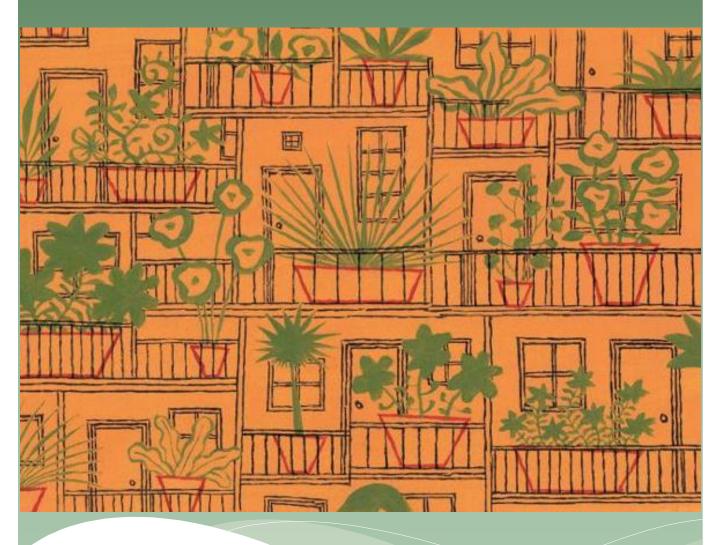
## Making Cities Work for All: Data and Actions for Inclusive Growth

### POLICY HIGHLIGHTS





This document summarises the key findings of OECD (2016), Making Cities Work for All: Data and Actions for Inclusive Growth, OECD Publishing, Paris.

The full report is available on the OECD iLibrary at: http://dx.doi.org/10.1787/9789264263260-en

The report is part of the work of the OECD Directorate for Public Governance and Territorial Development. It was elaborated with the financial support of the Ford Foundation, in the framework of the OECD All on Board for Inclusive Growth initiative co-ordinated by the Office of the Secretary-General.

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Organisation or of the governments of its member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Photo credits:

Cover illustration © Jeffrey Fisher Page 5: © Simon Luethi / Ford Foundation Page 6: © Kheng Guan Toh / Shutterstock.com Page 7: © sevenke / Shutterstock.com Page 12: © Fred Cardoso / Shutterstock.com Page 15: © alphaspirit / Shutterstock.com Page 16: © quinky / Shutterstock.com Page 17: © Monkey Business Images / Shutterstock.com Page 18: © Ryan DeBerardinis / Shutterstock.com Page 19: © connel / Shutterstock.com Page 20: © Miriam Doerr Martin Frommherz / Shutterstock.com Page 21: © Route55 / Shutterstock.com Page 22: © Arthimedes / Shutterstock.com Page 23: © bikeriderlondon / Shutterstock.com Page 23: © NemanjaMiscevic / Shutterstock.com

## Table of contents

*	Forewordp.4
*	Why do cities matter for inclusive growth?p.7
*	How inclusively is your city growing?p.8
*	People in cities have more chances to enjoy a better lifep.10
*	but cities are also more unequalp.11
*	Urban inequality goes beyond income – and so should its measurementp.12
*	Inequalities within cities mean that people live physically dividedp.14
*	National and city governments working together can achieve more inclusive growthp.15
*	Five policy priorities for more inclusive citiesp.16
*	From design to implementationp.22
*	Referencesp.24

## Foreword

The return to economic growth is a bumpy, uneven path. Nowhere more than in cities is the divide between prosperity and inequality more apparent. Home to around half of the OECD's population, approximately 200 cities of 500 000 inhabitants or more have generated over 60% of jobs and economic growth in the past 15 years. At the same time, inequality of income and other well-being outcomes is higher in cities than elsewhere. Access to opportunities seems to stall for many low-income urban residents, who often live concentrated in distressed neighbourhoods. Children in these communities start off in life with low prospects, as their chances of success are increasingly tied to the socioeconomic status of their parents.

The OECD and the Ford Foundation have joined forces since 2012 to promote a more inclusive approach to growth – one that creates opportunities for all segments of the population to participate in the economy and distributes the dividends of increased prosperity fairly across society. With the All on Board for Inclusive Growth initiative, the OECD has set out a comprehensive framework to help countries design and implement multidimensional, win policies that can deliver stronger growth and greater inclusiveness.

Making Cities Work for All represents a step forward in the collaboration between the OECD and the Ford Foundation. If it is in cities where the negative effects of inequalities are most severely felt, it is also in cities that the most innovative solutions can be deployed. The report highlights those areas where access to opportunities has been stymied by rising inequalities and where policies can make a real difference. It takes us back to basics by pointing to the importance of data to understand the interand intra-city dynamics.

The report provides national and local policy makers with new data and tools to implement policies that enhance inclusive growth in cities. It offers unique, internationally comparable data on economic growth, inequalities and well-being for urban residents, assessing city performance not only in terms of economic prosperity, but also in terms of employment prospects, education, of housing. health. affordability and opportunities. These data allow us to track whether OECD cities are diverging from or converging with national trends.

The report shows that inequality has also grown within cities, contributing to increasing residential segregation between high-income households and other income groups in Canada, France and the United States, or residential segregation of the low-income households in Denmark and the Netherlands. This analysis indicates а strong commitment towards improving the coverage and quality of local data, showcasing indicators that could be expanded to non OECD cities in the future to ensure that relevant information is available to track inequality in a range of dimensions.

