

Four critical steps to operationalize the New Urban Agenda's transformative commitment to decent work and inclusive and sustainable cities (SDG 11)

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In October 2016 over 30,000 representatives of national, regional and local governments, trade unions, business, academia, urban planning and civil society gathered in Quito, Ecuador, for the Habitat III Conference (HIII), where state representatives adopted the New Urban Agenda (NUA),¹ the UN guidelines meant to serve as a reference for urbanization policies for the next 20 years. The NUA is directly related to the implementation of SDG 11: “Make cities and human settlements inclusive, resilient and sustainable”.

Since the onset of the HIII process, trade unions have made clear that to make cities fair and for urbanization to result in lasting socio-economic inclusion, poverty elimination and inequality reduction, workers must be placed at the heart of the policy agenda and that commitments and urban policies must find root in the decent work framework of the International Labour Organization (ILO), also consistent with SDG 8. If city workers' livelihoods are unsustainable, cities will be unsustainable too. What has ended up in the final text of the NUA is far

from trade unions' demands and recommendations. Yet, the clear references to “full and productive employment and decent work for all”² mandate the operationalization and monitoring of this NUA's transformative commitment to generate decent employment in cities and local communities.

In their position on Habitat III's “Ten key points for fair cities and for an inclusive New Urban Agenda”³ trade unions distilled and elaborated a set of practicable policy recommendations that continue to be a reference and can serve as a roadmap for realizing the HIII transformative commitment to ensure sustainable and inclusive cities for all.⁴ Four stand out for their powerful and comprehensive approach in the operationalization of the NUA transformative commitment to decent work and SDG 11:

1. Negotiation and implementation of local tripartite decent work pacts in cities, metropolitan areas and regions

Local tripartite decent work pacts are powerful shared transformative policy frameworks that representatives of city and local governments - together with local trade unions and business – can set up through social dialogue and collective bargaining, and where each party takes its part of responsibility and shares commitments to generate sustainable socio-economic development through the creation of decent employment. Such measures can include:

- local active labour market policies for decent employment generation, including positive action for gender equality, youth and ageing workers (NUA, para. 62) and diversity;
- mechanisms to promote legal, regulated employment relations complying with labour rights and to facilitate the transition of informal workers into to the formal economy (NUA, para. 59);
- benchmark-setting for city or metropolitan living wages and

1 UN General Assembly (2016), quoted in the following as NUA.

2 NUA, para. 14b and para. 57.

3 www.world-psi.org/sites/default/files/en_psi_position_on_habitat_iii.pdf.

4 Cibrario (2016).

positive listing and incentives to employers paying living wages;

- the creation of decent green jobs jointly with just transition plans for those employed in carbon-intensive operations, within the commitment to local climate action consistent with the 2015 Paris Agreement on Climate Change (NUA, paras. 75 and 79);
- training, upskilling and employability actions needed to realize just mitigation and adaptation to climate change, digital and circular economies transitions and to build viable paths between education and decent employment opportunities, as well as inter-generational knowledge exchanges in local communities;
- specific acknowledgement of the role of small and medium enterprises (SMEs) in employment creation at a local level and appropriate policies to support, enhance and accompany their decent-work generating potential (NUA, para. 58);
- social cohesion measures to support the integration of migrants and refugees within the local economy and communities (NUA, para. 57).

When well designed and managed, local decent work pacts are powerful, empowering and participatory tools that generate decent employment while promoting compliance with human and labour unions' rights (NUA, para 26).

2. Inclusion of labour and environmental clauses in public procurement jointly with public contract transparency, disclosure and anti-corruption measures

The implementation of the NUA says much about infrastructure and housing building, but little about how to tap into the enormous potential that socially and environmentally responsible public procurement represents to leveraging urban building and infrastructure development policies and purchasing power to generate decent employment and ensure that contract builders and suppliers respect human and labour rights as well as environmental standards. Through well designed public procurement policies, local governments can demand the companies they contract to exercise responsible labour, social and environmental standards affecting all workers on building sites in line with ILO Convention 94,⁵ protect the local community from harm linked to poor, unsafe building and infrastructure and create decent employment that benefits the local community and economy.

Specific guidelines for the operationalization of responsible public procurement to uphold the NUA transformative commitment to

5 ILO Convention concerning Labour Clauses in Public Contracts, 1949 (www.ilo.org/dyn/normlex/en/f?p=NORMLEX_PUB:12100:0::NO::P12100_INSTRUMENT_ID:312239).

decent work and inclusive cities include the following measures:⁶

- explicit references to equal treatment and conditions for all workers on building sites regardless of their origin and status;
- mandatory formal, legal employment arrangements;
- adequate provisions for health and safety standards and skills;
- a chain of liability down the whole subcontracting process;
- transparency measures, with the details of public contracts and adjudication processes made publicly accessible to allow for scrutiny and proper evaluation;
- an integrated approach to corruption covering all actors involved in public procurement, including adequate, effective measures for proportional and dissuasive sanctions; public seizure of profits and gains attained through corruption and unethical practices; and the protection of whistle-blowers, their families and communities from harm and retaliation.⁷

6 The RESPIRO Guides on Socially Responsible Procurement of Building Construction Work and on the Socially Responsible Procurement of Textile and Clothing provide additional guidance, see www.respiro-project.eu/en/respiro-guides/.

