

# FOSTERING TERRITORIAL COHESION IN DEVELOPMENT POLICIES IN THE MEDITERRANEAN

STOCKTAKING PAPER FOR THE CMI URBAN HUB



## A TIMELY SUBJECT

In the wake of the Arab uprisings, addressing social disparities and spatial inequalities has become a political priority for several countries in the region

## THIS PAPER ADDRESSES

**Territorial cohesion:** a definition driven from the economic potential of agglomerations and urban areas

**From an analytical to an operational perspective:** main activities initiated by CMI members and partners to promote TC in MENA

**Key analytical/policy issues**

**Potential joint initiatives to advance the dialogue on TC and regional development**



● By: The Center for Mediterranean Integration ●



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مركز التكامل المتوسطي

# Stocktaking Paper for the CMI Urban Hub<sup>1</sup>

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1. The MENA region is facing a context of demographic pressure and rapid urbanization: while the region is currently 60% urbanized, it will experience a projected 45% increase of its urban population by 2030 (equal to 106 million additional urban inhabitants)<sup>2</sup>. Concentrating people and resources, cities in MENA have largely contributed to the improvement of standard development indicators, which showed a constant decrease in absolute poverty in most MENA countries over the past decades. Yet the urbanization process has also contributed to concentrate and exacerbate socio-economic inequalities within growing urban territories, between larger and smaller cities, as well as between cities and their hinterlands. Generated and anchored in Arab cities, the Arab Spring uprisings were also fueled by significant regional disparities in access to basic services and to opportunities<sup>3</sup>, as well as by growing demands for bringing the State closer to citizens through strengthening decentralization and encouraging accountability mechanisms.
2. In the wake of the Arab uprisings, addressing social disparities and spatial inequalities has become a political priority for several countries in the region (including Tunisia and Egypt), which have expressed clear political will to reform the political agenda in order to better encourage local and regional development. Through renewed analytical frameworks and the development of new

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<sup>1</sup> The Paper was written by Lamia Zaki (Urban Development Consultant) for the CMI Urban Hub based on desk research and interviews with its various partners. The Territorial cohesion and inclusive urban development theme is one of the core themes of the CMI. The CMI Urban Hub agreed upon a core program which aims: i) to develop a common understanding of territorial cohesion and how to reduce regional disparities in MENA and, ii) foster cooperation among organizations working on urban development in MENA and support learning networks to help MENA stakeholders share experiences. Since 2009, the CMI Urban Hub regularly brings together different CMI development members and partners (including AFD, Avitem, GIZ, Cities Alliance, Codatu, EIB, MedCities, UCLG-MEWA, World Bank Group). to: (i) exchange on their respective activities; (ii) encourage the definition of a clear analytical framework under which all CMI co-funded urban activities are to be crafted; (iii) create meaningful synergies and foster the development of joint activities under this common umbrella.

<sup>2</sup> According to [WB projections](#).

<sup>3</sup> One of Egypt's poorest regions, Upper Egypt, is home to about 38% of Egypt's population and 67% of its poor. (WBG, Egypt Systematic Country Diagnostic, September 2015). In Tunisia, there is almost a 20% point gap between unemployment rates in leading and lagging governorates. As for access to public water networks, it varies from 61% in the North West to 97% in Tunis (WBG, [Tunisia Urbanization Review](#), June 2014).

initiatives, donors have also highlighted the importance to promote a more balanced yet sustainable territorial development: while the French Agency for Development (AFD) and the European Investment Bank (EIB) are involved in several programs tackling the issue of urban cohesion and regional disparities in MENA, the World Bank (WB) has developed since October 2015 the “Maghreb Lagging Region Task Force”, and has recently started the implementation of an operation to contribute to the development of Upper Egypt, one of the poorest regions of the country. GIZ is also promoting local development in MENA including in Tunisia, where it supports the regionalization process. As for Cities Alliance, it is currently developing a Country-Program Framework for Tunisia with a clear focus on addressing regional disparities and promoting city development strategies in non-coastal cities<sup>4</sup>, as well as on examining the role of cities in regional development (in collaboration with the WB). In this context, the members and partners of the Center for Mediterranean Integration (CMI) decided to focus urban programs and activities on the theme of “territorial cohesion” (TC), and more specifically on the complex links between cities and regional development.

3. This stock taking paper aims at (i) briefly presenting the main theoretical assumptions upon which the often fluctuating definition of TC has been built; (ii) taking stock of the common features in the current activities/programs of the different CMI partners and members pertaining to the ways spatial disparities in MENA can be tackled; (iii) identifying key analytical or policy issues to advance the dialogue and fill in the knowledge gap on various dimensions of TC and; (iv) identifying potential joint activities which could contribute to this consistency effort. This document will focus on MENA countries which have not fallen into civil war (unlike Syria, Iraq, Libya and Yemen) and will be conducted at the sub-national level, looking at how to reduce spatial disparities and inequalities within countries rather than across countries<sup>5</sup>.

## I. Territorial cohesion: a definition driven from the economic potential of agglomerations and urban areas

4. Complementing its previous objectives of enhancing economic and social cohesion, ***the promotion of territorial cohesion (TC) has become a new mission of the European Union (EU) since the ratification of the Lisbon Treaty in 2009*** and through the EU’s new high-level strategy ([Europe 2020](#)). Given the lack of an official definition of this concept, a lot of research has concentrated on its meaning, concluding to its pluralistic nature: experts describe the different understandings conveyed by various stakeholders and institutions within the EU and pertaining to complementary approaches: “like beauty, territorial cohesion is in the eye of the beholder. (...) Maybe this is why the concept has appeal”<sup>6</sup>. Analyses converge in stating that TC is “primarily concerned with promoting a more balanced development and ensuring greater consistency between social, economic and environmental policies”. In policy terms, TC aims at ensuring “a balanced – not to be equated with equal – spatial distribution of activities and people, promoting continued interdependency between regions and in so doing, the overall coherence of policies”. The different approaches alternately stress the need for socio-economic convergence, economic competitiveness, balanced and complementary spatial planning or policy coordination<sup>7</sup>.

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<sup>4</sup> In collaboration with the National Federation of Tunisian Cities (FNVT), UNDP, GIZ, and the International Center for the Development of Innovative Local Governance – CILG-VNG.

<sup>5</sup> This does not mean that TC is not influenced by dynamics and competition between territories at the international scale (including within the MENA region). For example, the refugee crisis currently facing the Middle East is likely to have a substantial impact on the development of MENA countries as it is significantly changing the demographics of the region. Yet these sub-national trends will be included in the Urban Hub analysis as a second step.

