 billion people—lack access to safe and secure housing.



In most countries, housing investment as a share of GDP has not kept pace with urbanization

As new housing is built, adequate infrastructure must accompany to support urban growth. Infrastructure is severely deficient in most urban areas, which is adversely affecting the natural and built environments and exacerbating poverty because of its effects on the health and living environment of the poor. The challenge facing most urban governments is how to invest in infrastructure provision to keep pace with rapid urbanization in a way that is financially and environmentally sustainable, while ensuring access to an adequate level of services for the poor.

2.5. Environmental Value of Sustainable Urbanization

This Report conceptualizes the environmental value of sustainable urbanization as the benefits derived from actions taken to protect environmental assets, enhance efficient use of resources and improve environmental quality. It also involves efforts to reduce the negative environmental externalities associated with urbanization. The environmental value of sustainable urbanization will not be realized by chance; rather, it requires the intervention of planned and managed urbanization. This planning requires long-term vision and understanding trade-offs, all supported by strong regulations and monitoring frameworks, particularly international agreements such as the Paris Agreement on climate change and the Sendai Framework for Disaster Risk Reduction. Cities have the potential to improve disaster risk reduction, as well as accelerate response and recovery. They can do so by enabling land-use planning, building codes, regulations, risk assessments, monitoring, early warning systems and building-back-better response and reconstruction approaches. Enhancing the environmental value of urbanization depends largely on effective institutions, governance, urban planning, infrastructure and a culture of ecological conservation.

Urbanization is often seen as a threat to environmental sustainability. As discussed in Chapter 1, unplanned urbanization and poor land management can cause irreversible land-cover changes, biodiversity loss and environmental degradation. Around the world, unmanaged

The environmental value of urbanization improves quality of life, prosperity and wellbeing. Planned urbanization offers many opportunities to address environmental sustainability and develop resilience in cities

urban expansion, where urban footprints are growing faster than population, poses a tremendous threat. Uncontrolled sprawl contributes to more private car ownership, distance travelled by automobile, total road miles paved, fuel consumption, alteration of ecological structures and conversion of agricultural or rural land into urban uses (Chapter 4).

However, when well-planned and governed, urbanization can create tremendous environmental value. Cities generate environmental value by achieving harmonious and balanced development, preserving nature, protecting biodiversity and reinforcing environmental assets. Well-planned cities use resources more efficiently and reduce energy use.[53] The environmental value of urbanization improves quality of life, prosperity and wellbeing. Planned urbanization offers many opportunities to address environmental sustainability and develop resilience in cities.

2.5.1. Urban built environment

The built environment is a product of human infrastructure development. It refers to any physical alteration of the natural environment, from hearths to cities, through construction by humans.[54] The built environment and its form have significant implications for the natural environment. Urban areas that are not properly planned, managed and governed will burden ecosystems. However, the built environment can be manipulated through intentional planning and design to reduce the negative impacts and generate environmental value. As discussed in Chapter 4, environmentally sensitive planning brings about compact cites, increased density, walkable neighbourhoods and opportunities for active transportation.

The NUA favours compact, high density and mixed-use urban development. Compactness has the potential to trigger economies of scale and agglomeration. Compact and well-regulated cities with environmentally-friendly public transport systems have positive environmental impacts.[55] Urban form and density directly influence the extent of energy consumption: compacts cities use more clean energy, are less dependent on motorized transport and contribute less to greenhouse gas emissions. Moreover, cities that consume less energy are cleaner and provide a higher standard of living, including well-paying jobs. Estimates suggest that investments in low-carbon measures in cities could support 87 million jobs annually by 2030.[56]

A comparison of transport-related carbon emission around the world shows that emissions are highest in North America and Australia. North American urbanization is generally characterized by sprawl-like development and transportation systems rely heavily on the use of private motorized transport, leading to high levels of carbon emissions. In contrast, Western Europe produces approximately one-quarter of the transport-related emissions of North America, a difference that can be explained by the tendency of European cities to promote the use of clean energy and the more prevalent use of public transport in the region. Cities in Europe, notably Amsterdam, Barcelona, Copenhagen and Ljubljana are the most bike- and pedestrian-friendly in the world, with that trend set to accelerate in the wake of the COVID-19 pandemic as cities roll out new bike infrastructure to accommodate commuters who now prefer cycling to public transport due to the public health risk of contracting the novel coronavirus.[57] Most European cities have high-density centres where residents are encouraged to walk or cycle, which significantly reduces human stress on the natural environment.[58] When human-powered transport is not available, use of public transit systems is the next best option to substantially reduce emissions.[59] Governments that invest in low-carbon cities can enhance economic prosperity, make cities better places to live and rapidly reduce carbon emissions.[60]