Making Cities Work for All puts forward a framework for action, highlighting the policies and partnerships that cities and countries can mobilise to improve prospects for urban residents. A selection of good practices from cities around the world points to five key policy areas: jobs; education and skills; housing; transport; quality services and environment. Drawing on longstanding OECD work on urban policy, the report advocates for bridging national and local efforts at the right scale to improve people's lives in cities. Inclusive institutions that respond to citizens' expectations, nurture people's skills and create a favourable business environment can expand opportunities for all urban residents. By contrast, there is on average a stronger tendency for groups to be pushed to the margins of urban society in cities that have fragmented governance structures.

The policy practices illustrated in this report also underline the importance of local leadership to steer urban policy towards an inclusive agenda. To support local leaders, the OECD and the Ford Foundation launched a global coalition of Champion Mayors for Inclusive Growth in March 2016. Around 50 Champion Mayors have signed on to the New York Proposal for Inclusive Growth in Cities, a roadmap for change and a shared commitment to ensure that cities work for all.

This contributes report to an unprecedented global political commitment to make cities more sustainable, inclusive and resilient through the implementation of the New Urban Agenda of Habitat III. Through Making Cities Work for All, the OECD stands ready to help decision makers adopt policies that reinforce each other and give a voice to all - so that cities become a better place for current and future generations to fulfil their potential.



Angel Gurría Secretary-General OECD



Darren Walker President Ford Foundation





### Why do cities matter for inclusive growth?

Cities host both opportunities for prosperity and stark inequalities between the richest and the poorest. Cities are also places where inclusive growth policies can make headway. This report offers new data on inclusive growth in OECD cities and puts forward a framework for action -- both in terms of human and social capital (jobs and education) and in terms of the urban environment (housing, transport, environment and access to services).

### What is an inclusive city?

Cities generate an outsized share of national wealth. With their capacity to push individuals up the ladder of income, education or jobs, they drive social mobility. However, rising inequalities, poor quality of services, fragmented labour markets, and rigid institutions may challenge the capacity of cities to grow inclusively – to create opportunities for all segments of the population to contribute to prosperity and share its benefits.

Recognising that high inequalities are hardly sustainable socially, politically, and economically, fostering inclusive growth in cities means pursuing policies where growth and equity are considered as mutually reinforcing goals. Policies can influence the performance of cities – since even within the same country, cities often vary in terms of productivity and inequality.



### A policy shift towards inclusive growth

Inclusive growth policy adopts a holistic approach that combines growth and cohesion. The OECD approach to urban policy for inclusive growth builds on the following features:

- ✓ Geographic scale: Policies adapt to different scales, such as neighbourhoods, cities, and metropolitan areas. They often reach beyond administrative boundaries to better reflect where people live, study, work or socialise.
- ✓ Strategy: People's well-being spans multiple dimensions and requires combined action across different policy domains.
- ✓ Distribution across society: Policies need to target all segments of the urban population, as their impact can differ across socio-economic groups.
- ✓ Multi-level and multi-stakeholder governance: Collaboration among different levels of government, private stakeholders, civil society and citizens is essential.

This approach is aligned with the Sustainable Development Goals and the New Urban Agenda of Habitat III, which call for inclusive, safe, resilient and sustainable cities. Implementing this goal requires working across the board to achieve meaningful change.

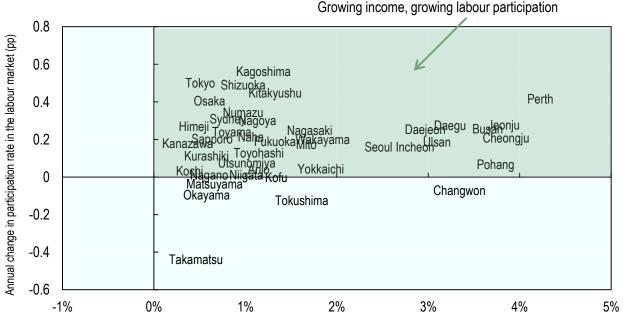
### How inclusively is your city growing?

Did economic performance translate into better lives across the urban society? How do different population groups contribute to prosperity? According to a simple measure of economic growth and labour market inclusiveness, cities have had divergent paths towards inclusive growth in the OECD area over the past 15 years.

**Many factors** influence people's well-being beyond economic aspects. Having a good job, access to quality education, feeling safe in one's community, and living in a healthy environment matter for a better life – and all these factors come into play *locally*. Measuring how people's lives improved requires using a large range of dimensions. Efforts to improve the availability of relevant data at the local level are underway in many countries. However, countries and cities should double their efforts to gauge how different population groups fare and the extent to which economic and social improvements are shared across the urban society.

A simple way to measure inclusive growth is to track how cities increased their economic prosperity while engaging more of their residents in generating it. Across the OECD, cities have experienced very different patterns since 2000. While some cities saw both an increase in GDP growth and in labour participation (e.g. Tallinn, Santiago, Perth and Jeonju), in others GDP per capita increased whilst labour market participation declined (e.g. Poznan, Queretaro, Takamatsu). In others, both growth and labour participation stagnated or declined (e.g. Catania, Las Vegas, Albuquerque) (Figure 1).