<sup>6</sup> Andreas Faludi, “Territorial cohesion: an unidentified political objective”, *Town Planning Review*, vol 76 (1), 2005. See also for example [Marjorie Jouen, “Territorial Cohesion: from Theory to Practice”, Notre Europe Policy Paper 35.](#)

<sup>7</sup> [Frank Othengrafen and Andreas P. Cornett, “A Critical Assessment of the Added Value of Territorial Cohesion”, European Journal of Spatial Development, October 2013.](#)

5. *The EU concept of TC draws from the theories of the “new economic geography” (NEG) school*, which look at spatial aspects and implications of economic activities. Researchers have focused on the role of cities and towns in anchoring or supporting regional development, showing how the market, in the capitalist economy, provides with agglomeration effects through the concentration of people and resources in cities, which allows for economies of scale and specialization of activities, reinforces productivity and encourages innovation, thus contributing to attract new workers. However, this virtuous process tending towards economic growth and improved well-being can stall, as the same causes can also feed spatial disparities in living standards: the cost of living tends to increase as cities get bigger and urban population grows, leading to increased land/rent prices and less affordable housing, rising pollution, longer and more expensive work commutes, etc.
6. *This analysis has fed into two different streams of thought*: following the classic vision of public economy, the first one acknowledges the need for public authorities to address market failures and their capacity to influence the spatial distribution of activities and population in order to improve the general welfare (which the market forces alone cannot achieve)<sup>8</sup>. Illustrative of this approach is the initial ambition of the French “*aménagement du territoire*”, which aimed to allocate economic resources in a balanced way throughout the country rather than to encourage people to move to places where new jobs would spontaneously be created by the market<sup>9</sup>. Initiated in the 1950’ to mitigate the overwhelming domination of the Parisian region over the rest of the country and based on Keynesian economic principles, this approach led to significant results until the end of the 1960’. With the economic crisis, starting from the mid-1970’ and the related transformation of innovation models of the world economy, it however became increasingly criticized as supporting the development of an area/region could also be considered as an impediment to that of another one<sup>10</sup> and did not systematically allow to generate endogenous economic development. In a context of decentralization, the planning tools “from above” have progressively been replaced by contract-based policies between central and local governments, while urban projects became a key component of urban policies. In this renewed approach to “*aménagement du territoire*”, the concern is less for the state to move jobs to poor regions than to contribute to create an enabling environment for the mobilization/cooperation of local stakeholders<sup>11</sup>, in order to attract human and financial resources. The second school of thought derived from NEG highlights the inability of public authorities to shape in a sustainable way the spatial distribution of men and resources<sup>12</sup>. While growth spillover effects tend to level living standards on the long run, trying to control concentration would lead to counter-productive results.
7. *Addressing regional disparities has become a rising concern among donors working on developing countries*. Following the contribution of numerous EU and OECD analytical documents to define TC, the WB’s 2009 World Development Report, *Reshaping Economic Geography* and its 2010 MENA companion<sup>13</sup> look at how public policies can promote more spatially even development without compromising economic productivity. Although cities are still considered as major “engines of growth”, the negative effects of concentration are also highlighted and the reports recognize the need to balance through political choices the rising inequalities between large urban centers and rural areas, but also between cities and within cities. Reduction of regional disparities and enhancement of spatial integration have been identified as key elements to restore trust among

<sup>8</sup> Jean-Claude Prager, Jacques-François Thisse, AFD, “Les enjeux géographiques du développement économique”, 2009.

<sup>9</sup> Interestingly, this concept has no direct translation in English, as the terminology used, such as “spatial development” or “regional policy”, does not equally convey the will to balance market failures throughout the national territory. Faludi and Waterhout, quoted by [Walid Bakhos, Régionalisation et renouvellement des politiques territoriales dans un contexte de mondialisation. Le cas de la coopération décentralisée et transfrontalière en Méditerranée entre 2000 et 2011](#), PhD in urban development, Montreal University, Dec. 2014.

<sup>10</sup> Alain Lipietz, “*Aménagement du territoire et développement endogène*”, Rapport au Conseil d’Analyse Economique, January 2001

<sup>11</sup> Walid Bakhos, op. cit. For a critical review of French policies of *aménagement du territoire*, see also the work of [Michel Marié](#).

<sup>12</sup> Jean-Claude Prager and Jacques-François Thisse, AFD, op. cit.

<sup>13</sup> *Poor Places, Thriving People: How the Middle East and North Africa Can Rise Above Spatial Disparities*, January 2011.

the population in MENA within the new WB MENA strategy and have respectively been defined as one of the pillars of the [WB Tunisia Country Partnership Framework \(CPF\) for 2016-2020](#) and the [WB Egypt CPF for 2015-2019](#). Drawing partly on lessons learned through NEG<sup>14</sup>, other donors, as well as international networks of local governments, have increasingly insisted over the past few years on the need to tackle territorial inequalities<sup>15</sup>. For example, the 2015-2018 AFD's Action Plan for the MENA region makes territorial competitiveness and attractiveness (*"l'attractivité des territoires"*) a key objective<sup>16</sup>. As for GIZ, it has recently launched a sector network focusing on governance issues in MENA, with a work stream dedicated to "inclusive governance" and urban development. Another example is the United Cities and Local Governments (UCLG), which have recently created a new working group on ["local economic development"](#) (and should release a report soon).

## II. [From an analytical to an operational perspective: main activities initiated by CMI members and partners to promote TC in MENA](#)

8. Despite the diversity of views that exists with respect to economic geography and regional policy (as illustrated for example by the stimulating discussions initiated by the WB's 2009 WDR – some of the issues raised will be highlighted in section 3 of this document), the initiatives recently launched by the different donors in support of urban and regional development in MENA tend to present similar or complementary characteristics, which main features are as follows:
  - a. [Supporting the development of an enabling institutional set-up through the promotion of decentralization, accountability of local governments, and enhanced local investment climate](#)
9. [Promoting decentralized public service delivery](#). CMI partners and members converge in considering that allowing the provision of a minimum level of services and opportunities for all is a key element for promoting a more spatially even development. For example, the first of the three policy packages presented in the WB 2010 MENA development report endeavors at "providing a "level playing field" and the opportunity for human development in "lagging" areas<sup>17</sup> by allowing better access to social services and an improved environment for business". According to donors, decentralization also appears as instrumental in the promotion of TC given its role in improving the supply-side of public services and the link between the State and the citizens on two levels: (i) at the economic level, it allows for production and allocative efficiency gains through establishing a direct link between local service provision and local preferences. The main theoretical argument is that *"each public service should be provided by the jurisdiction having control over the minimum*

<sup>14</sup> Jean-Claude Prager, Jacques-François Thisse, AFD, op.cit.

<sup>15</sup> Aimed at exploring the future themes likely to structure AFD's work and scope of action, a recent AFD study allowed to formulate 4 scenarios representing four contrasted pictures of how the world might have evolved by 2025/2030. While three of these scenarios foresee a deepening of inequalities, one of them defines "spatial inequality" as a central feature of our future world, the population's "degree of acceptance of inequality" becoming the main variable for political stability (*Development Agencies, Steering Through Future Worlds*, AFD 2025, June 2016). The AFD research department is also planning on launching in 2017 a collective research to better assess economic inequalities in MENA. This projected work will contribute to complement the results of the foresight exercise.

<sup>16</sup> AFD, [Vivre ensemble, croître ensemble en Méditerranée et Moyen-Orient](#), Plan d'action 2015-2018, 2015.