7 PSI (2016).

3. Universal access and public ownership and investment in essential urban public services

Accessible, affordable and quality public services are the cornerstone of inclusive, sustainable cities. Universal access to water, energy, health care, transportation, waste management, social services, education, public spaces, social housing and other essential public services significantly reduces inequality among urban populations and is a prerequisite for the respect of human rights, including gender equality. When public-private partnerships (PPPs) enter the provision of essential public services prioritizing profit and dividend maximization, instead, the social and environmental sustainability objectives that public institutions have a duty and a mandate to pursue are distorted and are no longer achievable. Essential service jobs are externalised, headcount is reduced, pay and conditions are lowered and workload increases to squeeze resources out of the service into private profits: this is also a systematic destruction of decent jobs that is at odds with the NUA commitment.

After 20 years of evidence of failure of PPPs to deliver essential services,⁸ cities and communities worldwide are increasingly bringing essential services back

in-house through remunicipalization (see box on remunicipalization in the water sector in [Chapter 6](#)).⁹ The implementation of the NUA must draw on this lesson and rely on the public financing and management as viable alternatives to the PPP mantra for much needed urban essential services.

When essential services are publicly owned and provided, profits are also reinvested in the public service to improve it or cut user costs rather than to extract profit and pay shareholders. This goes to the advantage of local communities and fosters urban socio-economic inclusion, in line with the NUA commitments and SDG 11.

4. Tax justice for local governments and communities and progressive municipal fiscal systems

Taxation is a key lever to beat inequality and to operationalize the NUA's commitment to urban socio-economic inclusion and the SDGs. Adopting all of the above-mentioned policies is not possible without a sustainable stream of resources that local and regional governments (LRGs) can tap into without exacerbating inequality further. Cities and metropolitan areas are the engines of global growth and development, but to be inclusive they need adequate resources to finance and invest in urban and local public

services and infrastructure. LRGs are also in charge of the implementation on the ground of global frameworks such as the Sendai Protocol on Disaster Preparedness, the decent work agenda, the Paris Agreement on Climate Change, the SDGs, and now the NUA. Yet, when it comes to being financially empowered to do so, austerity measures, tax avoidance, international loan conditionality, international trade and tax deals, and shrinking intergovernmental transfers and unfunded mandates increasingly strip them of the essential resources they need to fund and deliver to essential public services to urban dwellers and local communities.

Much of the discussion that led to the NUA and its outcome concentrate around inter-municipal tax competition, PPPs, city-based benchmarking for borrowing resources in the stock market and user-fee charges. These are unsustainable and socially regressive options that are going to detract from the NUA transformative commitment to inclusive cities and from the SDGs. What is needed is a mix of tax justice for local governments and of progressive municipal fiscal systems that includes the following:¹⁰

- 1 Central government tax recovery measures and adequate in-

8 See, e.g. Wainwright (2014), Hall (2015), Jomo et al. (2016), Romero/Vervynck (2017).

9 Kishimoto et al. (2014), Reynolds et al. (2016).

10 For a full set of viable policy recommendations on financing the implementation of the NUA see Cruz (2017).

tergovernmental fiscal relations and transfers. As LRGs cannot deal with mobile tax bases, central governments must ensure that corporate and private actors pay their fair share to the local communities where they are settled, operate and generate profit and do not free ride on them. This means raising additional tax revenues as well as strengthening and empowering national tax authorities and employees to recover avoided tax - in cooperation with other countries - particularly from multinational corporations, which are known to shift their tax bases to tax heavens and low-tax jurisdictions. Higher revenue collection at the central level then needs to result in higher transfers to LRGs to achieve the SDGs and implement the NUA. In addition, LRG authorities must be involved in tax policy so that they can demand fair returns for local communities in terms of tax revenues, local decent work creation, clean technology transfer, profit reinvestment, fair pricing for commodities.

- I The empowerment of LRGs to raise and collect local taxes and adopt progressive municipal fiscal policies. Depending on the local context and priorities, these include local taxes on property, business, income, excise and health, and land value-capture mechanisms.
- I The establishment of 'fiscal social contracts' between LRG

authorities, institutions and taxpayers, whereby a relationship of trust is created among them and the latter accept to comply with tax obligations as they see the immediate benefits and returns in terms of access to improved local public services and infrastructure within a context of legality, fairness, transparency and accountability.

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