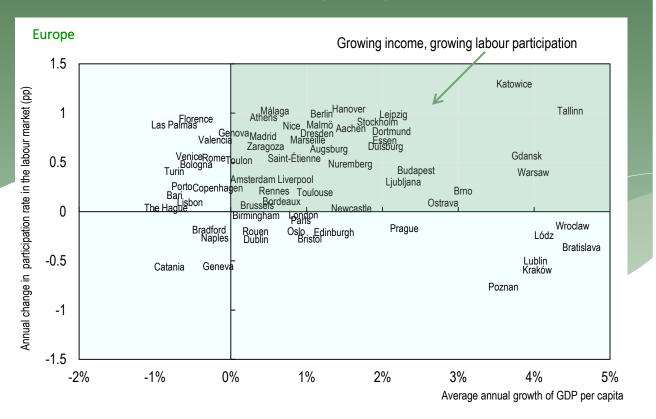
### Figure 1. Growth of GDP per capita and change in labour participation rates in OECD metropolitan areas, 2000-13



### Asia and Oceania

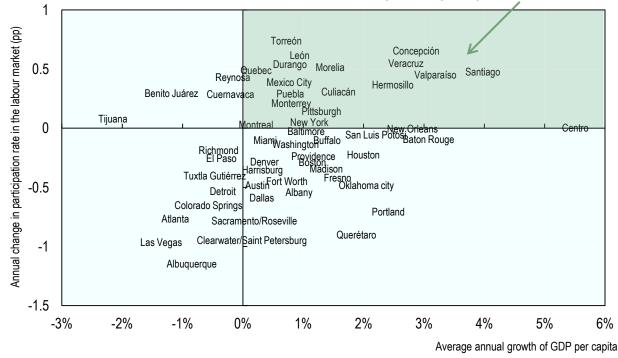
Average annual growth of GDP per capita

### Figure 1. Growth of GDP per capita and change in labour participation rates in OECD metropolitan areas, 2000-13 (continued)



#### Americas

#### Growing income, growing labour participation



Source: Elaborations based on OECD (2015b), "Metropolitan areas", OECD Regional Statistics (database), http://dx.doi.org/10.1787/data-00531-en.

# People in cities have more chances to enjoy a better life...

Large cities offer a wide set of opportunities for social mobility, and foster productivity by attracting high-skilled workforce and innovative firms – even though life is more expensive and air is more polluted. Large cities can also boost the economic performance of their surrounding regions and contribute to national prosperity.

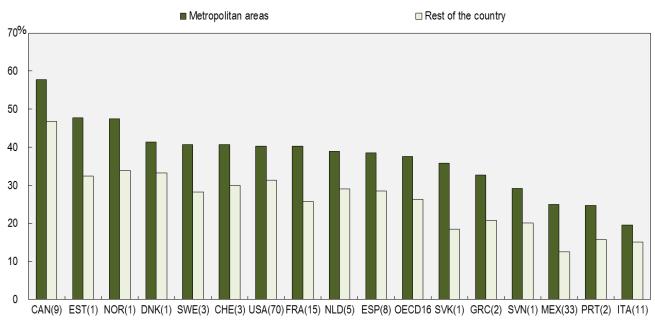
### Cities can promote social mobility

In OECD countries, cities are home to 50% of total population while they contributed to 60% of GDP growth and total employment creation in the past 15 years. For every new job in a city, additional jobs may also be created, mainly through higher demand for local goods and services. Moreover, household incomes are on average 18% higher in cities than elsewhere (although higher living costs may partially offset such a premium). People living in cities also have a better chance to increase their income regardless of their background. In Canada and the United States, for example, the future earnings of urban residents are less correlated to their parents' income than those of non-urban residents.

### Cities foster productivity and innovation

The concentration of human capital in cities helps raise productivity. On average, almost 40% of the 25-64 year old population living in cities has completed tertiary education, a share that is 10 percentage points higher than outside cities (Figure 2). Similarly, innovation mainly occurs in cities. In 2013, 70% of all patent applications were granted in cities, in the 19 OECD countries where such data are available (OECD, 2016c).

### Figure 2. In all countries, the working age population with a tertiary education is higher in cities than elsewhere



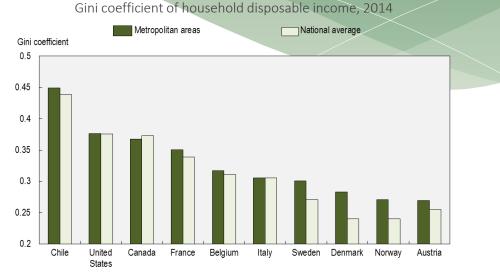
% of working-age population with a tertiary education, 2012

Note: In brackets, the number of metropolitan areas in each country. Source: Elaborations based on OECD (2015b), "Metropolitan areas", OECD Regional Statistics (database), <u>http://dx.doi.org/10.1787/data-00531-en</u>.

### ... but cities are also more unequal.

Inequalities are on average higher in cities than elsewhere. This widening gap between the rich and the poor, low quality services for disadvantaged groups and fragmented labour markets can undermine the opportunities for urban residents to achieve their potential and to fully participate in the society.

Figure 3. On average, cities are more income unequal than the rest of their country, except in Canada



Note: The Gini coefficient varies between zero (perfect equality) to 1 (highest inequality). Mexico is not included due to the lack of comparable data at the national level.

