

OECD Urban Studies

What Works for Inclusive Growth in Cities



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Foreword

Cities are central to the economic prosperity of OECD countries. As hubs of talent, firms, innovation and investment, they drive productivity growth, job creation and higher living standards. Yet across many cities, access to quality jobs, education, affordable housing, transport and essential services remains uneven.

Addressing these challenges can be an important factor in unlocking the full productive potential of urban populations, enhancing competitiveness, and improving well-being.

This report on *What Works for Inclusive Growth in Cities* builds on the OECD's longstanding work on Inclusive Growth, which seeks to better understand how to generate prosperity while broadening opportunities. Developed in co-operation with the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO), the report responds to growing demand from policymakers for practical evidence on how to translate inclusive growth ambitions into effective action. Drawing on the OECD's extensive expertise in urban development and the OECD Champion Mayors for Inclusive Growth initiative, it identifies policy approaches and lessons from a diverse range of cities, including many that have benefitted from EU funding support, such as the EU Cohesion Policy. It is also informed by relevant EU frameworks such as the European Pillar of Social Rights.

Designed as a practical resource, this report is accompanied by three case studies – focusing on people at risk of poverty or social exclusion, youth and people with a migrant background – and a selection of city good practices (available online). Together, these resources aim to support local and national policymakers in designing and implementing effective inclusive growth strategies that expand access to opportunity. They also help shape a shared OECD-EU narrative on how inclusive growth policies can simultaneously reinforce both economic performance and quality of life in cities, offering guidance grounded in tested policy approaches and identifying enabling factors.

By advancing the objectives of major OECD and EU frameworks, such as the OECD Principles on Urban Policy, and the EU Agenda for Cities, this report contributes to a broader effort to equip cities with the knowledge, tools and inspiration to tackle the challenges and opportunities ahead. Its findings will also inform discussions on the future of EU Cohesion Policy and its role in driving economic growth and social inclusion in EU cities.

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Reader's guide

This report is designed as a practical resource to help local and national policymakers develop and implement effective inclusive growth strategies. It combines evidence, policy guidance and concrete examples to support action at all levels of government.

How the report is structured

The report is organised in five chapters:

- **Chapter 1 – Inclusive growth and why it matters for cities:** Examines the relationship between economic growth and inclusion in cities.
- **Chapter 2 – Trends and drivers of inclusive growth in cities:** Analyses the trends and drivers of inclusive growth in cities, including the role of structural factors – city size, population change and economic profile – in shaping inclusive growth outcomes.
- **Chapter 3 – Policies to support inclusive growth in cities:** Provides evidence on policies that promote inclusive growth across the five pillars of the OECD Inclusive Growth in Cities framework: education, labour market, housing and the built environment, infrastructure and public services, and fair climate action. It also highlights the importance of cross-sectoral approaches, and the need to combine people-based approaches, to address cumulative disadvantages, with place-based policies targeting spatial inequalities within cities.
- **Chapter 4 – Key enabling factors for inclusive growth in cities:** Unpacks seven critical enablers that underpin the design and delivery of inclusive growth in cities.
- **Chapter 5 – A Roadmap for inclusive growth in cities:** Presents an action-oriented, practical guide for policymakers to drive inclusive growth in cities.

The report is enriched by:

- **Three in-depth case studies:** focusing on specific groups of population – people at risk of poverty and social exclusion; youth; and people with a migrant background.
- **An online tool:** compiling a set of good practices from inclusive growth policies implemented in EU and OECD cities.

Scope and methodology

The analysis in the report primarily focuses on cities in the European Union, complemented by selected city examples from other OECD countries, in particular those participating in the OECD Champion Mayors for Inclusive Growth initiative, as well as additional good practices with strong relevance for EU cities.

The analysis underpinning the report draws on the results from an OECD/European Commission survey designed to identify key characteristics of strategies for reducing inequalities and promoting inclusive growth in cities (hereafter called the “OECD/EC survey”).

The survey was conducted in two iterative steps:

- Step 1 (October-December 2024) mapped the broader strategic context for inclusive growth in cities within and beyond the European Union, including strategic objectives, stakeholder involvement, budgets and multilevel governance.
- Step 2 (July-October 2025) collected detailed insights on concrete policy examples implemented in cities, forming the basis for the good practices showcased in the online tool.

Together, these two steps gather practical examples of effective strategies and policies (“what to do”) and actionable guidance on implementation (“how to do it”) for local leaders and national governments.

Executive summary

Cities are powerful drivers of national economic growth, but stronger economic performance in cities does not automatically deliver broad-based prosperity. Analysis of more than 600 European Union (EU) cities shows that higher productivity and GDP growth are not always associated with lower poverty, reduced inequality or improved access to opportunity. In many large cities, productivity significantly exceeds national averages, while poverty reduction has stalled or reversed over the past decade. The challenge for policymakers is therefore not only to generate growth, but to ensure that it expands opportunity, enabling all residents to contribute to and benefit from it.

Inclusive growth in cities is not only a social objective, but also an economic one. When groups of people face barriers to quality education, employment, housing, mobility or essential services, cities underutilise their workforce and productive potential, ultimately weakening overall productivity and economic output. Across EU OECD countries, childhood disadvantage alone is estimated to cost 3.4% of GDP annually through lost employment, earnings and health outcomes. At the national level, higher inequality can also weigh on long-term growth: a 3-point increase in the Gini coefficient is associated with a 0.35 percentage point reduction in annual GDP per capita growth, leading to substantial cumulative losses over time.

These economic and social costs are particularly acute in cities, where inequalities tend to be spatially concentrated and mutually reinforcing. In cities across the EU, 37 million residents are at risk of poverty or social exclusion. Once housing costs have been taken into account, the share of urban residents at risk of poverty nearly doubles in some cities. Beyond these economic impacts, persistent inequality can erode trust in institutions, deepen territorial divides and undermine the foundations of long-term prosperity.

Inequalities in cities are multidimensional, cumulative and spatially concentrated. Disadvantages in income, employment, health and access to services often overlap within the same neighbourhoods, reinforcing one another over time. For example, a lack of foundational readiness when starting school – such as gaps in cognitive, social and emotional skills – predicts poor grades, which limits access to good jobs and in turn constrains the local tax base and public services available for the next generation. Across the European Union, nearly one in three residents in large and mid-sized cities cannot reach public transport within a ten-minute walk and around one in four lack access to a green space, limiting access to jobs, services and quality of life. These gaps disproportionately affect some groups, such as young people, low-income households and people with a migrant background, translating into unequal life chances within the same city.

Structural characteristics of cities – size, demographic trends and economic specialisation – determine their specific inclusive growth challenges. Analysis shows that large, service-oriented cities often combine strong growth with persistent inequality, polarised labour markets and housing pressures. By contrast, smaller, shrinking or industrial cities frequently face weaker growth and lower labour market participation, which can constrain opportunities for residents and reduce resilience to economic shocks. Demographic dynamics also matter: growing cities often attract higher-skilled workers and stronger investment, but such dynamics can trigger rapid rises in housing costs.

Against this backdrop, this report explored the five policy pillars of the OECD Inclusive Growth in Cities framework – education, labour market, housing and the built environment, infrastructure and public services, and fair climate action. Evidence showed that in many cities, action across these pillars delivered measurable improvements in economic and social outcomes. In Barcelona, Spain, for example, a school desegregation programme narrowed the educational achievement gap by nearly three points for disadvantaged students in standardised tests. In Tromsø, Norway, a six-month language introduction programme helped 70% of refugees into employment within six months. In Portugal, Lisbon’s Housing First programme achieved a 90% housing sustainment rate, i.e. participants remained stably housed over time, while halving substance use, showcasing a positive impact of integrated, people-centred approaches. In Madrid, Spain, the youth transport pass increased the probability of finding employment after job loss by 23 percentage points. In Milan, Italy, the Low Emission Zone is predicted to cut air-pollution related mortality by approximately 50% by 2030, gains that disproportionately benefit vulnerable groups. This report brings together a wealth of such evidence from OECD and EU cities illustrating what works in practice to foster more inclusive urban growth.

Although interventions vary across cities, effective approaches share a set of common characteristics. They shift from departmental silos towards cross-sectoral policy action, combining people- and place-based approaches. The most impactful local interventions also move away from short-term crisis responses towards sustained, preventative frameworks that blend physical (“hard”) infrastructure with social (“soft”) interventions, with an explicit focus on high-risk life-course transitions.

Moreover, local interventions are more effective at addressing overlapping disadvantages when they derive from a shared long-term vision tackling the root causes of urban inequality. Successful examples include Düsseldorf’s Zukunft Quartier, Germany, which promotes neighbourhood regeneration through participatory planning, or in Romania, Cluj-Napoca’s Housing First-driven desegregation, which combines investment in housing development and skills training with health and educational support for Roma communities. Similarly, Stockholm’s Fokus Järva initiative, Sweden, integrates large-scale housing renewal and public space improvements with local job programmes and targeted school investments.

Despite growing recognition of the importance of driving inclusive growth in cities, implementation gaps remain. While 77% of cities in the OECD/EC survey report prioritising inclusive education, followed by 75% that prioritise reducing inequality and fostering inclusion, around 60% still implement inclusive growth along departmental silos, where economic development and inequalities are typically addressed through distinct structures. Cities also report persistent challenges in aligning stakeholders around a shared vision, securing financing and funding, accessing granular data and building technical capacity.

To help address these challenges, the report highlights seven enabling factors that underpin effective approaches: i) embedding inclusive growth objectives into long-term economic and spatial strategies that align priorities across levels of government; ii) incorporating structured participatory design; iii) strengthening granular data systems disaggregated at the neighbourhood level to improve targeting, monitoring and policy impact; iv) mobilising sustainable financing and funding, including pooled funding across levels of government where appropriate; v) building dedicated teams focused on fostering inclusive growth in close partnership with local communities; vi) monitoring, evaluation and adaptation grounded in timely indicators with feedback loops to improve outcomes and refocus action over time; and vii) sustaining political support over time through clear communication of results.

Building on these findings, the report proposes a five-stage Roadmap for Inclusive Growth in Cities to support implementation of inclusive growth ambitions across different city contexts:

1. **Diagnose:** Identify who and which places are being left behind through a robust evidence base. This involves situating the city within its broader economic and demographic context, identifying spatial disparities and mapping overlapping opportunity gaps across neighbourhoods and population groups. Particular attention should be given to the cumulative nature of disadvantage in cities where barriers such as low educational attainment, poor health, weak labour demand and

inadequate housing reinforce one another and limit both individual opportunity and local economic potential.