Indeed, energy and transport specialists have long seen cities as key to a post-carbon transition. For these specialists, the urban transition presents opportunities for positive systemic change linked to technological innovations. Rapid urbanization in coal-based economies like India and China presents opportunities to shift toward a more energy-efficient mode of energy consumption and development.[61] In Africa, the application of off-grid

Table 2.3: The value of urbanization for poor women

Value of urbanization	Plight of poor women in cities
Economic ▪ Empowerment in decision-making ▪ Recognition of disproportionate amount of domestic responsibilities	Most of the world's urban poor are women with limited employment prospects. When urban poor women do find work, it is often precarious, and the wages are insufficient to escape poverty. Globally they earn 24 per cent less than men and there are 700 million fewer women than men in paid formal employment. They frequently work in the informal economy where they are less likely to have employment contracts, legal rights and social protections. Urban poor women shoulder disproportionate amounts of domestic responsibilities, limiting the amount of time they can dedicate to earning money. The World Economic Forum has calculated that it will take women almost 100 years to reach gender equality at current earning rates.
Environmental ▪ Protection from natural disasters and changing weather patterns	Urban poor women are at a disproportionate risk of negative impacts from climate change and the associated natural disasters because they are increasingly forced to live in undesirable locations within cities, exposing them to more intense and frequent weather events. Their homes are often poorly constructed and maintained. If their home is damaged or destroyed, they face enormous challenges to recover and rebuild.
Social ▪ Gender equality, enabling them to participate and benefit equally in society ▪ Improve maternal health and access to reproductive health	Progress on all the SDGs will be stalled if women's empowerment and gender equality are not prioritized in decision making. As cities develop and implement policy and actions to address to promote sustainable urbanization, the unique plight of urban poor women must be considered. By taking a gender mainstreaming approach that centres the needs of poor women in cities when formulating public policy, local authorities can redress systemic inequities.

Source: http://www3.weforum.org/docs/WEF_GGGR_2020.pdf

energy and sanitation technologies creates the potential for a wider array of actors to provide cost-effective urban services in a manner that promotes economic growth and reduces poverty.[62]

Additionally, the design of the built environment offers opportunities where local authorities can respect multiple groups' right to the city by providing value to their most vulnerable residents (Table 2.1). For example, poor women in cities often bear simultaneous responsibilities for childrearing, household management and income generation outside the home. Urban policy needs to recognize the disproportionate risk that women face from climate change and natural disasters and the impact that unplanned urbanization has on women and their ability to provide for their immediate and extended families (Table.2.3).

Urban policy needs to recognize the disproportionate risk that women face from climate change and natural disasters and the impact that unplanned urbanization has on women and their ability to provide for their immediate and extended families

2.5.2. Cities and climate change

Climate change is one of the greatest challenges of the twenty-first century. Cities consume over two-thirds of the world's energy and account for as much as 70 per cent of human-induced greenhouse gas emissions, primarily through the consumption of fossil fuels for buildings and transportation.[63] Thus, climate change in the absence of investment in resilience and adaptation can erode the environmental value of urbanization. However, as described in Chapter 1, an investment in climate resilience strategies could have a triple dividend: prevent future losses; generate economic benefits through reducing risk, increase productivity, and driving innovation; and deliver social and environmental benefits.[64]

Nearly 10,000 cities and local governments have set emissions reduction targets with accompanying policies and programmes to meet those targets.[65] An increasing number of cities are becoming centres of innovation in alternative energy, developing resources that may reduce dependence on fossil fuels and make our societies more sustainable. In 2017, for instance, 158 city authorities, businesses, non-governmental organizations and research institutions signed the Nagano Declaration, committing to increase cooperation and accelerating the transition to 100 per cent renewable energy.[66]

