**SEIZING THE URBAN OPPORTUNITY**
*How national governments can recover from COVID-19, secure shared prosperity, and tackle the climate crisis through cities*

**Umbrella Message:**

**National governments can spur COVID-19 recovery, achieve shared prosperity and drive climate action through national policies and targeted investments to decarbonise cities and make them more resilient.** This report shows the power of urban transformation and the many ways to achieve it by looking up close at six major emerging economies: China, India, Indonesia, Brazil, Mexico and South Africa.

**1. National governments face a triple challenge right now, and cities are crucial to solving it**

* COVID-19 has exposed our economies and communities to a wide range of challenges, **with cities and the urban poor particularly hard-hit.**
	+ **Economic challenges:** unemployment has soared and up to 150 million people are expected to fall into extreme poverty due to the pandemic
	+ **Social challenges:** urban poor living in overcrowded conditions and without access to adequate services, social safety nets, or transport are especially vulnerable
	+ **Climate challenges:** at the same time, cities are continuing to experience heatwaves, floods and landslides as climate hazards rapidly escalate
* **Cities are vital to solving the triple challenges of COVID-19 recovery, sustainable and inclusive development, and climate change;** but, given their central role to countries’ vitality, they need national leadership and support to realise their potential. Cities contain 56% of the world’s populace and are:
	+ **Economic engines,** producing 80% of global GDP
	+ **Development and opportunity hubs**, with efficiencies of scale, access to diverse job opportunities, vibrant communities, and cultural amenities
	+ **Significant emitters,** responsible for 70% of energy-related global CO2 emissions.
* **The runup to COP26 in Glasgow is a pivotal time for national governments,** as the choices they make amid the COVID crisis can put their countries on track for a more prosperous and resilient future, or accelerate the climate emergency. By 2030:
	+ **Trillions of dollars** will be invested in urban infrastructure, which must be directed towards zero-carbon and resilient development
	+ **Nearly a billion people** will be added to the global urban population, requiring low-carbon, resilient and inclusive places to live
	+ **Nearly half of CO2 emissions** must be reduced,with **cities potentially delivering 58% of the energy-related emission reductions needed** to keep the global temperature increase well below 2°C.

**2. Governments can tackle the triple challenge by seizing the urban opportunity**

* National governments can create shared prosperity by **making cities low-carbon, resilient and inclusive. This can be done by:**
	+ Adopting technically feasible, currently available **low-carbon** measures to cut emissions from buildings, transport, materials use and waste
	+ Enabling climate-**resilient** infrastructure and urban development, adopting new technologies and practices to reduce climate risks and addressing the socio-economic drivers of vulnerability
	+ Introducing measures to support marginalised communities, making cities even stronger and more **inclusive**, with particular benefits for the most vulnerable populations
* Our foundational 2019 report Climate Emergency, Urban Opportunity found that **national governments hold the key to these urban transformations,** as they drive or control key policy realms, and only they can mobilise resources at the scale needed.
	+ **Globally, local governments have primary responsibility for less than one-third of urban emissions reduction potential.** National or other higher-tier governments have primary authority over the measures required to achieve two-thirds of the global urban abatement potential, including decarbonisation of electricity. In China and India the share is about 80%
	+ **Half of the possible urban emissions reduction lies in small and mid-sized cities,** which often lack the financial and technical resources of larger cities and thus particularly need national government support. In Indonesia, cities with fewer than 300,000 residents hold 68% of the cumulative potential. In Brazil and India, it’s 42%.
	+ **National governments control and drive key policy realms,** typically having responsibility over financing mechanisms, and important policies and regulations such as building codes and infrastructure regulations.
* This previous report also showed that **a range of economic, social, and climate benefits** could be realised if national governments were to unleash the power of cities:
	+ **Economic benefits, to build back better**: This includes a direct global economic dividend with a net present value worth US$24 trillion in energy and material savings alone by 2050 from investments over the next three decades to decarbonise cities.
	+ **Development benefits**, **to secure better living standards**: This includes potentially supporting 87 million jobs in 2030.
	+ **Environmental benefits, to advance decarbonisation and climate resilience.** This includes cutting 90% of emissions from all the world’s cities by 2050 and helping each country achieve SDGs and national commitments under the Paris Agreement.