Source: adapted from Boulant, J., M. Brezzi and P. Veneri (2016), "Income levels and inequality in metropolitan areas: A comparative approach in OECD countries", <u>http://dx.doi.org/10.1787/5jlwj02zz4mr-en</u>.

### Cities are typically more unequal than their country

Among 153 metropolitan areas in 11 OECD countries, income inequality (measured by the Gini coefficient for household disposable income) varies from 0.5 in Tuxtla Gutiérrez (Mexico) to 0.26 in Linz (Austria). However, income inequalities are systematically larger in cities than in their respective countries, with the exception of Canada (Figure 3).

### Larger cities are more unequal than smaller ones

Inequalities increase as the city population increases. In most countries, urban income inequality has been rising faster than overall income inequality in the past 20 years. This is because cities have a wider polarisation of high and low skills and top earners capture a higher share of total income. High-skilled workers and productive firms increase productivity in cities, but also income inequality, since urban residents experience increasing returns to skills.

### Opportunities in the labour market must be transferred to all social groups

Low-skilled workers are often stuck in low paid jobs, with weaker social protection limited and opportunities to enhance their skills. Inequalities of skills accounted for around one-third of inequality in US metropolitan areas in 2000 (Glaeser et al., 2009). Some social groups, such as immigrants, ethnic minorities or low-income youth, face high barriers to enter the labour market, including physical access to jobs and services. At the metropolitan level, it is important to invest in education and skill acquisition, and to use land, housing and transport policies to ensure access to jobs and services for all.

## Urban inequality goes beyond income – and so should its measurement.

No cities are alike in their economic, demographic and social profiles. Many struggle to offer good material conditions and quality of life to their residents. Appropriate data on well-being outcomes at the city level can help raise awareness on the policy areas where action is most urgently needed.

Many aspects beyond income matter for the quality of life of urban residents - including education, health, quality of services, or safety. Reliable data on how cities and different population groups fare on well-being can help policymakers identify priorities, build potential synergies among competing objectives and manage trade-offs between the latter.

When income, jobs and health are considered together, differences in overall living standards within a country are larger than differences in income (Veneri and Murtin, 2016). In other words, looking at well-being outcomes rather than only income better captures the geographic concentration of prosperity or exclusion.

**Even within the same country,** well-being outcomes may differ widely – hence the need to monitor them locally. For example, employment rates in Italy vary across cities by a maximum of 36 percentage points. The share of workforce with tertiary education in The Hague is 21 percentage points higher than in Rotterdam (Figure 4).

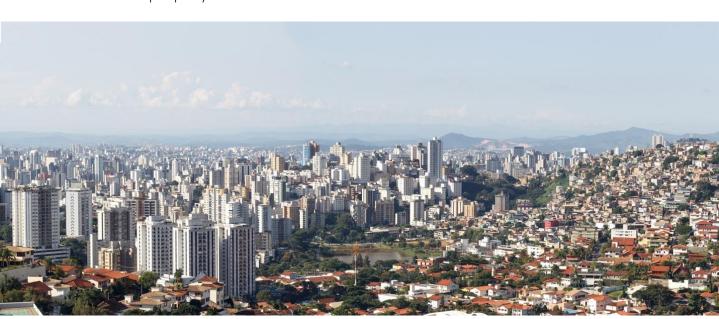
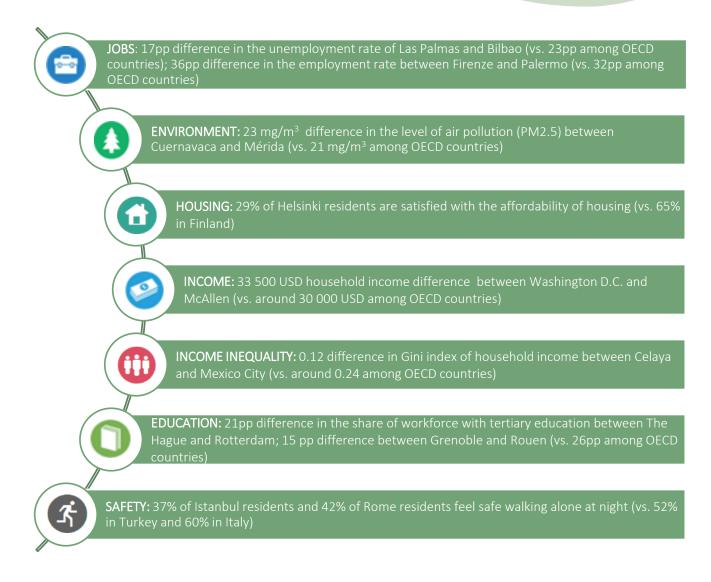


Figure 4. Even in the same country, cities can offer very different well-being outcomes



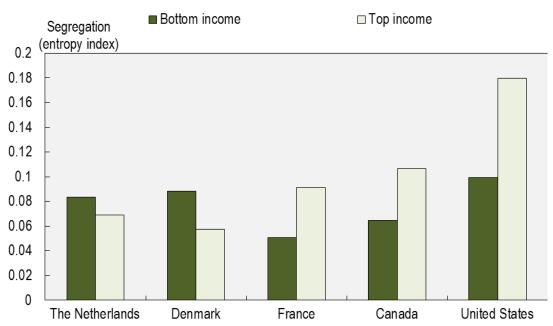
# Inequalities within cities mean that people live physically divided.