2. **Prioritise:** Focus on the opportunity gaps that matter most for both inclusion and economic performance. Rather than attempting to address all challenges simultaneously, cities should identify a limited number of strategic priorities where action can have the greatest impact to expand access to jobs, services and opportunities. This requires balancing long-term strategic goals with short-term visible improvements, while being explicit about trade-offs and recognising that different groups and places may benefit differently from growth.
3. **Mobilise:** Design integrated initiatives to tackle the root causes of barriers to opportunity. Inclusive growth challenges rarely fall in a single policy domain. Cities should therefore align education, labour market, housing, transport and climate interventions around shared objectives for specific places and population groups. Mobilisation is about engaging and aligning different levels of government and city departments, various stakeholders and funding streams so that subsequent actions reinforce one another to unlock access to opportunities in cities.
4. **Implement:** Translate inclusive growth strategies into action by launching early initiatives that demonstrate progress. Strong delivery arrangements, continued co-ordination across departments, clear communication with partners, and regular reporting on progress help maintain stakeholder trust, sustain momentum and ensure successful implementation.
5. **Monitor, learn and adapt:** Track outcomes across people and places, using indicators capturing both economic performance and inclusion outcomes, as policies may produce uneven or unintended spatial effects over time. Cities can use this evidence to refine interventions based on evidence, and scale effective approaches by embedding them into long-term city planning and budgeting frameworks.

1 Inclusive growth and why it matters for cities

This chapter examines the relationship between economic growth and inclusion, tracing how economic thought has evolved from first linking the two to increasingly treating them as largely separate objectives in late 20th century policy. More recent approaches seek to again reconcile these two goals, recognising that sustained economic prosperity depends on broad-based opportunities and outcomes. Inclusive growth challenges are often particularly acute in cities, which act as engines of economic growth in countries, while also concentrating persistent inequalities. This chapter highlights the socio-economic costs of failing to pursue inclusive growth, as well as the economic and social benefits it can generate for cities.

Key messages

- Inclusive growth represents a shift in economic thinking which positions broad-based prosperity and economic efficiency as mutually reinforcing forces, rather than separate or competing objectives.
- Cities are both engines of growth and places where deep, multidimensional inequalities are found. Inequalities in income, housing and access to opportunity vary significantly across and within cities, with some places and populations consistently left behind.
- Failing to foster inclusive growth in cities carries significant social and economic costs. It constrains productivity and labour supply through gaps in education, skills and health. Inequalities can drive social unrest that deters investment and undermines competitiveness, creating systemic risks that weigh on long-term economic performance.
- The costs of inaction can compound over time. Inequalities in education, housing and access to opportunity reinforce one another across generations, entrenching disadvantage.
- Conversely, inclusive growth builds resilience to economic and social shocks, improves job quality and provides the opportunity for cities to leverage local strengths and address place-specific challenges.
- For cities, inclusive growth begins with a strategic choice to treat access to opportunity among the drivers of growth, not simply a byproduct of it. This means explicitly integrating access to opportunity into economic strategies from the outset, rather than retrofitting them.

The relationship between inclusion and growth

From growth first to inclusive growth: a shift in economic thinking

The question of how wealth is distributed, alongside the overall size of the economy, has long been central to economic thought. Early economic thinkers, such as Adam Smith (1723-1790), John Stuart Mill (1806-1873) and Alfred Marshall (1842-1924), each acknowledged, albeit in different ways, that economic growth should be a means to improving societal well-being and living standards, rather than an end in itself (Samans, 2024^[1]). However, by the late 20th century, policy debate increasingly prioritised economic efficiency and growth over living standards. The shift towards neoliberalism, associated with economists like Ludwig von Mises (1881-1973), Friedrich Hayek (1899-1992) and Milton Friedman (1912-2006), relied on the assumption that wealth generated at the top would eventually “trickle down” to the rest of society, addressing inequalities.

Recent evidence from European Union (EU) cities challenges the assumption of “trickle-down” models. Analysis across more than 600 cities finds that strong gross domestic product (GDP) and productivity growth are not automatically associated with improved inclusion outcomes. Cities with high levels of economic dynamism, that are often large, growing and specialised in advanced services or with diversified economies, do not consistently experience reductions in poverty or inequality. This suggests that the link between growth and greater inclusion is not automatic, but rather it depends on how growth is structured and distributed (see further details in Chapter 2: Context matters).

The emergence of inclusive growth and related frameworks

The concept of inclusive growth emerged in the early 2000s as a direct response to the shortcomings of traditional trickle-down models. Earlier frameworks like pro-poor growth, economic growth where a larger share of benefits go to the poorest (Kakwani and Pernia, 2000^[2]), and sustainable development (Parris and Kates, 2003^[3]) set the stage for an approach that integrates economic and social policies.

Inclusive growth posits that equal access to opportunity and economic expansion can be mutually reinforcing and that, over the long term, equity is fundamental for sustainable prosperity (de Mello and Dutz, 2012^[4]). It is defined as economic growth that is distributed fairly across society and creates opportunities for all (Boarini, Murtin and Schreyer, 2015^[5]). This approach not only addresses wealth concentration and shifts in income from labour to capital (as highlighted by Piketty (2014^[6])) but also explicitly targets discrimination, social exclusion and poverty – core concerns underpinning the European Pillar of Social Rights. By tackling these structural changes, inclusive growth seeks to foster a society where economic and social prosperity are mutually reinforcing, recognising that a reduction in inequalities and broader participation and access to opportunities can act as drivers of stronger and more sustainable economic growth, including by enhancing human capital, labour utilisation and productivity (OECD, 2016^[7]).

In parallel, other theoretical frameworks have enriched the debate on inclusive growth and seek to address shortcomings in traditional growth models. For instance, inclusive capitalism and inclusive productivity focus on boosting productivity, growth and wages while ensuring more equitable outcomes (Cho et al., 2024^[8]). The World Bank’s “shared prosperity” concept, introduced in 2014, measures the income of the bottom 40% of a country’s population and emphasises the need to lift the most vulnerable (World Bank, 2014^[9]). Similarly, international efforts to move “beyond GDP” highlight the importance of measuring well-being, sustainability and the distribution of outcomes alongside economic output (Stiglitz, Fitoussi and Durand, 2018^[10]). More recently, the concept of human-centred economics calls for reorienting economic systems towards improving living standards and well-being, rather than focusing solely on GDP growth. The concept proposes that the living standards of the median household should receive at least as much policy attention as the overall wealth, or productive output, of an economy (Samans, 2024^[11]).

At the same time, growing concerns about the environmental and social externalities of traditional growth models have led to the emergence of concepts such as green growth, post-growth and degrowth. Green growth seeks to reconcile economic expansion with environmental sustainability, while degrowth challenges the notion of growth itself, advocating for a reduction in resource consumption and shift towards equitable well-being (Hickel, 2020^[11]; Kallis, Kerschner and Martinez-Alier, 2012^[12]). These concepts, while differing in their approaches, share a common emphasis on equity, sustainability and the need to address systemic inequalities.

These debates highlight the risks associated with pursuing either growth or inclusion in isolation. Growth strategies that fail to broaden access to opportunities can deepen social and spatial inequalities, weaken trust in institutions and create social discontent. At the same time, approaches focused solely on redistribution can lead to zero-sum games where efforts become unsustainable due to economic discontent among groups that feel opportunities are being taken away from them (Rodríguez-Pose, Terrero-Dávila and Lee, 2023^[13]). In regions that have experienced prolonged stagnation, efforts to foster inclusion without a strategy for economic renewal can fuel resentment, reinforcing perceptions of unfairness and deepening divisions (Rodríguez-Pose, 2018^[14]), undermining measures to reduce inequality (see more details on cost of inaction below).

Box 1.1. The OECD's work on inclusive growth

The OECD has worked on inclusive growth since the 2010s through initiatives and analytical frameworks aimed at understanding how economic growth can better translate into improved well-being and opportunities for all.

Early work, including the Inclusive Growth Initiative (de Mello and Dutz, 2012^[4]) examined the relationship between inequality and economic performance and highlighted the role of equal opportunities in supporting long-term prosperity. The OECD subsequently expanded this work at the city level through the OECD Champion Mayors for Inclusive Growth Initiative (OECD, 2016^[15]), a global coalition of city leaders committed to tackling inequality and promoting more inclusive urban development.

The OECD has also produced a range of reports examining inclusive growth challenges and responses at the city level, including *Making Cities Work for All* (OECD, 2016^[7]) and *Divided Cities* (OECD, 2018^[16]). More recently, the OECD's work on sustainable and inclusive productivity growth (Cho et al., 2024^[8]) provides guidance for policymakers to co-ordinate action on boosting productivity growth – core to long-term progress on wages and economic prosperity and therefore on inclusive growth.

The OECD well-being framework has also contributed to the broader debate by moving beyond GDP-based measures to capture broader social, economic and environmental dimensions of progress and provide a more comprehensive assessment of societal well-being (OECD, 2020^[17]).

Sources: de Mello, L. and M. Dutz (eds.) (2012^[4]), *Promoting Inclusive Growth: Challenges and Policies*, <https://doi.org/10.1787/9789264168305-en>; OECD (2016^[15]), *Paris Action Plan for Inclusive Growth in Cities*, <https://www.oecd.org/content/dam/oecd/en/about/programmes/cfe/oecd-champion-mayors-for-inclusive-growth/Paris-Action-Plan.pdf>; OECD (2016^[7]), *Making Cities Work for All: Data and Actions for Inclusive Growth*, <https://doi.org/10.1787/9789264263260-en>; OECD (2018^[16]), *Divided Cities: Understanding Intra-urban Inequalities*, <https://doi.org/10.1787/9789264300385-en>; Cho, W. et al. (2024^[8]), "Diagnosis and policy action for sustainable and inclusive productivity growth", <https://doi.org/10.1787/1668f250-en>; OECD (2020^[17]), *How's Life? 2020: Measuring Well-being*, <https://doi.org/10.1787/9870c393-en>.

Comparing models of growth and development

To better understand the relationships between concepts of growth, Table 1.1 compares the core principles and objectives of inclusive growth with examples of other models of economic development. While not exhaustive, the comparison highlights where concepts converge and diverge, illustrating the trade-offs and synergies in adopting specific or hybrid models for growth and development. For instance, while green growth and degrowth share aims of environmental sustainability, there are tensions between green growth's aim of economic expansion, while degrowth advocates to reduce economic activity.

A central distinction across these models concerns the role of economic growth itself. For example, while both green growth and degrowth prioritise environmental sustainability, they diverge fundamentally in their assumption: green growth seeks to sustain economic expansion through decoupling emissions whereas degrowth calls for a reduction in material use and, in some contexts, economic activity more broadly. Similarly, post-growth frameworks question the primacy of GDP as a policy objective while approaches such as trickle-down economics or shared prosperity remain anchored in growth-led paradigms, differing in how the benefits of growth are distributed. Understanding these differences is important: cities and national governments often adopt hybrid approaches in practice, combining elements from multiple frameworks depending on local priorities, constraints and development objectives.