<sup>17</sup> The WB refers to "lagging regions" and "leading regions" in its analytical framework on spatial disparities. These Anglo-Saxon terms are difficult to translate into Arabic or French, for example, as both languages use the passive form to refer respectively to *"manatiq mouhammacha"* (marginalized areas) or *"régions défavorisées"* (disadvantaged areas). The passive form tends to suggest that the political, economic, historical and institutional context plays a crucial role in the development of places and people, whereas the active form used in English suggests a stronger focus on the production of economically competitive regions and countries, with the idea that the production of winners and losers of economic development is inevitable. (as regions lacking competitive advantages and remoteness from cities will remain "lagging" whereas investments should be concentrated in "leading" urban areas with high returns).



*geographic area that would internalize benefits and costs of such provision*<sup>18</sup>; (ii) at the political level, decentralization is also key in bringing the State closer to citizens, while increasing transparency and accountability<sup>19</sup>.

10. Donors such as the World Bank and the AFD have initiated several operations in MENA aimed at supporting systemic transformations to strengthen government and civil society institutions for improved and accountable local service delivery (e.g. the [Tunisia Urban Development and Local Governance PforR](#), UDLGP, or the [Second Municipal Development Project for West Bank and Gaza](#)) Articulated around performance-based grant mechanisms, these programs provide the institutional and financial framework for ensuring more transparent predictable and equitable intergovernmental transfers from central to local governments (through the development of a formula based on transparent, but also redistributive and more equitable formula), while providing with fiscal incentives for improved service and infrastructure delivery of LGs. The programs are based on two other important components: (i) technical assistance (an ambitious system of on-demand assistance has been developed to support LGs on different issues, especially those pertaining to financial management or investment planning) and (ii) the development of participatory processes to strengthen the accountability of LGs.
11. **Improving the local enabling environment.** In addition to the above-mentioned objectives of closing service gaps for citizens living in disadvantaged urban or rural areas and improving service delivery for all, a recently launched WB operation targeting select Upper Egypt Governorates also aims to improve the enabling environment for private sector-led growth<sup>20</sup>. The operation will support systemic transformations designed to enable governorates to create a more conducive environment for private-sector led growth and job creation. Governorates will become more autonomous (but also more accountable) to prioritize investment and expenditure decisions. They will also become responsible for and equipped to provide facilitation and support to unblock obstacles and promote private investment.
12. Such ambitious projects rely on a ***strong political will from the national governments as well as on the support of donors working at different scales*** to promote decentralization, democratic governance and a more even spatial development. For example, reduction of regional disparities and enhancement of spatial integration have been identified as key elements to restore trust among the population and have respectively been defined as one of the three pillars of the [WB Tunisia Country Partnership Framework \(CPF\) for 2016-2020](#) and the [WB Egypt CPF for 2015-2019](#). On the donors' side, the development of new financing instruments can also play a decisive role in triggering institutional reforms: by directly linking disbursement of funds to the achievement of specific program results, the WB [Program for Results](#) (PforR) has also allowed to include institutional changes as key results in these new operations, thus further supporting the introduction of ambitious and systemic reforms to improve local governance. The continued efforts by institutions such as GIZ to promote capacity building of LGs and participatory decision-making at the local level have also been key to set the ground for, accompany and contribute to enforce the above-mentioned systemic reforms. For example, the GIZ is supporting [CFAD](#) (the Training Center in Support of Decentralization, under the supervision of the Ministry of Local Affairs) improve the quality and impact of its training activities. Through its [CoMun Program](#), the GIZ also seeks to develop networks of urban practitioners within municipalities in order to encourage peer-

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<sup>18</sup> Oates, quoted by [Anwar Shah, World Bank, Fiscal decentralization in Developing and Transition Economies, April 2004](#).

<sup>19</sup> Building on the changing state-society relations in the region, one of the primary objectives of the WB MENA strategy is to “renew the social contract” between citizens and governments and rebuilt trust through improved service delivery and increased transparency and accountability (Shanta Devarajan, [An Exposition of the New Strategy, ‘Promoting Peace and Stability in the Middle East and North Africa’](#), December 2015).

<sup>20</sup> The [Upper Egypt Local Development Program-for-Results](#) (UELDP) is a USD 500 million operation which has been negotiated in July 2016 between the Government of Egypt (GoE) and the WB.

to-peer learning and exchange of experience between cities for improving their management in different fields (solid waste collection, etc.). The need for a recognition of the rising role of cities as key stakeholders for national and local development has also been voiced by networks such as UCLG and [UCLG-MEWA](#).

#### b. Encouraging accessibility and spillover connectivity

13. Beside the common understanding among donors that enhancing local governance allows to improve service delivery and investment climate across locations, accessibility and connectivity are also considered as enabling conditions for national and local development. According to the principles of economic geography, “spillovers from agglomerations into their peripheries have the potential to reduce spatial disparities if they yoke lagging regions to the growth of leading regions”<sup>21</sup>. Proximity to a leading area agglomeration and population density are two criteria a “lagging area” must meet to benefit most from spillovers effects. The WB’s 2010 Development Report makes connecting lagging areas to leading areas a key policy package to promote regional development. This applies to lagging areas that are close to leading areas<sup>22</sup>, where spillover effects can reduce spatial disparities. Given that the MENA region is characterized by high population densities<sup>23</sup>, its lagging areas have a proximity advantage. Promoting short-distance connectivity could significantly contribute to the reduction of spatial inequalities, provided that the new transportation networks and systems are conceived within an integrated and strategic planning process in order to avoid that transportation networks benefit first to leading territories, or do not generate more fragmented cities (with for example the development of dormitory towns or suburbs).
14. **Promoting short-distance connectivity.** Donors (including the WB, the AFD and the EU) seem to currently agree on the fact that intercity (i.e. long-distance) connectivity in MENA is generally adequate, yet the rise towards the expansion of the network has taken place at the expense of road maintenance expenditure and (to some extent) rural accessibility<sup>24</sup>. As MENA cities are increasingly suffering from excessive congestion (including because of the sharp increase in motorization rates and the lack of public space for further infrastructure development), the development of urban public transportation systems appears essential to mitigate the non-pecuniary costs of larger cities pertaining to pollution and to long commutes. The latter mostly affect the low-income workers, who cannot afford living close to the areas of a city that offer the most jobs as the land/rent/real estate markets are accordingly expensive. Improving public transportation (together with transport demand management) thus appears as an important means to prevent or mitigate social exclusion in large cities by contributing to ensure that access to jobs and other amenities (including education, health, training, etc.) is within reach of a maximum number of residents.
15. **Financing infrastructure and enhancing urban transport governance.** Several donors have contributed to promote the implementation of integrated public transport systems (often with dedicated corridors) as a key component of urban and territorial development. For example, the

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<sup>21</sup> WB 2010 MENA Development Report, [Poor Places, Thriving People](#), op. cit.

<sup>22</sup> Areas located within a 3-hour travel from a city of 500 000 are defined as “close”. As for dense areas, they are defined as areas with more than 50 people per km<sup>2</sup>.

<sup>23</sup> According to the WB 2010 report, 77% of lagging area populations in MENA are located in areas with a density of over 400 inhabitants/km<sup>2</sup>. 61% of lagging area population is located less than 3 hours away from a major city.

