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United Nations Development Programme

ISTANBUL INTERNATIONAL CENTER FOR PRIVATE SECTOR IN DEVELOPMENT

**ENGAGING THE PRIVATE SECTOR
FOR INCLUSIVE URBANIZATION:
The Role of Municipally Owned Enterprises**





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Cover and Graphic Design: Çizgi Reklam

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GDP	- Gross Domestic Product
IFC	- International Finance Corporation
ILO	- International Labour Organization
IMM	- Istanbul Metropolitan Municipality
ISO	- International Organization for Standardization
ISWM	- Integrated Solid Waste Management
NGO	- Non-Governmental Organization
MDG	- Millennium Development Goals
MOE	- Municipal Owned Enterprise
MSW	- Municipal Solid Waste
ODA	- Official Development Assistance
OECD	- Organization for Economic Co-operation and Development
PPP	- Public Private Partnership
SDG	- Sustainable Development Goal
SGEI	- Services of General Economic Interest
SME	- Small and Medium Enterprises
SOE	- State-Owned Enterprise
UNDP	- United Nations Development Program
UNHCR	- Office of the United Nations High Commissioner for Refugees
WBG	- The World Bank Group

This report on the role of private sector for providing inclusive municipal services created by the team of UNDP Istanbul International Center for Private Sector in Development (IICPSD) in partnership with Istanbul Metropolitan Municipality. We wish to thank our researchers, partners, peer reviewers, editors, designers and interns for their dedication and high-quality work.

The research team worked under the supervision of Gülçin Salıngan, Deputy Director of IICPSD, who ensured that the study benefited highly from valuable inputs, constructive comments and discussions from both public and private sectors. We would like to extend our sincere gratitude to Dr. Hayri Baraçlı, Former Secretary General of Istanbul Metropolitan Municipality; Faruk Kacırcı Former General Manager of Istanbul Ağaç ve Peyzaj A.Ş. and Ümit Şahbaz, Head of Business Development, Istanbul Ağaç ve Peyzaj A.Ş.

The research was carried out and authored by a core team composed of Ms. Gülçin Salıngan Deputy Director IICPSD, Aslihan Albostan, Research Analyst IICPSD and Gülşah Eker, Head of Solutions Mapping UNDP Accelerator Lab. The team members are recognized for their commitment and efforts in writing, updating, editing and assembling this report. IICPSD is grateful to its dedicated interns Çağın Bulakbaşı, Nazlı İlksavaş and Marta Vescovi who actively supported the publication preparations.

We would like to thank the following people who graciously peer reviewed the publication and provided valuable comments: Ben Slay, UNDP; Taimur Khilji, UNDP; Marco Kamiya, UN Habitat; Assist. Prof. Dr. Özge Nalan Bileşik, Yıldız Technical University; Pinar Akpınar, UN Volunteers; Barış Timur United Cities Local Governments-Middle East West Asia Section, Oguzhan Akinc, Interaktif Çevre Company Kibar Group Companies and Bilal Erol, Istanbul Metropolitan Municipality.

We also would like to thank the following people for their valuable inputs throughout our discussions: Mücahit Delibas and Rabia Hacıhaliloğlu, Istanbul Ağaç ve Peyzaj A.Ş.; Uğur Karahan, Istanbul Metro A.Ş.; Ramzan Özcan Yıldırım, Istanbul Metropolitan Municipality Corporate Development Department; Elif Aynur, Istanbul Metropolitan Municipality, Solid Waste Management Department; Jean Baptiste Buffet, United Cities Local Governments; Salim Korkmaz UCLG-MEWA Section; Alexis Le Coutour, European Centre of Employers and Enterprises Providing Public Service and Volkan Ural, Interaktif Çevre Company, Kibar Group Companies.



The United Nation 2030 Agenda targets to transform the Cities more sustainable, inclusive and resilient. To achieve the targets of the 2030 Agenda; we have to fulfill our institutional and personal responsibilities. As Istanbul Agac ve Peyzaj A.Ş, we carry out the green area landscaping and afforestation activities in Istanbul in line with the vision of Istanbul Metropolitan Municipality. Our primary goal in green field works is to add value to the city view of Istanbul with a sustainable landscape approach and to improve the quality of the life of the city dwellers.

While creating new green spaces, it is our principle policy to ensure that the people of Istanbul meet with nature, reach out the green spaces easily. Within this frame we produce the necessary planting material in cooperation with our local producers. In line with our principle, we keep Research and Development activities in innovative approaches in agriculture and provide technical support to local producers.

With the partnership with UNDP we aim to replicate and scale up our inclusive business models, capacity building training programs and innovative approaches in landscape. It is our pleasure to take place in this report as one of the good practices of Municipally Owned Enterprises which takes a role in development by investing in Green Spaces by providing resilience and inclusion. I would like to state our intention to share our know-how and expertise to replicate our Companies good practices in cities where there is a need and gap.

Ali Sukas
General Manager Istanbul Agac ve Peyzaj A.Ş



The rapid rate of urbanization makes the cities critical entry point to address the development challenges. These challenges must be met with innovative and competitive solutions that simultaneously satisfy the needs of the society, economy and environment. The UNDP Sustainable Urbanization Strategy¹ highlights sustainable urbanization as setting the right policies to ensure that no one is left behind, every person enjoys the benefits of urban growth and has access to infrastructure and social services. To achieve this target; there is an urgent need for collective action where it concerns all actors, from public to private sectors.

Private sector, private foundations and for-profit institutions have been playing a historical role in development, both by providing funding and being engaged in different ways including large infrastructure projects. But the need for contributions from the private sector to the development agenda are becoming more significant. IICPSD's global service offer related to its work with the private sector, which can be adopted to contribute to UNDP Sustainable Urbanization Strategy. This Report examines the role of private sector in building inclusive, sustainable and resilient cities for achieving the 2030 Agenda with an entry point of Municipally Owned Enterprises (MOEs).

IICPSD is well-positioned to encourage and support capacity development of MOEs to create and leverage the capacity and creating an ecosystem for attracting other private sector in basic municipal services which help tackling with urbanization challenges at local level. The global practices in the report; the practices adopted by Istanbul Metropolitan Municipality in particular, is a useful knowledge -deposit to be replicated in emerging markets to provide sustainability, inclusion and resilience in the cities.

Marcos Athias Neto
Director of the UNDP Finance Sector Hub

¹<https://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/sustainable-urbanization-strategy.html>

Current literature on the urbanization of the global population discusses the fundamental ramifications of this trend for economy, environment and society worldwide. National, regional and local governments, foreign governments (through Official Development Assistance, ODA), Non-Governmental Organizations (NGOs), and other actors in the field of urbanization need to act to tackle a variety of development challenges.

While the United Nations Sustainable Development Goalsⁱ have been established for the world as a whole, the rapid rate of urbanization globally makes cities critical entry points to address development challenges. Local governments and municipalities are crucial institutions as they are the first parties to tackle urbanization challenges. Municipalities are responsible for the basic needs of urban dwellers and should develop and maintain infrastructure and services, promote and expand existing businesses, address inefficiencies in the local economy, promote human capital development, help vulnerable groups to participate in the labor market, encourage community development by promoting community businesses and co-operatives and attract investment to the city.ⁱⁱ

The purpose of this report is focusing on analyzing private sector led market-based solutions to urbanization challenges. The report also aims to raise awareness and give a broader understanding to development practitioners, local governments, academicians and private sector companies on the role of private sector in providing inclusion in providing basic municipal services.

Among the many forms of public and/or private business models used for the delivery of basic municipal services, this report focuses on Municipally Owned Enterprises (MOEs) as a good practice to be scaled up and replicated. MOEs are hybrid business models, in which a private enterprise is controlled by public sector and operate for the delivery of basic municipal services. MOEs allow local governments to maintain the control over service delivery in order to ensure inclusiveness while increasing the efficiency of services through the adoption of organizational structures similar to private companies. As a result of their organic relationship with the local governments, MOEs have a vested interest in contributing to sustainable practices in their communities. For most areas of service like energy, water or waste water, transportation, smart cities the service itself has a direct impact on development. As local governments have priorities in public health and quality of living for their citizens, MOEs often prioritize such concerns in their service agenda. MOEs often cooperate with local producers and shareholders both from the private and public-sector in-service delivery. Through incentives and subsidies MOEs can create new economic opportunities for the communities they work in.

The research in the report examines some practices of MOEs and highlights the role of private sector in development, particularly in terms of addressing urbanization challenges. For this purpose, a background research² was conducted and a total of 19 MOEs have been identified. The cases from; Europe, United States of America, Asia and Turkey are discussed in the report.

Municipally Owned Enterprise is one of the business models of engaging the private sector in sustainable urbanization. The practices covered during the research reveals; the promotion of resource management, enhance dynamism and provide inclusive and efficient service delivery. MOEs can be instrumental in promoting efficiency in pro-poor basic services delivery at different levels of society by providing more affordable services.

Although they have this potential; MOEs are not widely covered in the literature, even though the model is not common in emerging markets, many would benefit from this model of service delivery. Creating MOEs thus is a possibility that contains significant untapped potential for development. As one can easily conclude from this report; similar MOE models as those followed by the Istanbul Metropolitan Municipality are an effective and efficient model for emerging markets where basic service delivery is inadequate.

² A survey was conducted in collaboration with United Cities Local Governments (UCLG)-Middle East Section. The survey was sent to 69 different UCLG member municipalities in different geographical regions. Only The Mongolia, Ulaanbaatar Municipality, and two local municipalities from Brazil responded. The answers reveal no evidence of a Municipally Owned Enterprise in these countries. As per discussion with UCLG management, one of the major reasons for the low response rate has been stated as the lack of MOE models in these regions. The practices in this section are therefore based on the background research. The IICPSD Urbanization Team contacted several UN agencies (UN Habitat, UNESCAP; and UNDP regional/ country offices) and the European Centre of Employers and Enterprises providing Public Services (CEEP) while conducting background research.