Table 1.1. Inclusive growth and other examples of models of economic development

Concept	Core principle	Aim
Inclusive growth	Economic and social policies can be mutually reinforcing; broad-based participation supports stronger and more resilient growth	Expand opportunities and improve living standards across population groups
Trickle-down economics	Economic growth eventually benefits all segments of society through market mechanisms	Maximise GDP growth; assume benefits diffuse to lower-income groups over time
Sustainable development	Economic, social and environmental objectives must be jointly pursued	Foster long-term well-being without compromising future generations
Pro-poor growth	Growth should disproportionately benefit the poorest segments of society	Accelerate poverty reduction and improve outcomes for the most vulnerable
Inclusive capitalism	Market economies can deliver equitable outcomes with appropriate institutions and governance	Promote shared prosperity through higher productivity, wages and broad participation
Shared prosperity	Focus on income growth among the bottom 40% of the income distribution	Reduce inequality and improve living standards for lower-income groups
Green growth	Economic growth can be sustained while reducing environmental pressures through efficiency and innovation	Decouple economic activity from environmental degradation
Post-growth	Economic success should not be measured primarily by GDP growth	Achieve well-being and social progress within ecological limits, without reliance on continued growth
Degrowth	Ecological sustainability requires a reduction in resource use and, in high-income contexts, economic activity	Achieve equitable well-being within planetary boundaries through lower material consumption

Sources: Arndt, H. (1983^[18]), “The ‘Trickle-Down’ Myth”, <https://www.journals.uchicago.edu/doi/pdf/10.1086/451369>; OECD (2015^[19]), *All on Board: Making Inclusive Growth Happen*, <https://doi.org/10.1787/9789264218512-en>; OECD (2016^[7]), *Making Cities Work for All: Data and Actions for Inclusive Growth*, <https://doi.org/10.1787/9789264263260-en>; Belmonte-Ureña, L. et al. (2021^[20]), “Circular economy, degrowth and green growth as pathways for research on sustainable development goals: A global analysis and future agenda”, <https://doi.org/10.1016/j.ecolecon.2021.107050>; Savini, F. (2024^[21]), “Post-Growth, Degrowth, the Doughnut, and Circular Economy: A Short Guide for Policymakers”, <https://doi.org/10.3138/jccpe-2023-0004>.

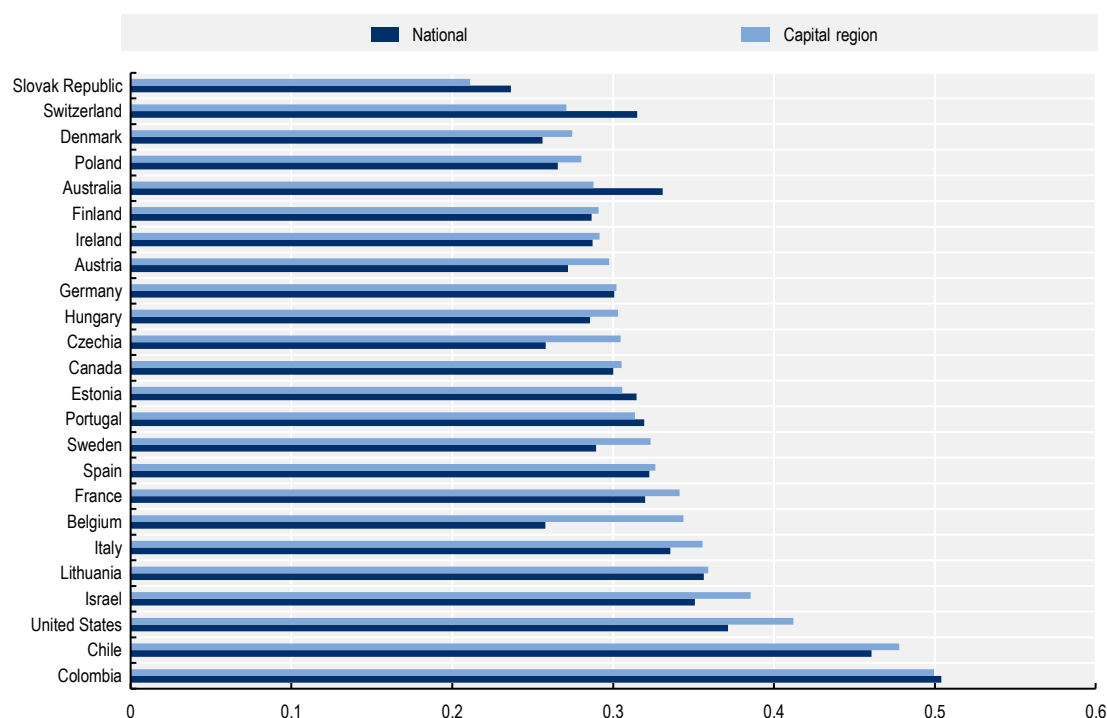
Economic efficiency and equity in cities

Cities are engines of economic growth but also concentrate inequality

Cities illustrate the potential tensions between economic efficiency and equity. As engines of regional and national economic growth, cities account for over 80% of global GDP, while being home to around half the world’s population (OECD/UN-Habitat, 2024^[22]). Across 30 OECD countries,¹ large and mid-sized cities accounted for 61% of the total population while generating 67% of total GDP in 2013 and 73% of GDP growth between 2013 and 2021 (OECD, forthcoming^[23]). Yet, despite their central role in driving productivity and competitiveness, cities tend to exhibit higher levels of income inequality than the national average. In fact, income inequality, measured by the Gini coefficient – a common measure of income inequality, where 0 is perfect equality and 1 is perfect inequality – is not only higher in cities than in other areas, but also tends to increase with city size (Castells-Quintana, Royuela and Veneri, 2020^[24]). Higher income inequality in capital city regions compared to the national average illustrates this divide (Figure 1.1). Considering EU countries, income inequality is higher than the national average in 14 of 18 capital regions for which data are available.

Figure 1.1. Income inequality in capital regions is often higher than the national average

Gini coefficient, 2022 or latest year available



Note: In 17 of 24 countries where data were available.

Source: OECD (n.d.^[25]), *OECD Regions, cities and local areas database (Income inequalities - Regions)*, <http://oe.cd/geostats>.

Inequalities between cities: divergence and “left-behind” places

Economic and social inequalities exist both between and within cities. Between cities, spatial disparities in income and economic opportunities can mean residents of underperforming areas perceive they have been undervalued and left behind by globalisation, automation or shifts in industrial policy (McCann, 2019^[26]). Underperforming areas and “left behindness” can contribute to a spiral of economic stagnation and population decline, particularly as young people migrate to more prosperous cities in search of better prospects (Fiorentino et al., 2024^[27]). This, in turn, exacerbates demographic imbalances and social discontent.

Inequalities within cities: access, opportunities and outcomes

Within cities, inequality can take many forms, from unequal access to economic opportunities, quality housing, public transport and services, to disparities in environmental amenities. These inequalities can lead to disparities across monetary and non-monetary outcomes. Among these, income inequality is of particular importance, as it intersects with and reinforces other inequalities, especially those in health and overall well-being.

A key driver of income inequality within cities is the polarisation of economic opportunities. For example, large cities often power national economies through agglomeration economies and knowledge-based, high-skilled industries. At the same time, their economic structures can reinforce and exacerbate socio-economic divides. While these cities are home to high-value jobs in sectors such as finance, law or technology services, they also create demand for low-pay service jobs, such as baristas, cleaners or delivery workers, whose earnings are significantly lower (Cucca and Ranci, 2016^[28]).

Labour market inequalities are further shaped by differences in job quality and economic security. In many cities, labour market flexibilisation and the expansion of the gig economy have increased the prevalence of insecure forms of work, particularly in sectors such as food delivery, retail and personal services (more details on trends in non-standard forms of work can be found in Chapter 2) (Montgomery and Baglioni, 2022^[29]; Chacaltana and Dasgupta, 2021^[30]). While these jobs can provide flexibility and entry points into the labour market, they are often characterised by lower wages, unstable incomes, limited social protection and fewer opportunities for career progression. Research suggests these such forms of employment can trap workers in low-wage and insecure jobs, limiting both social mobility and economic resilience. Emerging evidence also points to broader well-being impacts. A study of over 90 000 American workers found that individuals holding multiple jobs spent less on both essential and discretionary goods and reported lower levels of financial satisfaction, mental health and overall job satisfaction than equivalently paid single-job earners (Tsai and Buell, 2025^[31]).

Beyond labour market dynamics, other factors can contribute to inequalities in cities. The higher cost of living in cities compared to rural areas, particularly for housing and essential services, disproportionately affects lower-income residents, as well as the “squeezed middle class”, limiting discretionary saving or spending power and reducing opportunities for upward economic mobility (OECD, 2021^[32]). Urbanisation and gentrification can push vulnerable groups to the periphery of cities, reinforcing spatial segregation, exacerbating environmental inequalities by increasing their reliance on private cars and reducing access to jobs, healthcare and education (Hochstenback, 2017^[33]).