Income inequality has a clear spatial dimension in cities. Not only do rich and poor residents tend to live in separate neighbourhoods, but they can also remain locked in there for generations. Spatial segregation operates at multiple scales – neighbourhoods, local jurisdictions, cities – and has multiple facets beyond income.

**Income segregation** has increased in European and North American cities, although the former remain on average less segregated than the latter. The persistence of "only poor" or "only rich" neighbourhoods within cities requires different policy instruments. In Denmark and the Netherlands, income segregation in cities affects the poorest households more, while in Canada, France and the United States, the richest are more likely to live in separate neighbourhoods (**Figure 5**).

Low income neighbourhoods may undermine the ability of schools to maintain mixedincome populations (the latter leads to better outcomes for low-income students). People living in disadvantaged areas often have lower quality public services and poorer access to good housing and jobs. In addition, the concentration of urban poor may narrow the tax base from which municipalities fund infrastructure and services.

### Figure 5. In Danish and Dutch cities, segregation is higher for bottom income groups



Income segregation in cities by income groups, 2014

Note: Bottom income ranges from the poorest 3% (Canada) to 20% (The Netherlands) of the resident population. Top income ranges from the richest 5% (Canada and the United States) to 20% (The Netherlands and Denmark) of the resident population.

Source: Adapted from OECD (2016), Making Cities Work for All, OECD Publishing, Paris.

**Growing up in a deprived** neighbourhood affects the income outlook. In the Netherlands, a relatively egalitarian country by many standards,

children who grew up in the poorest neighbourhoods have, on average, adult incomes that are 5-6% lower compared to those who grew up in the most affluent neighbourhoods.

# National and city governments working together can achieve more inclusive growth.

The rise of urban inequality and spatial segregation is not inevitable. The way cities are organised institutionally and how they respond to their residents' expectations, foster human capital and the business environment can make a difference.

National and city governments work on the same core policy domains that affect cities, but they do not necessarily work together. Nationallevel urban policies in OECD countries can have a profound impact on fostering urban inclusive growth, but they are often limited to public transport, the revitalisation of distressed neighbourhoods, or incentives to firms' location. Similarly, cities have responsibilities in many domains that matter for inclusive growth, including education, health care services, social protection, training and employment services, as well as neighbourhood regeneration housing, and transport. The financial responsibility of key policy areas is often spread among national and local governments. Co-ordination across levels of government in structural policies is crucial for ensuring that urban policy interventions translate into concrete improvements in people's lives.

**Fiscal policies** must support structural policies. National fiscal equalisation schemes are one of the key instruments that governments deploy to fight poverty and reduce inequalities. Since costs and benefits of public services typically spill over municipal boundaries, some metropolitan areas have also put in place intra-metropolitan equalisation schemes to address the negative externalities of urban sprawl and compensate for inequalities in tax bases, through redistributive grants and tax-base sharing, for example (e.g. Seoul and Tokyo).

### Carrying out policy responsibilities in

cities requires governance mechanisms to facilitate the implementation of complex and multidimensional public policies. Many large cities in OECD countries are working together by setting up metropolitan governance structures that focus on joint strategic planning and policy development in land use, transport, housing and economic development, among other competencies. Such metropolitan authorities are either directly elected (e.g. Greater London Authority, Portland Metro, Verband Region Stuttgart, Aix-Marseille-Provence) non-elected Barcelona. or (e.g. Montreal. Vancouver, Rotterdam-The Hague). Appropriate governance systems can reduce the cost of administrative fragmentation and increase productivity, but also - as this report shows - help reduce segregation and promote more social inclusion.



## Five policy priorities for more inclusive cities.

Fostering inclusive growth in cities requires co-ordinated policies to nurture human, social and environmental capital. The spatial scale to which such policies are applied – neighbourhoods, cities, metropolitan areas or regions – is of utmost importance and may change according to the policy under consideration. Good practices from cities around the world point to five key policy areas: jobs; education and skills; housing; transport; quality services and environment.

### 1. Fostering quality jobs for all

Inclusive societies need to provide jobs for a wide spectrum of skills, qualifications and backgrounds. Joint national-local job creation initiatives in locally relevant activities can promote more inclusive labour markets. City governments are wellpositioned to support partnerships with educational institutions, businesses located in their jurisdictions, trade unions and civil society towards better integrated policies and training programmes. Vulnerable groups - such as recent migrants, minorities, women, or people with disabilities - may need extra support to integrate into the labour market. In Hamburg, for example, migrant potential entrepreneurs in depressed urban areas are offered language and skill training. Similarly, the Young Urban Movement Project in Swedish and French cities supports young second-generation immigrants with entrepreneurship programmes.

Beyond connecting more people to jobs, policy initiatives need to ensure that these jobs do not lock people into a poverty trap. Some Canadian cities have tackled in-work poverty through community investment funds to support the development of co-operatives and social enterprises.

- ✓ Encourage job creation in locally relevant industries
- ✓ Invest in education and training for local population, work with employers to upgrade the skills of their staff
- ✓ Facilitate immigrant, youth and women entrepreneurship
- ✓ Support workers' co-operatives



## 2. Improving equitable access to education in cities

Educational outcomes are strong predictors of future earnings, health or jobs – and yet, there are stark inequalities within cities in terms of access to quality education. Children growing up in poorer neighbourhoods often have access to poorer quality schools. Carefully designed, locally tailored education and training programmes can help break school segregation. Such efforts need to start as early as possible. Evidence shows that investment in early childhood education pays off in later student performance.