Climate change in the absence of investment in resilience and adaptation can erode the environmental value of urbanization

Urban planning can play a key role in designing effective mitigation and adaptation strategies, which in turn will enhance the environmental value of urban areas. Urban economies of scale make it cheaper and easier to take actions to minimize both emissions and climate hazards at the city level.[67]

Cities have the necessary population size, technological capability and institutional knowledge to adopt green economy initiatives at scale, like switching to renewable energy. Beyond its environmental value, alternative energy initiatives constitute an emerging economic sector for national economies. Global investment in renewable energy in 2018 totalled US$288.9 billion. Worldwide, the number of jobs in renewable energy, such as research and development, project development, engineering, installation, and operation and maintenance continue to increase, reaching an estimated 11 million by the end of 2018.[68] If cities follow through on their pledges and adopt renewable energy at scale, they could fuel national economic transformations.[69]

Climate scientists have become among the most influential voices to stress that cities play a central role in the fight against climate change. Under the auspices of the IPCC, city leaders convened in Edmonton (Canada) for a conference in March 2018 to inspire the next frontier of research focused on the science of cities and climate change, which will inform a special IPCC report in 2028.[70] Cities themselves continue to take centre stage in arguing for concerted attention to the relationship between urbanization and climate change. For example, the C40 Cities Climate Leadership Group launched a COVID-19 recovery task force stressing than the post-pandemic world cannot return to "business as usual" on pace for 3ºC or more of overheating.[71]

Urban planning can play a key role in designing effective mitigation and adaptation strategies, which in turn will enhance the environmental value of urban areas

Both in their relationship to natural areas beyond their geographical limits and through the open spaces intermixed with metropolitan areas, cities are co-dependent with living systems. Natural scientists acknowledge that urban processes drive changes to patterns of biodiversity and ecosystems services globally, which were made all the more visible during coronavirus lockdowns as urban flora and fauna thrived in the absence of humans.[72] This understanding has helped to reframe urbanization as both a challenge and opportunity to manage ecosystems at the planetary scale.[73] There are urban areas located within all 36 biodiversity hotspots identified by the Critical Ecosystem Partnership Fund.[74] Twenty-two cities share ideas about enhancing urban biodiversity through their participation in the Biophilic Cities Network. Both ecologists and climate scientists see cities as laboratories in which emerging technologies, new social practices and alternative economic and governance models can be introduced, tracked and refined.

2.6. Social Value of Sustainable Urbanization

This Report conceptualizes the social value of sustainable urbanization through transformative commitments that enhance social inclusion and reduce poverty. It is further conceptualized through the framework of ensuring the "right to the city," an intellectual vision with legal recognition in some countries built on the pillars of "spatially just resource distribution, political agency, and social, economic, and cultural diversity."[75] This Report also embraces the notion of "cities for all," or the belief that all people on the urban-rural continuum should have equal rights, opportunities and fundamental freedoms to benefit from the value of sustainable urbanization. These approaches are reflected in the NUA transformative commitment to "leave no one behind, by ending poverty in all its forms and dimensions."[76]

For centuries, people have congregated in cities to pursue their aspirations and dreams, leading to increased individual and collective wellbeing. However, realizing the social value

of sustainable urbanization is not a natural consequence of a city's economic growth, as increasing investment in urban areas does not automatically address poverty and inequality. Mounting evidence suggests that economic growth in itself does not reduce poverty or increase the collective wellbeing if it is not accompanied by equitable polices that allow low-income or disadvantaged groups to benefit from such growth.[77] In fact, as cities grow larger and produce greater economic value, they have also become places of increased inequality and poverty (Chapters 1 and 5). This widening gap is due to the absence of institutional mandates to implement egalitarian policies, limited capacity and resources at different levels of government and a lack of community participation in urban development and decision-making.