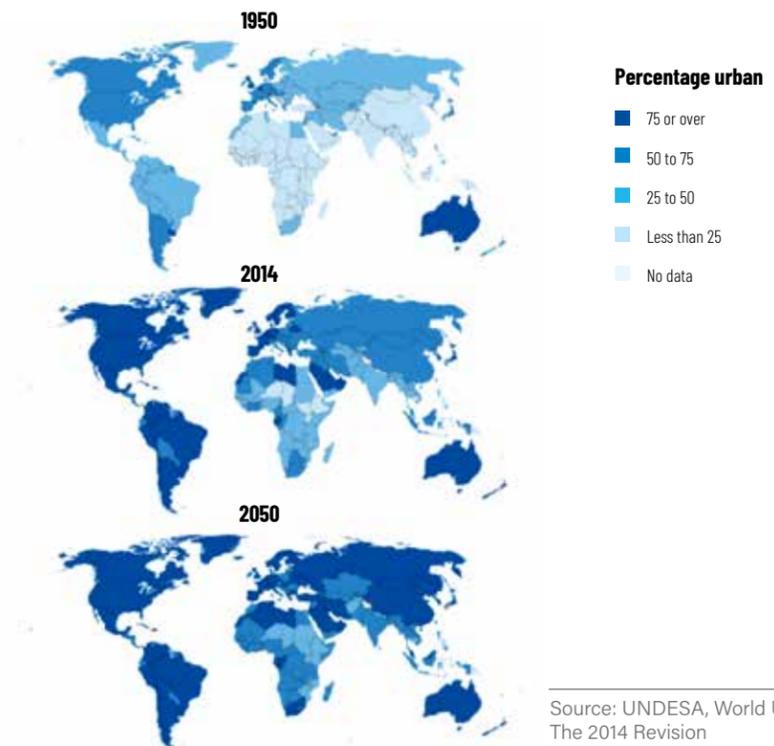
1. Urbanization

Context and Issues

As the world continues to experience an unprecedented transition from predominantly rural to urban living, the challenges of sustainable development will increasingly be concentrated in cities, and lower-middle-income countries where the pace of population growth and urbanization is fastest will particularly be affected.ⁱⁱⁱ Today, 54 percent of the world's population lives in urban areas, and this proportion is expected to increase to 66 percent by 2030. Furthermore, United Nations Development Program (UNDP) projections show that urbanization, combined with the overall growth of the world's population, could add another 2.5 billion people to urban communities by 2050—with close to 90 percent of the increase concentrated in Asia and Africa.^{iv} Overall, urban centers currently cover only a small part of the world's land surface, with a 0.51 percent of the total land area. However, urban areas will expand significantly during the next two to three decades due to populations grow. Based on current trends, urban land cover will increase by 1.2 million km² by 2030, nearly tripling the global urban land area between 2000 and 2030.³ The current urbanization period has also seen the rise of the megacity, typically defined as an urban agglomeration with a population above 10 million.^v In 1950, New York and Tokyo were the only megacities in the world, however, by 2030, the number of megacities is projected to increase to 41, with seven of the world's top ten megacities in Asia.^{vi}

Global mobility dynamics are also influencing on one side the expansion of some cities, while affecting others with depopulation. Among the major traditional sources of urban population growth, we find rural to urban economic migration, international migration and internal displacement. These dynamics put substantial pressure on cities, requiring to revise resource planning and service availability to meet the demands of urbanization dynamics. According to the Office of the United Nations High Commissioner for Refugees (UNHCR), in 2017 the displaced people and the asylum seekers in the world were 68.5 million, with more than half being below 18 years of age. 85% of the world's displaced people are now situated in developing or upper middle-income countries, with Turkey hosting the greatest number with 3.5 million, followed by Uganda hosting 1.4 million, Pakistan hosting 1.4 million and Lebanon with one million.^{vii} When talking about refugees and urbanization, it is important to point out the severe problems created by limited or no access to basic services that the majority of refugees encounter when living in urban areas.^{viii}

Figure 11: Percentage of National Populations Living in Urban Areas



Source: UNDESA, World Urbanization Prospects: The 2014 Revision



According to International Labor Organization (ILO) statistics, at the beginning of the decade one-third of the world's urban population, approximately 400 million people, were living in poverty and lacked productive employment.^x By the year 2030, the ranks of the urban poor are expected to have swelled to as many as one billion people. In absolute terms, Asia represents one of the largest pockets of urban poverty in the world, while African cities have the highest percentage of population living in poverty, with 41 percent living below the poverty line.^x

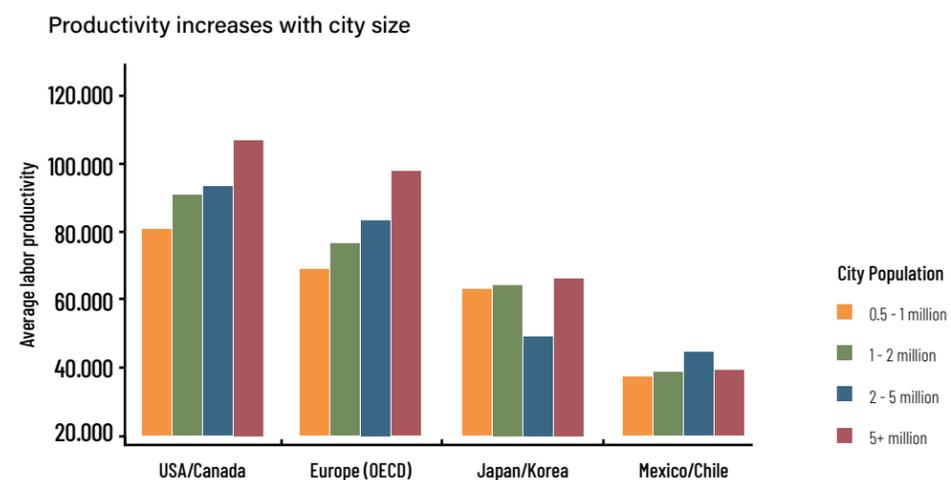
Box 1.1 URBANIZATION TRENDS

- Half of the world's urban population live in few countries, with China having the largest urban population (758 million), followed by India (410 million). These two countries account for 30 percent of the world's urban population. When five other countries are added – the United States of America (263 million), Brazil (173 million), Indonesia (134 million), Japan (118 million) and the Russian Federation (105 million)–the total of these seven countries contains more than half of the world's urban population.
- The fastest growing urban areas are small-and medium-sized cities (less than 1 million inhabitants) primarily located in Asia and Africa. Between 2000 and 2014, cities with over 500,000 inhabitants grew at an average annual rate of 2.4 percent, with 43 of these cities that grew more than twice as fast, with an average growth rates in excess of 6 percent per year. Of these rapidly growing cities, 38 are in Asia (18 in China alone), four in Africa, and one in North America. In general, most of the world's fastest-growing urban agglomerations are small cities. In 2014, cities with 500,000 to 1 million inhabitants accounted for 26 of the 43 fastest growing cities, while another 16 were medium-sized cities. At present, about half of the global urban population is accounted for settlements with fewer than 500,000 inhabitants. While this proportion is projected to shrink, by 2030, these small cities and towns will still be home to around 45 percent of urban dwellers in that year.

Source: UNDP Urban Strategy, 2016

The Organisation for Economic Co-operation and Development (OECD) defines cities as the primary creators of economic wealth, generating over 70 percent of the world's Gross Domestic Product (GDP). Given the fact that most of the jobs can be found mostly in industrial and business urban areas, cities attract much of a country's job-seeking population since most employment opportunities are to be found there. In developing countries in particular, an increasing share of economic activities takes place in cities. Labor productivity, also known as workforce productivity, is defined as real economic output per labor hour. Growth in labor productivity is measured by the change in economic output per labor hour over a defined period. According to OECD Metropolitan Database average labor productivity increases with the city size of population. This is a consequence of better educated individuals have a tendency to live and work in larger cities.

Figure 1.2 Labor Productivity by City Population



Source: OECD Metropolitan Database, 2014

Given the fact that the difference between urban and rural wages is growing, the better educated individuals tend to live and work in larger cities, thereby causing inequity between these areas.

Encouraging job creation and entrepreneurship are key to eradicating poverty and providing productivity, however, financing options are not always available, and unsustainable short-term solutions prevail.^{xi} The increasing concentration of the global population in urban areas requires effective policies for the spatial organization of cities along with economic growth to support sustainable and inclusive development. Today, cities have become critical entry points to address the challenges of urbanization; growing inequity, and urban poverty. Urbanization processes lead to economic growth; however, economic growth is not necessarily inclusive and, in many instances, entails a risk of exclusion from urban services.^{xii} Although the challenges related to urban poverty are not new, there has been an increased awareness in recent years that development assistance in urban areas can no longer take a back seat and local authorities need support in meeting the challenge of improving the conditions of the urban poor.^{xiii}

UN Strategy for Sustainable Urbanization

Following on from the Millennium Development Goals, 193 countries of the UN General Assembly adopted the new universal set of Sustainable Development Goals (SDGs) on 25 September 2015, after a thorough two-year consultation process with civil society and the private sector. SDGs, known as the Global Goals for short, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The Agenda is a commitment to eradicate poverty and achieve sustainable development by 2030 world-wide, ensuring that no one is left behind. The adoption of the 2030 Agenda was a landmark achievement, providing for a shared global vision towards sustainable development for all. The 2030 Agenda provides a powerful illustration of challenges to meet and opportunities to fulfill a road map for cities. Having been partially neglected by the Millennium Development Goals (MDGs) agenda, promoting sustainable cities is now clearly featured in the 2030 Agenda as one of the SDGs, specifically Goal 11: Sustainable Cities and Communities. In fact, the sustainable development of cities is critical to achieving most of Agenda 2030.^{xiv} For instance, cities have a clear role in ending poverty (Goal 1); reducing inequality (Goal 10); promoting sustained, inclusive and sustainable growth and full and productive employment (Goal 8); and taking urgent action to combat climate change and its impacts (Goal 13). It can easily be concluded that action in cities is necessary to the achievement of Goal 11 –making cities and human settlements inclusive, safe, resilient and sustainable.^{xv} Some of the major indicators of Goal 11 highlight the proportion of urban populations living in slums, informal settlements or inadequate housing, the ratio of land consumption, the share of open public spaces, convenient access to urban services, preparation for natural disasters, and the proportion of financial support to the least developed countries.^{xvi}

Box 1.2 TARGETS OF UN 2030 AGENDA GOAL 11

- By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
- By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
- By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
- Strengthen efforts to protect and safeguard the world's cultural and natural heritage
- By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
- By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
- By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities
- Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning
- By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels
- Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

Source: UNDP (2018). Sustainable Development Goals, Goal 11: Sustainable Cities and Communities



The New Urban Agenda

Current literature on the urbanization of the global population discusses the fundamental ramifications of this trend for the economy, the environment and society as a whole worldwide. National, regional and local governments, foreign governments (through Official Development Assistance, ODA), Non-Governmental Organizations (NGOs), and other actors in the field of urbanization need to take action to tackle a variety of development challenges.