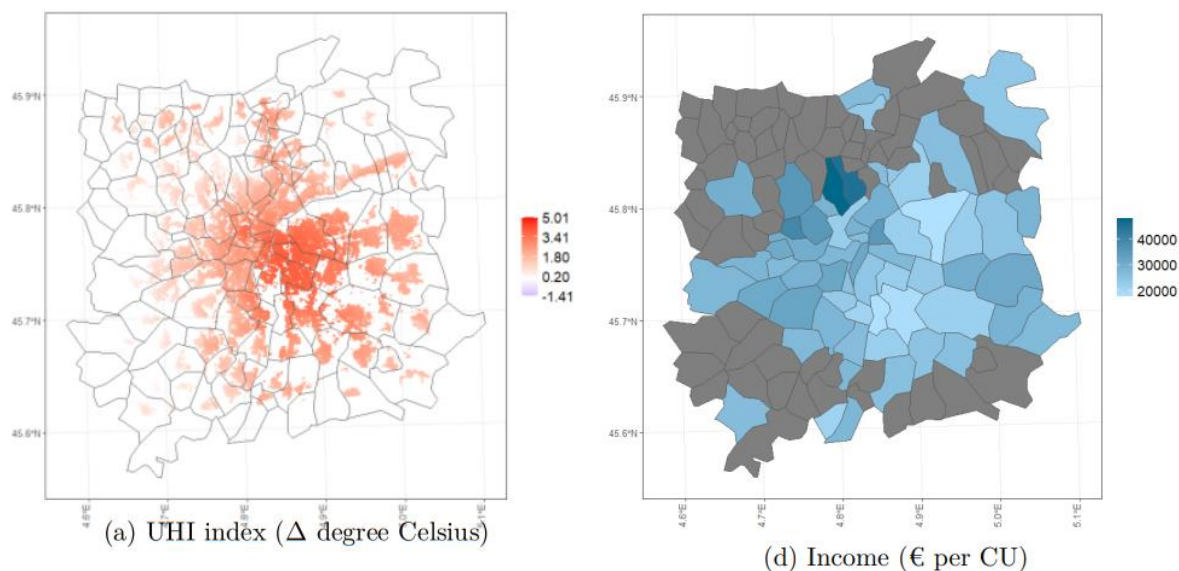
Compared to rural and suburban areas, cities tend to attract a larger share of youth and students and people with a migrant background than other regions (OECD, 2025^[34]). These groups can face greater barriers to economic mobility and be most vulnerable to ongoing labour market transitions (OECD, 2023^[35]). For instance, young people entering the job market often encounter challenges such as temporary contracts, unpaid internships or a mismatch between their skills and available opportunities alongside the significant challenge of accessing affordable and quality housing (Eurofound, 2021^[36]). Meanwhile, people with a migrant background are more likely to experience labour market discrimination, lower wages and restricted access to social protection systems, further exacerbating inequality in cities (Mohammadi, 2024^[37]; ILO, 2021^[38]).

Multidimensional inequalities in cities

Inequalities in cities are multidimensional, extending beyond income, to encompass social outcomes such as life expectancy, access to key amenities and employment opportunities. For example, low-income areas are often more exposed to environmental risks such as extreme heat and air pollution. A study of urban areas in France found that in cities such as Lyon, where wealthier households tend to reside in affluent suburbs, exposure to urban heat islands decreases as income rises (Figure 1.2) (Gislain-Letrémy, Sixou and Sotura, 2024^[39]). Similarly, research on air quality disparities in United States (US) cities indicates that both household income and ethnic background influence exposure to air pollution, with lower income and ethnic minority households experiencing poorer health outcomes. Compared to the general population, low-income, ethnic minority households were 28% more exposed to nitrogen dioxide than high-income white households, with much greater disparities observed in some larger cities in the United States (Demetillo et al., 2021^[40]).

The interconnected nature of multidimensional inequalities is also evident in housing dynamics. Rising house prices contribute to the displacement of lower-income and increasingly middle-income residents, including key workers for strategic sectors and services, to more affordable areas, often with fewer amenities and poorer local environments, while wealthier populations locate in well-served districts with better health outcomes (Bennett et al., 2023^[41]). The housing crisis can also mean key workers, such as teachers, nurses or municipal employees, can face high travel costs or long commutes threatening the effective delivery of public services, as they are being outpriced from living near their workplaces.

Figure 1.2. Urban heat island (UHI) index and income in Lyon, France



Note: The grey borders represent all the city's municipalities. Map A represents the UHI index in degree Celsius difference relative to the surrounding countryside. Map B represents the household average income in euros per consumption unit at the municipal level. Data dissemination rules to protect household confidentiality only allow for displaying income for municipalities with more than 5 000 inhabitants. This explains the municipalities greyed out in Map B.

Source: Grislain-Letrémy, C., J. Sixou and A. Sotura (2025^[42]), "Urban Heat Islands and Inequalities: Evidence from French Cities", <https://www.banque-france.fr/en/publications-and-statistics/publications/urban-heat-islands-and-inequalities-evidence-french-cities>.

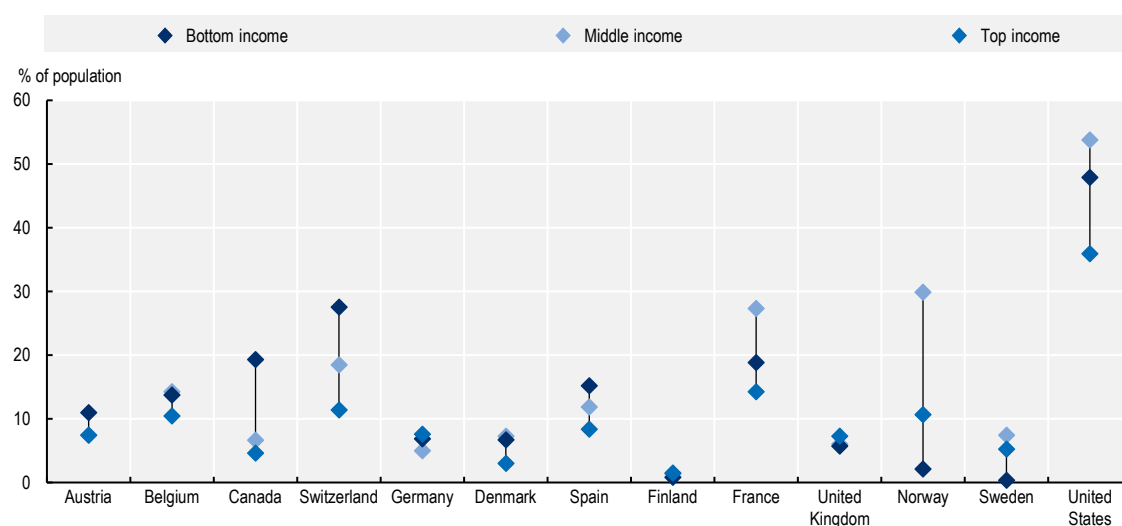
These multidimensional inequalities also have strong intergenerational dimensions, reinforcing the cycle of poverty and discrimination in cities. Socio-economic background remains a strong predictor of educational outcomes, with access to high-quality, inclusive education continuing to be unequal in many urban settings (European Commission, 2024^[43]). Children growing up in disadvantaged households often face barriers which begin early and accumulate over time, such as under-resourced schools, more inexperienced teachers, few extracurricular activities and limited access to social mobility-enhancing networks (OECD, 2019^[44]; OECD, 2025^[45]). These disparities in education not only constrain individual life changes but can also perpetuate broader inequalities in health, employment and housing (find more details in Chapter 2 – Trends and drivers of inclusive growth in cities).

Environmental disparities can be both a cause and consequence of inequality within and between cities. In OECD functional urban areas (FUAs),² about one in four residents are unable to access green space within a short walking distance (400 metres or less). EU urban centres tend to perform better, with typically fewer than one in eight residents unable to reach green spaces within a short walk. However, access remains uneven both between and within countries. In France or Norway for example, residents in lower-income cities are significantly more likely to lack nearby green space (27% and 30% respectively), compared to just 14% and 11% in their high-income cities. In contrast, in Austria, Finland and Germany,

green space access is uniformly high across cities, regardless of income level (Figure 1.3). These differences in environmental factors such as access to parks and recreational spaces can contribute to pronounced disparities in health outcomes across cities.

Figure 1.3. Urban centre population without walking access to a green area in FUAs by income level of residents, 2024

Share of population without access to a green area in mid-sized/large FUAs



Note: Percentage of population without access to a green area within 400 metres in urban centres of FUAs with 250 000 inhabitants or more. Green areas were extracted from OpenStreetMap and include parks, playgrounds, recreation grounds, village greens, nature reserves, gardens, zoos, cemeteries, graveyards, forests, woods, scrubs, heath, grassland and wetland.

Source: OECD (n.d._[46]), *OECD Local Data Portal (database)*, <https://www.oecd.org/en/data/tools/oecd-local-data-portal.html>.

The costs of inaction: inequality as a drag on the long-term economic growth of cities

How inequality reduces productivity: human capital and health gaps

Failing to address inequalities can incur economic costs and diminish citizen welfare. Persistent inequality can slow economic growth. The average rise in inequality recorded in OECD countries between the 1980s and 2011 was roughly 3 Gini points in the Gini coefficient. EU countries with comparable data experienced a more modest rise in inequality, of around 1.6 Gini points over the same period (Solt, 2020_[47]). Empirical analysis finds that a 3-point rise in the Gini coefficient is associated with a reduction in GDP per capita growth of 0.35 percentage points (p.p.) annually, leading to a cumulative loss of 8.5% over 25 years (Cingano, 2014_[48]; Llana-Nozal, Martin and Murtin, 2019_[49]).

One mechanism that reduces GDP per capita growth is inequality of educational outcomes. In the European Union socio-economically advantaged and disadvantaged students face a gap in educational underachievement³ of 37 p.p. (European Commission, 2024_[43]). Children from low-income households are also more likely to face financial barriers to staying in education, resulting in a misallocation of talent and reduced overall productivity. Unequal access to education and employment opportunities is linked to lower productivity and economic inefficiency. In the EU, the gender employment gap alone was estimated to have a social cost of EUR 320 billion or 2% of GDP in 2021 (Eurofound, n.d._[50]).

Health inequalities further exacerbate economic inefficiency. Disparities in health outcomes across income groups are estimated to result in a welfare loss of 9.4% of GDP in the European Union (Mackenbach, Meerding and Kunst, 2010^[51]). These losses underscore the negative externalities of inequality, such as lost productivity and higher social costs, which ultimately can weaken both the economic performance and social cohesion of cities.

Inequality as a driver of systemic economic risks

Beyond direct economic losses, extreme inequality can lead to social unrest, which in turn undermines investment, weakens competitiveness and reduces consumption. Research shows that a one standard deviation in the social unrest index (a measure based on reports in the media) reduces GDP by 0.2 p.p. over the following 1.5 year (Hadzi-Vaskov, Pienknagura and Ricci, 2023^[52]). Spatial inequalities exacerbate these challenges, creating so-called “geographies of discontent” (McCann, 2019^[26]; Rodríguez-Pose, Dijkstra and Poelman, 2024^[53]). Over time this can lead to a widening gap between cities: while some cities pull ahead as engines of growth, deindustrialisation can cause others to experience development challenges due to job losses, declining public services and population shrinkage, exacerbating grievances. These economic disparities have been linked to rising discontent in the European Union, growing support for populist movements and high levels of mistrust in public institutions (Rodríguez-Pose, Dijkstra and Poelman, 2024^[53]; De Ruyter, Martin and Tyler, 2021^[54]).

The case for inclusive growth in cities

Inclusive growth drives economic dynamism and social cohesion

At the macro level, inclusive growth policies have demonstrated their potential. For instance, it is estimated that the EU Cohesion Policy has contributed to measurable increases in GDP in countries where support has been focused, projecting gains for up to 8% in Croatia and around 6% in Poland and the Slovak Republic by 2030 (European Commission, 2024^[55]). However, while national and regional disparities have narrowed, inequalities between territories mean that cities in less developed regions continue to face challenges in service provision, quality of life and risk of poverty, while within-city inequalities persist, affecting access to jobs, services and economic opportunities (European Commission, 2024^[55]).

