



# Shaping Urban Transitions

## The Coalition for Urban Transitions

BETTER CITIES, BETTER GROWTH, BETTER CLIMATE



**COALITION FOR URBAN TRANSITIONS**

A New Climate Economy Special Initiative

“The Coalition will seek to drive a positive urban transition, one that unlocks a better future for all.”

Introducing

# The Coalition for Urban Transitions

A Special Initiative of the New Climate Economy

*A Positioning Paper*

Hosted by

**World Resources Institute**  
**Ross Center for Sustainable Cities**

And jointly managed between

**THE NEW CLIMATE ECONOMY**  
The Global Commission on the Economy and Climate



**WORLD  
RESOURCES  
INSTITUTE**

**WRI ROSS CENTER FOR  
SUSTAINABLE  
CITIES**

The Coalition for Urban Transitions is a major new international initiative to support decision-makers to **unlock the power of cities for enhanced national economic, social, and environmental performance**, including reducing the risk of climate change

The Coalition will seek to drive a positive urban transition. It will provide an independent, evidence-based approach for thinking about well-managed urban transitions that ensure the growth of urban areas along with the accompanying processes of economic, social, and environmental change, maximise benefits for people and the planet.

The Coalition for Urban Transitions is a Special Initiative of the New Climate Economy (NCE) and will be hosted by the World Resources Institute (WRI) Ross Center for Sustainable Cities, and jointly managed by C40 Cities Climate Leadership Group (C40) and WRI. Its wider network comprises institutions and individuals with a wide range of viewpoints and expertise, including leaders from think-tanks, research institutions, city networks,

international organisations, infrastructure providers, and strategic advisory companies. Its work will be overseen and championed by a high-profile Urban Leadership Group, expected to comprise members of the Global Commission on the Economy and Climate as well as other prominent individuals, who will act as Ambassadors for its work. This may include mayors and former mayors of major cities, former heads of state and Ministers, business leaders, heads of major international organizations, and prominent economists.

Together, these institutions and individuals span the globe.

What they all share is a common purpose: unlocking a better urban future for all.



Photo credit: John Wollwerth / Shutterstock.com

# 1. Why we have come together

The scale and pace of the current global urban revolution cannot be underestimated.

## The global urban opportunity

Cities are growing at an unprecedented rate, particularly in the developing world. By 2050, two-thirds of the global population will live in urban areas, with nearly 90% of the growth in urban population occurring in Asia and Africa. And cities are powerhouses of the global economy, fundamental for driving national productivity and structural transformation: in 2015, about 85% of global GDP was generated in cities.

Cities are also centers of innovation and policy experimentation. Bike and car sharing schemes and Bus Rapid Transit (BRT), for example, have boomed in recent years, unlocking major economic benefits while also reducing traffic, improving safety and boosting productivity. Since 1974, more than 160 cities have implemented BRT systems, which can carry large numbers of people at less than 15% of the capital cost of a metro per passenger. Within the C40 group of megacities, there has been a 500% increase in cities developing bike-sharing schemes from 2011 to 2013 alone. In Buenos Aires, travel time savings from BRT have been estimated at as much as 50%.

And city leaders the world over are responding to major global challenges such as climate change, urban poverty and access to energy. As of April 2016, 477 city leaders representing over 400 million people have already committed to the Compact of Mayors, pledging to reduce their greenhouse gas emissions, track progress and prepare for the impacts of climate change, building on related regional and country-based frameworks such as the European Covenant of Mayors and the US Mayors Climate Protection Agreement.

In 2015, historic meetings of world leaders led to a set of Sustainable Development Goals and the Paris Agreement to underpin future prosperity and set the world on a path to combating climate change. Now the real work begins, turning ambition into action. Unlocking the power of cities to invest and innovate in this global transition will be fundamental to their success.

## The urban transition challenge

Major barriers to unlocking the power of cities for enhanced economic, social, and environmental prosperity still persist.

In many nations and cities, urban sprawl and conventional motorisation still dominate. Density in cities is projected to decrease by over a quarter globally by 2040, undermining the benefits of proximity, of interactions that create a vibrant market and fertile environment for innovation in ideas, technologies and processes. The total number of registered motorized vehicles worldwide is expected to double in the next 15 years. Many major cities continue to carry significant public service deficits in energy, water, transport and waste services. In developing countries, the 'urbanisation of poverty' is a growing trend which comes with its own challenges to overcome. In sum, unmanaged urban growth creates a wide range of economic, social, and environmental costs, slowing down improvements in quality of life.