**3. Seizing the Urban Opportunity underlines how national governments that prioritise action on cities can create much needed economic security and jobs today and can enable rapid strides towards a zero-carbon, resilient, and inclusive future tomorrow.**

* **Recognising that developing and emerging economies face particularly complex challenges exacerbated by the pandemic, the report focuses on six key countries in the lead-up to COP26: China, India, Indonesia, Brazil, Mexico, and South Africa.** The extent to which these six major emerging economies can unleash the power of cities to catalyse sustainable, inclusive, and resilient growth is critical not only for their future trajectory, but for the whole planet. Collectively these countries represent:
	+ **1/3 of global GDP**
	+ **42% of the world’s urban population**
	+ **41% of the world’s CO2 emissions from fossil fuel use**
* **The actions these countries take to transform cities will have profound implications not only for their own citizens, but for the whole world,** both in terms of GHG emissions, and as a demonstration of strategies that could be applied across many other countries.
	+ **China’s** 14th Five-Year Plan and **South Africa’s** SA-LEDS offer opportunities to implement strategies to deliver shared prosperity while reaching net-zero emissions
	+ **India** has pledged to mobilise up to $2 trillion in public and private finance through a National Infrastructure Pipeline that could be truly transformative.
	+ **Indonesia** is aiming to restore 2 million hectares of peatland within five years.
	+ Participatory urban planning and budgeting processes are being implemented in cities in **Mexico** and **Brazil**.
* The report offers recommendations tailored to each country’s specific context. Across these six countries, implementation of technically feasible solutions could collectively support **significant economic and development benefits (listed below)**, and **cut annual emissions from key urban sectors by 87–96% by 2050** beyond their initial NDC commitments under the Paris Agreement.





**4. Inspired by these six countries, national governments everywhere can significantly accelerate decarbonisation and enhance resilience by investing in compact, connected, clean and resilient cities and thus reap substantial economic, social, and environmental benefits. The time for action is now.**

The report contains a number of country-specific national priorities for action, summarised in the annex below.

**The report offers recommendations for national leaders.**

* **Develop an overarching strategy to deliver shared prosperity** while reaching net-zero emissions – and place cities at its heart.
* **Pursue national policies to support cities** that are compact, connected, clean and resilient.
* **Fund and finance urban infrastructure** that is sustainable and resilient.
* **Support local climate action in cities** through governance and fiscal reforms that empower local governments and facilitate collaboration.
* **Proactively plan for a just and resilient urban transition** by prioritising measures that build resilience and expand economic opportunities for the urban poor.
* **Work in partnership with the private sector** to help finance urban transformation

**The report offers recommendations for urban leaders.**

* **Work together with national governments in their efforts to support cities** that are compact, connected, clean, and resilient.
* **Keep innovating and raising local ambitions**, such as pursuing pilot projects in major cities that can be emulated by communities nationwide.
* **Strengthen the role of communities in cities**, especially poor and marginalised people, in planning and decision-making processes that affect their lives.
* **Raise awareness** about the need to seize the urban opportunity.

**The report offers recommendations for the development community.**

* **Build a multilateral system that fosters inclusive, resilient, zero-carbon cities,** by making urban action a priority in climate and development finance, especially in countries that are urbanising rapidly and face significant challenges meeting city residents’ needs.
* **Work with national governments to redirect** development assistance and concessional finance away from investments that exacerbate climate risks towards urban transformation.
* **Support low-carbon and resilience-building investments** with longer payback times

