

A G7/G20 Pact for Sustainable Urbanisation? Building on the Positive Legacy of Italy's G20 Presidency



by Nicolas J.A. Buchoud, Michael Keith, Susan Parnell and Martin van der Pütten

The G20 as we know it emerged from the 2008 global financial crisis. What is rarely acknowledged, however, is that this grouping of the world's twenty largest economies emerged at a time when the world was fast becoming more "urban" than "rural".

The impact of urbanisation on the world economy has received scant attention in global decision-making arenas because the post-2008 stabilisation of the global financial system came with significant costs. In particular, the financial crisis had important recentralising effects. The OECD, for instance, has regularly underlined the lasting impact of the financial crisis on sub-national investment capabilities.

During the turbulences of the past 24 months, a seamless interaction and collaboration of actors at various levels of governance – global, national, regional and local – was paramount to handle the concrete challenges of the pandemic.¹ Yet, the management of the Covid-19 pandemic has again induced strong recentralising effects as national governments were forced to prioritise public health over growth and the economy. The outbreak of the Covid-19 pandemic and the ensuing preventive measures implemented worldwide have created social, economic and political shocks which have been particularly

¹ Panel on the transformative power of cities in post Covid G7/G20 at the 2022 Global Solutions Summit, <https://www.global-solutions-initiative.org/?p=36794>.

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hard felt within cities and large urban centres.

It would be extremely costly – socially, economically and environmentally – to repeat the same mistakes made in the wake of the 2008 financial crisis. The functioning of the world's urban systems has been deeply altered by the pandemic. Images of empty streets and avenues were familiar illustrations of lockdowns, while hundreds of millions of workers, particularly those employed in the informal sector such as in India, have migrated from cities back to rural areas.² National governments have however paid relatively little attention to the many valuable resilient initiatives that were undertaken by municipal governments and civil society communities worldwide.³ Now, as the world is debating post-Covid recovery strategies, is a good time initiate a durable G7/G20 Pact for Sustainable Urbanisation, building on the legacy of Italy's G20 Presidency.

In 2021, the G20 acknowledged the fundamental link between urban centres and sustainability to foster

a green and fair economic recovery. A very interesting passage about infrastructure investment in the Rome G20 Leaders' Declaration underscored "the importance of promoting knowledge sharing between local authorities and national governments to foster more inclusive infrastructure".⁴ Similarly, the OECD has recently published a report evidencing the high degree of interdependency between decisions taken at the global and local levels in order to recover from the crisis.⁵

While regions and cities do not have the same needs and capabilities, the absence of coordinated investment strategies and public responses clearly result in deepening inequalities, the loss of opportunities and growing divides between higher and lower income countries, cities and regions.⁶

² Amitabh Kundu, "A Constitutional Perspective: Labour Market and Inclusive Urbanization in Post COVID-19 India", in *Intersecting*, Vol. 2/2021, <https://newdialogues.com/?p=1200>.

³ John Newbigin, "Human Capital as a Sustainable Infrastructure: Towards an Eighteenth Sustainable Development Goal?", in *Intersecting*, Vol. 2/2021, <https://newdialogues.com/?p=1200>; Michael Cohen, "The Way Forward Is 'Infrastructure for Distribution': Recovering from COVID-19 from the Bottom Up", in *Intersecting*, Vol. 3/2021, <https://newdialogues.com/?p=1225>; Edoardo Croci, "A Participatory Process to Redefine the Milan City Approach towards Sustainable Development in a Pandemic Context", in *Intersecting*, Vol. 5/2021, <https://newdialogues.com/?p=1231>.

⁴ G20, *G20 Rome Leaders' Declaration*, 31 October 2021, para 44, <http://www.g20.utoronto.ca/2021/211031-declaration.html>.

⁵ Dorothee Allain-Dupré, *Innovative Infrastructure Funding and Financing in Regions and Cities: Unlocking Investment in Subnational Government Infrastructure during the COVID-19 Recovery, and Beyond*, Keynote at the G20 High-Level Conference on Local Infrastructure Investment, 27 September 2021, https://www.oecd.org/regional/multi-level-governance/Keynote_Speech_Allain-Dupre_G20_Local_Infrastructure.pdf. For the full report, see: OECD, *Unlocking Infrastructure Investment. Innovative Funding and Financing in Regions and Cities*, December 2021, <https://www.oecd.org/regional/unlocking-infrastructure-investment-9152902b-en.htm>.