There are also significant benefits from pursuing inclusive growth in cities to create economically dynamic and socially cohesive communities. Research demonstrates that cities with more inclusive neighbourhoods, characterised by lower segregation, stronger social networks and better access to quality education foster higher economic mobility, particularly for disadvantaged groups (Chetty et al., 2022^[56]). Social capital, or connectedness between economic groups, varies significantly across cities and regions, and more inclusive areas tend to achieve better economic outcomes. In particular, economic connectedness – measured through friendship between high- and low-income individuals – is one of the strongest predictors of economic mobility, highlighting the importance of mixed-income neighbourhoods in breaking cycles of poverty and driving growth (Chetty et al., 2022^[56]). Conversely, barriers to inclusive growth such as economic and racial segregation can limit the development of social capital, restricting opportunities for upward mobility.

Inclusive growth underpins resilience to economic and social shocks

Inclusive growth can also strengthen cities’ response and resilience to economic shocks, public health crises and climate-related challenges. Evidence highlights how proactive government investment and local leadership in response to economic challenges can play a more important role in shaping long-term

economic success than initial industry mix (Bartik, 2024^[57]). For example, Grand Rapids, Michigan (the United States), a city that suffered from manufacturing decline, successfully redeveloped its economy by investing in advanced manufacturing clusters. These new industries built on the existing skills of the city's labour market and were complemented by state investments in customised job training programmes (Bartik, 2018^[58]). As a result, by 2016, manufacturing employment in Grand Rapids was 50% higher than if the city had followed post-1990 American trends. This example highlights how inclusive growth strategies, when rooted in local assets and supported by targeted interventions, can reverse economic decline and create sustainable pathways for prosperity.

A review of “turnaround cities”, i.e. places that have reversed long-term economic underperformance, such as Dortmund, Germany, Pittsburgh, United States or Bilbao, Spain, shows that those that successfully revitalised did so by integrating economic development strategies with policies that enhance quality of life. Such an approach reflects the growing recognition that quality of life is not just a social objective but a competitive factor, especially in the context of persistent skills shortages (Frick, 2023^[59]). Similarly, economically prosperous and socially inclusive cities are better equipped to withstand and recover from disruptions, as diversified economies and cohesive communities provide stronger foundations for adaptation (OECD, 2024^[60]). Cities that effectively harness inclusive growth by developing dynamic, innovative economies with a skilled labour force are better positioned to attract and retain both employers and employees, particularly when supported by high-quality public services, accessible housing and cultural vibrancy, as talent attraction increasingly depends not only on job opportunities, but on the broader liveability of a place.

Fostering quality of life through inclusive growth in cities is particularly relevant for providing citizens with the “right to stay” – the ability of individuals to remain in their local communities, rather than feeling compelled to relocate in order to thrive (Letta, 2024^[61]). Indeed, inclusive growth can help cities not only attract but also retain residents by supporting equitable access to opportunities and services that support well-being and belonging. This can be achieved through policy instruments such as affordable housing, equitable access to public services and inclusive economic opportunities (see Chapter 3 for more details about the policies to drive inclusive growth in cities). In cities, both rapid economic growth and limited economic opportunities can undermine this right. For example, economic development and rejuvenation of an area can lead to gentrification, displacing existing residents, while a lack of opportunities can result in “brain drain”, compelling young or highly skilled workers to seek opportunities elsewhere. While all citizens benefit from the right to stay, young people and low- and middle-income groups, in particular, can gain most from the freedom to decide where to live and work. Moreover, fostering the right to stay can trigger a virtuous cycle of other inclusive growth benefits, arising from greater social cohesion, economic mobility and resilience.

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Notes

¹ Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States.

²FUAs encompass the economic and functional extent of cities based on daily people's movements.

³ Students are underachievers if they do not reach the OECD Programme for International Student Assessment (PISA) competence level 2, considered as the minimum standard for active participation in society. Level 2 students can, in practical terms, use basic algorithms, apply simple scientific knowledge and interpret simple texts.

2 Trends and drivers of inclusive growth in cities

This chapter analyses trends in inclusive growth outcomes across cities, focusing on economic dimensions such as household disposable income and employment alongside non-monetary dimensions such as health. It examines patterns across the five pillars of the OECD Inclusive Growth in Cities framework: education, labour markets, housing and the built environment, public infrastructure and services, and fair climate action. The chapter also explores how structural factors of cities – analysing inclusive growth performance by size, population dynamics and economic profile – help explain inclusive growth outcomes disparities across urban areas.

Key messages

- Measuring inclusive growth in cities requires a wide range of economic, social, spatial and environmental indicators, since no single measure captures the concept in full.
- Cities face a convergence of macroeconomic challenges that undermine the potential for inclusive growth: productivity growth has slowed markedly across OECD countries, real disposable incomes have lagged in gross domestic product (GDP) growth, and the combined pressures of wage stagnation and rising housing costs are pushing more working households into poverty risk.
- Inclusive growth outcomes are shaped by inequalities across multiple dimensions of urban life. Educational outcomes are shaped by neighbourhood effects and intergenerational poverty, city labour markets face polarisation and uneven participation rates, soaring housing costs erode disposable incomes and entrench spatial inequality, unequal access to transport, services and green space deepen disadvantage, and climate risks fall disproportionately on the most vulnerable residents in cities.
- Analysis of more than 600 European Union (EU) cities finds that growth does not automatically translate into broader improvements in living standards and differences emerge according to city type. In large and dynamic urban economies, productivity gains are accompanied by rising housing costs, labour market polarisation and congestion. Shrinking or industry-oriented cities may face weaker labour markets and skills erosion.
- The evidence illustrates why inclusive growth policies must be tailored to the structural realities of individual cities. Managing housing pressures and addressing pockets of deprivation is key in large, fast-growing cities. For mid-sized cities, priorities include supporting economic diversification and responding to growing affordability pressures. For smaller, shrinking or industry-oriented cities, managing demographic decline and adapting service provision to rising per capita costs is a central challenge.

Introduction

In cities, the objective of inclusive growth policies is to improve outcomes across income, health, employment and beyond, including access to education, infrastructure and services. This chapter examines trends in inclusive growth outcomes in cities by analysing household disposable income and other dimensions such as health and employment at the subnational level as well and trends in outcomes across the five policy pillars of the OECD Inclusive Growth in Cities framework: education, labour markets, housing and the built environment, public infrastructure and services, and fair climate action (OECD, 2016^[1]).

Measuring inclusive growth in cities

Concepts, indicators and data considerations

Assessing inclusive growth in cities draws on a wide range of indicators, reflecting the multidimensional nature of the concept (OECD, 2016^[2]). There is no single measure that can explicitly capture inclusive growth. In practice, a variety of economic, social, spatial and environmental indicators are used depending on data availability and analytical purpose (Boarini, Murtin and Schreyer, 2015^[3]). These include monetary outcomes such as household disposable income and GDP per capita, labour market indicators such as

employment and participation rates, and non-monetary indicators such as health, education, housing affordability, service accessibility and environmental exposure. Subjective well-being measures like life satisfaction and perceived quality of life can also provide complimentary insights, although they are not explicitly included in the analysis that follows.

What data can (and cannot) tell us at the city level

At the same time, measuring inclusive growth at the city level remains constrained by data limitations. Policies for more inclusive growth require a solid evidence base, yet city-level data constraints limit the feasibility of constructing consistent composite indicators across cities and countries. As a result, some indicators at this scale, such as for income distribution, health and economic output, are less consistently available at the city level, while others such as demographic or spatially derived environmental indicators are more readily observed. Given these constraints, this chapter draws on a range of subnational indicators, primarily from the OECD Database on Regions, Cities and Local Areas and Eurostat.

Finally, it is important to recognise that different indicators capture distinct dimensions of inclusive growth. Aggregate economic measures such as GDP per capita reflect a city's capacity to generate prosperity but do not capture how widely these benefits are shared. Indicators on labour market issues, poverty rates, access to services and environmental conditions are therefore essential complements to understand inclusion. In cities in particular, aggregate outcomes can mask significant intra-urban disparities driven by spatial inequalities in access to opportunities, service and living conditions which ultimately shape residents' lived experience (Melic, Huovinen and Rubin, 2026^[4]). The analysis presented later in this chapter provides a quantitative perspective to better understand inclusive growth in cities through city size, demographic trends and economic profile, and influence inclusive growth in cities.

Key trends: slowing growth and poverty risks

Productivity slowdowns, stagnating incomes and rising poverty risks in cities

Growth in household disposable income is driven by various macroeconomic factors. A key driver of this growth is labour productivity, typically measured as output per worker, which has long been recognised as the engine behind sustained economic growth and rising incomes (Solow, 1956^[5]; Krugman, 1994^[6]; André and Gal, 2024^[7]). However, recent slowdowns in productivity growth across and within countries risk undermining potential for inclusive growth in cities. Data for the European Union show a notable downward trend: while annual productivity growth averaged 2% during the period 1996-2001, in 2001-2007 this dropped to 1.5%, and finally fell to 1% for the period 2013-2019. Although productivity gaps have narrowed somewhat between high- and low-performing large regions within OECD countries, suggesting poorer regions are catching up, overall productivity growth remains weak. Between 2002 and 2022, low-productivity regions (bottom 20%) saw an average annual growth rate of 1.3%, compared to just 1% for high-productivity regions (top 20%) (OECD, 2024^[8]). This stagnation in productivity is largely driven by disparities between leading and lagging firms, weaker business dynamism and broader economic conditions (Cho et al., 2024^[9]). The productivity slowdown has squeezed living standards and puts pressure on cities to generate rising incomes, improve job opportunities and ultimately drive inclusive growth. Cities experiencing low productivity and weak economic growth can find themselves trapped in a cycle whereby limited generation of good quality jobs and constrained public revenues hinder their ability to invest in services to support inclusion (OECD, 2020^[10]).