<sup>24</sup> The WB has played a major role in improving the connectivity of rural areas in Morocco through ambitious national transport programs in the region (for example in Morocco through supporting two successive [rural roads projects](#) ). It has also launched in 2015 the [Tunisia Road Transport Corridors Project](#) to reduce transportation cost and time and improve road safety on select road corridors between lagging regions and more developed areas in Tunisia, while strengthening the capacity of the Ministry of Equipment in road asset management.

AFD has financed the creation of a “métro léger” in Tunis in the 1980’, as well as the extension of its lines in the 2000’ and, the development of the tramway system in Rabat. It is currently preparing, in coordination with the European Investment Bank (IEB) and under the umbrella of the Union for the Mediterranean (UfM) integrated urban transport projects in several MENA cities in the framework of the [Urban Project Finance Initiative](#) (UPFI) and has also developed a knowledge sharing program on [Sustainable Urban Transport](#)<sup>25</sup>. As for the WB, it has recently launched (in 2016) the [Morocco Urban Transport PforR](#), with the objective to support the creation of dedicated bus lanes in several cities. Beyond the financing of significant infrastructure, the operation is also directed at improving the quality and management of public transport in cities with over 10,000 inhabitants and at enhancing the efficiency of traffic management (thus completing the results of another important loan granted in 2011 to improve the sector governance<sup>26</sup>). As for the provision of other urban services, the institutional set-up is key for optimizing the development and management of urban transport – including the management of decentralized urban transport systems – in terms of strategic planning, capacity to implement, monitor and maintain projects, to develop partnerships with the private sector, to develop a balanced mix of transportation modes, etc.

c. [Reducing socio-spatial inequalities and contributing to local development through integrated urban projects](#)

16. In order to improve access and living conditions in poor and/or informal neighborhoods, create jobs or fight against climate change, donors have funded projects (often embedded in national urban policies) targeting specific neighborhoods or areas within cities. These geographically delimited projects are expected to have positive impact beyond the area of intervention. Among the objectives pursued, the development of new and diversified centers within cities should allow for a more balanced, dynamic and efficient development at the city scale and beyond (through reducing congestion, etc.).
17. [Slum upgrading programs](#). Inequalities and social exclusion are a key feature of MENA cities and donors have provided support to addressing these issues, including through various urban upgrading programs. Given the importance of informal housing in the region, as well as the demographic pressure on cities in MENA, donors seem to agree that eradicating slums is not a realistic objective, and initiatives have increasingly tended to support *in situ* upgrading policies<sup>27</sup> (although national policies in MENA sometimes involve displacements more than *in situ* upgrading). For example, the AFD has consistently provided technical and financial support to national slum upgrading programs, such as the upgrading of “popular neighborhoods” in Tunisia or the City Without Slums Program in Morocco (which was initially supposed to foster *in situ* upgrading solutions). Through its Urban Development and Local Governance PforR, the WB is also financing the upgrading of disadvantaged neighborhoods in Tunisia. The Program also targets at operationalizing the government’s decentralization agenda through: (i) putting in place a participatory process allowing for communities to contribute to decision-making at the stage of the project preliminary study; (ii) giving the opportunity to eligible municipalities to implement their upgrading projects by themselves (i.e. without systematically resorting to the national agency which has traditionally been implemented upgrading projects in Tunisia through “*maîtrise*”).

<sup>25</sup> In partnership with [CODATU](#) (Cooperation for Urban Mobility in the Developing World, an association aiming at promoting sustainable mobility policies through training and knowledge exchange activities) and [CEREMA](#) (Center of Expertise and Research on Risks, Environment, Mobility and Regional Development).

<sup>26</sup> [WB Urban Transport Sector DPL](#).

<sup>27</sup> See for example “[Intégrer les quartiers précaires aux villes: le défi de demain](#)”, *Questions de développement*, AFD, Nov. 2014. There is sometimes a discrepancy between this support to *in situ* upgrading and the relocation programs implemented in some countries, including in Morocco.



*d'ouvrage déléguée*”). AFD’s research department has coordinated significant knowledge products on the positive impact, but also on the limits of upgrading programs (e.g. the maintenance of the newly built infrastructure is not always possible; slum-dwellers might be rehoused too far from their initial settlements for them to maintain their economic activities, etc.)<sup>28</sup>. As for GIZ, it has engaged in advisory services to decision-makers on how to deal with informal settlements, focusing on the introduction of participatory processes in urban upgrading initiatives, for example in Greater Cairo ([Participatory Development Program in Urban Area](#), in coordination with the EU). Focusing on the need to address the issue of informal housing at the national level, GIZ is currently supporting the Egyptian Ministry of Housing to define a national upgrading policy.

18. **Integrated urban development projects.** Managed by the AFD and the EIB under the umbrella of the UfM Secretariat, [UPFI](#) aims at selecting and supporting the conception of sustainable and innovative urban development projects “that offer bottom-up, regionally replicable solutions to the major urban development challenges the region is facing as a result of the important demographic shifts from rural to urban areas” (with a view to ensuring the projects’ bankability by international financial institutions and to promoting Public Private Partnerships). Such projects are directed at contributing to enhance social inclusion (for example through the improvement of housing conditions), job creation, inter-city connectivity, etc. For example, in Jericho (West Bank and Gaza), the objective is to contribute to supporting the economic development of the Jordan Valley through the relocation of a slaughterhouse and the urban redevelopment of its initial location in the city center. While contributing to promote and shape local economic growth, such cross-sectoral urban projects also aim to play a role in confirming cities as the owners of local projects (through reinforcing their “*capacité de maîtrise d’ouvrage*”), as the technical assistance provided through UPFI aims (when possible) at increasing municipal know-how in managing relationships with private investors and developers (as well as with other stakeholders, including national operators). In addition, the Mediterranean Development Network under the [Sustainable Urban Development Program \(SUD-MED\)](#) co-funded by CMI and co-led by EIB, AFD and the French Caisse des Dépôts et Consignations (CDC), aims to promote knowledge exchange between urban developers in the region through bringing together a community of practitioners and urban project leaders from around the Mediterranean. Through the organization of regular workshops, the network focuses on specific pre-operational issues with the objective to reinforce the coordination and management of major urban projects.
19. **Integrated risk management projects.** While cities allow for agglomeration economies, they also increase risk exposure of their population and assets. In MENA, the urban population is largely concentrated in coastal cities, particularly prone to flooding. The urban poor are often the most vulnerable to disaster risks as they tend to live in informal housing built on landslide or flood areas, or as they lack the resources to build their houses according to regulations. On the rise because of climate change, natural disasters have an impact on the Moroccan economy estimated at a yearly average of USD 800 million, in addition to the numerous casualties they claim. Approved in 2016, the [WB Integrated Disaster Risk Management and Resilience PforR](#) seeks at introducing a global approach by combining institutional reforms, investment in disaster risk reduction and insurance cover against these risks. Through the financing of a “national resilience fund”, this operation will contribute to promote investment national projects, but also local projects, in order to anticipate natural hazards and better manage their effects. This initiative will therefore contribute to provide more resources to mitigate disaster risks at the local level. It will be complemented by the creation of a national insurance program in order to further protect private firms and the population (and especially the most vulnerable communities) against natural disasters.