Controlled school choice schemes and school voucher programmes can help low-income children pursue quality education and expand opportunities for all in cities. Local community partnerships between schools, local authorities and other stakeholders are useful to encourage low-income youth to stay in school and graduate to post-secondary level. It is also important to design job-oriented vocational education and training programmes (VET), which requires a strong grasp of the local economic environment and innovative industries.



- Promote controlled school choice schemes and school voucher programmes
- Invest in early childhood education programmes
- Establish partnerships to target vocational education and training (VET) programmes on locally job-creating industries

## 3. Building more inclusive urban housing markets

Residential segregation by income may cut off segments of the population from opportunities to participate in societal progress and requires a policy response. But narrowly conceived urban and environmental regeneration initiatives may drive housing prices up and put pressure on the transport network, thereby pushing lower income households out of regenerated neighbourhoods while attracting wealthier residents and high-end businesses. Effective alignment of objectives and tools across levels of government is essential to create a more inclusive, affordable housing market. Homeownership receives considerable national public support but may trigger urban sprawl and undermine labour mobility in cities. Better targeting housing allowances can also help promote mixed-income urban neighbourhoods. Social rental housing could also give priority access to low-income households, but its side-effects might exacerbate residential segregation and impose an unequal financial burden on some municipalities. Even "inclusionary zoning" policies, which aim to increase the supply of affordable housing for lower income households in higher opportunity areas, need to be carefully designed to avoid unintentionally reinforcing urban exclusion. Shaping an inclusive built environment in cities requires a holistic urban planning approach.

- ✓ Promote mixed-income neighbourhoods, for example by better targeting housing allowances.
- ✓ Remove regulatory barriers to the development of affordable, quality housing



## 4. Offering accessible, affordable and sustainable transport

Effective transport provides a powerful policy tool for connecting all groups of society to jobs, public services and other opportunities in cities. Housing and transport costs together shape a large part of urban residents' choices and need to be assessed in combination with each other. Some countries (such as the US) have started to develop multidimensional indicators that track the living and commuting costs in different parts of a city. Prioritising the metropolitan scale in delivering housing and transport investment will also help ensure a co-ordinated response to the need for economic efficiency, affordability and access to opportunity for all citizens. At the same time, mechanisms need to strike a balance between network coverage, affordability and financial sustainability. The private sector can play an instrumental role in addressing funding gaps. Reinforcing citizen participation in planning processes can help prioritise investments. Finally, improving the attractiveness of public transport could make it easier for citizens to accept a raise of fees.

- ✓ Assess the combined impact of transport, housing and other investment decisions on different socio-economic groups
- ✓ Seek public-private co-funding opportunities where relevant
- Reinforce citizen participation in transport planning processes to better prioritise investment and support the modal shift

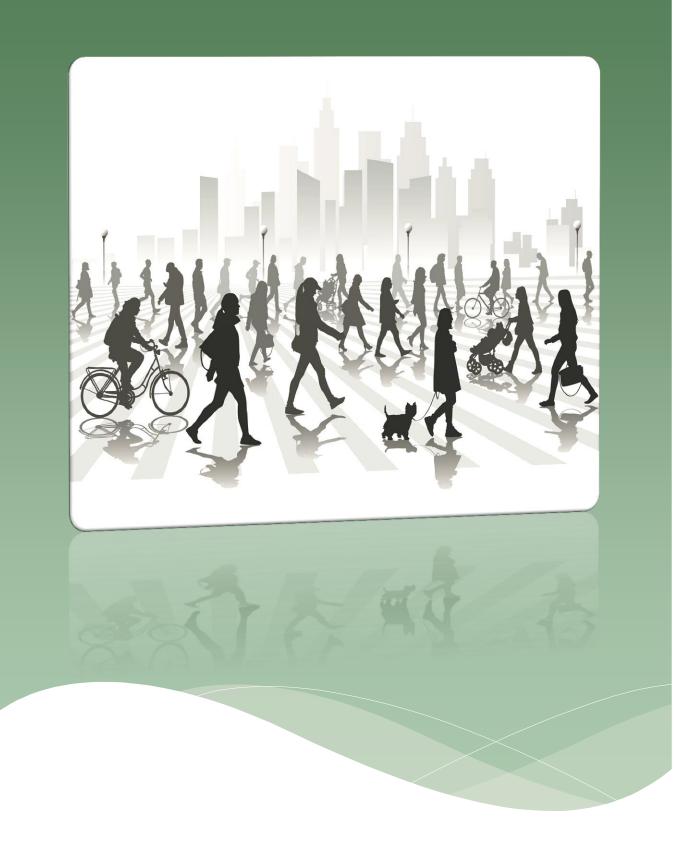


## 5. Promoting healthy neighbourhoods and reliable public services

Providing inclusive access to proper healthcare has trickle-down effects from the individual to the community in terms of public health, productivity, well-being and broader access to opportunity. Some successful initiatives include the digitalisation of healthcare services - as done in many cities in Japan, Norway and Sweden - and programmes delivering medical services directly to those residents who do not have access to medical care for lack of resources - as in Mexico City. All urban residents also need access to adequate nutrition opportunities. Ensuring environmental justice equitable access to environmental goods and equity in exposure to environmental risks – has emerged as an important issue in cities. Government authorities, residents and business owners need to work together to achieve environmental remediation without spurring further environmental segregation. An inspiring example of such a strategy can be found in the "just green enough" approach adopted in Greenpoint, Brooklyn.