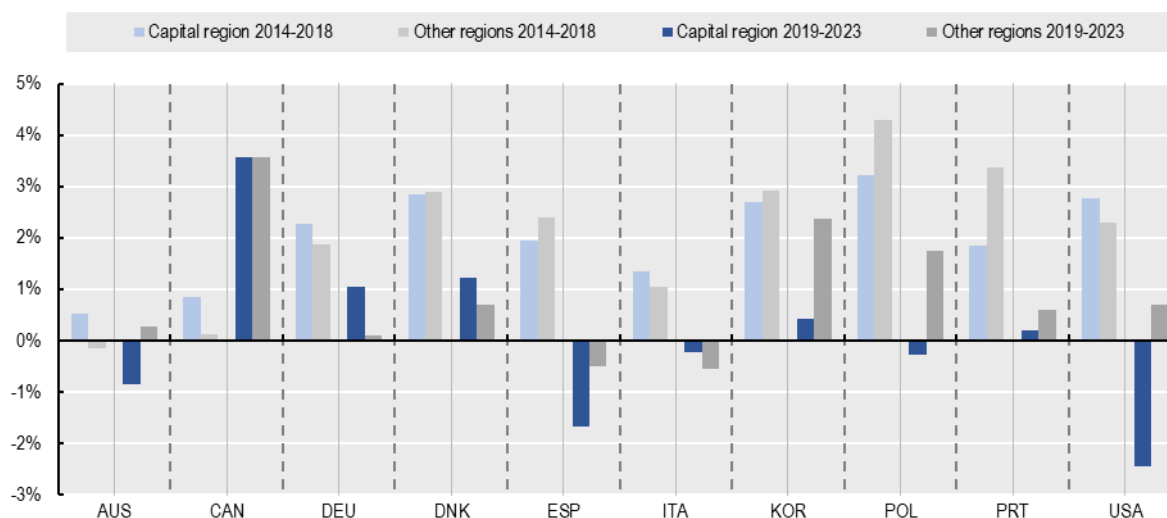
In addition to this productivity crisis, wage stagnation and rising living costs pose a further threat to inclusive growth in cities. Recent trends show disposable income growth has lagged in GDP growth, particularly in capital regions (Figure 2.1). This indicates that even when GDP per capita does rise, the benefits may not be fully felt by all households. Moreover, in seven out of ten OECD countries, capital regions saw a sharper

decline in real disposable incomes between 2019 and 2023. Stagnant wages can increase the risk of in-work poverty. In 12 EU Member states, stagnant wages have contributed to a rise in the risk of in-work poverty since 2019 (Eurostat, 2025^[11]). Although inflation has eased in many countries, the cumulative impact of successive price shocks continues to affect city residents, increasing the cost of living and squeezing real incomes, especially for poorer households (OECD, 2024^[12]; OECD, 2024^[8]). Low wage growth, combined with higher cost of living in cities, undercuts the ability of residents to afford essential goods and services which enable economic participation, including housing, childcare and mobility. Higher housing costs in cities are intensifying poverty risks in some EU countries, including in-work poverty. While patterns vary across countries, high housing costs in urban areas are pushing more working households into poverty and, in some regions, this urban pressure now exceeds that of rural areas. In Belgium, the at-risk-of-poverty rate after housing costs have been deducted¹ is 39.9% in cities compared to a national average of 28.8%. Similarly, in Denmark, the urban at-risk-of-poverty rate after housing costs reaches 40.9% versus a national average of 34.0%. In contrast, in Romania, at-risk-of-poverty is far more concentrated in rural areas (45.8%) compared to urban areas (15.0%).

A similarly nuanced picture emerges with “at risk of poverty or social exclusion” (AROPE) across different EU territories. First, comparing across regions, the urban AROPE rate is highest in Southern EU cities (23.6%), followed closely by North-Western EU cities (23.2%), and significantly lower in Eastern EU cities (14.6%).² Second, when comparing AROPE rates within each region by degree of urbanisation, different patterns emerge. In North-Western EU countries, the risk is highest in cities (23.2%), lower in towns and suburbs (19.2%), and lowest in rural areas (15.9%), indicating an urban disadvantage. In contrast, in Southern and Eastern EU countries, the trend is reversed: rural areas show the highest risk (Southern EU: 26.7%; Eastern EU: 27.9%), while cities report the lowest (Southern EU: 23.6%; Eastern EU: 14.6%) (European Union, 2024^[13]).

Figure 2.1 Growth of real disposable incomes in large regions, 2014-18 and 2019-23

Annual average % growth rate, capital regions and other regions



Note: Average annual growth rate of real household disposable income (USD PPP, reference year 2015), in %. 2014-18 and 2019-23, large regions (TL2).

Health outcomes in cities are essential to measuring inclusive growth outcomes. Health outcomes, calculated based on life expectancy at birth for example, are a core component of multidimensional living standards, a measure of inclusive growth. The relationship between inclusive growth and health is

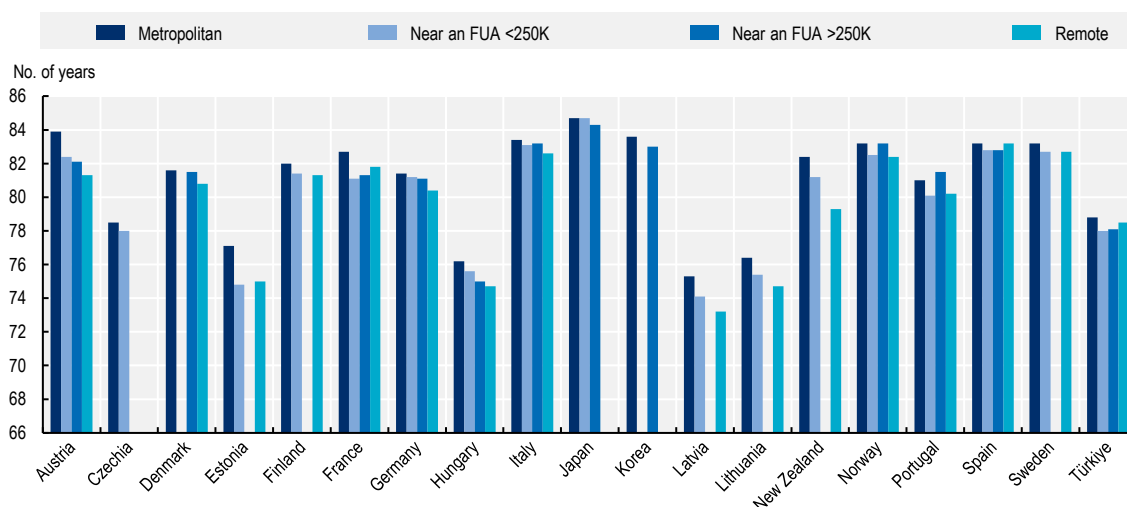
complex; for individuals, poverty can be both a cause and consequence of poor health. Cities generally outperform non-metropolitan areas when it comes to health outcomes, with an average life expectancy 2.4 years higher in metropolitan regions than in remote areas (Figure 2.2). Across 20 OECD countries, metropolitan regions had higher life expectancy than rural regions in all but one country. This advantage reflects greater access to healthcare resources, such as a higher density of doctors and hospitals, as well as differences in healthcare quality, among other factors (OECD, 2024^[12]).

However, aggregate advantages in cities can mask significant inequalities within cities themselves. Large disparities in life expectancy, healthy life years and the prevalence of chronic diseases can exist between neighbourhoods located only a few kilometres apart, reflecting differences in income, employment, housing quality, environmental conditions and access to services. In London (the United Kingdom), life expectancy can vary by more than five years between neighbourhoods, with widening inequalities reflecting socioeconomic disparities (ONS, 2024^[14]). Similar patterns are observed in many other cities, with residents of disadvantaged neighbourhoods experiencing poorer health outcomes than those in more affluent areas, reflecting inequalities in income, housing conditions environmental quality and access to opportunities (OECD, 2018^[15]).

While better access to healthcare can contribute to greater inclusive growth in cities, structural challenges in cities persist, such as environmental factors. They include higher exposure to air pollution, linked to respiratory and chronic diseases, or extreme temperatures, which has wide ranging health effects including on mortality rates, cognitive performance and violent crime (Dell, Jones and Olken, 2012^[16]).

Figure 2.2. Life expectancy at birth by country and small region type, 2023

Population-weighted average



Note: Population-weighted average life expectancy at birth in 2023, small regions (TL3). 2022 for Australia, Czechia, Denmark, Estonia, Finland, France, Hungary, Latvia, Lithuania, Norway, Portugal and Spain; 2021 for Sweden and the United Kingdom; 2020 for Germany, Japan, Korea and Türkiye; 2018 for New Zealand.

Source: OECD (2025^[17]), *OECD Regions, Cities and Local Areas Database*, <http://oe.cd/geostats>.

Finally, the employment dimension of inclusive growth has shown considerable resilience in recent years. Recent labour market tightness, which has been particularly acute in capital-city regions, can constrain business expansion and dampen local economic potential (OECD, 2024^[8]). At the same time, uneven access to employment, persistent skills mismatches and unequal access to reskilling opportunities risk undermining long-term productivity by limiting the efficient allocation and utilisation of labour across firms

and sectors (OECD, 2024^[8]). Looking ahead, technological change and automation are likely to accelerate these trends, creating a dual challenge for cities: to foster sustained job creation while ensuring that employment remains accessible, provides dignity to workers and meets high standards of quality.

Inclusive growth drivers in cities: evidence by policy pillar

Inclusive growth outcomes are also shaped by five dimensions of urban life, which are also the five policy pillars of the OECD's Inclusive Growth in Cities framework: education, labour markets, housing and the built environment, public infrastructure and services, and fair climate action. This section examines trends in cities across these dimensions and their impact on different measures of inclusive growth.

Education

Education and skills development generally boost individual's future employment rates, earnings, productivity, health and social mobility across the life course. Cities have higher levels of educational attainment than rural areas on average (OECD, 2024^[18]; Eurostat, 2024^[19]), but disparities persist, often mirroring wider socio-economic and spatial divides. Children in deprived neighbourhoods are more likely to attend schools where the majority of students come from low-income backgrounds, limiting educational opportunities due, for example, to fewer educational resources or extracurricular activities (OECD, 2025^[20]). In later life, inequalities can persist with children from deprived neighbourhoods having more limited job finding networks, limiting future employment prospects due to "neighbourhood effects" (OECD, 2018^[15]). Educational inequalities can also have wider economic implications for cities. Research from the United Kingdom shows that cities with a higher proportion of residents without formal qualifications tend to have lower employment rates, whereas cities with a greater share of highly qualified residents are among the most productive (Thew, 2025^[21]).

Educational inequalities also intersect with other forms of disadvantage and discrimination, including race and migration background. Across the European Union, foreign-born students lag behind native-born peers by the equivalent of nearly 1.5 years of schooling, while 45% lack basic literacy skills (OECD, 2025^[22]). Even among native-born children of immigrant parents, around one in three lack basic reading skills at age 15, compared to one in five among students with native-born parents. Educational gaps have significant outcomes for future labour market inclusion: in 2024, rates of young people not in employment, education or training (NEET) were substantially lower among those with tertiary education (OECD, 2021^[23]). At the same time, educational attainment does not always translate into equal opportunities later in life. While girls and many students from ethnic minority backgrounds outperform peers educationally in some OECD countries, they continue to face inequalities in labour market outcomes and wider socio-economic opportunities (Farquharson, McNally and Tahir, 2024^[24]).