The United Nations General Assembly convened Habitat III, the third in a series of United Nations Conferences on Housing and Sustainable Urban Development, in Quito, Ecuador, in October 2016 in recognition of the new challenges facing cities and the need to reinvigorate the global commitment to sustainable urbanization. Member states had agreed on the new objectives for the New Urban Agenda in September 2016.^{xvii}

- The critical components of the New Urban Agenda that provide strategic direction for a transformation are:
- The way cities and human settlements are planned, designed, financed, developed, governed and managed;
 - Approaches to end poverty and hunger in all its forms and dimensions; reduce inequalities; promote sustained, inclusive and sustainable economic growth;
 - Accomplishing gender equality and the empowerment of all women and girls in order to fully harness their vital contributions to sustainable development;
 - Improving human health and wellbeing; fostering resilience; and protecting the environment.^{xviii}

The New Urban Agenda envisages collaboration and coordination as crucial strategies in achieving sustainable urban development at the global, regional, national and local levels, with the participation of all relevant actors. The New Urban Agenda contributes to creating a comprehensive approach alongside the 2030 Agenda Goal 11 that aims to make cities and human settlements inclusive, safe, resilient and sustainable. The New Urban Agenda enables the implementation and localization of the 2030 Agenda in an integrated manner.^{xix}

Table 1.1: The New Urban Agenda

Leave no one behind, guarantee urban equity and eliminate poverty.	Accomplish sustainable and comprehensive urban wealth and opportunities for all	Encourage ecological and resilient cities and human settlement
<ul style="list-style-type: none"> • Delivering equitable access for all to physical and social infrastructure • Sufficient housing and shelter • Public spaces as a constructive of the city's socio-economic function • Understanding and improving culture, diversity, and safety in cities • Strengthening participation and enhancing livelihoods and quality of life 	<ul style="list-style-type: none"> • Enriching agglomeration benefits of urbanization and preventing land speculation • Fair and reasonable employment creation, productivity, competitiveness, diversification • Innovation through a sustainable economic development 	<ul style="list-style-type: none"> • Creating sustainable patterns for consumption and production • Protecting and valuing ecosystems and biodiversity • Adapting to and mitigating the impact of climate change while increasing urban systems' resilience to physical, economic and social shocks and stresses

Source: UN Habitat

Relevance to UNDP

UNDP's global mandate is to help countries achieve the simultaneous eradication of poverty and significant reduction of inequalities and exclusion.^{xx} In line with the UNDP mandate, SDGs will continue to guide UNDP policy and funding until 2030. As the lead UN development agency, UNDP is uniquely placed to help implement the Goals in more than 170 countries and territories. Throughout the New Urban Agenda, which aims to achieve the 2030 SDGs; UNDP recognizes that rapid urbanization and changing demographic patterns are challenging conventional thinking on development pathways, and that addressing urban challenges requires cross-cutting, integrated applications of expertise and investment, customized for each country and circumstance and driven by global best practices and international standards.^{xxi}

The UNDP Urban Strategy highlights sustainable urbanization as setting the right policies to ensure that no one is left behind, every person enjoys the benefits of urban growth and has access to infrastructure and social services.^{xxii} This strategy focuses on the needs of the urban poor and other vulnerable groups for safe environments, housing, decent work and education. Providing goods, services and jobs for the urban poor does not only improve their living conditions but also supports local development. Global trends lead urban areas to encounter various challenges on different scales, from local to regional levels. Compared to rural areas, urbanization in well-planned cities promotes better access to safe environments, housing and decent work.

The UNDP Urban Strategy highlights the following challenges in line with those discussed in UN New Urban Agenda:

Challenges for Providing a Safe Environment

Cities are significant contributors to many environmental challenges, such as air and water pollution, and must overcome important problems in order to provide safe environments. Cities consume over two-thirds of the global energy supply and are responsible for 70% of carbon dioxide (CO₂) emissions.^{xxiii} The impact of climate change exposes cities to natural disasters, such as a sea level rise, typhoons, storms, flash floods and landslides. In many areas around the globe, rapid urbanization causes the ineluctable depletion of natural sources. Excessive ground water usage in open spaces and green-space deficiency due to expanding residential areas reduce the ability of natural ecosystems to filter air and water and provide other ecosystem services.^{xxiv} Marine pollution from coastal cities and informal dumps and untreated waste in cities generate long-term health risks and cause disease outbreaks. Environmental safety is therefore of crucial concern for the poor who normally settle in primarily informal and geographically unsuitable densely populated settlements that are often prone to floods, storms and landslides. These relatively affordable areas are made up primarily of illegal settlements or slums in peripheral areas that have inadequate access to basic urban services, such as sanitation systems, waste management, energy, and transportation.

Challenges for Providing Housing

Land use problems also occur in cities, where around 40 percent of the world's population will require proper housing and access to basic infrastructure services. Cities are also the primary destination for most migrants and migration puts pressure on the sustainability of cities' municipal, economic and social responses. Urban areas with inadequate resource capacities and insufficient regulatory structures often cannot manage housing demand which leads to the emergence of slum settlements.^{xxv}

Challenges for Providing Decent Work

Urban unemployment and underemployment are now rising concerns, particularly for youth, women and marginalized groups, especially in developing countries. The informal economy is one of the concerns for providing decent work. Balancing the vibrancy and diversity of informal businesses with the need for structure and efficiency is a delicate act that many growing cities grapple with.^{xxvi} Although the informal sector provides livelihoods for the majority of poor and excluded groups, it also exposes these disadvantaged groups to exploitative working conditions. Population diversity drives segregation and social exclusion, in addition to limited mobility and public space use based on a group's socio-economic or immigration status.^{xxvii} These conditions reveal the need, in a multi-actor environment, for cooperation to provide inclusive policies in city governance to support resilience. Enhancing access to affordable finance and augmenting governmental capacities at municipal, metropolitan and regional levels are both crucial to effective governance in large cities. Local authorities play a substantial role in ensuring proper urban planning, service provision and creation of economic opportunities.

These challenges are being addressed under UNDP's strategy that aims to ensure: **sustainability, inclusiveness and resilience.**

Sustainability

The vision of UNDP is of basic municipal services whose sustainability is guaranteed through effective financing, planning, and implementation. Affordable and reliable solutions need to be accomplished through advances in infrastructure, climate resilience, and environmental protection. The strategy focuses on capacity building to avoid the irreversible depletion of social and natural capital and to lower risks arising from shocks. The improvement of resource endowments of the poor and their prospects for employment and livelihoods is also integral to UNDP's strategy.^{xxviii}

Inclusiveness

UNDP's inclusive approach concentrates on urban geography, and the spatial and governmental trends that influence city residents. The UNDP strategy supports compact urban development and promotes the objective of maintaining key ecosystem services in surrounding hinterlands. To enhance equality, the inclusive approach supports service accessibility in peri-urban areas that are otherwise often excluded from land-use planning and governance systems and cause urban poverty. Public space use and land development are significant indicators of social interaction, cultural development and embracing diversity within the city, therefore the UNDP approach suggests that cities can be made more inclusive by choosing to provide public spaces in which to create collective memories, togetherness and a shared identity.

Migration is another crucial issue to address within the inclusiveness pillar of the UNDP Urban Strategy that envisions making interventions by considering relationships between the host community and migrants to prevent the feeling of being threatened by increased competition for urban services. The UNDP strategy also encourages business climate of entrepreneurship that aims to boost innovation and create jobs.



Resilience

City resilience is the measurable ability of any urban system, with its inhabitants, to maintain continuity through all shocks and stresses, while positively adapting and transforming toward sustainability.^{xxx} The UNDP strategy encourages managing risk and investing in resilience to provide solutions for urban conflicts such as violence and crime and also shocks and stresses including economic shocks. The UNDP Urban Strategy guides cities towards effective planning and administration. The strategy also presents a context for conflicts in cities where central and local authorities discontinue functioning or are becoming too fragile. The strategy entails the responsibilities of local governments to provide resilience at the local level.

Resilient cities offer a diverse range of employment and livelihood opportunities; more equitable access to resources; better protection against climate change, economic and environmental shocks; peaceful dispute settlement; and good governance. Resilient cities work to reduce risks, prevent crises (whether from man-made or natural causes), prevent major development setbacks and promote human security, while helping address humanitarian, peacebuilding and longer-term development efforts globally.^{xxx}

2. Providing Basic Municipal Services for Sustainable Urbanization

While the SDGs have been established for the world as a whole, the rapid rate of urbanization globally makes cities critical entry points to address development challenges. Local governments and municipalities are crucial institutions as they are the first parties to tackle urbanization challenges. Municipalities are responsible for the basic needs of urban dwellers and should develop and maintain infrastructure and services, promote and expand existing businesses, address inefficiencies in the local economy, promote human capital development, help vulnerable groups to participate in the labor market, encourage community development by promoting community businesses and co-operatives and attract investment to the city.^{xxxi} One major impact of local governments in the development context is ensuring that the poor have access to basic services.

For the sake of the objectives of this study; the following basic municipal services are prioritized and considered within the framework of the jurisdiction of the local governments in this report:

1. Water and sanitation
2. Waste management
3. Mobility and transportation
4. Energy
5. Provision and maintenance of green spaces

“
Our struggle for global sustainability will be won or lost in cities.
 Former UN Secretary General, Ban Ki-Moon

Water and Sanitation

Almost 50 percent of the developing world's population still does not have access to safe drinking-water sources and therefore uses unsafe water, and even those with access to safe water often receive inadequate services.^{xxxii} There are 844 million people still lacking even a basic drinking water service, defined as drinking water from an improved source, provided collection time is not more than 30 minutes for a round trip.^{xxxiii} In 2015, only 2.9 billion people globally used a safely managed sanitation service and 2.3 billion people still lacked even a basic sanitation service. Poor water, sanitation, and hygiene were responsible for 829,000 deaths from diarrheal disease in 2016.^{xxxiv}

Goal 6 of the 2030 Agenda on Clean Water and Sanitation sets tough targets to reach by 2030: achieve universal and equitable access to safe and affordable drinking water for all, achieve access to adequate and equitable sanitation and hygiene for all, substantially increase water-use efficiency across all sectors.^{xxxv}

In an infrastructure-intensive sector, improving access and service quality to meet SDGs cannot be done without important investments. Around the developing world, the water sector is chronically under-funded and inefficient. The private sector, on different scales, can contribute to localizing services and service accessibility by supporting the extension of infrastructure to difficult-to-reach areas.

Urban Waste Management

Unsustainable waste management in cities impacts the urban poor in low-income countries where over 90% of waste is openly burned or disposed of in unregulated dumps.^{xxxvi} These practices cause serious health, safety, and environmental risks. Effective waste management is expensive, often comprising 20%–50% of municipal budgets. Operating this essential municipal service requires integrated systems that are efficient, sustainable, and socially supported. For many cities, municipal waste is an important challenge. In 2016, the world's cities generated 2.01 billion tones of solid waste, amounting to a footprint of 0.74 kilograms per person per day. With rapid population growth and urbanization, annual waste generation is expected to increase by 70% from 2016 levels to 3.40 billion tones in 2050.^{xxxvii}

SDG Target 11.6 aims to reduce “the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.”^{xxxviii} Indicator 11.6.1 measures “collection of solid waste regularly and with adequate final discharge out of total urban solid waste generated by cities”.

While municipalities are generally responsible for solid waste services, the private sector has long been both formally involved in the municipal solid waste sector through outsourcing arrangements and informally involved through waste pick-up and sorting. Recent trends in involvement of the private sector in the municipal solid waste domain in developing countries are partly driven by more stringent environmental standards and the recognition that the private sector can play a significant role in improving waste management practices.

Urban Mobility

The 2030 Agenda states that sustainable transport systems, along with universal access to affordable, reliable, sustainable and modern energy services, quality and resilient infrastructure, and other policies that increase productive capacities, would build strong economic foundations for all countries.^{xxxix} Population growth in cities causes limited mobility, especially for the poor, due to inadequate infrastructure in public transportation.

Transportation systems contribute directly to five targets of the 2030 Agenda: road safety, energy efficiency, sustainable infrastructure, urban access and sustainable transport. Transport is essential to facilitate the achievement of a wide variety of SDGs.^{xl} Target 11.2 of SDG 11 envisions providing access to “safe, affordable, accessible and sustainable transport systems for all” and “improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.” As cities grow, and traffic congestion increases, governments are looking increasingly for alternatives to encourage the private sector to become involved in public transport services. Light rail, tram and metro transit systems as well as bus rapid transit projects are alternatives to carbon intense urban individual transport.^{xli} The public transportation system has difficulties keeping pace with rapid growth and changing urban structures Integrating Private Sector can be an effective way to build and implement new infrastructure or to renovate, operate, maintain or manage existing transport infrastructure facilities. In both areas both public and private sector can be a mutually beneficial way to solve critical transportation problems So, private sector can lead to solutions by providing better efficiency and utilization of public infrastructure and fostering innovation for better performance.^{xlii}



Urban Energy

The transition to a global clean energy economy will depend on actions by the world's cities. Over 50 percent of the world's population currently lives in cities, accounting for approximately 75 percent of global energy consumption and greenhouse gas emissions. By 2040, the world's energy systems will need to serve 9 billion people, with two thirds of them living in urban areas. The urban poor in many developing countries already face several challenges in having access to electricity such as irregular electricity supply, frequent blackouts and quality problems.^{xiii} In addition, as economies develop, the demand for energy also increases for uses such as refrigeration, heating and cooling.