- ✓ Facilitate access to healthcare for all and to other essential goods and services such as quality nutrition
- ✓ Develop comprehensive urban regeneration strategies
- ✓ Integrate the social impact of investment in infrastructure, in ex-ante assessment decisions





### From design to implementation

Six main steps can help cities tailor their policy instruments to local conditions towards more inclusive growth.



## Define indicators to monitor progress towards inclusive growth in cities

Collecting a solid evidence base, setting clear targets to achieve locally, and putting in place monitoring mechanisms will help policymakers structure the course of public action around a transparent timeline and intermediate milestones. Most of the challenges that cities face are complex - and tackling them requires a measurement system that embraces multiple dimensions. While this report provides a first, common baseline of data at city level, governments should adapt them locally and develop their own indicators of well-being and progress to monitor how specific groups of the society fare. Local authorities in the United Kingdom, for example, have used the Indices of Multiple Deprivation (IMD) to target regeneration programmes and to guide the location of social programmes to support vulnerable children and families. The federal government of Australia has used Socio-Economic Indexes for Areas (SEIFA) to allocate funds to localities for health and elderly care, accounting for disparities within each locality.

## Target the right scale of policy intervention

The spatial scale at which policy interventions are designed and implemented has a major impact on both efficiency and inclusiveness counts. Typically, several key public services – such as transport - are best provided at the broader, metropolitan scale, which allows for economies of scale, reduces costs and offers citizens more equal access to services. At the same time, such policies need to be combined with careful consideration of specific neighbourhoods that might require more tailored action. For example, targeted investment programmes may be needed in neighbourhoods that are poorly connected to jobs by public transport or lack public facilities for childcare. Cities have very different spatial configurations (e.g. many European cities combine a wealthier city centre and poorer suburbs, whereas some cities in the United States are characterised by a declining downtown and affluent suburbs) - each city thus needs to develop its own geometry of policy interventions to support inclusive growth.

## Build strategic partnerships across levels of government and across society

Kick starting collaborative initiatives around tangible projects can help rally forces at the initial stage and progressively lead to setting a "bigger picture". Flagship projects or events can also serve as catalysts for social change and stakeholder engagement. For example, the Capital of Culture experience in Marseille in 2013 brought the society together in an unprecedented way. New actors are also emerging to bring different sectors of society together and create economic growth (Katz, 2016). Community land trusts, for instance, play an important role in providing affordable housing for lower income households in various cities in Canada, the United Kingdom and the United States. Workers' co-operatives also federate different stakeholders around common goals, such as the Cleveland Evergreen Cooperatives in Ohio (United States) that enlists local hospitals and universities to support new business creation.



## Make sure that participatory processes are truly inclusive

Cities abound with invitations for public participation in policy making - with traditional town hall meetings, but also city governments' increasing use of social media and crowdsourcing opportunities, on topics ranging from climate change to urban planning. Such tools for bottomup engagement may contribute to the emergence of a new participation economy in cities, and to renewed trust between citizens and institutions. However, some observers warn against the risks of participatory processes generating new forms of inequality in cities - popular participation might, in some cases, reinforce elite power while failing to give a voice to the most disadvantaged residents of the city. Engaging stakeholders and citizens in addressing the complex challenges of cities requires careful consideration of the specific historic, political, economic and social settings of each city.

## Tap into innovative sources of financing

Most urban investment initiatives, in the housing and transport sector, for example, require large financial upfront investment that individual municipal budgets are typically unable to handle. Such projects need to braid together a variety of funding streams, including local, regional and national funds; private and philanthropic funds; bonds and private bank loans. For example, in Salt Lake County (United States), a new approach called "Pay for Success Bonds" set up a contract between the government, a social services provider, and either private or non profit funding organisations, to expand high-quality voluntary pre-kindergarten to 600 economically disadvantaged children in the Granite School District.

## Use the potential of digitalisation for urban inclusion

Modern information and communication technologies can promote more efficient and equitable access to healthcare and education resources. They can facilitate people's participation in the labour market and in their community at large. National and city initiatives have sought to close the digital gap, bringing broadband to low-income households, increasing free Internet access at public libraries, public spaces and buses, and replacing payphones with WiFi hotspots. Open government data - data produced by the government that can be freely used, reused and redistributed by anyone - can be another avenue for local governments to overcome information bottlenecks and include a broader range of urban residents in the policy-making process. Over the past years, many cities have launched an open data portal. There is growing evidence about the business opportunities and social value that open government data can bring to local communities.



### References

Boulant, J., M. Brezzi and P. Veneri (2016), "Income levels and inequality in metropolitan areas: A comparative approach in OECD countries", OECD Regional Development Working Papers, No. 2016/06, OECD Publishing, Paris, http://dx.doi.org/10.1787/5jlwj02zz4mr-en.

Chetty, R. et al. (2014), "Where is the land of opportunity? The geography of intergenerational mobility in the United States", The Quarterly Journal of Economics, Vol. 129/4, pp. 1 553-1 623, <u>http://dx.doi.org/10.1093/qje/qju022</u>.