Labour markets

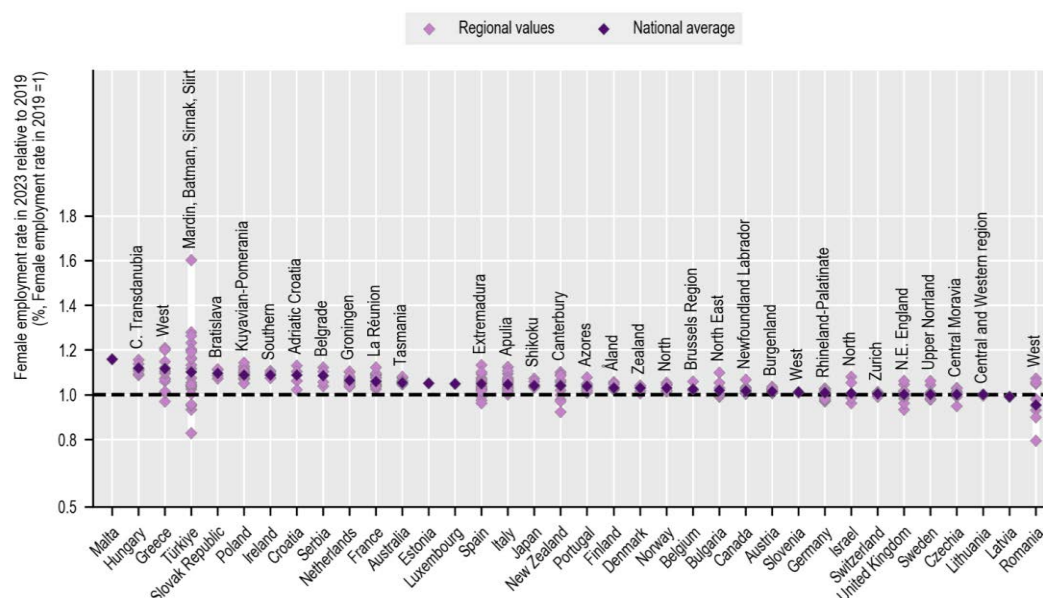
Despite overall employment gains, labour market differences between men and women in cities persist. While female employment rates in most OECD regions are above pre-COVID levels (Figure 2.3), the gap with male employment remains. In EU cities, there is a 9-percentage point (p.p.) gap between men and women (ages 20-64 years old) who are outside the labour force, with 23.6% of women, compared to 14.7% of men (Eurostat, 2023^[25]). Although this gap is generally smaller in EU cities than in towns, suburbs or rural areas, it persists even in urban settings with higher labour demand. Closing these male-female employment gaps could yield substantial economic benefits. OECD estimates suggest that eliminating employment disparities between men and women across OECD countries could raise GDP per capita growth by 0.2 p.p. (OECD, 2025^[26]). Notably, however, the potential gains vary across places, with smaller effects in cities where female employment rates are already close to the levels for males. For example, in

Finland, Latvia and Lithuania, gender gaps in urban areas are among the lowest in the European Union (0.3%, 1.2% and 2.2% respectively) (Eurostat, 2023^[25]).

Labour market inequalities affect a wide range of population groups beyond gender differences. Young people, older workers, migrants and persons with disabilities often face persistent barriers to accessing stable and well-paid employment, even in economically dynamic cities. Across the European Union, 11% of young people aged 15-29 were NEET in 2025, with rates consistently higher for young women and those from disadvantaged backgrounds (Eurostat, 2026^[27]). Persons with disabilities also experience substantial employment gaps: across OECD countries, employment rates for working-age adults with disabilities are on average 27 p.p. lower than for those without disabilities (OECD, 2022^[28]). Migrants similarly face weaker labour market outcomes despite strong labour demand in many urban areas. In the European Union, the employment gap between native-born and foreign-born populations was approximately 8 p.p. in 2023, with even larger disparities for migrant women (Eurostat, 2026^[29]). Similarly, older workers can face challenges linked to skills transitions, health conditions and age discrimination, particularly as labour markets adapt to digitalisation and the green transition (OECD, 2025^[30]).

Labour market polarisation is also intensifying, with high-skilled, high-wage jobs diverging from a growing share of low-paid and precarious work. The rise of temporary contracts, zero-hour roles and platform-based gig work, particularly among vulnerable groups such as youth, migrants and women, contributes to in-work poverty and limits economic mobility. Across OECD countries, non-standard forms of work now account for more than one-third of total employment, including temporary, part-time and self-employed work arrangements (OECD, 2019^[31]). Temporary employment alone represents around 12% of dependent employment across OECD countries but rises to more than 25% among young workers (OECD, 2019^[31]). Non-standard workers often earn less than standard workers, face higher unemployment risks and have interrupted pension contribution histories (OECD, 2019^[31]). These forms of non-standard employment can disproportionately affect groups already facing labour market barriers, including youth, migrants and women, limiting economic mobility and reinforcing wider inequalities.

Figure 2.3. Female employment rate in OECD regions, 2023 levels relative to 2019 levels



Source: OECD (2025^[17]), *OECD Regions, Cities and Local Areas Database*, <http://oe.cd/geostats>.

Housing and the built environment

Across the European Union and beyond, housing conditions increasingly mirror and reinforce social and spatial inequalities. National housing costs have surged ahead of income growth, eroding disposable income and amplifying inequalities. Between 1996 and 2024, real house prices in OECD countries rose by 76%, while GDP per capita grew by only 49% (OECD, 2025^[32]). In many cities, wages have not kept pace with rent or purchase prices, pushing more residents into precarious housing situations. This includes rising overcrowding, eviction risk and homelessness, with 20.4% of city residents living in overcrowded conditions in 2025, compared to 14.8% in towns and suburbs and 14.2% in rural areas (Eurostat, 2025^[33]). Young people are particularly vulnerable: 26% of EU residents aged 15-29 live in overcrowded dwellings, compared to 17% of the general population (European Commission, 2023^[34]).

Increasing differences in housing affordability within and between cities and their wider regions can lead to socio-economic segregation, entrenching inequality and threatening social cohesion and stability (Musterd et al., 2016^[35]). After deducting housing costs, city residents in the European Union on average face a notably higher risk of poverty than those living in towns, suburbs or rural areas (Figure 2.4). In cities, the poverty risk is nearly 2 p.p. higher than in towns and suburbs, and 0.1 p.p. higher than in rural areas (Eurostat, 2024^[36]). This highlights the deepening impact of rapidly rising urban house prices on living standards of city dwellers. As discussed earlier, this pattern is not uniform across EU Member states and regions, reflecting differences in housing markets and social policies among other factors; however, overall trends point to a growing affordability gap in urban areas. Regional or local anti-poverty strategies, such as those integrating housing support with health and social services or targeting homelessness prevention have shown potential to reduce this risk (OECD, 2024^[37]).

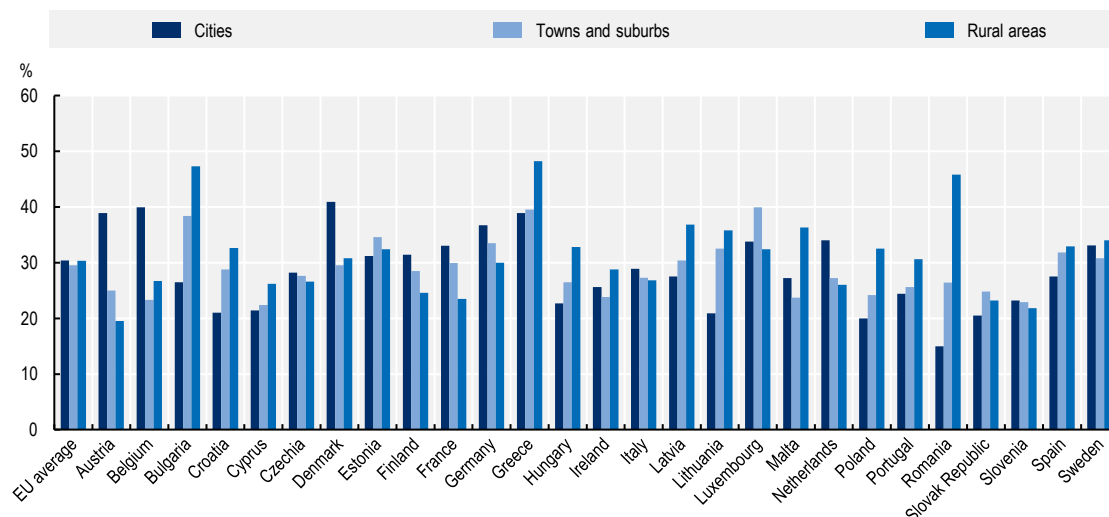
The consequences of housing stress extend beyond the financial implications. Poor-quality or overcrowded housing is linked to adverse health outcomes including respiratory problems from damp or poorly insulated buildings (OECD, 2021^[38]). It can also hinder children's educational performance due to a lack of quiet spaces or from chronic stress (OECD, 2023^[39]). Overcrowding and housing instability can also increase the likelihood of absenteeism from work or school and reduce the capacity to participate in community life, limiting social mobility. A growing concern with regards to housing is from the "residential accident", a sudden, temporary loss of housing (often due to eviction) that can have long-lasting effects on economic prospects, mental health and educational attainment. To prevent such episodes, proactive housing and social policy are crucial to avoid a spiral of exclusion.

Energy poverty is also a key challenge, further exacerbated by the 2022 energy crisis. That year, more than 41 million Europeans were unable to keep their homes adequately warm (European Parliament, 2022^[40]). Residents living in poorly insulated buildings are acutely affected. While efforts to decarbonise residential buildings such as retrofits and energy efficiency upgrades can reduce the risk of energy poverty in the longer run, they risk placing disproportionate financial burdens on lower-income households in the short run, either through out-of-pocket retrofit costs for homeowners or rent increases that are passed through to tenants.

Demographic shifts, particularly the growing share of older residents, are also reshaping housing needs. As cities age, demand for housing solutions that enable independent living and inclusion in the community, such as step-free accommodation, are rising; cities must address these demands to promote physical accessibility (OECD, 2025^[30]). In the European Union, new guidance has been adopted to promote independent living and inclusion of persons with disabilities, which can often occur at an older age. In the housing domain, the guidance underscores the importance of ensuring access to non-segregated and accessible housing within the community, with sustained investments in accessible social housing identified as a key enabler of this objective (European Commission, 2024^[41]).

