



GREEN RECOVERY

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# Putting Cities at the Heart of Recovery



| A COVID-19 public notice in London, England, urging people to stay home.

Image: Andy Rain / EPA-EFE

**As vaccine roll-outs continue, many countries have turned their attention from pandemic control towards economic recovery. In this essay, the Coalition for Urban Transitions' Catlyne Haddaoui and Freya Stanley-Price argue that national governments must not miss this opportunity to invest in cities and let them drive the recovery.**

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As countries around the world went into lockdown, it was clear that the greatest impact of the COVID-19 pandemic would be felt in cities. Urban areas are home to 55% of the world's population and are responsible for over 80% of global gross domestic product. As of June 2020, 95% of COVID-19 cases were registered in cities, putting them on the frontline of the unfolding crisis. Not surprisingly, it is in the world's cities where the impact of job and income losses, a global economic downturn, and increasing poverty and inequality levels is being felt most urgently, and those in the developing world are hardest hit. The urban poor, in particular, have suffered enormously, and millions remain jobless.



People queuing outside an Australian government welfare centre after the forced closure of numerous workplaces during the pandemic.  
Image: William West / Getty Images

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## Investing in cities offers some of the most promising opportunities to respond to the crisis with speed and impact.

### Cities as the Solution to Recovery

While cities are at the epicentre of the crisis, they are also the solution to recovery. Cities have proven to have unique strengths that have helped them deal with the pandemic and its socio-economic impacts—from social cohesion (including grassroots mutual-aid efforts) and well-run social protection systems, to key infrastructure and efficiencies of scale.

Now that national governments and international financial institutions are already pledging unprecedented levels of funding to revive economies, it is critical that this stimulus is directed to the places and people that are most impacted: cities and their residents. For national governments looking to foster sustainable economic

prosperity in the wake of COVID-19, investing in cities offers some of the most promising opportunities to respond to the crisis with speed and impact. This is also the key to accelerating the vital transformation towards a resilient and low-carbon future for all.

To help accelerate this transformation, the Coalition for Urban Transitions published *The Economic Case for Greening the Global Recovery through Cities*—identifying some of the major economic and environmental benefits of a green recovery from COVID-19. The paper identified seven priority areas for urban investment, through which national governments can yield substantial economic dividends, rapidly





The Swatch and Omega Campus in Biel, Switzerland, uses solar panels and radiative heating and cooling to reduce energy consumption.  
Image: Bogdan Lazar / Alamy Stock Photo

create and protect millions of jobs for vulnerable populations, and deliver quick, durable and inclusive economic, health, and environmental benefits for their citizens, all whilst contributing to long-term urban resilience:

**1. Green construction and retrofits**

Create low-carbon built environments where people will love to live

**2. Clean mobility**

Promote clean and shared transport for connected, accessible cities

**3. Renewable energy**

Invest in renewable energy generation and electrification for low-carbon cities

**4. Active transport**

Foster pedestrian and cycling schemes for healthy, active citizens

**5. Nature-based solutions**

Deliver green spaces that benefit citizens and their cities

**6. Waste and resources**

Support workers and create a circular economy for clean, resource-smart cities

**7. Research and development (R&D) for clean technologies**

Foster a culture of green innovation for long-term benefits

Identified on the basis of criteria such as the potential to generate jobs and social, environmental and

health co-benefits, investments in these areas are financially sustainable beyond this initial stimulus.

More importantly, the Coalition for Urban Transitions' research shows that if stimulus is directed at these sectors, it can create much needed economic security in the short term, while at the same time making rapid strides towards the longer-term goal of low-carbon economic prosperity.

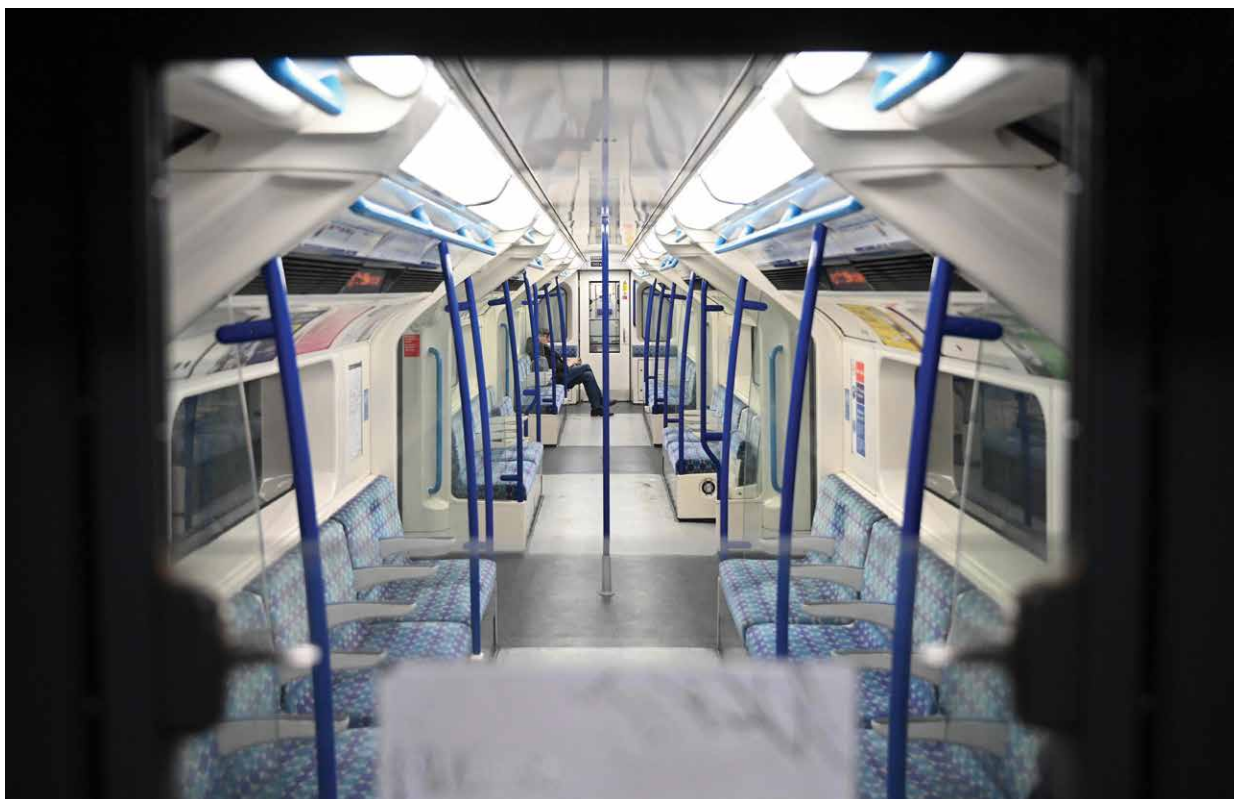
## The Economic Case for Letting Cities Drive the Recovery