**ABOUT**

***The Coalition for Urban Transitions*** *is the leading global initiative supporting the efforts of national governments to transform cities in ways that accelerate economic development and encourage climate action. The Coalition equips national governments with the evidence-based research and policy tools necessary to make cities zero-carbon, resilient and inclusive. Its current in-country programmes in China and Mexico, historical work in five other countries, and its global policy and research work provide models for how national leaders can place cities at the heart of national development plans to meet their economic, social, and climate goals. Founded in 2016, the Coalition is comprised of 36 diverse stakeholders across five continents. It is a special initiative of the New Climate Economy and jointly managed by the World Resources Institute Ross Center and the C40 Cities Climate Leadership Group.*

***Seizing the Urban Opportunity*** *is being launched to support the COP26 UK Presidency in building momentum for enhanced climate ambition by national governments and other actors ahead of COP26 in Glasgow. Through insights from six emerging economies—China, India, Indonesia, Brazil, Mexico and South Africa—it provides a call to action to tackle the triple challenges of COVID-19 recovery, economic development, and climate action by transforming cities. The report is a collaborative effort, created in consultation with experts and policymakers in the six focus countries, with additional input from more than 36 organisations across five continents.*

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**--- ANNEX: National Priorities for Action for 6 Key Countries ---**

**China’s economic success story is built on cities and it has taken major steps to build resilience and reduce air, water, and land pollution**. Its cities still struggle with congestion, pollution, and sprawl, and some are experiencing severe climate impacts.

***Recommendations:***

* *Put sustainable cities at the heart of 14th Five-Year Plan, investments and new NDC*
* *Prioritise energy-efficient buildings*
* *Help smaller cities become more sustainable and resilient*
* *Incorporate climate objectives in national urban design and regeneration strategies*

**India’s cities are growing fast and national reforms are helping them become more resilient, sustainable, and inclusive**. Yet many struggle to provide housing, services and jobs for all residents, especially the poor, and face urgent climate threats such as extreme heat, severe flooding, and an intensifying water crisis.

***Recommendations:***

* *Align national infrastructure and urban development with ClimateSmart Cities*
* *Support local governments, especially in smaller cities, to drive urban transformation*
* *Scale up urban energy efficiency and clean energy initiatives*
* *Invest more in sustainable transport, prioritising the urban poor*

**Indonesia is urbanising rapidly and the government is building millions of homes to close a large housing gap.** Many residents still lack basic services such as piped water and modern sanitation, and traffic congestion and air pollution are severe. Flood risks are an urgent concern too.

***Recommendations:***

* *Invest in sustainable urban mobility*
* *Scale up ecosystem restoration near cities*
* *Accelerate transition to clean electricity*
* *Leverage Smart Cities to advance sustainability, resilience, and inclusion*

**Brazil has been widely hailed for urban innovation, from bus rapid transit to participatory budgeting and planning.** Yet, the urban poor remain concentrated on cities’ peripheries and national housing investments exacerbate the pattern. Recent urban population growth has also been greatest in small cities with limited capacities.

***Recommendations:***

* *Support metropolitan governance to foster integrated and sustainable development*
* *Prioritise low-carbon transport for multiple benefits*
* *Revamp national housing programmes and policies to ensure compact and connected development*
* *Expand finance for urban decarbonisation and resilience-building projects*

**Mexico is highly urbanised and important reforms will improve its housing and territorial planning**. It also has serious challenges with urban sprawl, congestion, and air pollution. Urgent priorities include building resilience to physical/systemic risks and tackling poverty and inequality.

***Recommendations:***

* *Help create metropolitan authorities for integrated land use/transport planning*
* *Expand supply of affordable, well-situated housing connected to public transport*
* *Prioritise a just transition to zero-carbon cities, with special attention to poor and marginalised people*
* *Scale up programmes for social production of housing and habitat*

**South Africa’s cities are powerful economic engines that figure prominently in its net-zero emissions strategy.** They are also deeply unequal. Some municipalities struggle to meet demand for housing, sanitation and electrification, and public transport is inadequate. Water scarcity is a concern exacerbated by climate change.

***Recommendations:***

* *Strengthen municipalities’ ability to procure their own clean energy*
* *Put pro-poor urban measures at the heart of SA-LEDS implementation*
* *Prioritise improved mobility for lower-income urban residents*
* *Protect/restore ecosystems near cities*