Getting urban development right – by building compact, connected, and coordinated cities – is critical.

Analysis by the New Climate Economy suggests that low-carbon urban actions are a US\$17 trillion global economic opportunity out to 2050, based on energy savings alone. Such an approach also has the potential to reduce urban infrastructure capital requirements by more than US\$3 trillion over the next 15 years. In addition to the economic potential, building better cities can also improve air quality and public health, enhance accessibility and safety, reduce poverty, and avoid the costs of sprawl – all while reducing carbon emissions.

## A national approach is key

Mayors are already demonstrating leadership in responding to these challenges. However, many of the decisions needed to lift the barriers to improving city-level growth and climate action are at the national level, in the hands of economic, finance, transport, energy, and other key ministries, intersecting with the role of private sector land use and investment decisions at the local level.

Consider, for example, transport infrastructure, a particularly vital area of intervention to ensuring better urban development. Here, the sheer scale of projects makes them typically beyond the resources of cities to finance directly. Moreover, incentives for investment in public transit systems and smarter urban energy systems are often undermined by the US\$500 billion global spend per year on fossil fuel subsidies, about which decision-making rests at the national level.

A national-level approach is also critical in order to finance the global urban transition. Cities often struggle to directly access capital: many cities rely on narrow revenue bases and lack sufficient fiscal capacity or credibility for borrowing or investment in large-scale urban infrastructure. In developing countries, only 4% of the 500 largest cities are deemed creditworthy in international financial markets. More often, cities do not even have the authority to raise their own finances whether through debt or equity markets, to enter into financial agreements such as franchises or Public Private Partnerships (PPPs), or to engage directly with international development banks and must rely on national or state level transfers for key investments.

Ensuring that policy makers place well-managed urbanisation at the heart of their economic development and investment strategies is key. A national-level approach will also be crucial to scaling up international collaborative efforts, such as the Compact of Mayors, which can empower cities to invest and innovate.

## Urban transitions are achievable, with the right decision-making

The good news is that momentum is building for better urban development all over the world.

In China, for example, the central government recently released the National Plan for New Urbanization 2014-2020 with a commitment towards encouraging more compact, green, low-carbon and smart urban development. In India, a swathe of new central government initiatives to encourage better urban growth, such as the '100 Smart Cities' initiative, are taking shape. Around a quarter of African countries have national urban development strategies. In order to be successful these and other similar initiatives should also be better integrated into the overall national economic picture and must overcome gaps in evidence-based policy development and implementation.

Increasingly, there are good lessons emerging from a range of countries about how to plan for and manage national urban growth in a sustainable way. National governments have more options about how to work with cities to roll out smarter urban technologies both at the city-level and as part of bigger networks of cities, from new smart transit corridors, to BRT and bike sharing schemes. Shifts in social norms driven by new information and communication technologies and transformational patterns of urbanization, such as the rise of the sharing economy, may translate into new patterns of consumption. And capital markets have immense capacity to direct financial resources towards future opportunities, if there is a clear sense of policy direction.

To fully benefit from the 'urban dividend' it is imperative to make the most of this momentum especially over the next 15 years. This will require decision-makers to have access to reliable, timely, and action-orientated evidence, supported by targeted, strategic engagement, to ensure that they make well-informed choices.



Photo credit: JMariana Gil/EMBARQ Brasil

## 2. How we will have impact

Deploy a proven combination of thought leadership, rigorous analytical work, and high-level country engagement

The Coalition for Urban Transitions will seek to improve the quality of decision-making on urban transitions to meet the economic, social, and environmental objectives of national level policy makers by providing a trusted, independent and objective basis for thinking about urban transitions.

It will also serve as a global champion for unlocking the power of cities in support of the national agendas intersecting with the Sustainable Development Goals and the Paris Agreement.

The Coalition will deploy a proven combination of a global thought leadership, rigorous analytical work, and high-level country engagement for maximum impact.

At the global level, it will develop a programme of cutting-edge research to help global and national leaders make decisions about urban transitions in three key areas:

- The national level policy levers for unlocking better urbanisation which will help to improve understanding amongst economic, finance, and other key ministries of the frameworks, instruments or innovations that could be scaled up to enable them to support a better managed urban transition.
- National finance mechanisms or funding innovations to support these policy makers to leverage the necessary investment to bring these plans to fruition.
- And the economic and business case for a new model of urban development, building on evidence that presenting a robust economic case for low-carbon urban action can unlock policy support and accelerate investment flows at the national, regional and local scales.