Corak, M. (2016), "The divided landscape of economic opportunity: Intergenerational income mobility in Canada's regions and cities", University of Ottawa, Ottawa, Ontario,

www.ipr.northwestern.edu/events/otherevents/docs/GIQ/corak-GIQ.pdf.

De Souza Briggs, X., R. Pendall and V. Rubin (2015), "Inclusive economic growth in America's cities", Policy Research Working Papers, No. 7 322, World Bank, Washington, DC.

European Union (2016), "Pact of Amsterdam: Urban Agenda for the EU", webpage, <u>http://urbanagendaforthe.eu/pactofamsterdam</u>.

Fry, R. and P. Taylor (2012), "The rise of residential segregation by income", Pew Research Centre, Washington, DC, www.pewsocialtrends.org/2012/08/01/the-riseof-residential-segregation-by-income.

Galster, G.C. (2012), "The mechanism(s) of neighbourhood effects: Theory, evidence, and policy implications", Chapter 2 in: van Ham, M. et al. (eds.), Neighbourhood Effects Research: New Perspectives, Springer Netherlands, pp. 23-56, http://dx.doi.org/10.1007/978-94-007-2309-2\_2. Glaeser, E.L., M. Resseger and K. Tobio (2009), "Inequality in cities", Journal of Regional Science, Vol. 49/4, pp. 617-646, <u>http://dx.doi.org/10.1111/j.1467-</u> 9787.2009.00627.x.

Habitat III (2015), "Inclusive cities. Habitat III issue papers", New York, 31 May, <u>http://unhabitat.org/wp-</u> <u>content/uploads/2015/04/Habitat-III-Issue-Paper-</u> <u>1 Inclusive-Cities-2.0.pdf</u>.

Jimenez, B.S. (2014b), "Externalities in the fragmented metropolis: Local institutional choices and the efficiency-equity trade-off", American Review of Public Administration, Vol. 46/3, pp. 314-336, published online before print 6 October 2014,

http://dx.doi.org/10.1177/0275074014550703.

Katz, B. (2016), "Devolution for an urban age: City power and problem-solving", Brookings, 25 March, www.brookings.edu/blogs/metropolitanrevolution/posts/2016/03/25-city-powerproblem-solving-katz# (accessed 15 July 2016).

Lens, M.C. and P. Monkkonen (2016), "Do strict land use regulations make metropolitan areas more segregated by income?," Journal of the American Planning Association, Vol. 82/1, pp. 6-21,

http://dx.doi.org/10.1080/01944363.2015.11111 63. Marcińczak, S. et al. (2016), "Inequality and rising levels of socio-economic segregation: Lessons from a pan-European comparative study", in: Tammaru, T. et al. (eds.), Socio-Economic Segregation in European Capital Cities. East Meets West, Routledge, New York.

OECD (2016a), OECD Regional Outlook 2016: Productive Regions for Inclusive Societies, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264260245-en

OECD (2016b), "The productivity-inclusiveness nexus", Meeting of the OECD Council at the Ministerial Level, Paris, 1-2 June 2016, www.oecd.org/inclusivegrowth/publications/The-Productivity-Inclusiveness-Nexus-Preliminary.pdf.

OECD (2016c), OECD Regions at a Glance 2016, OECD Publishing, Paris, http://dx.doi.org/10.1787/reg\_glance-2016-en.

OECD (2016d), The Governance of Inclusive Growth, OECD Publishing, Paris, <u>http://dx.doi.org/10.1787/9789264257993-en</u>.

OECD (2016e), Well-being in Danish cities, OECD Publishing, Paris (forthcoming).

OECD (2015a), Governing the City, OECD Publishing, Paris, <u>http://dx.doi.org/10.1787/9789264226500-en</u>.

OECD (2015b), The Metropolitan Century: Understanding Urbanisation and its Consequences, OECD Publishing, Paris. DOI: <u>http://dx.doi.org/10.1787/9789264228733-en</u>. OECD (2015c), In It Together: Why Less Inequality Benefits All, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264235120-en.

OECD (2015d), "Metropolitan areas", OECD Regional Statistics (database), <u>http://dx.doi.org/10.1787/data-00531-en</u>.

OECD (2015e), OECD Regional Well-being Database, <u>http://dx.doi.org/10.1787/region-data-</u> <u>en</u>.

OECD (2014a), All on Board: Making Inclusive Growth Happen, OECD Publishing, Paris, <u>http://dx.doi.org/10.1787/9789264218512-en</u>.

OECD (2012), Redefining "Urban": A New Way to Measure Metropolitan Areas, OECD Publishing, Paris,

http://dx.doi.org/10.1787/9789264174108-en.

Royuela, V., P. Veneri and R. Ramos (2014), "Income inequality, urban size and economic growth in OECD regions", OECD Regional Development Working Papers, No. 2014/10, OECD Publishing, Paris, http://dx.doi.org/10.1787/5jxrcmg88l8r-en.

Tammaru, T. et al. (eds.), Socio-Economic Segregation in European Capital Cities. East Meets West, Routledge, New York.

Veneri, P. and F. Murtin (2016), "Where is inclusive growth happening? Mapping multi dimensional living standards in OECD regions", OECD Statistics Working Papers, No. 2016/01, OECD Publishing, Paris,

http://dx.doi.org/10.1787/5jm3nptzwsxq-en.

with the support of the Ford Foundation



FORD FOUNDATION