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<sup>28</sup> See the activities and publications stemming from one of the three main topics of [the sustainable urban and territorial development research program](#), titled “rethinking vulnerable districts and fighting against socio-territorial inequalities”.

d. Developing the strengths of each territory to promote a more balanced territorial development

20. Increasing the quality of city management and planning in order to promote a more efficient, equitable and sustainable urban and regional development is another key challenge for all CMI partners. For example, in 2013, the WB has released an analytical tool called the Urbanization Review, targeted at helping city leaders and national policymakers identify the key impediments to sustainable urban growth and the potential solutions to alleviate them. City planning for land use and basic services is considered as a “primary” lever (the two other major issues for city development being identified as “connecting” and “financing”)<sup>29</sup>. Most of the initiatives supported by donors tend to highlight the need to promote cross-sectoral urban development and participatory decision-making at the regional and local scales in order to better connect national priorities with local demands and to take account of the specific needs of each territory. This contributes to renew a planning approach linked to the French (more interventionist and centralized) conception of “*aménagement du territoire*”, which has had a significant influence in MENA countries over the past decades. Donors also highlight the need to promote strategic planning rather than legal/regulatory planning at city level.
21. **Promoting regional and secondary city planning.** For example, in Tunisia, the GIZ and the United Nations Development Program (UNDP) have recently supported governorates in “inland regions” (“*régions de l’intérieur*”) to conduct the necessary diagnostics to define their new regional investment plans (articulated to the national 5-year national plan for 2016-2020, soon to be released). Both development institution encouraged the setting up and/or consolidation of participatory processes aimed at engaging local stakeholders (including representatives from the civil society, from the private sector and from LGs) in regional development<sup>30</sup>. At the city level, a few initiatives were launched by Cities Alliance in the early 2000’, which led to the definition of City Development Strategies (CDS), including in Sousse and Sfax. The CDS aimed at promoting participation and consultation as part of the necessary tools to produce: (i) an integrated and shared vision of the long-term development of the city and; (ii) concrete action plans in the shorter run. More recently, the GIZ has supported the conception of a CDS in Monastir and Jendouba as part of the CoMun Program. As for MedCities<sup>31</sup>, it has developed partnership agreements with the cities of Gabes and Kairouan to help them promote their respective CDS. Drawing on this experience and in the framework of the new involvement of Cities Alliance in Tunisia, a project to be implemented by FNV, UNDP, MedCities and CILG-VNG will further allow to promote a CDS approach in secondary cities located in “lagging regions”. In addition to the promotion of participatory and integrated planning, the newly designed project marked at *better linking investment planning and territorial planning*, which are hardly conducted in a coordinated manner<sup>32</sup>, through directly linking the preparation of the CDS to that of the five-year municipal investment plan (PIC). In this approach, secondary cities are viewed as potential key drivers of regional development, including in “lagging regions”, given that they currently absorb the biggest share of internal migrants (moving from rural to urban areas)<sup>33</sup>.

<sup>29</sup> See the Urbanization Review Flagship study: WB, [Planning, Connecting and Financing Cities – Now. Priorities for City Leaders](#).

<sup>30</sup> As for the WB, it was requested by the Tunisian Government to provide just in time technical support to answer key questions that will help GoT shape its investments (see section 1.2.4. for further detail).

<sup>31</sup> [MedCities](#) is a network of Mediterranean cities created in Barcelona in November 1991 at the initiative of the Mediterranean Environmental Technical Assistance Program (METAP) to promote urban sustainable development

<sup>32</sup> Partly because of the long delays in the preparation of planning documents, which prevent the achievement of rapid and tangible results on the ground (thus hindering donors’ disbursements). Other major reasons also explain the lack of implementation of territorial planning documents, pertaining to lobbying activities of various stakeholders, etc.

<sup>33</sup> This trend has been observed in Tunisia but also in most MENA countries. See the WB 2010 MENA Development report (op. cit.). See also Brian H. Robert, Cities Alliance, [Managing Systems of Secondary Cities. Policy Responses in International Development](#), 2014. The OECD is also considering that “large cities” (as opposed to megacities) and polycentric systems have a positive impact on productivity and social inclusion (OECD, *The Metropolitan Century. Understanding Urbanization and its Consequences*, 2015. See [here](#) for the report summary).

**22. *Leveraging on the strengths of each “lagging area” and promoting multi-level governance.***

Created in October 2015, the WB “Maghreb Lagging Region Task Force” is also illustrative of a will to foster a multi-disciplinary approach and develop cross-sectoral policy responses to tackle the challenges facing “lagging areas”. Co-chaired by 3 Global Practices – GPs – (including the Social, Urban, Rural and Resilience GP, as well as the Transport and the Environment GPs)<sup>34</sup>, the Task Force has initiated work in Tunisia, chosen as a pilot. In the context of the Government’s reflections on the regionalization process, it is contributing to identify the development levers for regions, especially in the most “lagging areas”. Among its objectives, the task force also aims at ensuring a better coordination on existing WB activities, including in Tunisia and Morocco, and at offering guidance for the development of forthcoming lagging areas operations based on cluster facilitation. Whereas the WB’s 2009 WDR insisted on the need not to intervene where it is likely not to be sustainable, the approach of the Lagging Areas Technical Assistance initiated by the WB following initial discussions between the Government and the Task Force focuses on the need to curate knowledge to unveil and promote the potential and specific advantage of each territory (third policy package of the WB 2010 MENA Development Report). Regional development is to be based on local and endogenous potential through a bottom-up approach to policy design and implementation. Because there is no silver bullet for addressing the issue of “lagging areas”, knowledge production and knowledge sharing (among donors, but also among decision-makers from different countries) are paramount to identify and define locally tailored policy answers and to support more broadly the Government of Tunisia’s ability to develop a strategic, multi-sectoral policy, investment, and institutional development program to improve medium-term development outcomes in its lagging areas<sup>35</sup>.

23. Following the same approach, the Tunisia Spatial Analysis of Lagging Areas and the Role of Cities Technical Assistance project (funded by Cities Alliances and implemented by the WB) places special emphasis on the question of local economic development and the production of references for action on the role of inland cities in regional development in Tunisia, including through contributing to: refining the very definition of what a “lagging area” is in terms of geographic scope, selection criteria, competitive potential; identifying potential “catch up” strategies in lagging regions; promoting, in coordination with GIZ and UNDP, information sharing and cooperation between Tunisian institutions and international development partners which have or would ideally have linkages to the policy dialogue on lagging areas; supporting the GoT develop a framework for prioritizing and designing lagging areas interventions drawing from international experience and lessons learned from Tunisia’s experiences.

### **III. Key analytical/policy issues**

24. Following this synopsis of the respective activities led by CMI Urban Hub members and partners to promote TC and urban and regional development, this third section will highlight some of the analytical or policy issues these initiatives may raise.

25. ***Decentralization and economic development.*** Although decentralization is often presented by donors as a natural path to promote national and local development, several issues pertaining to

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<sup>34</sup> It also comprises representatives from the Country Management Unit (CMU) and all GPs and Cross-Cutting Solution Areas (CCSAs) active in lagging regions.