⁶ "Inequality between regions is an important driver of the decoupling of economic and social prosperity. Economic prosperity is increasingly spatially concentrated [...]. Interview of Enrico Giovannini, Minister of Infrastructure and Sustainable Mobility of Italy by Nicolas J.A. Buchoud, Global Solutions Summit 2021, <https://www.global-solutions-initiative.org/?p=31488>.



This message was amplified by the civil society and engagement groups of the G20.

In September 2021, the group of long-term investors (D20), the group of private sector and businesses (B20) and the group of think tanks (T20) issued a common statement inviting G20 members to “promote public and private financing of urban and suburban regeneration projects while including sub-national governments, and especially cities, in global efforts to achieve low-carbon and climate-resilient infrastructure”.⁷

Building on this, in October 2021, the T20 group sent an address to the G20 Finance Ministers and Central Bank Governors stating that “the world can no longer live without a coordinated approach to the development and transformation of the +600 cities that form the backbone of a globally interconnected planet and exponentially accelerate land and ecosystem degradation”.⁸ On this occasion, the T20 group first introduced a proposal for a G20 Pact on Sustainable Urbanisation, as a way to turn the advocacy of the group of cities of the G20 into action.⁹

⁷ D20 Long-Term Investors Club, B20 and T20, *The Contribution of Long-Term Investors, Private Sector and Think Tanks in Infrastructure Investment to Support the Recovery*, 2021 Joint Statement, 30 September 2021, http://www.g20.utoronto.ca/b20/2021-Joint-Statement-B20_D20_T20.pdf.

⁸ T20, *T20 Statement for the G20 Finance Ministers and Central Bank Governors*, 13 October 2021, http://www.g20.utoronto.ca/t20/2021-T20-Statement_TF7-Infrastructure.pdf.

⁹ Urban 20 (U20), *Urban 20 Calls on G20 to Empower Cities to Ensure a Green and Just Recovery. An Official Communiqué*, 17 June

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One key question now relates to the modalities and mechanisms to implement and deliver on the proposal for a G20 Pact on Sustainable Urbanisation. This is particularly true given that one of the headlines of the G20 Indonesia presidency is “recover together”. The solution might come from a joint, converging approach between the G20 and the G7. The issue of urban development is explicit in four out of five priorities of Germany's G7 Presidency.¹⁰ There are also many indications from Indonesia's G20 Presidency that the issue of urbanisation, in connection with that of infrastructure investments and digitalisation, is on the radar.¹¹ At the inception summit of the T20, the sous-

2021, <http://www.g20.utoronto.ca/u20/2021-Communique-Final.pdf>.

¹⁰ The five priorities of the G7 Germany are (1) Strong alliances for a sustainable planet, (2) Setting the course for economic stability and transformation, (3) Enhanced preparedness for healthy lives, (4) Sustainable investments in a better future and (5) Stronger together. See: G7 Presidency Programme: *Progress towards an Equitable World*, <https://www.g7germany.de/g7-en/g7-presidency-programme>.

¹¹ Several events in the launch period of the G20 Indonesia process illustrate the mounting importance of the issue of urbanisation for the G20, such as during the Finance Track meeting: G20 Indonesia, *Post-Pandemic Infrastructure and Global Public Goods in the G20*, virtual seminar, 18 February 2022 (<https://g20.org/?p=10048>). There are other examples of sessions dedicated to urban issues addressing a global audience (*Fostering Collaboration between Cities to Accelerate Solution towards Climate Change, the Pandemic, and Economic Recovery*, International Seminar Road to G20, 24 February 2022, <https://wp.me/p6FMea-5G1>) or a domestic audience (*West Java Urban 20 Talks: Kota, Desa dan Pemuda di Era Digital*, 24 February 2022, <https://youtu.be/EraO1irwVos>).

sherpa of India Abhay Thakur made a strong case about the need to care for social infrastructure and build social capital.¹² As India will have the G20 Presidency in 2023, it seems clear that urbanisation will also be a priority in next year's G20 work streamline.