At the national level, the Coalition will focus on assisting at least 3-5 rapidly urbanising countries by 2018 to enhance or catalyse the development of national urban development and financing strategies. In the first year, focus countries will include China and India. Going forward, focus countries will also include a number of rapidly urbanising African, South Asian, and Latin American economies where there is strong demonstrated potential for impact and political leadership.

Where relevant, a key element at the country-level will be the development of Urban Transitions Assessments looking at the macroeconomic performance of different urbanisation pathways and major policy reforms to enable an enhanced national urban vision. Each Assessment will be grounded in an understanding of the ideologies, aspirations, incentives and politics that shape urban development for the focus country. This will help encourage policy makers to plug the so-called 'missing middle', namely, the absence of national planning policy frameworks, coherent national urban infrastructure plans, and financing strategies to identify, develop, and execute bankable programmes of coordinated urban infrastructure investment.

## What sets us apart?

The Coalition brings together six unique approaches to its strategy and operations:

**An economics focus.** Few international organisations or city-level networks are providing a distinct focus on the economic case for better urbanisation. Experience shows that presenting a more robust economic case for low-carbon urban action can unlock policy support and accelerate action in a range of important ways.

**A national, systems-level focus.** There are multiple organisations working at the city-level, but few focusing at the national level on the importance of placing effective urban infrastructure investment strategies at the heart of national economic development planning processes.

**Policy advice that is nimble and relevant for decision-makers.** There exist major gaps in the global provision of quick, flexible, policy-relevant advice on the big questions facing decision makers in finance, urban, and other Ministries in relation to shaping national urban development.

**High calibre and senior-level commission.**

Building on NCE's successful model of work under a Global Commission, the Coalition will leverage relevant international, national, and city-level Commissioners and other senior leaders to communicate the results of the work and convene key decision makers around furthering better urbanisation.

**Cutting edge research capability and networks.**

The Coalition has a readymade research network supported by a core, independent management and delivery team able to access and leverage cutting-edge outputs.

**Leveraging off existing initiatives.** The Coalition will build on, and help to accelerate collaboration across a range of existing initiatives already being executed by NCE and its partners to maximise the synergies and reduce duplication of effort.



Photo credit: Nataly Reinch / Shutterstock.com

### **3. More about the partners**

The Coalition is supported by a diverse and growing network of leaders from across the public and private sectors.

The Coalition for Urban Transitions is a Special Initiative of the New Climate Economy (NCE) which will be hosted by the World Resources Institute (WRI) Ross Center for Sustainable Cities, and jointly managed by C40 and WRI with a dedicated delivery team.

NCE is the flagship project of the Global Commission on the Economy and Climate. It was established in 2013 to independently and authoritatively assess the evidence of the costs and benefits of climate action. The Global Commission consists of 20 former heads of state, CEOs, mayors, and heads of international organisations.

WRI Ross Center for Sustainable Cities works to make urban sustainability a reality with global research and on-the-ground experience in Brazil, China, India, Mexico, Turkey and the United States. The Ross Centre has a dedicated set of over 200 experts working in over 50 cities globally to affect sustainable urban change.

The C40 Cities Climate Leadership Group (C40), now in its 10<sup>th</sup> year, connects more than 80 of the world's greatest cities, representing 600+ million people and one quarter of the global economy. Created and led by cities, C40 is focused on tackling climate change and driving urban action that reduces greenhouse gas emissions and climate risks, while increasing the health, well-being and economic opportunities of urban citizens. The current chair of the C40 is Rio de Janeiro Mayor Eduardo Paes; three-term Mayor of New York City Michael R. Bloomberg serves as President of the Board. C40's work

is made possible by three strategic funders: Bloomberg Philanthropies, Children's Investment Fund Foundation (CIFF), and Realdania.

The Coalition is further supported by a Steering Group comprising leaders from think-tanks, research institutions, city networks, international organizations, infrastructure providers, and strategic advisory companies representing diverse geographic and political perspectives and technical backgrounds. These include WRI, C40, Stockholm Environment Institute, The Centre for Climate Change Economics and Policy, LSE Cities (at the London School of Economics and Political Science), PwC, Siemens, Bloomberg Philanthropies, the Indian Council for Research on International Economic Relations, Tsinghua University, Children's Investment Fund Foundation, Deutsche Bank, the African Centre for Cities, McKinsey Centre for Business and Environment, The UK Department for International Development, the OECD, the Urban Land Institute, Climate Policy Initiative, and the Global Green Growth Institute among others.