<sup>35</sup> In June 2016, representatives from the GoT participated to a three-day event illustrative of this approach. Delivered by the WB in partnership with the Korea Research Institute for Human Settlements (KRIHS), this event saw the attendance of participants from 11 countries. who presented their respective initiatives: China’s western region, Colombia, Upper Egypt, Georgia, India’s Bhopal-Indore corridor in Madhya Pradesh, Pakistan’s Punjab Province, Philippines’ Mindanao, Romania, Russia, Tunisia, and Uzbekistan. The historical evolution of Korea’s regional development policies and outcomes was also presented.

the links between decentralization and economic development have been raised by experts and researchers. Three issues seem particularly relevant to the implementation of policies aimed at improving TC: (i) that of the level to which redistribution can/should be orchestrated; (ii) that of the optimal scale for decentralized interventions for the provision of local services; (iii) that of the harmonization of the participatory approaches promoted by the different donors.

(i) *The central state, a key player for ensuring TC.* Political decentralization is conceived as a means to provide citizens with cost-efficient services that are well aligned with their preferences, yet scientific and policy literature (including the theory of fiscal federalism) shows that decision-making regarding redistributive policies should remain located at the level of the central state in order to avoid rising inequalities: an entire devolution of powers (including in terms of taxation and fiscal management) to LGs would lead to increased inequalities between LGs benefiting from agglomeration economies and a large tax base (through the concentration of competitive firms and qualified workers) and LGs with scarce tax resources. Another scenario focusing on fiscal competition could lead to a “race to the bottom” in terms of public services. Also, richer LGs which would have the means to set in place more attractive social policies would not be able to implement them on a sustainable basis, as their local policies would attract poorer communities, which would on the middle and longer run contribute to dry up their resources. It seems important to highlight that local development is not exclusively achieved by LGs and that other stakeholders take an active part in shaping it, including local level stakeholders (e.g. the private sector and civil society contribute in collectively identifying and fulfilling the local economic potential). Other tiers of government also play a key part in local development as multi-level governance is paramount to articulate national and local development policies as well as sectoral and place-based policies in order to maximize their impact.

In this broader local development ecosystem, the central State remains paramount in ensuring a common development vision and the definition of a *common level playing field* in terms of service provision and opportunities. Such a common vision can only be developed at the national level and depends on national strategic and societal choices and redistributive policies that are not only based on technical or objective factors (although variables such as the level of existing infrastructure or the geographical context are key): they are also highly political; they require minimum consensus and a vision for development which cannot be purely “neutral”. For example, what criteria to use to determine what the minimum level of services should be? Starting from which level of human concentration should a country provide with tap water or public electricity to its citizen? Should informal neighborhoods be systematically equipped with public services without any financial participation from their inhabitants? Should the land added-value generated by public/collective facilities be taxed? Should the State provide incentives for teachers working in “lagging areas” to improve teaching quality? The level and organization of such redistributive policies needs to be debated and planned at the national scale (including in terms of budgetary allocations) before LGs can actually implement them and potentially tailor them to the specific needs of their constituencies. Although donors have no role to play in national political debates, they can contribute to help policy-makers take well informed decisions through curating knowledge on best practices and lessons learnt from other countries, including regarding what a minimum level of services and opportunities for all can mean and entail (including in terms of capacities and responsibilities at the scale of the central state).

(ii) *What optimal scale for public services delivery?* Although political institutions closer to citizens may provide services more efficient and more adapted to local communities, the optimal “local” scale of intervention largely depends on the service provided. For example,

the issuance of building permits can be done at a smaller scale than the construction and management of waste disposal sites without involving crippling costs. Over the past decades, several Western countries have developed various inter-municipal tools to better adapt the geographical scope of decentralized policies to the needs of local economic stakeholders and go beyond rigid administrative boundaries (e.g. creation of “communautés d’agglomération/pays” following the experience of the inter-municipal syndicates – SIVU/SIVOM in France). In Morocco, the 2002 reform of the Communal Charter aimed at deepening the decentralization process through a reform of “recentralization” which led to the creation of larger municipalities in cities over 500 000 inhabitants<sup>36</sup>. The country has also engaged in legislative reforms to encourage the development of inter municipal initiatives and thus improve territorial integration and cooperation at the city/conurbation scale. In the wake of this effort, the [Local Government Support Program](#) funded by the Deauville MENA Transition Fund and managed by the WB aims at providing LGs in pilot areas with access to decentralized support services and assistance to institutionalize inter-municipal cooperation (including through the provision of specific consulting services and incentives towards accelerating the formation of inter municipal cooperation structures and the creation of new public asset companies on a pilot basis in the project area that the inter-municipal cooperation structures will establish for planning and financing their infrastructure investments). The benefits of such an approach and the need to coordinate between different institutional levels as well as with the private sector could be promoted more widely in MENA, especially in a country like Tunisia which is in the midst of an ambitious decentralization reform<sup>37</sup>.

*(iii) Tacking stock of the participatory processes supported by donors in MENA.* All donors converge in highlighting the need to develop participatory processes in order to reinforce the accountability of central and local governments. Such an approach is key in promoting the involvement of local stakeholders in urban and regional development. However, the profusion of initiatives has led to sometimes redundant, sometimes purely formal, sometimes overambitious initiatives. Taking stock of what has been done and of the impact of these processes on local development could help assert the role of local stakeholders (including youth and women, as well as private investors, etc.) in the co-production of local development.

26. **Geographical spillover effects.** As discussed earlier, spillovers from agglomerations into their peripheries – which can be encouraged through improved connectivity and transport systems – are considered as major drivers to reduce spatial inequalities. Yet research has also shown the sometimes negative effects of transport infrastructure projects on social inclusion. For example, the spillover effects generated by projects aimed at improving access to disadvantaged urban neighborhoods tend to be reflected in an increase of land prices, which in turn may result in the eviction of the poorest communities (unable to pay for higher rents)<sup>38</sup>. In this perspective, spillover effects can contribute to expand the geographical boundaries within which agglomeration effects are mostly positive while also contributing to some extent to create new disadvantaged peripheries further away from city centers. Here again, encouraging the development of integrated projects

<sup>36</sup> This reform allowed to switch away from a system in which large cities were divided into several “communes” (27 in the case of Casablanca), with the objective to allow for more coherent and ambitious development at the city scale.

<sup>37</sup> “Getting multi-level governance right” has also been identified by OECD as a key issue for regional development. OECD Regional Outlook 2011, *Building Resilient Regions for Stronger Economies*. See [here](#) for the executive summary.

<sup>38</sup> A recent project assessment by the AFD shows how the building of new roads within an urban renewal project in Djibouti led to the replacement of the poorest households living in the vicinity of the newly build infrastructure by significantly better-off households. See Sandrine Mesplé-Somps, Laure Pasquier-Doumer, Charlotte Guénard, Bertrand Savoye, [Evaluation dhttp://www.afd.fr/webdav/site/afd/shared/PUBLICATIONS/RECHERCHEBaibala, Djibouti](#), Etudes de l’AFD n°11, 2016.



aimed at improving connectivity but also at encouraging job creation and social inclusion appears as a key element of territorial cohesion.