There is a need for transformative change towards people-centred and sustainable urban development that enhances social value. Cities provide opportunities to create and maintain inclusive and just social systems and to produce services and experiences. A city is only sustainable to the extent that it addresses poverty, inequity, precarious housing and slums, among other pressing needs. While no city or country has completely addressed the complexity of sustainable urban development, some are making tremendous efforts, like Mexico City's embrace of Central American migrants.[78]

Realizing the social value of sustainable urbanization is not a natural consequence of a city's economic growth, as increasing investment in urban areas does not automatically address poverty and inequality

The intersection of inclusivity, equality and prosperity frames how the social value realized from sustainable urbanization is conceptualized. These broad and interconnected themes need to be unpacked to understand how individuals within unique social groups experience or are excluded from the value derived from sustainable urbanization.

2.6.1. Inclusivity

Inclusive and visionary urban planning and governance that includes slum prevention and upgrading, combined with pro-poor urban development policies that expand and improve opportunities for employment, are key ingredients for sustainable urban development and integral to the NUA and SDGs.

Many individuals and population groups in cities around the world are excluded from the benefits of urbanization

Many individuals and population groups in cities around the world are excluded from the benefits of urbanization. Sustainable urbanization should include underrepresented and underserved populations in participatory civic processes. For example, the negative consequences of urbanization are likely to disproportionately impact women in terms of safety, inadequate mobility in cities and unequal access to resources. In Latin America and the Caribbean, over half of public transportation users are women.[79] However, transportation systems are not always designed with women's needs in mind. Indirect routes lead to long walks to commercial and employment centres with few accommodations for children.[80] For instance, in Puebla (Mexico), more than two-thirds of the families living in affordable housing units located 30 or more kilometres away from the city centre are headed by women. These women commute very early in the morning when transportation options are limited in poorly lit public spaces where they may be exposing themselves to risks. The long hours also limit their ability to participate in civic life.[81] If a city like Puebla wished to upend this paradigm, it could develop a response that included adequate transportation and secure housing options. A prime example of planning for gender equity is Vienna (Austria), where the city's urban planning department created the "Manual for Gender Mainstreaming in Urban Planning and Urban Development" based on the experience of female residents. It incorporates gender considerations into planning public spaces, land-use planning and design, public washrooms, recreation facilities and transportation.[82]

Rural migrants are another population group that is frequently excluded from the benefits of urbanization. Often, in low- and middle-income countries, these migrants relocate due to unprofitable agriculture, limited livelihood options, poor living conditions and inadequate infrastructure and services.[83] City authorities focused on the inclusion of rural migrants need to develop policies

A young woman walks down a staircase. Zanzibar, Tanzania. © Eduardo Moreno

Simple design of urban scenery with people in various everyday scenes.
© Danielle Parentoni/Shutterstock

Rural migrants are another population group that is frequently excluded from the benefits of urbanization

and initiatives to address their housing needs and ensure that migrants understand their rights to access public spaces and services. To this end, Argentina has introduced a land titling program through which inhabitants of vulnerable neighbourhoods can acquire a "Family Housing Certificate" that allows them access to basic services and certifies their address.[84] Cities in Italy and South Africa are implementing basic income and living wage legislation to ensure the inclusion of vulnerable populations.[85]

The reforms necessary to address the exclusion of groups and individuals is context-specific, as a city in Côte d'Ivoire will have different priorities than a city in Canada. There are examples of cities embarking on initiatives to achieve their commitments through the NUA by building partnerships that create opportunities for residents to participate in the urban development decisions that impact their lives. In Ghana, the Accra Metropolitan Assembly, with the help of Cities Alliance and People's Dialogue, launched a programme to engage slum dwellers in improving their living conditions. The programme works with residents to map slums and obtain information on the number of inhabitants, access to basic services and sanitation systems.[86] The programme highlights that many local government attempts to create an environment for inclusive civic participation will involve residents that have historically contentious relationships with government-led urban development.