Photo credit: PhuuchaayHYBRID / Shutterstock.com

## 4. What comes next

Potential research questions and how we'll explore them

The Coalition will focus its global research programme on specific topics, selected based on:

(i) the potential for contributing to an urban transition; (ii) the capabilities and know-how of the Coalition; and (iii) the opportunity to cooperate and leverage ongoing efforts.

Potential research questions to be addressed in the first 12-18 months include:

- Which major national policy frameworks, instruments or innovations are underutilized by economic, finance, and other key ministries in rapidly urbanising regions? Which could be used to scale up and shift national urban development towards more compact, connected, low carbon urban growth to support improved economic, social, and environmental outcomes? And which can be feasibly implemented in the next 5-15 years?
- How can countries finance the urban transition? Which major national financing mechanisms or funding innovations are underutilized? What is the best way to mobilise and shift domestic and international investment flows to cover the incremental up-front costs of smarter urban infrastructure? What is the 'right' level of financial autonomy that should be provided to different types of cities in terms of raising funds and entering financial agreements with the private sector or international agencies?
- What are the public and private sector economic and business cases for investing in a more compact, connected, efficient low carbon development model, taking into account typical discount rates and ways to value indirect net benefits?

- How can cities keep pace with the plethora of fast emerging business models and technologies in the urban transport sector from e-hailing to car sharing to autonomous vehicles whilst allowing public transit to remain competitive?

At the country level, the focus countries will be determined with an aim to build a portfolio of work spanning countries at different stages of the urban transition. Factors that will help determine focus countries will include:

- Countries likely to see a significant absolute increase and/or rapid growth in the urban share of the population and national economy
- Where the Coalition and the NCE are well placed to provide engagement and support
- Where a country is keen to demonstrate national leadership on shaping their urban transition combined with key 'reform windows'
- Where there is potential to develop the work into a medium-long term engagement to ensure impact, linked to in-country delivery and implementation partners

In order to further support impact in-country, the Coalition may create groups of 3-4 national commissioners, namely high-level ambassadors in each focus country, to help champion its work and engage better with national decision-makers.

Impact will also be driven through strong strategic communications and engagement at the global, regional, and national levels, ranging from participation at events such as HABITAT III and COP22 to delivering strong local stories that will reach key audiences.



Photo credit: Radiokafka / Shutterstock.com

### FOR MORE INFORMATION

*New Climate Economy*

c/o World Resources Institute

10 G St NE

Suite 800

Washington, DC 20002, USA

+1 (202) 729-7600

Email: [www@newclimateeconomy.net](mailto:www@newclimateeconomy.net)

### ABOUT THE NEW CLIMATE ECONOMY

The New Climate Economy helps governments, businesses and society make better-informed decisions on how to achieve economic prosperity and development while also addressing climate change.

### ABOUT WRI ROSS CENTER FOR SUSTAINABLE CITIES

WRI Ross Center for Sustainable Cities works to make urban sustainability a reality. Through global research and on-the-ground experience, our experts work with city and national leaders in Brazil, China, India, Mexico, Turkey and the United States to spur action and improve life for millions of people.[change.org](http://change.org).

### ABOUT C40

Created and led by cities, the C40 Cities Climate Leadership Group (C40) is focused on tackling climate change and driving urban action that reduces greenhouse gas emissions and climate risks, while increasing the health, well-being and economic opportunities of urban citizens.

# COALITION FOR URBAN TRANSITIONS

---

A New Climate Economy Special Initiative

The partnership of the Coalition for Urban Transitions includes:

WRI Ross Center for Sustainable Cities • C40 • Stockholm Environment Institute • The Centre for Climate Change Economics and Policy • LSE Cities • PwC • Siemens • Bloomberg Philanthropies • Indian Council for Research on International Economic Relations • Tsinghua University • Children's Investment Fund Foundation • Deutsche Bank • the African Centre for Cities • McKinsey Centre for Business and Environment • UK Department for International Development • OECD • Urban Land Institute • Climate Policy Initiative • Global Green Growth Institute