SDG 7 focuses on ensuring universal access to affordable, reliable and modern energy services by enhancing the share of renewable energy. SDG 7 aims to double the global rate of improvement in energy efficiency. Considering the lead role of urban areas in the clean energy transition, local and national governments are on the front lines for identifying and implementing holistic strategies to deliver cleaner, smarter energy. Municipalities often have jurisdiction over the core determinants of energy use, through governance of zoning and building codes, business licensing, and transportation planning; in many cases, municipalities also serve as owner-operators of local power distribution networks. Through multiple individual business decisions and investments, the private sector has a strong impact on the development of energy supply in the cities.

Green Spaces

The UN New Urban Agenda frequently promotes the construction of safe, inclusive, accessible, quality, green public spaces. Today, expanding residential areas pressure green spaces and potential recreation areas in cities.^{xiv} In 2013, people living in cities were less likely to be satisfied with their recreational and green spaces than those living in towns and suburbs or rural areas.^{xv}

SDG 11 concentrates on providing accessible, safe, inclusive public green spaces in cities by including the use by all, particularly for women and children, older persons and persons with disabilities.

Green areas and open spaces are crucially important for creating safe and inclusive spaces, which are critical to urban livability, as they provide citizens with areas to meet and share experiences, reconcile tensions between divided groups, reduce physical barriers between unequal communities and create important opportunities for economic mobility. Engaging the private sector provides advantages in building green infrastructure within well-designed concessions.^{xvi}

3. The Role of the Private Sector in Inclusive Urbanization

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries, both developed and developing, in a global partnership. National governments and local authorities should not be seen as mere implementers of the 2030 Agenda, but as policymakers, catalysts of change and the level of government best-placed to link global goals with local communities. In the context of the 2030 Agenda, local and regional governments will be critical to ensuring that no one is left behind.³ To achieve these ambitious goals beside the public sector and development agencies, private sector is also an actor, which drives sustainable economic growth by bringing with its opportunities in value creation. It is also the fact that, with a collaborative action achieving sustainable development will improve the ecosystem for doing business and building markets.

The scale of funding and technical support required to achieve the 2030 Agenda for Sustainable Development are also far beyond the scope of individual governments and multilateral funding agencies. Significant financing gaps remain globally; estimates vary in scale but range between \$2.6 trillion for education, health, power, roads and water and sanitation, to \$5-7 trillion a year including other areas such as agriculture and food security, telecommunications and ecosystems.^{xvii} Private sector funding, capabilities, and know-how need to be mobilized within the global partnership for sustainable development to fill this funding gap and to operationalize the policies.

Private sector, private foundations and for-profit institutions have been playing a historical role in development, both by providing funding and being engaged in different ways including large infrastructure projects. But the shared vision for global development challenges calls for further collective action, which can also harness the capacities of the business world to innovate, create jobs and stimulate inclusive growth. Thus, the need for contributions from the private sector to the development agenda are becoming more significant.

The New Urban Agenda (NUA) clearly recognizes the role of the private sector in addressing urbanization challenges. Government bodies or local authorities should recognize that collaborative action with private sector and other informal actors is crucial to provide an inclusive and resilient urbanization. Integrating the private sector is increasingly required to build inclusive cities for all the aspects of the urban value chain, planning and design, operation and maintenance as well as financing these services.^{xviii}

Local governments and municipalities are crucial institutions for the urbanization process. They can benefit from engaging the private sector to develop capacities in procurement, contract management, professional and often unionized labor management and finance and operating budgets to provide better services. This engagement can take place in a wide variety of ways and operate at different levels. The business models to engage the private sector can be Public- Private Partnerships (PPPs), State Owned Enterprises (SOEs) at the national level and Municipal Owned Enterprises (MOEs) at the local level.^{xix}

The NUA also recognizes the role of the private sector in addressing urbanization challenges. Government bodies or local authorities should recognize that collaborative action with private sector and other informal actors is crucial in delivering inclusive and resilient urbanization. Integrating the private sector is increasingly required to build inclusive cities for all the aspects of the urban value chain, planning and design, operation and maintenance as well as financing these services.¹

An unprecedented rate of urbanization the private sector should take an active role in providing inclusion in other basic services. Unfortunately reaching out to solid data for the portion of private sector engagement in basic municipal services in the cities are not available for LDCs. Both the New Urban Agenda and UNDP Urban Strategy highlights the importance of private sector engagement in tackling with the urbanization challenges. This chapter of the report covers different business models of private sector engagement in municipal services.



Figure 3.1: Public-Private Partnerships



Source: IICPSD

Public-Private Partnerships (PPPs)

The World Bank Group (WBG) defines a PPP as a long-term contract between a private party and a government entity for the provision of a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.ⁱⁱ The gap between the required investment and the actual investment is substantial and growing because of limited government resources. It is becoming more apparent that governments suffer from inadequate resources to meet the continually growing demand for services and to reach the poor. According to the WBG, the required financing for new infrastructure (including clean water, healthcare, and access to energy for all) is immense--amounting to about \$5 trillion per year globally.ⁱⁱⁱ

PPPs are promising in their capacity to unleash local development by pooling financial resources, know-how and expertise to improve the delivery of basic services to all citizens. PPPs offer an alternative to complete privatization by combining the advantages of the private and public sectors. PPP models also reduce the perceived risk to enter some markets where the governments explicitly take some risks. Bringing together the social responsibility, environmental awareness and public accountability of the public sector with the finance, technology, managerial efficiency and entrepreneurial spirit of the private sector.ⁱⁱⁱⁱ

PPPs may involve a capital contribution by the municipality to the initial costs of the project. Some PPP projects do not involve debt finance at all, being initially funded either wholly through corporate finance or by a combination of funds and private equity. In projects in which the end user pays, there may also be an element of government funding support to either or both the initial capital and the operating costs of the project. Integrating a PPP can be a good opportunity to generate service access for the poor as incentives and penalties can be crafted into the arrangements between the government and the service provider. Such incentives can push the service provider to be innovative in finding solutions to create access for the poor. To be successful, these mechanisms need to be at the heart of each infrastructure project and drafted into the legal documentation underpinning the project. The challenge with a pro-poor PPP, then, lies in the structuring of such incentives and penalties.^{iv}

The WBG supported several PPP Projects in various regions to enhance service delivery for the poor such as basic infrastructure. In Buenos Aires, Argentina and the WBG carried on the PPP Project for water provision in four low-income barrios where the initial water concession from the local government to Aguas de Argentina -the private utility- did not provide enough coverage and the poor was not able to benefit from the services. The PPP Project provide the water access and sanitation services improved significantly for citizens including the urban poor in an informal settlement. The improvement was an outcome of renegotiating contractual terms and the strong participation of the community, the government, and the private utility.^v

Similar to WBG models; The UNDP initiated a Municipal Solid Waste (MSW) project within Thimphu Municipality in Bhutan through piloting a pro-poor gender-sensitive PPP model. The project aimed to improve service delivery of MSW management and create job opportunities. This PPP project aimed at minimizing the environmental impacts of waste and their possible risks of pollution on human health through piloting of a pro-poor gender sensitive PPP model in Integrated Solid Waste Management (ISWM) within Thimphu Municipality. Despite the shortfalls due to expected outcome, 50% of the projects have produced a notable set of results during the program period. A total of 17,573 beneficiaries have reportedly benefited from the country level PPP-ISWM services. 83% of the country projects have contributed to a change in the mind-set of government representatives from "just outsourcing" ISWM services to viewing partners as integral for solving problems together.

Observing the positive results that the PPP introduced should indicate that for government bodies and local authorities the "business as usual" approach is no longer the most effective way to respond to the current challenges of urbanization. Integrating the private sector is increasingly required to build inclusive cities for all the aspects of the urban value chain, planning and design, operation and maintenance as well as financing these services.

Box 3.1 REGULATIONS for PPPs

Government and potential investors must consider the challenges of the PPP and its risks. In fact, protections are often built into the law, protecting private citizens from government actions. From a practical perspective, such challenges could give rise to delays in the project.

PPP Arrangements on Public Interest Grounds

The possible challenges come from the fact that some jurisdictions have procedures allowing citizens to bring litigation on public interest grounds, to protect the ordinary citizen from government intervention possibly affecting them and in ensuring that the appropriate procedures are respected. Nevertheless, it is important to know all the laws involved, as they can be a source of potential disruption to a PPP program. Before considering any project, knowing whether such litigation can be brought and by whom it can be brought (i.e. does the party have to have a clear link to the project or can an interested member of the public bring such an action) is important. The courts could stop the project from proceeding as well as to award damages.

Procurement of PPP Projects

Strictly following the established procurement procedures is essential, as other disappointed bidders could challenge the award of the project in the courts of the country. Some countries with freedom of information laws require details of the winning bid to be available and available to disclosure. Before considering a project, it is therefore essential to know who can bring these litigation, in which way the project could be stopped and the whole process recommenced by orders of the courts.

Planning and Environmental Issues

Non-respecting the planning laws may give a right to another party to challenge the project award in court, and even have it stopped/ de-constructed. Where third party land needs to be acquired to allow the project to proceed, the law may stipulate how this can be achieved and what compensation is to be paid - failure to follow the law may give rise to a right to challenge the project and stop or delay the project. In the case of failure to carry out a required environmental impact assessment, there may be rights under law to challenge the project and delay or stop it from proceeding.

Another possible response to the challenge of urbanization are the State Owned Enterprises (SOEs), companies built by the governments.



State-Owned Enterprises (SOEs)

As stated above, government bodies or local authorities should recognize “business as usual” approach is no longer effective to respond to the current challenges of urbanization. Integrating the private sector is increasingly required to build inclusive cities for all the aspects of the urban value chain, planning and design, operation and maintenance as well as financing these services.^{lvi} Governments can build their own companies as State Owned Enterprises (SOEs).