2.6.2. Equity

While urban stakeholders often advocate for equity, meaningful and tangible changes through planning are limited. As UN-Habitat has previously noted, "The challenges for urban planning in addressing inequality are particularly difficult, as urban planning alone cannot counter market forces. Urban planning should, therefore, seek ways to promote social integration and cohesion."[87] Equity can be understood as the intersection of representation, recognition and distributive justice in cities.[88] Specifically, representation is the political dimension, recognition is the cultural dimension and redistribution is the economic dimension of equity. Any urbanization process, regardless of the country or context, that does not actively address institutionalized obstacles to full representation, recognition and redistribution is inequitable, unjust and therefore undermines the value associated with urbanization. The State of the World Cities Report 2012/2013 proposed two necessary conditions for an equitable city: providing the conditions that enable every

Any urbanization process, regardless of the country or context, that does not actively address institutionalized obstacles to full representation, recognition and redistribution is inequitable, unjust and therefore undermines the value associated with urbanization

individual and social group to realize their full potential and harness the collective benefits and opportunities that cities offer; and removing any systemic barriers that discriminate against any individual or social group.[89] These proposed conditions for an equitable city draw an important distinction between the concept of "equity" and the oft used "equality." For historically underserved and underrepresented groups, applying an equal and consistent approach to every service or support for every resident merely serves to maintain the status quo. Elsewhere, it has been shown that the best policies for poverty reduction involve more redistribution of influence, advantage and subsidies away from wealthier, more powerful groups to those that are disadvantaged.[90]

Equity in urban development demands the rejection of a universal approach that ignores the reality of different groups within a city who are situated unequally relative to support systems and societal resources.[91] Equitable access to adequate housing, basic physical and social infrastructure, livelihood opportunities, safe and affordable drinking water, sanitation and hygiene, safety, food security and recreation requires developing targeted strategies that recognize the unique challenges of those within underserved and underrepresented populations. A recent report in the US found that communities of colour, low-income communities, non-native English speakers and communities that lack transportation and/or live in crowded conditions had less access to clean drinking water than more affluent communities. In fact, race had the strongest correlation to slow and inadequate enforcement of water quality laws.[92] Such inequities have also played out in the COVID-19 pandemic with observable racial disparities in the US and UK.[93] The failure to protect vulnerable communities is not happenstance; it is the result of social and political factors and decisions resulting in public policies that disadvantage communities of colour and indigenous communities.[94]

Children with special educational needs in an inclusive city park, Dnipro, Ukraine. © Shultay Baltaay/Shutterstock

Table 2.4: The value of urbanization for children

Value of urbanization	Plight of the children in cities
Economic ▪ Environment that protects children's ability to attend school and not be forced into labour	Children are the most vulnerable population group in urban areas globally. At the extreme, an estimated 300 million of the global population of slum dwellers are children. The most disadvantaged children and their families are challenged with the high costs of living, unequal distribution and access to services, and poor characteristics of the built environment. Building on SDG targets for children, the New Urban Agenda commits to creating safe, healthy and secure cities for children. It promotes equitable access to sustainable basic physical and social infrastructure like housing, drinking water, public recreation space, health care, food and education.
Environmental ▪ A safe and secure urban environment ▪ Healthy and productive environment for their future ▪ Access to age appropriate play and recreational facilities and opportunities	Children's behaviour is moulded by lived experiences in their formative years. A child's ongoing interaction with their urban environment will have a significant impact on their ability and desire to participate in shaping sustainable urban development in the future. Stakeholders within urban areas need to be informed about how children's vulnerabilities are related to the built environment and ensure urban policy reflects their needs in planning and development.
Social ▪ Access to basic needs such as food, water, sanitation, etc. ▪ Protection from trafficking, violence and abuse	When children are marginalized and excluded from urban planning and development processes, their voices are silenced. Meaningful inclusion of families requires local government to invest in building the capacity of children and their parents so that they can participate in the whole process of urban development. Community collaboration to co-produce better outcomes ensures that children benefit from the social value of sustainable urban development.

Source: UNICEF, 2018.

The greatest challenge to ensuring equity is not in the amount of resources directed at a problem; rather, it is ensuring that the lives of vulnerable and other marginalized groups are valued within public policy and process. Inequity is addressed through redistributive policies, developed in consultation with people with lived experience, that give priority to excluded or marginalized groups in the provision of services and opportunities. A poignant example of the importance of equity vs. equality can be seen within the plight of children in urban environments (Table 2.4). Ensuring that the unique needs of children are addressed in an equitable and sustainable manner provides value to other groups within urban areas.

