**Urban development and Norwegian development assistance/cooperation. Some challenges**

Dear friends and colleagues,

In a situation of exponential urban population growth, particularly in Asia and Africa, it is necessary

like the UN Evaluation Panel of UN Habitat and New Urban Agenda in its recent report did, to call for

a ***conceptual change*** in the definition of urban. For a shift to a more territorial approach focusing on

metropolitan regions. Including the cities, towns, peripheral areas and villages that they contain.

Small towns beyond metropolitan regions, where much rapid growth is occurring, must also be

included as a critical part of the urban reality, along with rural-urban links. The broader human

settlement focus needs to remain.

***Based on the broader definition we need to be clear about the challenges.***

Todays main urban sustainable development challenge, as the Evaluation panel underscores, lies in

urban equity and the issue of informality. Addressing slums and accepting an expanded definition of

urban, will have major implications for planning norms, land tenure regimes and access to basic

amenities. And democracy. Regardless of commitment to inclusion, people can continue to be left

behind by policies and planning that do not work for them. Models for affordable housing with its

strong integrative and synergetic potential has not always worked.

Given the growth of multidimensional urban poverty, it is astonishing how official urban

development assistance (ODA) has stagnated. During the last 50 years politicians and development

authorities have been reluctant to recognize the urbanization and feminization of poverty. To take

some figures. From 1970 to 2000, all socially oriented urban development assistance has been

estimated by the International Institute for Environment and Development to just 4% of the total.

Few bilateral development agencies had any kind of urban housing nor any serious urban program at

all. Like bilateral grants, also social multilateral lending to urban areas was minimal and missed the

poor. After that, it got even worse. For the period 2000 to 2015 the data we have confirm that

socially oriented urban development assistance was losing further priority for donor countries and

that funding was declining. During the last decade international donors such as the

Netherlands, the US, UK, Canada and even Sweden and Norway have been reducing their urban

development involvement. A result of Government policy decisions - not of dedicated civil servants.

Analyzing Europe Aid and the European Development Fund urban budgets combined for the period

2006-10 it represented approximately 2 to 4% of the total. In monetary terms for the period 2011 to

2015, European external cooperation funds for urban development fell from a top 504 mill Euro in

2013 to a bottom 284 mill. E in 2015. Low cost housing and slum upgrading is from 2006 to 2015

among the European Union’s least prioritized development sectors.

Another significant trend: if we analyze for instance international climate funds (The Green fund) and

its distribution of resources, we find that local governments, civil society organisations and grassroot

movements have hardly received any direct support if anything at all. The current international

development financing architecture in fact tend to restrict access for local projects that safeguard the

poor and the vulnerable. Thus, conventional large-scale infrastructure investments are prioritized

over smaller, decentralized, innovative solutions activating and benefiting poor people in local

communities. The distribution of international climate funds is a very valid example.

Private investments and different types of private public partnerships have when it comes to urban

development become much more important than assistance- It focuses however on a very limited

number of megacities – around 30. But according to McKinsey (The 600 cities Report), these

megacities (more than 10 million inhabitants) will only contribute with 10% of global growth towards

2025. Whereas middle sized cities (1 to 10 billion) will contribute with 50%.

We have to face a situation where international development assistance generally in the years to

come will be relatively less important. But it can still play an important catalytic role. However, in

Norwegian development assistance - be it governmental or non governmental - the urban

development challenge has hardly ever been an issue. Officially registered urban assistance has the

last decade according to official statistics been around an average of 7% of the

total. The Foreign Affairs Committee of Parliament has never discussed the implications of

megatrends like urban population growth/shifts and nor the potential of urban economic growth.

NORFUND – Norway’s main development finance institution - has always had a predominantly rural

perspective and are certainly not reaching out to small and medium sized urban entrepreneurs

because of equity demands.

So, a challenge in a situation of exponential urban poverty growth where urban development

assistance is dwindling and where the global urban institutional architecture is on the verge of

financial collapse, is : how could development politicians and bureaucrats of donor agencies and

financial institutions and their local and national counterparts in partner countries, be challenged to

mobilize for pro poor urban development. Including integration of affordable housing. How can

international stakeholders join forces. Breaking down the organizational silos, advocating jointly for

additional resources. I lack a distinct, separate global dialogue on urban development financing

resulting in a pledging conference..

Norway’s recent Parliamentary Whitepaper on the Sustainable Development goals has a promising

start: In the introduction it underscores the following: “urbanisation and the fact that the majority of

the world population will live in cities demand a new approach to development and poverty

reduction including efforts for climate and environment. Urbanisation will impact how prevention

and response in relation to humanitarian crises are met”. End of quote. In the remaining 60 -70

pages this bold proposition of a new approach is not discussed at all.

The Whitepaper advocates geographic and sector concentration. Five sectors are

identified: education, health, development of business and job creation, climate, renewable energy

and environment and humanitarian assistance. To my mind these sectors have all a very high urban

relevance – individually and collectively. And affordable housing stands out as the integrative factor

with most potential. As the glue. What would have been more evident for the Whitepaper than to

analyse how urban assistance in relation to the five priority sectors – could have been

operationalized in a synergistic way. Having in mind of course the principles of recipient partner

ownership and responsibility.

Norway as a major donor country - 1.05 % of Norway’s our GNP is development assistance – 4,5

billion USD per year - need to face the urban challenge. They are put bluntly: how to work, who

to work with, what to work on, where to work and why. As a start, today, we need the panel’s

advice in how to integrate affordable housing in urban development.

To conclude: we don’t need cities that sell off its assets to the highest bidder. We need to create a

space between politicians, planners and people to develop a change of mindset where smaller,

decentralized, innovative solutions activating and benefiting poor people in local communities are

prioritized. We need an increase in the use of partnerships as underscored in the NUA between local

and national authorities, multilateral players, private sector, civil society in particular the grassroot

movements and multilateral players .The financial needs are enormous. As the World Bank put it, it is

necessary to move from billions to trillions.

Thank you!