Despite the clear immediate and longer-term opportunities available, bailout and recovery packages have generally not been explicitly directed towards cities. This is a significant missed opportunity, especially given that the current spending window is unlikely to be repeated as government budgets across many countries become squeezed post-stimulus.

Analysis conducted by Vivid Economics through their existing Green Stimulus Index (GSI) concluded that, as of June 2020, only 7% of the total stimulus measured in the Green Stimulus Index has gone to sectors that are relevant for cities, such as energy and transport. Of the stimulus earmarked for these sectors,

only 16% is green. But because much of the financial stimulus is expected to end up funding long-lived infrastructure assets, national governments need to ensure that these investments respond to both current priorities and the need to create a low-carbon and resilient future.

National governments are uniquely placed to put cities on the path to recovery, particularly by creating an enabling environment for low-carbon investments. Major urban infrastructure investments have significant potential to unleash new economic activity, create local jobs, improve public health outcomes and set cities on a path of prosperity and sustainable long-term development.



Usage of public transport in cities declined during lockdowns due to risk of infection from COVID-19.  
Image: Neil Hall / EPA-EFE





A bicycle hire service station in Paris, France. Low-carbon investments are crucial to recovery.  
Image: Pline / Wikimedia Commons

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These investments span areas such as energy-efficient buildings (including affordable housing), low-carbon transport systems, renewables-based distributed energy systems, the preservation and incorporation of natural capital into the urban landscape, and better management and retention of critical resources in local economies.

Low-carbon urban investment stimulus measures enacted so far include the UK government providing a US\$1.97 billion (S\$2.6 billion) support package to Transport for London to cover revenue lost due to reduced ridership. This measure is expected to be in place for a year and is conditional on the increase in

congestion charge from £11.50 to £15 (S\$21 to S\$28). An additional US\$2.5 billion (S\$3.3 billion) in funding for cycling and pedestrian infrastructure has been earmarked nationwide. In China, as people shift to private transportation modes they consider safer in the COVID-19 context, the government has extended subsidies on electric vehicles to 2022 and announced US\$379 million (S\$508 million) in funding for EV charging infrastructure.



Fast-charging stations for electric vehicles installed near the Bund in Shanghai, China.  
Image: Imaginechina Limited / Alamy Stock Photo





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## **The Vital Role of National Governments**

To tackle the COVID-19 and economic crises, leadership from national governments is vital as they must purposefully and strategically set their cities on the path of recovery. This requires appropriate national policies combined with strong and proactive investments, to enable cities to leverage recovery strategies to go digital, green and inclusive while generating jobs and improving the wellbeing of their residents.

National governments typically have two unique roles to play: regulatory and financial. As state and national governments are primarily responsible for at least one-third of urban carbon mitigation potential globally, there is a unique opportunity for them to invest in recovery packages to create low-carbon, resilient and inclusive cities of the future.

### **Regulatory Powers at the National Level**

Many policies that enable and shape investments in cities are set at the national level. These

would include, for example, policies relating to building energy efficiency standards. Other national policies, such as those for housing and transport, hugely influence investment outcomes in cities. Therefore, the national government's leadership and investments are critical to complement the green investments being planned or laid out at the local government level to build a sustainable and resilient recovery.

### **Financial Support from the National to the Sub-national**

Local authorities, especially in smaller cities, are typically reliant on national governments for major investments, and their finances are currently under severe strain. Some city governments are making low-carbon investments under their own urban recovery strategies, even as their budgets shrink. It is now critically important for national governments to support them because much of the financing required for these investments will either be provided by or mediated through national governments.






Given the growing share of people, economic activity and emissions concentrated in cities, national governments should be placing cities at the heart of their national development and climate strategies.



### Preparing for an Uncertain Future

The COVID-19 pandemic has led to a fundamental re-think of where people live, how they earn a living, how they move, and what services they need. Responding to the climate emergency requires a similar mindset and set of tools. To prepare for an uncertain future, urban systems can and must future-proof themselves from pandemics and future climate shocks. Building wider resilience through early action can prevent catastrophic consequences, foster economic security and social inclusion, and enhance public health systems.

Central to this is the role of national governments, although currently few of them have robust plans to

deliver prosperity in the context of the global health and climate emergency. Given the growing share of people, economic activity and emissions concentrated in cities, national governments should be placing cities at the heart of their national development and climate strategies. This is with a view to building a national system of cities in which people can thrive, rather than just survive—as is currently the case in many of the world's cities. Comprehensive national strategies, focused on cities that have liveable density and connectivity, and that are clean and inclusive, could help the world tackle poverty, reduce inequality and avoid climate catastrophe. 

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