It is only when equity is put forward as a main concern that cities will thrive as places of economic strength while contributing to environmental resilience.[95]

The greatest challenge to ensuring equity is not in the amount of resources directed at a problem; rather, it is ensuring that the lives of vulnerable and other marginalized groups are valued within public policy and process

Countries that have attempted to address inequality by investing in the health, housing and education of their most vulnerable populations tend to perform better on all human development indicators, including GDP

Countries that have attempted to address inequality by investing in the health, housing and education of their most vulnerable populations tend to perform better on all human development indicators, including GDP.[96] Such countries include Brazil, Cuba, Egypt, Sri Lanka, Thailand and Tunisia, which have performed relatively well on many human development indicators and have managed to contain or reduce slum growth largely due to political commitment—backed by resources—to invest in the urban poor. Evidence shows that urbanization that is centred in the principle of equity can have tangible outcomes for marginalized groups within the city.[97] A critical component to achieving equity is through inclusive civic participation and ensuring that underserved and underrepresented populations are involved in the decision-making that impacts them.

2.6.3. Quality of life

Generally, urban residents enjoy a better quality of life. However, the social value of urbanization should largely be viewed in terms of how vulnerable and marginalized groups have access to quality services and improved standards of living. Quality of life indicators consider a broad set of factors that influence people's lives. They include housing, health and education, as well as participation in local decision-making and availability of cultural assets and amenities.[98] Urban development experts suggest that effective urban planning and management, being proactive rather than reactive, are key factors in improving the quality of life for urban residents.

Effective urban planning and management, being proactive rather than reactive, are key factors in improving the quality of life for urban residents

As the world becomes increasingly urbanized and national governments cannot always be relied upon to deliver services at the local level, cities must increasingly provide their own safety nets in order to ensure a decent quality of life for their most vulnerable residents. Such city-level social safety net programs are emerging in cities around the world. For instance, Delhi has a social pension programme for older persons, which the city government doubled at the onset of the coronavirus lockdown. Emerging research suggests that with the close proximity of urban areas, social security programs can play an integral role in supporting the poorest residents in benefitting from the value of urbanization.[99] China's social security system has adapted mechanisms from developed countries to suit the Chinese context. Recent reforms have attempted to extend coverage to include former rural areas and all urban residents. As a result of their efforts, China is witnessing a decrease in regional disparities, but is still contending with inequality that is not decreasing as expected (Chapter 1).[100]

When urbanization is well-planned, it is associated with greater productivity, opportunities, improved quality of life and prosperity for all. Unfortunately, many cities have inadequate infrastructure and inequitable access to social services, while marginalized populations are excluded from the inherent value of urbanization. The inequity in the degrees of prosperity are highlighted by the stark contrast between well-serviced, planned and secured neighbourhoods and inner-city, peri-urban, slum-like and informal settlements. A city is only prosperous if all its residents are thriving, where inequality, abject poverty and deprivation is minimal. Cities that are integrating a focus on improving quality of life into their urban planning provide adequate social services in the form of education, health, recreation, safety and security to improve living standards and help all residents realize their maximum potential. UN-Habitat advocates a vision of the twenty-first century city that is people-centred, capable of producing prosperity and sheds off the inefficient and unsustainable patterns of the previous century.[101]

2.6.4. Governance system

Sustainable urbanization requires a functioning deliberative body to develop legislation, then a capable bureaucracy to implement it in order to make cities and human settlements safe, inclusive, resilient and sustainable. Underpinning this process is a municipal finance structure that provides the necessary resources to fund operations. To accomplish this ideal, the public sector must work closely with governance stakeholders at all levels of government, civil society, community associations, indigenous peoples, marginalized groups, private investors, academics and other partners. Though all levels of government are necessarily represented in this system, sustainable urbanization will be most successful when adhering to "subsidiarity," or the organizing principle that political decisions should be taken at the most localized level possible, as emphasized in the NUA.[102]

Subsidiarity acknowledges that there is a baseline capacity required for successful devolution of decision-making. This capacity is often dictated by the enabling environment within which local governments operate. Globally, local governments have varying levels of institutional capacity to make their own urbanization decisions due to incomplete decentralization, among other factors (Chapter 7). However, in decentralized democracies it is the responsibility of the central government to provide the necessary resources that support the ability of local governments to fulfil their function as the level of government closest to citizens. There is also a role for higher levels of government to ensure that local processes are not co-opted by local elites.