27. **Place-based versus spatially blind policies.** While the EU focuses on “place-based” development policies to promote economic and social cohesion<sup>39</sup>, the OECD advocates for a “new regional paradigm” based on the development of local and regional “eco-systems” as effective tools to deliver socio-economic progress<sup>40</sup>. As for the WB, it also insists on the importance to develop spatially-blind policies as a key tool to tackle regional disparities: “simply by fulfilling their existing mandates to provide a positive business environment and services to the poor, sector ministries will be making a full contribution to national spatial development objectives”<sup>41</sup>. The idea is that development policies should target people, rather than places, and that this implies a far greater reliance on spatially blind instruments. Yet the need for a differentiated approach to promote the potential and specific advantage of each territory is also key for the WB; it constitutes the third policy package identified by the WB 2010 MENA Development Report. Ultimately, “the issue is not either/or: all policies, whether place-based or spatially blind, should aim to be people-centered. The question is rather to develop a deeper understanding of what policy mixes work in what circumstances”<sup>42</sup>. For example, the EU has launched an ambitious research programs, the [ESPON 2020 Cooperation Program](#), with the objective to develop improved territorial observation and tools for territorial analyses (including through the definition of robust and quantifiable indicators for measuring the impacts of policies of TC).
28. **Promoting cross-sectoral policies and strengthening the role of LGs.** Two series of institutional obstacles have traditionally hindered the development of cross-sectoral policies: (i) departments and ministries often work in silos, and coordinating between different departments might be challenging for donors; (ii) the latter are also themselves often organized by sectors (or departments, “global practices”, etc.) and institutional logics might sometimes impede internal coordination between experts from different sectors. The WB “Maghreb Lagging Region Task Force” is illustrative of a will to overcome this difficulty and to foster a multi-disciplinary approach through bringing together the various disciplines involved through a territorial and spatial lens. Among its objectives, the task force aims at ensuring a better coordinating on existing WB activities, including in Tunisia and Morocco, and at offering guidance for the development of forthcoming lagging areas operations. The promotion of decentralized urban development, by giving to cities the means to be the owners of local projects (through reinforcing their *capacité de maîtrise d’ouvrage*), could also allow donors to work with strong counterparts able to orchestrate/implement cross-sectoral policies and to coordinate the work of deconcentrated authorities (i.e. the representatives of the central government at the regional/local level).
29. **Analyzing the historical and socio-political factors of spatial inequalities.** Beyond the analysis of the economic factors leading to spatial disparities, there is a rising common recognition among donors of the importance of historical, social, and institutional processes in the shaping of spatial inequalities. For example, research in human geography, sociology, political sciences, etc. (including on the MENA region) has shown how the political power differentials between people and places could largely explain why some areas were “lagging”. Similarly, critiques have highlighted how NEG theories themselves are embedded in a historical context as their main assumptions are driven from the observation of economic patterns developed in Western countries since the Industrial revolution<sup>43</sup>. Yet this background, as well as the later stages of development

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<sup>39</sup> As highlighted in the 2008 Barca report: Fabrizio Barca, “[An Agenda for a Reformed Cohesion Policy. A place-based approach to meeting EU challenges and expectations](#)”.

<sup>40</sup> OECD Regional Outlook 2011, op. cit.

<sup>41</sup> WB 2010 MENA Development Report.

<sup>42</sup> OECD regional Outlook 2011, op. cit.

<sup>43</sup> Jean-Claude Prager, Jacques-François Thisse, AFD, op.cit.

these countries experienced, have nothing to do with the trajectories facing developing countries today and characterized by rapid population growth, massive urbanization, considerable infrastructure needs, poverty, etc. Some cities in developing countries produce important negative externalities with sometimes limited economic benefits. Also, the fact that cities produce growth does not necessarily imply their inhabitants benefit from it. While urbanization can contribute to social exclusion, massive rural-urban migration tends to deprive “lagging regions” from inhabitants with the strongest material and symbolic resources<sup>44</sup>. There is thus a need to distance the analysis from what happened in the past to identify relevant policy options for developing countries today. This does not invalidate NEG as a decision-making tool, but it means it cannot provide directly with “good policies” ready to be implemented anywhere. However, NEG remains relevant to analyze the strengths and weaknesses of economies in terms of spatial and economic systems, in order to identify tailored action<sup>45</sup>.

30. Building on this discussion, the following section suggests potential joint activities that could contribute to advancing the dialogue and filling in the knowledge gap on various dimensions of TC.

#### IV. Potential joint initiatives to advance the dialogue on TC and regional development

31. ***Strong need for documenting existing experiences and curating knowledge on TC.*** Although donors have developed often similar sets of initiatives in MENA to enhance more balanced and sustainable regional development (section 2), the debates identified above (section 3) confirm the lack of ready-made solutions to enhance TC across the region. There is a strong need to develop analytical work in order to better understand the political economy of each area/region/country, identify the specific constraints faced locally as well as the untapped potential of “lagging” regions. In addition to such careful local analysis (based on data collection), curating knowledge on successful experiences pertaining to regional development and spatially balanced growth and, promoting exchanges between decision-makers faced with similar policy issues in different contexts can also be key in identifying potential and locally tailored solutions with decision-makers. In that perspective, CMI, as a multi-partner platform focused on knowledge sharing, could significantly contribute to advance the policy dialogue on TC in MENA. This section suggests options to further refine the action plan developed during the previous Urban Hub meeting (July 2016):
32. ***The organization of an inaugural conference*** could constitute an efficient initiative to give visibility to the CMI new approach on TC and to engage in a capitalization work on local best practices and lessons learnt to promote a more coherent and balanced spatial development. Focused on encouraging peer-to-peer learning among urban development stakeholders, the conference would gather: (i) CMI Urban Hub members and partners, as well as other international institutions interested in the issue of TC (such as the EU and/or OECD); (ii) a set of MENA stakeholders (including national and local policy-makers, practitioners, civil society and private sector representatives, etc.) carefully identified based on the policy dialogue developed by each CMI partner institutions, demands expressed by clients and potential operational follow-ups in specific countries/regions; (iii) representatives from countries/regions/cities outside MENA (e.g. in Africa, Latin America and/or Asia) who could present successful examples and lessons learned in comparable contexts. Academics could also be associated to the event; they would be asked to formulate concrete policy recommendations based on their research and on the conference presentations.

<sup>44</sup> Victoria Lawson, “Reshaping Economic Geography? Producing Spaces of Inclusive Development”, *Economic Geography*, vol. 86, nbr. 4, 2010.

<sup>45</sup> Jean-Claude Prager, Jacques-François Thisse, AFD, op.cit.

33. This first international conference could be organized in **early 2017** (February or March) and could focus, among others, on the following potential topics:

(a) Promoting TC through multi-level governance: as highlighted in section 3, although decentralization can contribute to enhance local/regional development, the need for policy coordination at different levels (be they national, regional, local) remains key to conceive and implement strategic policies at the most relevant possible scale. Different themes could be explored, ranging from the development of inter-municipal structures and/or initiatives to the rising role MENA regions could play in promoting TC through the development of contractual tools to encourage the collaboration of different types of stakeholders i.e., the central state, LGs, as well as other institutional actors – including economic actors – and, civil society (e.g. creation of “city contracts” in the framework of the Cities Without Slums program; development and transformation of the PPPs agreements with private real estate developers for building social housing in Morocco).