A State-Owned Enterprise is a legal entity that is created by a government to partake in commercial activities on the government’s behalf. It can be either wholly or partially owned by a government and is typically earmarked to participate in specific commercial activities. Despite the trend toward privatization over the past 20 years, state-owned enterprises (SOEs) are still significant economic players. Globally, SOEs account for 20 percent of investment, 5 percent of employment, and up to 40 percent of output in some countries. They continue to deliver critical services in important economic sectors such as utilities, finance, and natural resources. Even in competitive industries, enterprises in large-scale manufacturing and services remain in state hands in many countries.^{lvii}

The IFC and the WBG are contributing to the implementation of effective corporate governance practices and support to expand the range of stakeholders involved in improving the governance of SOEs at the firm, market, and regulatory levels. The IFC and the WBG display activity mostly in Europe and Central Asia to reform the governance of SOEs, in Latin America and Caribbean to implement corporate practices, in the Middle East and North Africa to prepare companies to go public with initial public offerings, and in South Asia to build leadership skills.^{lviii}

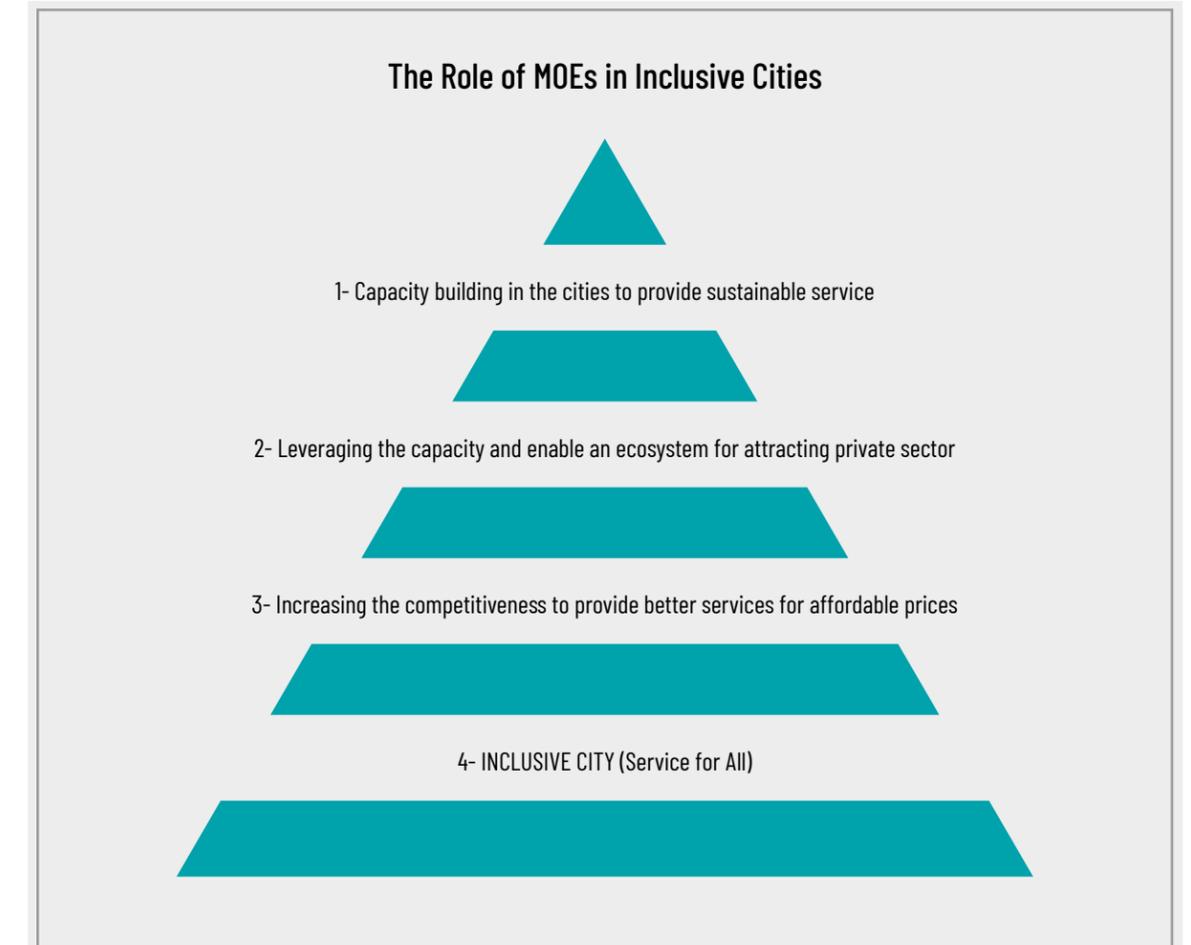
Municipally Owned Enterprises (MOEs)

Since the mid-1980s, public sector reform in many countries has introduced new management methods. Local governments have succeeded in implementing these market-inspired reforms, e.g. decentralization, outsourcing and introduction of private-sector management styles.^{lix} Increasing productivity and lowering costs in delivering public goods and services have been important motivations for local governments to create, own and operate enterprises. Indeed, a recent literature review found that MOEs are somewhat more effective than traditional public management.^{lx} MOEs are businesses owned by local governments that provide services and typically generate revenue for local communities. MOEs are different from State-Owned Enterprises (SOEs), in their size and service areas. MOEs allow for hybrid and flexible forms of public-service delivery such as public-private partnerships and inter-municipal cooperation. MOEs charge user fees in some instances.^{lxi}

The key point that distinguishes MOEs from local authorities is managerial autonomy. While local authorities are constrained by municipal law safeguarding public money, MOEs are often regulated by public or private commercial law instead.^{lxii} MOEs are typically organizations with independent corporate status, managed by an executive board appointed primarily by local government officials, and with majority public ownership. MOEs are legally allowed to make a profit, but this is not their *raison d’être*. As their operational guidelines state, they most often also have the mission of serving the public good. Another key point that distinguishes MOEs from other private companies is that they have a significant economic and social impact in local communities and are among the largest employers, contributing to a substantial percentage of the workforce.^{lxiii} MOEs can also generate new local revenues that can be used for countless purposes thus providing greater resources to benefit the community.

MOEs play a critical role in urbanization by creating sustainable, quality jobs for community members, increasing local economic sustainability, generating new local revenues that can be used for countless purposes that benefit the community, providing more accountability, transparency, and democratic control.^{lxiv}

4. Inclusive Urbanization through Municipally Owned Enterprises (MOEs)



Source: IICPSD

MOEs, as actors in local governance, are responsible for the provision of quality, affordable and sustainable basic services. MOEs are for-profit organizations that can have a positive impact on local governments by contributing to municipal finances and mobilizing additional capital for basic services. Considering current practices; most MOEs contribute to development by creating jobs and boosting the income of local residents. MOEs are also critical to providing services where other private entities are unwilling to operate, in markets considered unprofitable.^{lxv} MOEs are instrumental for emerging market countries where markets are still immature and there are too few actors in the basic services ecosystem. MOEs can develop markets while developing the capacities of local actors and enable an ecosystem to attract other private sector companies to the market. The more private sector engagement in the market; the greater the competitiveness, with the outcome of sustainable, efficient and affordable basic services.



MOEs: Global Practices

MOEs, which had already existed in several Western countries, have gained popularity as a middle-of-the-road entity that benefits from both private and public organizational characteristics. MOEs have various names in the literature including: municipal companies, municipally owned corporations, local enterprises, city companies, and city enterprises. MOEs allow local governments to maintain control over service delivery to ensure inclusiveness while increasing the efficiency of services through outsourcing some components of service delivery to private enterprises.

One of the key purposes of MOEs is to provide services in an affordable and accessible manner. As a result of their structure and management, MOEs have the potential to reduce service and production costs which, in turn, can lead a greater number of people in a community to benefit from available services.

MOEs can also be established as intermunicipal enterprises that can leverage economies of scale to increase efficiency and competitiveness.

These organizations can use market dynamics to provide more affordable services to their customers than would be possible if they were operating alone. Town and village communities that lack the resources available in metropolitan areas can increase market competitiveness in their communities and offer services of greater quality to their customers. MOEs can also work with SMEs, and local and international stakeholders.

When markets are immature, MOEs can create new economic opportunities for the communities they work in through incentives and subsidies. Stable working partners like MOEs that offer longterm partnerships act as safety nets for business partners.

MOEs also engage in skill-development activities through training and education programs in order to develop local capacity. Training programs can be targeted to current employees to develop expertise and increase the quality of service delivery while vocational education programs allow people to pick up new skills relevant to the market. These activities increase individual competitiveness in the job market, allowing them to have greater access to opportunities inside their community.

As a result of their organic relationship with local governments, MOEs have a vested interest in prioritizing environmentally sustainable practices in their communities over pure profit models. For most areas of service like energy, water or waste, the service itself has a direct impact on environmental conditions. Since local governments have priorities in public health and quality of life for their citizens, MOEs often prioritize such concerns in their service agenda.

In addition to their inclusive core business models, MOEs also utilize education programs and public awareness campaigns for end users to create a positive impact on social and environmental development. These information programs target different segments of the population to improve awareness about social and environmental issues and may include the development of good consumption habits in children, or a wide range of topics focusing on immediate public health impacts and economic benefits for adults.

MOEs in European Union Member Countries

Under EU regulations (See Box 4.1), common principles exist in the activities of MOEs in member states. States and local governments adhere to the principles of the EU to provide good quality services inside competitive markets with an emphasis on transparency and monitoring. MOEs can be found in all EU countries except Luxemburg. The most common ownership structures for MOEs in the EU are, entirely public, intermunicipal ownership and mixed ownership between public and private entities. The common methods of service delivery are direct provision, outsourcing and public concessions to private companies. The prevalence of each ownership and service delivery structure depends on the regulations and economic structure of each member country. The following are a few examples:

1- Wiener Stadtwerke GMBH (Austria)^{lxvi}

Wiener Stadtwerke GMBH is the parent company of several municipal companies and is entirely owned by the city of Vienna. The company employs around 15,000 people and remains one of the 25 largest companies in the country. Through subsidiaries, the company operates in the fields of energy, transportation, and information technology services and manages parks and graveyards. The company is responsible for the management of energy grids and the underground metro network and invests in information technologies with the purpose of transforming Vienna into a smart city.

2- IVBO (Belgium)^{lxvii}

IVBO is an intermunicipal company responsible for the management of household and industrial waste in the regions of Bruges and Ommeland. The company engages in waste collection, waste processing and composting in the areas of shareholder municipalities and offers services to other partnered municipalities. The company also engages in communication activities to raise awareness about waste prevention. A "polluters pay" policy is implemented by the company where polluters are responsible for the costs that arise from the waste generated.

3- Metropolitan EAD (Bulgaria)^{lxviii}

Metropolitan EAD is a company owned by the municipality of Sofia. The company is responsible for the management of metro services within the city. Activities include: investment, construction and design activities through permission from the Council of Ministers and the operation and maintenance of transportation activities on a daily basis.

4- Vodárenská společnost Tábořsko, s.r.o (Czech Republic)^{lxix}

Vodárenská společnost Tábořsko, s.r.o is an intermunicipal company established by the towns of Tábor, Sezimovo Ústí and Planá nad Lužnicí. The company is responsible for the operation, maintenance, engineering and construction services of water and waste management intended for public use. Representatives from each city take part in the management of the company.

5- Fors A/S (Denmark)^{lxx}

Fors A/S is an intermunicipal company owned by the municipalities of Holbæk, Lejre and Roskilde and is managed by a separate managerial body. The company offers services in water supply, recycling, wastewater management, waste management and heating and has a monopoly of the offered services in the shareholder municipalities. The company, through its management, has also committed to the UN Global Compact

6- Tallinna Linnatranspordi AS (Estonia)^{lxxi}

Tallinna Linnatranspordi AS is a company owned by the city of Tallinn, established through the merger of Tallinn Bus Company and Tallinn Tram and Trolleybus Company. The company is responsible for the operation of the majority of bus, tram and trolleybus lines in the city.

7- Mainzer Stadtwerke (Germany)^{lxxii}

Mainzer Stadtwerke is a public service company owned by the city of Mainz. The group consists of one parent company and 11 subsidiaries and offers services in the field of energy supply, water management and district heating. The subsidiary companies work in partnership with private companies in the region for business purposes.