While there is no substitute for government leadership in addressing issues of inclusion and equity, civil society participation is a necessary component of sustainable urbanization

While there is no substitute for government leadership in addressing issues of inclusion and equity, civil society participation is a necessary component of sustainable urbanization. An active and informed civil society has the potential to equip and empower communities to participate in the development of their city, build social capital and influence urban design. Similarly, business, academia, trade unions and professional associations all need to contribute to the design and implementation of policies and regulations to keep cities moving on paths of sustainable prosperity for all. The process of negotiation with local stakeholders can forge new partnerships that strengthen national governments.[103] The active and meaningful participation of governance stakeholders and residents is an outcome of the intangible value of sustainable urbanization.

2.6.5. Urban policy coherence

The economic, social and environmental value created through the process of urbanization is the result of decisions that are made at all levels of government, in business and by supranational organizations. These decisions should be guided by "national urban policy," or a coherent set of guidelines developed with all stakeholders in a collaborative way that promotes transformative, productive, inclusive, equitable and environmentally resilient long-term urban development (Figure 2.1). The increasing adoption of national urban policies (NUPs) is an important step forward in managing urbanization. Over the past two decades, at least one hundred and fifty countries have developed NUPs that support sustainable urbanization and nearly half (73) are being implemented. NUPs are key policy tools which governments at all levels can use to enhance the value of sustainable development that cuts across urban, peri-urban and rural areas.[104]

To ensure urbanization is inclusive and equitable requires NUPs that consider the rights of the most vulnerable and marginalized. These policies must also prioritize a sense of belonging and identity, collective values, participation in political and social life, and women's empowerment and development. For example, policies must support the rights of women, including property rights, access to services and civic participation; youth empowerment, including education and employment; older persons, including policies to promote healthy ageing; and a broad focus on the urban poor and indigenous populations.[105] The pervasive nature of informal settlements and slums caused by rapid urbanization with limited planning and insufficient infrastructure is a complex problem with very tangible negative effects. City governments must leverage their skills, knowledge of context, resources and political will to improve the lives of all residents, including those in slums.

For local governments regardless of context, managing sustainable urbanization requires internationally developed policies to align with domestic policies that act together as a cohesive force for change.[106] Timely support must be mobilized across all levels of government to ensure a cohesive approach to planning and managing cities and their interactions across jurisdictional boundaries and with rural areas. Local governments alone cannot address the complex challenges facing modern cities. While the NUA and international agreements relevant to sustainable urbanization were signed by national governments, many of the commitments are within the purview of local governments. It is vital for national governments to equip local government with the capabilities, appropriate decision-making authority and necessary financial resources.[107] It is equally important that local and national governments collaborate on decision-making with regard to efficient and effective service delivery and movement towards achieving international development agendas.[108]

Efforts to promote sustainable urbanization must be responsive to the national context. At the same time, they must be sensitive to a local area's political and cultural readiness for policies supporting inclusion and equity over unconstrained sprawl and elite economic growth. It

City governments must leverage their skills, knowledge of context, resources and political will to improve the lives of all residents, including those in slums

Aerial view of Yick Fat Building, Quarry Bay, Hong Kong. © Tavarius/Shutterstock

Tribal Indian Healers, Zocalo, Mexico City, Mexico. © Dowraik/Shutterstock

is therefore vital to understand the distinctive context in each city, including the role of other national, territorial, rural and regional policies.[109] For too long in developing countries, regulatory frameworks have been imposed or imported with externally derived standards unsuitable for the local context.[110] Changing course entails a major review of policy, codes and institutional restructuring to support progressive measures that address complex urban challenges in an inclusive and equitable manner.

2.7. Intangible and Cultural Value

The intangible value of urbanization can be conceptualized as the synergy of effective governance and institutions that generate a sense of pride in one's overall perception of the city. For instance, sound institutions—a constitution, laws, regulations, social norms, customs and traditions—provide the superstructure for the value of urbanization to be fully realized and lead to inclusive prosperity and an increase in quality of life.

