



MESSAGE FROM THE PRESIDENT GEORGE W. McCARTHY

## The Road to El Dorado

**THIS MONTH, LIKE CONQUISTADORS OF CENTURIES PAST, TENS OF THOUSANDS OF US WILL ASCEND THE ANDES TO QUITO, ECUADOR, IN SEARCH OF EL DORADO.** But, unlike our brutal and greedy predecessors, we are not pursuing metallic wealth beyond our wildest dreams. The golden city we seek promises a sustainable urban future. Our map—the New Urban Agenda, which will be announced and adopted during Habitat III, the United Nations Conference on Housing and Sustainable Urban Development in October 2016—tells us where we are going, but it does not tell us how we will get there.

fall on local governments, the rest of us are not off the hook. In fact, it is safe to say that the actions of other institutions—particularly national and subnational governments and certain NGOs—will determine whether urbanization succeeds. We will all need to pull together to find our way to larger, more inclusive, equitable, and sustainable El Dorados.

And here is how these golden cities will function. Local, provincial, and national governments will align and coordinate their actions to manage urban growth successfully. This sounds easy enough, but what will it mean in practical terms? It means that different levels of government will commit to getting urbanization right and adopt some new modus operandi. It means that higher levels of government will stop devolving expenditure responsibilities to lower levels of government without identifying or providing sufficient revenues to cover the expenditures. It means that national governments will provide local governments the statutory authority to raise their own funds to meet many of their own financial obligations. It means that we will ensure local governments have the capacity—both technical and human—to make efficient use of all available resources. And it means that national governments will commit to adapt and adjust their policies to match the changing needs of local governments and the contexts in which they work.

Powers conveyed and responsibilities mandated from higher levels of government to lower levels through constitutions and legislation will reflect strategic alignment. Resources

transferred from higher government levels to lower levels through agencies or ministries will be less encumbered by earmarks or overbearing compliance rules. Local governments' powers and responsibilities will be codified in constitutional and legislative "rules of the game" that define a better-groomed playing field. Rules that enable localities to manage their affairs—granting them the power to levy certain taxes and fees or the legal authority to enforce tax collection—will displace regulations that constrain the ability of localities to attend to their own needs, such as property tax rate limitations.

Playing by national rules will no longer be difficult or impossible for cities. Other municipal governments will follow Detroit's lead and find ways to avoid leaving tens of millions of already-allocated federal dollars on the table as Detroit did in the years preceding its bankruptcy. They will seek assistance to overcome the staff

deficits and technical limitations that led to Detroit's failure to adequately manage federal funding, as noted in the 2015 Government Accounting Office (GAO) report. And they will not fault themselves for their inability to use that money; they will recognize that defects in the design of funding programs are to blame, given that many thriving cities are likewise unable to utilize all of their national funding. And they will know that their problems are not exceptions but rules, as hundreds of cities across the world acknowledge that efficient use, or under-use, of intergovernmental transfers is an almost insurmountable challenge. This is something that we will fix on our way to El Dorado.

But how will we detect and correct defects in the design of intergovernmental transfer

Habitat III—the United Nations Conference on Housing and Sustainable Urban Development—takes place in Quito, Ecuador, from October 17 to 20, 2016. Credit: pxhidalgo / iStockPhoto

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We know that we will encounter monumental challenges as we navigate this path to welcome some 2.5 billion people to the world's cities over the next three decades. We will be tasked with providing jobs and housing for both these newcomers and current urban residents who are inadequately housed or underemployed. And we will have to make unprecedented investments in infrastructure to provide basic services for these new city dwellers. Our local governments will need to step up, as never before, to implement and finance measures to handle extraordinary growth. But while the bulk of responsibility for managing this last epoch of urbanization will





programs? Where is the forum where rules of these games are reviewed and refined? It is not surprising that the GAO would conclude that the failure of federal funds to reach the ground is a problem of local capacity. How would the national government get enough objective distance to consider the idea that its programs and policies are ineffective because of bad design? National governments will create programs crafted to fulfill policy goals, not to frustrate local governments' attempts to meet citizens' needs. But how? To know whether their programs are working, they will talk about them with their local counterparts. Although these discussions rarely occur now, they will become commonplace. Productive feedback through honestly brokered conversations will ensure that the troops on the ground are on the same page as the legislature and its ministries. And vice versa.



At 9,350 feet (2,850 meters) above sea level, Quito, Ecuador, is the world's second-highest capital city and a UNESCO World Heritage site. Credit: Sean Randall / iStockPhoto

**While the bulk of responsibility for managing this last epoch of urbanization will fall on local governments, the rest of us are not off the hook. We will all need to pull together to find our way to larger, more inclusive, equitable, and sustainable El Dorados.**

And this is where other key institutions will play a role. Specifically, NGOs and quasi-governmental organizations will connect the work of policy implementers with policy makers. Some institutions are familiar with the work of local governments and trusted by them as partners, but they also have access to and credibility with national leaders and policy makers. These organizations can serve as honest brokers and conveners to bridge the communication gap between policy conception and implementation and help to improve both. Hundreds of these mediators, or “conversation conduits”—including multilateral funders and social-change philanthropists, think tanks and

practice-oriented departments of universities, membership organizations of public officials and development lenders, and the Lincoln Institute of Land Policy—will work together to complete a “virtuous circle” that leads to better policies and aligns the efforts of multiple levels of government to achieve the goals of sustainable urbanization. And they will develop and deliver training and technical assistance to build the capacity of local governments.

It is a bold vision of the future. But without efforts like these, it is hard to imagine how we will achieve the goals of the New Urban Agenda. A significant share of the approximately 4,300 cities in the world with populations greater than 100,000 can use some help to grow their skills and systems, and to communicate better with higher levels of government. And many of them are hungry for the help.

We started on this path with the launch of our global campaign for municipal fiscal health two years ago at a congressional briefing where we were invited to talk about the challenges that perpetuate weak economic performance of older industrial American cities. We will follow next

spring with a roundtable co-convened with the Pew Charitable Trusts (a fellow mediator) to present findings from a study of unspent federal grants that we have underway with planning students from Northeastern University (another mediator). We will invite representatives from federal agencies to explore the implications of the findings for reforming formula-funding programs. In addition, we have begun to design and offer training modules to build capacity and technical assistance for cities. But we need help—a lot of it.

Let's take advantage of the Habitat III meeting to network the institutions that want to help cities make efficient use of intergovernmental transfers and other resources—through policy dialogues convened with national governments, or through capacity building programs for local governments, or both. This effort requires more resources and skills than any of us can mobilize individually. We need to tackle this challenge together. The Lincoln Institute is ready to participate in a global effort to empower cities to solve their own problems, and we will identify others to begin the process of mobilizing

and coordinating a new global practice. Please seek us out in Quito if you want to learn more about what we are doing and how we might work together.

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We will not get another chance to get urbanization right. By the middle of this century, 70 percent of humanity will reside in cities. We must ensure that they are the cities we need. Habitat III is a rare occasion when national governments focus on their urban centers and the outsized role they play in their nations' futures. Let's use this moment to focus our collective efforts to implement the New Urban Agenda in the next two decades, and travel together on the road to a new El Dorado. □