8- Silea SPA (Italy)^{lxviii}

Silea SPA was established through the transformation of the Intermunicipal Solid Waste Disposal Consortium into an intermunicipal company. The company operates in the province of Lecco and is entirely owned by the municipalities. The company is responsible for waste collection, waste to energy activities, recycling, organic composting, environmental awareness in schools and communication and information campaigns in owner municipalities.

9- Kauno Svara (Lithuania)^{lxix}

Kauno Svara started operating in the city of Kaunas in 1918 under the municipal economy department. In 1999, it was registered as a joint stock company owned by the Kaunas City Municipality. The company is responsible for municipal, industrial and hazardous waste management, street cleaning, maintenance of streets and public spaces, emergency services, freight transportation services and the production and repair of non-standard metal products.

10- Eneco (Netherlands)^{lxx}

Eneco is an intermunicipal company which has its ownership shared by 44 Dutch municipalities. Eneco is an energy company that focuses on sustainability and works to facilitate the transition of its municipalities to green energy sources. The company offers services in energy management, energy supply and business development for its clients.

11- Elbląskie Przedsiębiorstwo Gospodarki Komunalnej (Poland)^{lxxi}

Elbląskie Przedsiębiorstwo Gospodarki Komunalnej is a limited liability company established in 2017 by the City Council of Elbląg. The company has shared ownership between the City of Elbląg and Zakład Utylizacji Odpadów, which is another limited liability intermunicipal company owned by the city of Siedlce along with the Commune of Suchożebry. The company is responsible for the sanitation services and maintenance of streets, roads, bridges and squares under the jurisdiction of the City of Elbląg and the dependent communes. The company repairs and maintains roads and pavements, manages the city warehouse that stores public equipment and materials, oversees decorations in the city and services mass events. Outside of economic activities, the company undertakes educational activities towards citizens, especially children, to raise awareness regarding waste sorting and recycling.

12- Musami (Portugal)^{lxxii}

Established on 19 December 2006, MUSAMI is an intermunicipal company responsible for waste management services in the municipalities of Lagoa, Ponta Delgada, Povoação, Ribeira Grande and Vila Franca do Campo. Currently, the company president is the mayor of Vila Franca do Campo and representatives from other municipalities serve on the Board of Directors. Serving 132,000 residents, the company operates an automated sorting center, a sanitary landfill, a biogas plant, a composting facility and a weather station. The company also engages in education activities in the owner municipalities with the purpose of raising awareness regarding waste reduction, reuse and recycling.

13- Sysav (Sweden)^{lxxiii}

Sysav is an intermunicipal company owned by Malmö and 13 other municipalities. The company is responsible for the management and collection of waste in its owner municipalities and it operates recycling and incineration facilities in order to develop a circular value chain. Sysav is commissioned to manage the household waste for a total population of more than 710,000. Sysav has two subsidiary companies: Sysav Industri AB, which handles waste from private countries and other regional governments, and Sysav Utveckling AB, focused on research and development. The company conducts research projects with universities and international actors on improving the safety of waste management. Furthermore, this MOE developed a strong collaboration with local schools organizing school visits and conducting information campaigns, while at the same time preparing the educational materials. Sysav is also a source of work for the municipalities, with 330 people employed. Up to 97,2% of the incoming waste is recycled as materials and as energy, leaving a mere 2,8%. 59,900 tons of food waste from households, grocery stores, restaurants and caterers generated biogas equivalent to 3.2 million litres of petrol.

Box 4.1 EU REGULATIONS

The formalization of public services or services of general interest in the European Union has been centered around the process of Europeanisation made up of structural changes, market liberalization and EU enlargement. In order to overcome the variance in interpretation caused by cultural, linguistic and historical differences, the EU has worked to standardize the lexicon used for activities and legislation among member states.^{lxxiv}

“Public service obligations” are defined as the responsibilities and requirements expected of the provider of the service regardless of the status of the provider, either public or private.^{lxxv}

“Services of General Economic Interest (SGEI)” is used in the Treaty of the European Union to define the role and scope of the Community and EU members in the delivery of public services. There is no definitive description of the concept “Services of Economic Interest” in the treaty or any other legislation, however, there exists an agreement in Community practice that refers to services of economic nature that are subject to “Public service obligations”.^{lxxvi}

“Services of general interest” is not used in the Treaty of the European Union, however it is used as a broader term that encompasses market and non-market activities classified as “Public Service Obligations” by local authorities.^{lxxvii}

Concepts regarding public service are evaluated according to the functional nature of the service delivered. The nature of the service provided is the determining factor regardless of the nature of the provider: public, private, mixed or non-profit.^{lxxviii}

Article 16 of the Treaty grants freedom to Member States to define which service areas are “Services of General Economic Interest”.^{lxxix} It is under the responsibility of the state to define, manage, organize, regulate and provide these services in their jurisdiction areas. In turn, states are free to decide on the organization, structure and scope of municipally owned enterprises which are responsible for the delivery of SGEIs.

Article 86 of the Treaty dictates that the undertakings responsible for the delivery of SGEIs are subject to the rules of the treaty, specifically rules regarding free trade and competition.^{lxxx} Service providers are subject to the same rules and regulations concerning their services regardless of having public, private or mixed ownership. Member states can and do have considerable differences in the definition and delivery of SGEIs, however they are still bound by laws that regulate trade or vocational practices that might change from sector to sector.

MOEs in the United States of America^{lxxxvi}

MOEs in the United States have a long history, going as far back as the 1880s when local governments started establishing public utility companies, mostly in the field of energy, to facilitate and develop electrification in their areas of jurisdiction. After having traditionally operated public utility companies, ports and airports, municipalities have now entered into new service areas that were dominated by the private sector. The motivating factors for local governments to establish MOEs have been economic pressure to increase revenues independently, creation of jobs, and political resistance towards increases in taxation. In addition to public services, MOEs have increased their operations to a wide range of sectors offering services in entertainment, tourism, telecommunication and retail.



1- City Utilities of Springfield (Missouri)^{lxvii}

City Utilities of Springfield (CU) is a municipal utility company of the city of Springfield, Missouri. The company was established when the City of Springfield purchased the electric and gas utilities in the city in 1944. Over the years, the city went on to procure and build more services, and currently offers services in electricity, water, transportation, gas and broadband. In 2018, the company generated 30% of the energy supplied through renewable power sources. The management is composed of local citizens that are elected for three-year terms. The company has served around 110,000 customers and recorded a net income of 60,592 USD in the year 2018.

2- Port Authority of New York and New Jersey^{lxviii}

The Port Authority of New York and New Jersey is an intermunicipal enterprise established for the purpose of constructing and developing the transportation network in the "Port District" that covers the area between two states. The enterprise is responsible for the development of bridges, tunnels and airports in the area as well as the operation of bus and rail services. The enterprise takes on construction projects in the area with the World Trade Center being the most notable. The enterprise is entirely self-sufficient and recorded a \$4.4 billion gross profit 2017.

3- Cape Light Compact (Massachusetts)^{lxvix}

Cape Light Compact is an intermunicipal enterprise composed of 21 towns in Massachusetts. The company was established in the year of the 1997 Massachusetts Restructuring Act that allowed towns and cities to establish municipal aggregators. The company currently is responsible for power purchasing and implements efficiency programs for around 200,000 customers. Each member town has a representative on the Governing Board that is responsible for the management of company activities. After the adoption of the Act Modernizing Municipal Finance and Government at the Massachusetts Legislation, the company restructured as a separate entity in order to protect members from liability and enhance accountability.

MOEs in Latin America and the Caribbean

Being the most urbanized continent in the world with 80% of its population living in cities, Latin America is an important case of the phenomenon of rural regions steadily moving to cities. Constantly in cooperation with the OECD, Latin America has a history with the state enterprises, and it is now looking at other possible combinations.

1- Empresas Publicas de Medellín, (Colombia)^{xc}

Empresas Públicas de Medellín E.S.P., whose brand is EPM, is a public company located in the city of Medellín, Colombia, unique property of the Municipality of Medellín. Founded in 1955 as an independent public institution, in 1997 it got transformed into Industrial and Commercial State Company of the municipal order. EPM E.S.P. is endowed with legal personality, administrative and financial autonomy and independent capital. As a utility company EPM E.S.P. is governed by the rules of private law except as provided expressly in the Constitution of Colombia, the law and other regulations. Its primary domicile is in the municipality of Medellín, but it may establish branches anywhere in Colombian territory or abroad. The company operates in water, sewerage, electricity and gas sectors, and is legally empowered to also act in the telecommunications and garbage collection sectors. EPM constructed a series of libraries, parks, schools, and transportation infrastructure. A new public metro system and cable cars have reduced commute times and integrated poorer neighborhoods previously cut-off. Transports reduced commutation times, spurring private investment and promoting social equity as well as environmental sustainability. This yielded economic opportunities in marginalized neighborhoods, fostered inclusive communities, and attracted international recognition and investment. EPM is the parent company of a business group of another 44 companies, all joint stock companies in which it has majority stake and management control through presence on their respective boards of directors.

MOEs in Asia-Pacific

The UN Economic and Social Commission for Asia Pacific (UN ESCAP) reports that the Asia and Pacific region is witnessing the world's fastest urbanization in history. In the period 2000-2025, 1.1 billion people are projected to migrate into Asian cities and the region is now home to more than half of the megacities worldwide. The current approach of revenue mobilization for cities and municipal fiscal reform efforts are unlikely to meet substantial needs for financing. Instead, there is a need for a metropolitan public-financing strategy that is integrated into national urban development plans to match national development objectives.^{xcii} Background research conducted by the IICPSD has shown that the region has a few practices of MOE models in India and Japan.

1. State Transport Undertakings (India)^{xciii}

Indian service delivery in various states has used structures mixing public and private models over the years. State Transport Undertakings uses different methods of service delivery to run bus services in respective areas. Among the three types of State Transport Undertakings, corporations formed under the Road Transport Act of 1950 fit the structure of an MOE. The company is independently financed except for appropriations that provide capital or cover losses. It can obtain its funds from borrowing, either from the treasury or from the public, and from revenues derived from the sale of its services. It is authorized to use and reuse its revenue. It is subject to usual procedures of audit by the Comptroller and Auditor General of India.

2. Nakanojo Electric Power (Japan)^{xciiii}

Nakanojo Town in Gunma Prefecture was the first municipality in Japan to enter the electricity retail market. Nakanojo Electric Power operates its business jointly with V-Power, a Japanese power retail company mainly in the field of renewable energy. The company is focused on developing and procuring solar power in particular. It buys electricity from three megawatt-scale solar power plants operating in the town and supplies the power to public facilities such as the town offices.

Box 4.2 INTEGRITY RISKS OF THE MOE MODEL

Although MOE models seem to be favorable for local municipalities there are also some risks. According to UNDP's work on Corruption Free Local Governments; the integrity risks can be listed as follows

- Because of political nominations, MOEs may lack professional knowledge and expertise.
- Leadership of local government may use MOEs and their assets for political ends. MOE managers may divert funds from the MOE to finance a political campaign for example.
- Officials may solicit or receive bribes from employees of MOEs for the latter to obtain licenses, contracts or other advantages.
- Politicized boards and political appointment of MOEs lead to poor oversight of managers and increase the risk of corrupt activities going unchecked. Weak internal controls, the inadequate and/or irregular auditing practices as well as low levels of financial and non-financial disclosures may be exploited to engage in corrupt practices.
- Local government officials identify too closely with the interests of the MOEs may accept under-performance and offer preferential treatment in later dealings.
- Local governments demonstrate unwillingness to bring corruption cases against MOEs or their employees.