In sustainable urbanization there are two concurrent processes occurring: building the political, institutional and stakeholder support for a concerted effort to intentionally shape and direct urban growth in an equitable and inclusive way; and developing the institutional capabilities, network collaboration, technical capacity, legal frameworks and financial instruments to manage urban growth. Government at all levels must regain control of urbanization with a renewed commitment to sustainable, people-centred urban development that equips residents to collectively influence the direction of their city.

Habima Square, a public space that is home to cultural institutions, Tel Aviv, Israel. © ChameleonsEye/Shutterstock

Culture is a related intangible value that is the lifeblood of vibrant urban areas. Creative expression helps define residents' perceptions of the city and empathize with their neighbours by seeing through the eyes of others. Cultural diversity contributes to the social, economic and environmental value of urbanization through improved learning and health, increased tolerance and understanding, and opportunities to come together with others in public spaces.[111] The quality of cultural life in a city brings a competitive edge, attracts businesses and drives economic development, but more importantly it strengthens the social fabric of a city.[112] Investments in culture preserve history and heritage and provide value to residents through the relations and processes that happen in the contexts of their individual networks of families, communities, and in publicly funded institutions.[113] Participation in publicly available arts and culture opportunities can relieve isolation and promote identity formation and intercultural learning, understanding and appreciation.[114]

Cultural diversity contributes to the social, economic and environmental value of urbanization through improved learning and health, increased tolerance and understanding, and opportunities to come together with others in public spaces

In the developed world, rising migration has led to increased culturally diverse populations in cities (Chapters 1 and 5). In most of these cities, diversity is celebrated, and city authorities are developing programmes and creating the environment to make those who come from other

cultures feel that their values and background are not only accepted but celebrated. Not only are major metropolises dotted with vibrant international cultural neighbourhoods, but also ethnic retail stores, diverse religious landscapes and regular multicultural events such as Drongo Festival in Amsterdam, Caribana in Toronto, Notting Hill Carnival in London, Chinese New Year Festival and Parade in San Francisco and Living in Harmony in Sydney. Urban practitioners are increasingly recognizing the intangible value of culture to creating a sense of place and fulfilment, improving quality of life and reducing inequity through multi-level cultural planning.

2.8. Concluding Remarks and Lessons for Policy

This chapter has conceptualized the value of sustainable urbanization along four dimensions—economic, environmental, social, and intangible—all of which will be addressed in more detail in the next four chapters. It notes that although urbanization has value, the way and manner stakeholders articulate and promote the value of urbanization is crucially important. The chapter notes that any discussion of value should be people-centred and should serve the diverse interests, needs and aspirations of the people who reside in cities. Further, the chapter articulates that urbanization has value, but the benefits do not occur by chance. They require proper planning, effective management and sound urban governance.

With these caveats, the chapter offers the following as lessons for policy:

- If well planned and managed, urbanization can help countries accelerate their economic growth and serve as a channel to global markets by creating productive environments that attract international investment and increase economic efficiency.

- It is the economic growth and prosperity offered by cities that will provide the basis by which countries can contribute to achieving the targets of the SDGs, including enhancing economic and social opportunities for the urban poor. In the absence of a healthy urban economy, the goals of the 2030 Agenda for Sustainable Development will be difficult to attain.

- Policies should strive to achieve pro-poor economic development but also to reduce the environmental impact of economic growth and urban production on the environment.

- It is important for cities to continue to be at the forefront of solutions to climate change. Urbanization offers many opportunities to develop mitigation and adaptation strategies to deal with climate change, especially through good urban planning and management practices.

- Sustainable urbanization has social value when it enhances gender equality, protects the rights of underserved and underrepresented groups and ensures inclusive civic participation.

- Sustainable urbanization is experienced through the intangible value of urban culture. As the world's cities become more heterogeneous, there are more opportunities for celebrating cultural diversity as part of a city's brand or identity.

- Urbanization will continue to be the driving force for global growth. However, given the pace of urbanization, the process requires effective planning, management and governance if it is to become a truly transformative asset.

- Internationally developed policy must be adaptable to local context to ensure policy coherence. Local governments need to be invited into international agenda setting to contribute their unique perspectives.

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