If this first conference is to be organized within the CMI premises in Marseille, the French experience on decentralization and its impact on regional development could be presented; as France has embarked in a major decentralization program since the 1980', and has experienced successive stages in its “territorial reform”, the most recent one being the merging of the 27 previous regions into 13 regions in order to reinforce this level of decision-making. The recent creation (in January 2016) of the “Aix-Marseille-Provence métropole” (created out of 6 inter-municipal structures) could also be an interesting case study to illustrate the benefits and challenges of promoting LG coordination at the metropolitan scale (the “metropolis” gathers 92 municipalities and is home to 1.8 million inhabitants). Participants to the conference could also visit the ambitious ongoing [Euroméditerranée project](#), which constitutes the largest urban renewal project in southern Europe. Committing to renovating a 480-hectare area between the commercial harbor, the Old Port and the TGV station, it aims at enlarging the city center towards its northern disadvantaged suburbs while addressing the interface between the city and harbor.

(b) How can cities promote national and regional development? This question could constitute another focus theme of the upcoming conference, which could be organized around the following building blocks:

- the development of “national urban policies” as coherent strategic frameworks to link national development with the dynamics of urbanization and the evolution of planning tools<sup>46</sup>. The need for developing national visions/strategies for urban development and to articulate them to regional/local urban planning could be discussed. Examples in sectors such as transportation could also be highlighted to show the importance of “planning” (including land use planning) for “connecting” (building and managing transport systems at different scales).
- empowering cities to develop effective strategies. This potential session could allow to present relevant cases within MENA and beyond, showing how efficient city strategies have been conceived (what are the elements of efficient diagnostics; how can participatory processes contribute to the definition of more efficient policies, etc.) and have been/are being concretely implemented (i.e. how/through which tools can cities conduct and support economic development projects; which specific skills does municipal staff need to master for cities to be efficient owners (*maîtres d'ouvrage*) of local projects; in which circumstances and

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<sup>46</sup> Promoting National Urban Policies (NUP) has been identified by the OECD as a strategic focus for Habitat III “intended to align sectorial policies that affect urban areas and to develop an enabling institutional environment” (see [this link](#)).

how can cities efficiently delegate the management of public services to the private sector. The session could also focus on the diversity of the levers of economic development activated through these strategies in light of specific contexts.

- promoting synergies between cities and their peripheries/hinterlands: based on concrete examples, this session could contribute to question the links between urban and rural areas as well as between larger and smaller urban areas in MENA and to discuss their potential complementary functions and dynamics at the regional level. In the decentralization context the region is experiencing, cooperation between LGs could be encouraged while the territorial scope of local projects could be enlarged. Different experiences of win-win strategies pertaining to food governance, short food circuits, land management, but also tourism, etc. could be presented;
- measuring national/local development through relevant and coordinated indicators: this session would focus on ways to set into place comprehensive sets of indicators to monitor the development priorities of national governments at different scales (national, but also regional, local), involving the different tiers of government), in link with the demand for localizing the implementation of the Sustainable Development Goals (SDGs) to be achieved by 2030;
- other key challenges faced by cities in terms of social and economic inclusion could also be discussed (development of slum upgrading and/or social housing policies, etc.).

(c) Infrastructure financing: in light of the pressing needs experienced by cities and their peripheries, the issue of infrastructure financing could also constitute a potential topic for the conference, which could be organized around the following sub-themes:

- sharing the added land value linked to infrastructure development: the session could explore international experiences through which central and/or local governments managed to share the cost of infrastructure (water and/or sanitation facilities but also transport networks) with beneficiaries (owners and/or real estate developers on undeveloped land; residents in urban renewal projects, etc.);
- successful sectoral programs of infrastructure development could also be analyzed, looking especially at the incentives set in place by central states to encourage quality service delivery by LGs (e.g. through regular municipal transfers) but also at how LGs can pool resources together;
- municipal finance and public service delivery/management: the importance of municipal finance and creditworthiness on service delivery would be highlighted through concrete examples (including international examples of cities with access to the financial markets); the need to support cities in better managing PPP tools (such as delegated management of public services) could also be highlighted.

34. The CMI will capitalize on the experience of existing CMI programs such as the [MENA Urbanization Knowledge Platform](#) (UKP), which has organized 4 conferences and training on municipal finance and sustainable cities since 2013 following the same approach. TC could be defined as the priority topic of UKP and the TC conference could be organized under its umbrella.

35. The operational teams, project managers, etc. of the CMI Urban Hub members and partners working on related topics in MENA will be closely associated to the identification of participants and of the case studies to be presented and, to the agenda definition. The networks of local decision-makers and practitioners developed by several partners will also be key in the identification of relevant participants to the conference (UCLG and UCLG-MEWA; MedCities; GIZ through its CoMun Program; AFD, EIB and CDC through the network of urban developers). Beyond

its facilitating role in preparing and organizing the conference, the CMI Urban Hub could also commission and supervise a “stock-taking assessment” on the conference chosen topic to be used as a basis for identifying the conference building blocks and to be presented during the conference. The assessment would allow to review and put in perspective the issues at stake and highlight relevant experiences in the different MENA countries; it could also provide with examples of successful experiences outside MENA.

36. This initial conference will allow to identify a first compendium of experiences aimed at promoting TC in MENA and beyond. A CMI Urban Hub meeting could be organized right after the event in order for its members to finalize a template (based on the conference presentations) to be used for presenting the cases in a coherent way. This initial data base (to be published on the CMI website) could be further populated through the following activities:
- Organization of a **yearly conference** on the same model as the inaugural conference described above. The conference theme could be identified in collaboration with the participants from the previous conference (potentially through the organization of a survey) or based on their inputs.
  - If budget allows, the yearly TC conference could be supplemented by the organization of **regional workshops** on specific priority (and more technical) topics. Held in MENA countries, these events would contribute to increase the visibility of and advance the policy dialogue on TC and “lagging” areas. It would also allow to open up spaces for discussions between different stakeholders working at different levels (municipal, inter-municipal, regional, national, etc.).
  - On the longer run, a **Community of Practice** could be developed in order to maintain a close and consistent connection with an increasing number of relevant MENA stakeholders. The online CoP would contribute: to curate and disseminate knowledge pertaining to regional development and TC (e.g. through the presentation of short and easily readable case studies developed following a framework defined by Urban Hub members and partners) and, encourage dialogue and promote sustained discussion with MENA counterparts (e.g. through the organization of webinars; the posting of surveys). This initiative could build on an already existing CoP developed by the CMI [Sustainable Urban Transport Program](#) (led by AFD in partnership with CODATU and CEREMA). Given the importance of connectivity for TC, a first series of webinars could be organized on this theme. Interested CMI Urban Hub members and partners could alternately prepare these webinars (on the basis of 4 to 6 webinars per year). An expert with significant experience on urban and regional development would need to be hired to maintain a vibrant TC CoP.
  - Following the example of the MENA UKP, a newsletter could also be produced on an annual or bi-annual basis, in order to showcase a different theme linked to TC and the related support to MENA countries provided by CMI Urban Hub members and partners.
  - Going forward, other means of communication could be used (such as Facebook or Twitter) in order to reach out to the relevant MENA stakeholders.