Source: <https://corruptionfreecities.org/wp-content/uploads/2018/07/Guide-To-Corruption-Free-Local-Government-preview-.pdf>

Following the integrity risk assessment, the local government may consider the following risk management strategies^{xciv}



Box 4.3 RISK MANAGEMENT STRATEGIES

Develop a clear ownership policy/strategy to define the overall objectives of the municipal ownership. The strategy should refer to integrity and provide a structured board nomination process to let MOEs boards exercise their responsibilities without undue political interference and without taking an active role in a day-today management.

Clearly define the role and responsibilities of the boards. Mandate qualified and independent boards to oversee management, based on clear performance objectives defined by the local government.

Systematically require MOEs to either commit to, or be guided by, relevant international standards related to combatting corruption and doing business responsibly, and to establish ethics and compliance measures for preventing corruption. Provide MOEs with access to available good practices, such as ISO 37001:2015 Antibribery management systems requirements^{xv}. ISO 37001 Anti-Bribery Management System is designed by International Standardization Organization (ISO) to prevent, detect and address bribery by adopting an antibribery policy, appointing a person to oversee anti-bribery compliance, training, risk assessments and due diligence on projects and business associates, implementing financial and commercial controls, and instituting reporting and investigation procedures.

Promote the practice of periodic integrity risk assessment in MOEs. Require MOEs, in which the local government has a significant control, to adhere to the same integrity safeguards (i.e. standards on transparency, accountability, integrity, audits and financial management, internal controls, procurement and service provision.)

Promote awareness events to make sure all employees and company representatives become aware of the code of ethics and integrity policies. Provide MOEs executives and employees with access to trainings in the field of integrity, organized or supported by the local government.

Systematically include local MOEs in the internal and external communication regarding integrity. Encourage participation of local MOEs in joint projects with CSOs, media, or businesses in the area of integrity.

Systematically require that the MOE allocate responsibilities for the integrity compliance function. An integrity compliance officer may be entrusted to lead and manage the ethics programs, the integrity risk assessment, to provide ethics counselling, and/or initiate investigations related to corruption on behalf of the MOE.

5. Good Practices from Istanbul: Istanbul Ağaç ve Peyzaj A.Ş.

The Urbanization of Istanbul

The City of Istanbul is spread over an area of 5,460 km² with significant urban and demographic growth and an estimated population of more than 15 million inhabitants in 2019 (12 million inhabitants according to the 2012 census). The city also welcomes between 5 and 10 million tourists per year and hosts around 700,000 refugees. According to Turkstat, by 2017, 416,587 people also moved to Istanbul from the other provinces of Turkey. Due to this dramatic population growth and refugee influx, Istanbul has undergone significant urban expansion and the city itself accounts for 17 percent of the electricity consumption of the country. The city produces 20,000 tons of solid waste every day. Istanbul is Turkey's economic capital, largest industrial center and financial capital. Istanbul's annual contribution to Turkey's GDP of \$389.4 billion in 2013) was 39%. As the country's largest industrial center, approximately 35% of the country's industrial labor is employed in Istanbul.^{xvi} The city has also become a global financial center in the last decade.^{xvii}

Istanbul is going through a very rapid urbanization process, but the Istanbul Metropolitan Municipality (IMM) and its enterprises manage these challenges well. The city of Istanbul is even a world-renowned brand. IMM and its enterprises continue their efforts to scale up basic service quality—the municipality and its enterprises won more than 250 awards in the last two years (2016-2018) from national and international institutions. In 2016, an International Stevie Award was given to the Support Service Directorate of IMM for their contributions to economic and social life and the performance of municipal companies and organizations within the Istanbul Metropolitan Municipality.^{xviii}

The municipality has 30 municipally owned companies in the sectors of green spaces, smart cities, solid waste management, water supply, transportation, energy, housing and construction.^{xix} The companies are founded under the Republic of Turkey Code of Commerce, where each company has their own registration under the Trade Law. Their legal form is a joint stock company (similar to a limited liability company under European Union Trade Law Terminology) and they have no specific capital composition or any upper limit in their capital increases. Their activities are not constrained by the mandate of IMM— they can cooperate with other national or international companies.

The municipal companies of IMM has many achievements. In 2017, the municipal company of IMM IT and Smart Technologies Inc. (ISBAK Co.) won the "World GIS Day" award for smart city solutions from the Environment and Urban Ministry of the Republic of Turkey and the company also received a Fortune 500 award for becoming one of the biggest companies in Turkey from Fortune Turkey.

A MOE in Istanbul's Green Spaces: Istanbul Ağaç ve Peyzaj A.Ş

Istanbul Ağaç ve Peyzaj A.Ş, one of the municipally owned enterprises (MOE) of the IMM, was founded in 1997, originating from the "Green Istanbul Project" initiated by the IMM.

The company provides urban services as a MOE of IMM in park and garden landscaping, afforestation of catchments and provision of the supply of plants for these projects. The company is also carrying out research and development to improve efficiency in planting activities in and around Istanbul province.



Inclusive Business Models of Istanbul Ağaç ve Peyzaj A.Ş

Inclusive business models include the poor in a company's supply chains as employees, producers and business owners or develop affordable goods and services needed by the poor. ^c

• Purchase Guarantee Model for Landscape Plants

Istanbul Ağaç ve Peyzaj A.Ş provides employment for local producers with the purchase guarantee model that supports inclusiveness in the local economy. Istanbul Ağaç ve Peyzaj A.Ş supports the production of landscape plants such as tulip bulbs, Meilland roses and seasonal flowers and offers a purchase guarantee to local producers living in Istanbul and its peripheries for their production that is in line with certain standards. The purchase guarantee model aims to provide revenues for low-income peasants of villages close to Istanbul through building cooperative bodies in the district. This guarantee ensures that idle lands will be put back into use for production and thus reduce the migration from the village to the city center by providing sustainable livelihoods.

Since the company's establishment in 1997, the company has also planted approximately one million trees for the afforestation of Istanbul. The struggle to supply these trees in the early years highlighted the need for an innovative approach for local production of landscape plants. Another outcome was to scale up the current expertise and capacity by sharing know-how with local producers. The process required the encouragement of local producers to work in cooperative bodies actively with partners to provide local development for sustainable landscape activities in Istanbul.

In 2001, the company introduced the purchase-guarantee model for the first time. To highlight the importance of sustainable production; the company carried out a business strategy to work collaboratively with local farmers. The company has therefore prioritized including local farmers in production. In 2016, Istanbul Ağaç ve Peyzaj AŞ received an ISO 9001 Quality Management System certification to create standards in Project Implementation, Production, Retail Sales, Social Responsibility, Training, and Employment. Furthermore, Istanbul Ağaç ve Peyzaj AŞ has standards of customer-oriented quality, quality products, and services, all of which are now institutional policy. They have also integrated ISO 9001 Environmental Management System, Occupational Health and Safety Management System, Information Security Management Systems into their management systems.

Figure 5.1 Target groups and Objectives of Istanbul Ağaç ve Peyzaj A.Ş Training



• Product variety in landscaping: Meilland Rose

In 2005, Istanbul Ağaç ve Peyzaj A.Ş conducted negotiations with a French company, Meilland Richardier Co.,^{ci} for patent rights of Meilland Rose and became the only authority for distribution and production of Meilland Roses in Turkey until 2025. The company uses the Meilland rose for decorating the Istanbul landscape and the Anatolia district.



The company conducted training programs for farmers in the Gevye and Pamukova districts of Adana, the Yenişehir and Kestel districts of Bursa and the Çınarcık district of Yalova for Meilland Rose production according to international standards.



Currently, as patent holder of Meilland rose production, it provides employment to 56 producers and low-income farmers via two cooperatives in five different districts. Since 2005, the total number of jobs created by Istanbul Ağaç ve Peyzaj A.Ş. has reached 7,210 through the two cooperatives. The company increased the number of employees from 310 to 860 over ten years and enlarged production areas after 2014 to include the city of Yalova.

• Expanding production varieties: "The tulip, a cultural heritage"

In 2004, Istanbul Ağaç ve Peyzaj A.Ş. promoted the tulip flower in Turkey, its homeland as the flower is a cultural heritage from the Ottoman Empire. This expanded product variety and landscape diversity in Istanbul. The company also aims to increase the labor force and reinvigorate the local economy by supporting an inclusive business model approach.



The company initiated a pilot project in Seymen, Silivri district to support the production of 1,000,000 tulip bulbs, where the company offers the purchase guarantee. This model has created jobs for 1,332 people in 4 villages of Silivri over 10 years.

The Purchase Guarantee inclusive business model created an impact not only by providing livelihoods for local producers but also through production sustainability. The company participated in organizing the first "Tulip Festival" following the first year of production. The Tulip Festival has now become an annually organized cultural and visual event in Istanbul. Since 2006, the company has planted 30 million tulips in Istanbul, including in parks, on avenues and other open ground and over a half million tulips were planted as an immense "flower carpet" in Sultanahmet Square in front of the Hagia Sofia in Istanbul (see below).





• Seasonal Flowers

The company continues its efforts to support the purchase guarantee model on seasonal flowers for landscaping, and providing biannual production of seasonal landscape flowers in Şile, Beykoz, Silivri, Sarıyer, Çatalca districts in Istanbul and Bayındır district in İzmir. The company provides additional income to farmers in 13 cooperatives in 6 districts and 23 villages. Over a ten-year period, 4,014 people benefitted from the job opportunities in the field of seasonal flower production in İzmir, Çatalca, Silivri, Şile, Beykoz and Sarıyer.

The overall outcome of the inclusive business models included: local development with sustainable livelihoods for the local people and prevention of migration to cities for job opportunities by leveraging the capacity in the local level. İstanbul Ağaç ve Peyzaj A.Ş has provided employment for 5,662 in total and around 16 million TL gross income from total production.



Table 5.1 Annual flower production, gross income and employment

Total production	Flower type	Year	Gross income (TL)	Employment
1,700,000 tons	Rose	2017/2018	4,845,000.00	860 people
17,550,005 tons	Seasonal flowers	2017	5,600,136.98	2,280 people
724,050 tons	Tulip	2017	235,316.25	22 people



With the help of working on these colorful flowers and contributing to the landscape of Istanbul, I love my job. Seeing the result of my efforts in the city makes me feel motivated and appreciated.
Muakadder Eren, Silivri Village



Before starting this work; I used to have a full-time job. Now I am producing flowers on my own land, I have an income and more time to spend with my family
Ayşe Ayhan /Celepkoy Coop.

My dad has health issues and I am the one who takes care of him. This job gave me the opportunity to earn enough money to take good care of my dad. Besides, planting flowers is like therapy for me.
Sevil Düzgün Çatalca



Vocational Training Courses on Gardening

In Turkey, the private sector needs qualified workers and struggles due to a skill gap. İstanbul Ağaç ve Peyzaj A.Ş addressed the problem by identifying the needs and gaps in resources and expertise at the local level. The success of the ensuing vocational education and gardening courses has created a win-win situation in terms of developing product quality and sustaining employment while resolving the skill gap of local producers. In this ecosystem, the private sector ensures its active engagement and enhances the effectiveness of vocational training in bridging the skill gap. The company provides vocational training that allows unemployed groups to find employment, trains qualified personnel in the sector, teaches gardening for unskilled people and creates environmental awareness.