There is no single way to operationalise a G7/G20 Pact on Sustainable Urbanisation but progress shall come from the articulation of several initiatives and work streams in both the G20 and the G7 contexts. On a formal note, the association of German cities is drawing the lessons from the UK's G7 Cores Cities meeting and together with several policy and advocacy networks, plans to organise an urban summit in the context of Germany's G7 Presidency, in May 2022.¹³ The organisations now grouped as an Urban 7 Alliance are calling for the creation of a permanent engagement group of cities in the G7 and to promote the structured involvement of cities and civil society organisations in setting and delivering on the G7 (and G20) agenda.

The operational journey towards a G7/G20 Pact on Sustainable Urbanisation could start by creating a high-level dialogue mechanism among institutional and long-term investors, financial institutions, general contractors, asset managers, sub-national governments and engagement

¹² T20 Indonesia, *Inception Conference Day 2*, 10 February 2022, <https://www.t20indonesia.org/?p=4251>.

¹³ The main organisations forming the Urban 7 alliance are the Deutscher Städtetag, the Global Parliament of Mayors (GPM), ICLEI – Local Governments for Sustainability, and Core Cities UK.

groups. Institutional creativity also needs to come from the financial sector.

For instance, an initiative labelled "Finance in Common", which gathers national development banks and multilateral financial institutions, organised a large gathering in Rome in October 2021 before the G20 Summit. On this occasion, they acknowledged that together these entities held an estimated 20 trillion US dollars of assets and invested more than 3,5 trillion US dollars in 2020, equalling about 10 per cent of all investments worldwide.¹⁴ Such coalitions are becoming more commonplace to address global issues that require massive investments, such as inequalities, social infrastructure and the net zero economy. In this, they can be good vehicles to bring multi-stakeholder perspectives in the discussion.

For the enduring Covid-19 pandemic to become a game changer towards economic transformation and a new sustainable economy, centralised and top-down responses cannot be the only way. The pandemic has exposed the fragilities of contemporary growth and development processes which the rising competition between major infrastructure investment plans – such as China's Belt and Road Initiative, the EU's Global Gateway or the US and G7's Build Back Better World initiative – can only worsen.

Similarly, there is a risk that competition will also intensify among major urban

¹⁴ Finance in Common, *A Review of the 2021 Finance in Common Summit*, 12 November 2021, <https://financeincommon.org/a-review-of-the-2021-finance-in-common-summit>.

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centres and within regional urban systems to attract private investments and recovery funds, regardless of social and environmental consequences. This is without mentioning the numerous short term macro-economic risks, in particular the rising debt of many lower- and middle-income countries and the immediate perils of a war between the Russian Federation and Ukraine.

urbanising world. A first step would be that of building upon the call for a G7/G20 Pact on Sustainable Urbanisation. This can serve both as an objective and a vehicle to promote and sustain a substantial, multilateral and multilevel dialogue on issues of global concern.

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Initiating a G7/G20 Pact on Sustainable Urbanisation is more than an issue of organisational arrangements. It goes beyond advocacy. In challenging times, in response to calls for system change, it is about re-investing together in the "transformative power of cities". This innovative research, advocacy and policy perspective was initially brought up during the United Nations Habitat III Quito summit in 2016, cognisant that "urbanization and its impacts are so massive that we must face up to this trend".¹⁵

A general disregard for urbanisation in the G20 and G7 agendas has long prevailed. The spheres of macroeconomic regulation and the promotion of local governance have long ignored each other, although the stage is the same. Now, as the G7 and the G20 are turning to recovery solutions, is the time for renewed and creative institutional action that fully takes into account the needs of a fast

¹⁵ German Advisory Council on Global Change (WBGU), *Humanity on the Move: Unlocking the Transformative Power of Cities*, Berlin, WBGU, 2016, p. 5, <https://www.wbgu.de/en/publications/publication/humanity-on-the-move-unlocking-the-transformative-power-of-cities>.

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