The company developed its own content for courses conducted from 2005 to 2018. Subsequently, İSMEK (The MOE of IBB, responsible for lifelong learning) took over program implementation and carries out gardening courses. The courses are free of charge and available for participants from different backgrounds. There is no restriction on course enrollment.

Florists and nursery tradesmen, new graduates from relevant majors may benefit from this opportunity to develop their practical experience. In addition the students as well as gardeners who want to have professional certificates on horticulture can also enjoy the courses. The course also targets the individuals who want to learn gardening as a hobby.

The gardening courses consist of 12 courses that include 288 hours of training. The courses are spread over three months (12 weeks or 36 business days). Those who do not attend the courses for more than 57 hours are not considered eligible to receive the certificate. Upon completion of the course, the participants who are successful in the examination receive the approved certificate of attendance by the Ministry of National Education (M.E.B.) Public Education Center and Istanbul Metropolitan Municipality.



The company offers both theoretical and practical training. The course topics focus on project reading, soil preparation, sowing and planting activities, greenhouse production techniques, environmental conditions, outdoor plants, grass and field plants, pruning ornamental plants, fighting disease in ornamental plants, crop care, agriculture, and programming and use of soil tillage tools and machines.



Course methodology
The courses cover theoretical and practical training. The parks, gardens, and groves affiliated with the Park and Recreation Directorate and production areas of Istanbul Ağaç ve Peyzaj A.Ş. corporation are the practical training areas.

• Employment Status

Those who complete the horticulture courses may work in the Directorates of Parks and Gardens, and the contracting firms, nursery gardens, landscape companies working in Istanbul Ağaç ve Peyzaj A.Ş. In addition, the course is beneficial for those conducting activities in their own and private gardens or for establishing a business.

The number of graduates of basic vocational training that were conducted in Idealtepe (Asian Side) and Haliç (European Side) in Istanbul, reached almost 3,500 by 2017. In addition, the feedback from graduates shows the efficiency of the program in skills building:



This training has been carried out with a lot of effort, but practice is more important in education. The most important issue when preparing the curriculum should be better applications and visuals

"I learned the name of the plants and flowers I see every day, that was a great experience "

"Thank you for making us feel at home."

"I had deepened the knowledge in my area of interest"

"The course environment, teachers, organizers are very friendly"

"I found out that every leafy tree is not pine"

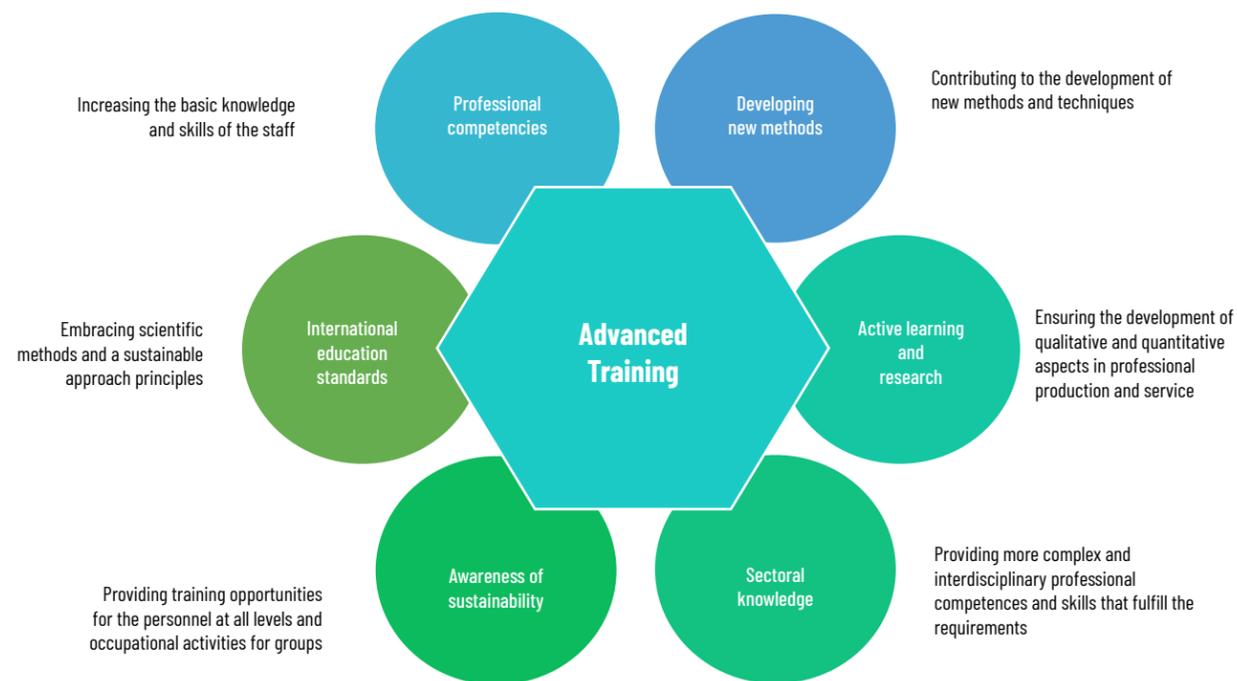
"I deepened my knowledge in my area of interest"

Capacity Building Model: Advanced Training Courses

The Municipally Owned Enterprise for municipal landscape services in Istanbul, over a ten-year period, enlarged green spaces almost five times in addition to the regular landscape maintenance and preservation operations. They also determined specific needs and problems and significant deficiencies arising from the use of methods that damage the existing green areas in Istanbul. Following good performances arising from more than 20 years' experience, the company established new policies on sharing their capacity and experiences and replicating their successful business models while learning more from other local governments and municipalities Istanbul Ağaç ve Peyzaj A.Ş. conducts advanced training programs for skills development in the fields of plant material production, irrigation, fertilization, pruning, and disease-fighting for landscape operations. The content of the Advanced Training Courses emphasizes the chosen business model to reduce the skills gap within the landscape sector, supports other municipalities with sharing of know-how and creates an ecosystem for small enterprises to build their capacity to provide competitiveness in landscape services.



Figure 5.2: Objectives and Outcomes of Advanced Training



Source: IICPSD

Advanced training courses aim to transfer and improve the staff’s professional competencies, occupational skills, and other practices in their domain with a holistic and sustainable perspective in line with the UN Agenda 2030. The training supports the staff to continue to work in conformity with up-to-date scientific advances promoting active learning and research in the area according to international education standards. Unlike standard in-service training, the training program hosts specialists and academics from their field of expertise who are qualified in transferring practical and theoretical knowledge with various sectoral and professional approaches. The duration of the training period varies due to course content, the level of professional knowledge of the staff, and the activity of the units. Training includes theoretical and practical classes in each course.

Educational techniques consist of visual, auditory and kinesthetic training which focus on applying theoretical knowledge in practice. Visual and written evaluation of the staff includes the assessment of professional qualifications, knowledge, skills, and attitudes. and self-learning efforts.

In 2017, Istanbul Ağaç ve Peyzaj A.Ş. provided advanced training courses for 154 participants of different backgrounds in 14 municipalities, in collaboration with five prestigious universities. The benefits of this program lead to considerable change regarding efficiency and production quality and increase workplace literacy and innovation and result in a motivated workforce.

Table 5.2 Educational domains covered in training

Educational domains	
<ul style="list-style-type: none"> - Ecosystem and ecology - Soil science and plant nutrition - Pests in landscaping areas - Pruning techniques - Drainage implementation in landscaping areas - Ecological planning 	<ul style="list-style-type: none"> - Basic principles of irrigation - Ornamental plant cultivation - Landscape design - Grass field facility and maintenance - Fight against diseases and weeds in landscaping areas

The feedback from graduates has been positive, highlighting that the courses allowed them to gain the ability to follow new technologies and increase production quality. The training program supports a constructive and positive basis for relations between employees and producers for landscape activities in Istanbul. Feedback also indicates that Istanbul Ağaç ve Peyzaj A.Ş. promotes job engagement as a part of their capacity-building efforts, which ensures a sustainable ecosystem for landscaping activities in Istanbul. The program enables the market to increase competitiveness while supporting the development of the qualitative and quantitative aspects of professional production and service.

Research and Development: Bringing Advances in Landscaping to the Local Market - Soilless Agriculture

The company conducts Research and Development (R&D) projects to bring advances from the landscape industry to the local market. In 2017, they initiated a new pilot project in collaboration with Yıldız Technical University in Istanbul for highlighting the feasibility of soilless agriculture in the city and harnessing this technology. The company aims to pursue environmentally friendly and cost-efficient production models in agriculture. Having started the use of soilless agriculture itself in February 2019, the company also provides capacity building and training programs to enable the creation of an ecosystem to attract other private entities to promote soilless farming in the city. In addition, the new project envisions raising awareness for city habitants on urban agriculture in Turkey, soilless agriculture is used in 18% of the 752,162-hectare greenhouse cultivation area.^{cii} Soilless agriculture techniques have some superior characteristics over traditional agriculture since they provide greater quantity and products are homogenous in terms of nutrition. Soilless agriculture can increase the expected return of lettuce production from 60,000 to 400,000 heads of lettuce annually.

Table 5.3 Comparison of Traditional and Soilless Agriculture in terms of Output

	Traditional Agriculture	Soilless Agriculture
Tomato	12 tonnes/year	40 tonnes/year
Strawberry	8 tonnes/year	12 tonnes/year

This project also promotes greenhouse technology in non-agricultural areas of Istanbul that are not currently in use. Greenhouses are a crucial opportunity for mass production with controlled environments for plant growth, allowing city dwellers to farm without traditional farmland. Greenhouse farming also supports sustainable production locally and eliminates transportation costs.

6. Conclusion and Way Forward

The UN Strategy for Urban development highlights the inclusion of all stakeholders in urban development. Among these many actors; the private sector has already played an important role in providing sustainable urban services. Cities need the private sector to become more attractive, create employment, and increase municipal finance resources through the provision of inclusive services in a cost-effective manner. The private sector is also a key player in strengthening city governance. Cities rely on private-sector innovation to develop solutions that fit new urban challenges at the local level, promoting partnerships at all levels of the development process, from planning and budgeting to implementation and monitoring.^{ciii} The private sector can indeed contribute to the provision of urban services in many ways.

Municipally Owned Enterprises (MOEs); one of the methods of engaging the private sector in the promotion of resource management, enhance dynamism and provide inclusive and efficient service delivery. MOEs can be instrumental in promoting efficiency in pro-poor basic services delivery at different levels of society by providing more affordable services. Although they have this potential; MOEs are not widely covered in the literature, even though the model is not common in emerging markets and many would benefit from this model of service delivery. Creating MOEs thus is a possibility that contains significant untapped potential for development. As seen in the previous sections of this report; similar MOE models as those followed by the Istanbul Metropolitan Municipality are an effective and healthy model for emerging markets where basic service delivery is inadequate.

There are risks associated with the governance structure of these institutions and the transparency of the transactions involved, however MOEs also provide efficient ways to mitigate these risks. It is therefore crucial that the integration of the private sector be regulated through necessary legal frameworks to ensure the sustainable improvement of livelihoods to overcome urbanization challenges. This discussion of MOEs can thus contribute to a better understanding of how the private sector can best contribute to providing sustainable and inclusive urbanization.

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