Figure 2.4. At-risk-of-poverty rate after deducting housing costs by degree of urbanisation, 2023

EU countries by degree of urbanisation



Note: The at-risk-of-poverty rate is the share of people whose equivalised disposable income (after social transfers) is below the at-risk-of-poverty threshold, which is set at 60% of the national median equivalised income. Housing costs are accounted for by subtracting housing-related expenditures (e.g. rent, energy bills) from household disposable income. Degree of urbanisation uses the EU Nomenclature of Territorial Units for Statistics (NUTS) and local administrative unit (LAU) level classification, calculated based on population density and settlement size. Source: Eurostat (2024^[36]), "At-risk-of-poverty rate after deducting housing costs by degree of urbanisation", https://doi.org/10.2908/ILC_LI48 (accessed 5 June 2026).

Public infrastructure and services

Access to high-quality public services, amenities and cultural life is a critical enabler of inclusive growth in cities. However, disparities in physical accessibility, affordability and participation persist and can reinforce wider inequalities across income, age, gender and place. Disadvantaged groups face disproportionate barriers to access services and amenities with wide disparities both within and between cities.

For example, across 28 OECD countries, 36% of the old-age population (over 65 years old) in mid-sized and large³ functional urban areas (FUAs) cannot reach a pharmacy on foot within 15 minutes (OECD, 2024^[8]). Lack of proximity to essential services limits independence, increases social isolation and aggravates health risks, particularly for those with limited mobility or without access to private transport.

Access to efficient and affordable public transport and active mobility underpins access to employment, education and healthcare. Public transport helps residents develop economic capital (income), social capital (networks) and human capital (skills) (Kaufmann, Bergman and Joye, 2004^[42]). However, access to public transport remains unequal, with 29% of people in mid-sized and large FUAs unable to reach a public transport stop within 10 minutes of walking (OECD, 2024^[8]). Lower-income residents often face longer commutes, greater transport expenditure relative to their incomes and more limited connectivity to jobs, particularly for those working irregular hours (Curl, Clark and Kearns, 2018^[43]).

Meanwhile, transport policies are not always mindful of the specific challenges faced by population groups such as caregivers, women, older adults, people with disabilities or children (Akyelken, 2020^[44]; Plyusheva and Schwanen, 2018^[45]; OECD, 2025^[30]). This results, among other barriers to inclusive mobility, in broader patterns of infrastructure inequality globally. A study of inequality of accessibility in 585 European cities found substantial inequalities in accessibility within cities, with residents' access to destinations within a 15-minute walk, including jobs, supermarkets, education opportunities or parks, varying considerably

across neighbourhoods (Vale and Lopes, 2023^[46]). These findings highlight the need to improve accessibility in certain urban neighbourhoods to expand opportunities for high-quality employment and access to healthcare.

Cultural participation helps foster inclusive growth, yet access remains deeply unequal across social and spatial lines in EU cities. In general, people living in EU cities are more likely to engage in cultural activities than those living in rural areas and smaller towns, reflecting disparities in access to infrastructure, transport and opportunities. However, people with lower incomes and lower educational attainment report lower rates of participation in cultural activities, with participation in cultural activities among people with the highest incomes at least twice of those with the lowest incomes in 17 EU countries (Eurostat, 2024^[47]). These differences matter, as cultural participation fosters greater social cohesion, bridging groups, stimulating personal development and civic engagement, and driving inclusive growth (OECD, 2022^[48]).

Fair climate action

Climate risks are intensifying in cities and disproportionately affect vulnerable populations. Climate shocks such as heatwaves and flooding often compound existing social or spatial inequalities within cities. Larger cities are increasingly exposed to extreme heat, with urban heat island (UHI) effects pushing average EU city temperatures 4-6°C above surrounding rural areas, with peaks reaching 10°C (Iodice et al., 2024^[49]). UHI intensity tends to rise with city size due to sealed surfaces, dense infrastructure, limited ventilation and insufficient green space. In the European Union, cities like Bucharest and Sofia in Romania and Turin in Italy experience some of the highest UHI levels (Iodice et al., 2024^[49]). These conditions pose serious health risks, particularly for older adults, children, low-income groups and those with pre-existing conditions, while also worsening air pollution and increasing energy demand.

Access to urban green space is also highly uneven. A recent assessment of 862 European cities found that fewer than 15% of urban residents benefit from the full “3-30-300” principle – having three trees visible from every home, 30% canopy cover in each neighbourhood, and access to a high-quality green space within 300 metres. At the same time, 21% of residents live in areas meeting none of these benchmarks (Bertassello et al., 2026^[50]). The study also identified a pronounced “green divide”, with wealthier neighbourhoods consistently enjoying greater tree cover and proximity to nature than lower-income areas. Southern and lower-income cities including Athens (Greece), Palermo (Italy) and Cordoba (Spain) recorded particularly low compliance rates, reflecting both climatic concerns and disparities in investment capacity.

Urban greenery plays an important role in mitigating heat stress, improving air quality, reducing noise pollution and supporting physical and mental well-being. Yet urbanisation and continued loss of tree cover in many cities risk exacerbating existing inequalities in exposure to climate hazards. Between 2010 and 2020, Europe’s urban population grew by 16%, while green urban areas and tree cover declined slightly, increasing pressure on already limited green infrastructure (Bertassello et al., 2026^[50]).

Flood risk is another major concern. In 45 OECD regions across 18 countries, over 20% of the population is at risk of river flooding and in Rotterdam, the Netherlands, this figure exceeds 60% (OECD, 2023^[51]). The impacts of such climate risks are rarely felt equally. Marginalised groups are more likely to live in flood-prone areas and face greater difficulty recovering from climate-related losses, while children and chronically ill individuals are more susceptible to waterborne disease following flooding.

Furthermore, while many cities continue to advance decarbonisation plans, few fully integrate equity considerations or explicitly target the needs and constraints of vulnerable groups, even though such approaches have the potential to simultaneously reduce emissions, lower living costs and improve health outcomes. As a result, climate policies risk overlooking the uneven distribution of costs and benefits associated with the green transition. For example, introducing new green spaces can drive up local

property values and contribute to the displacement of lower-income households, while housing renovation costs might be passed on to tenants through higher rents.

Context matters: different cities, different outcomes

Neighbourhood effects and urban form can influence inclusive growth in cities

Neighbourhood effects and the clustering of high-status occupational groups in some neighbourhoods reshapes the geography of inequality. These patterns raise concerns about a vicious cycle of spatial and social disadvantage, where neighbourhood conditions shape life chances, particularly for children (van Ham et al., 2011^[52]). For instance, the neighbourhood a child grows up in plays a crucial role in shaping their future life chances, with evidence suggesting that its importance for intergenerational mobility has increased over time. Research from the United States highlights that this is resulting in lower intergenerational mobility in denser urban areas, a trend which has worsened since the mid-20th century with the rise of urban sprawl, longer commutes and increased family instability (Connor et al., 2025^[53]). Separate research has shown that children raised in high-opportunity neighbourhoods, characterised by quality schools, economic diversity and strong public services, are more likely to achieve better educational and economic outcomes (Chetty and Hendren, 2018^[54]; Chetty and Hendren, 2018^[55]; Chetty et al., 2022^[56]).

Urban sprawl and the growing segregation of cities have deepened spatial inequalities, limiting access to opportunity for children from disadvantaged backgrounds. The shift towards a knowledge-based economy has further reinforced these disparities, as economic success now depends more on skills and education than proximity to jobs, for example (Connor et al., 2025^[53]). Similar effects have been found in the European Union. OECD research finds that, in the Netherlands, living in areas with a high concentration of social assistance recipients increases an individual's own likelihood of receiving social benefits, with this effect particularly strong in larger cities (Moreno-Monroy et al., 2025^[57]).

Urban form also shapes neighbourhood effects by influencing the development of social capital through the networks and relationships that connect individuals to job opportunities, mentorship and support systems. Well-connected and mixed-use neighbourhoods can facilitate “bridging” forms of social capital, where diverse groups can share resources, tend to lead to greater resilience and inclusion. However, patterns of urban growth, including car-dependent sprawl and rising segregation can weaken community engagement and deepen inequality. In the face of economic and technological disruption, local networks that help displaced workers retrain and re-enter the labour market are as important as formal policy interventions (Antonietti, Burlina and Rodríguez-Pose, 2025^[58]).

Inclusive growth in different types of cities: insights from a quantitative analysis of EU cities

Typologies of cities can be formed around contextual factors and structural conditions that may influence inclusive growth capabilities and challenges for groups of cities. Building on ideas of “club theory” (Rodríguez-Pose et al., 2024^[59]), the analysis presented here applies a typology lens to examine how inclusive growth dynamics can vary systematically across EU cities.

Across more than 600 cities in the European Union, inclusive growth outcomes are found to differ according to structural and long-term dynamics. To assess the role of such dynamics, three dimensions were analysed: city size, demographic trajectory and economic profile (Figure 2.5):

- City size groups are based on total population in 2023 with FUAs classified as large (more than 1.5 million inhabitants), mid-sized (250 000 to 1.5 million) and small and very small, also known as

intermediary cities (hereafter referred to collectively as “small FUAs” of 50 000 to 250 000 inhabitants) (OECD, 2024^[8]).

- Demographic trends are defined using average annual population change between 2012 and 2022, distinguishing growing FUAs (above 0.2%), stable FUAs (-0.2% to 0.2%) and shrinking FUAs (below -0.2%).
- Finally, economic profile captures dominant employment structures in 2022 or the latest available year across four categories of economy: i) service-based; ii) advanced-service and mixed; iii) public sector and administrative; and iv) industry-oriented. Please see more information on the method in Box 2.1.

Box 2.1. Constructing the economic profile typology

Economic profile types were derived using a cluster analysis of sectoral employment structures across FUAs. Using Eurostat employment data classified according to the Statistical Classification of Economic Activities in the European Community (NACE) Rev. 2, cities were grouped according to similarities in their employment composition. To facilitate interpretation, the original 21 NACE sectors were aggregated into 7 broad categories: agriculture and fisheries; industry; construction; trade, transport and hospitality; advanced services; public administration and related services; and other services. A k-means clustering algorithm was then applied to sectoral employment shares using 2022 data, or the most recent year available, resulting in four broad economic profile types: service-based; advanced-service and mixed; public sector and administrative; and industry-oriented economies. The analysis includes 267 FUAs across 15 countries with complete sectoral employment data. The number of clusters was fixed at four to balance analytical simplicity with the need to capture meaningful variation in urban economic structures.

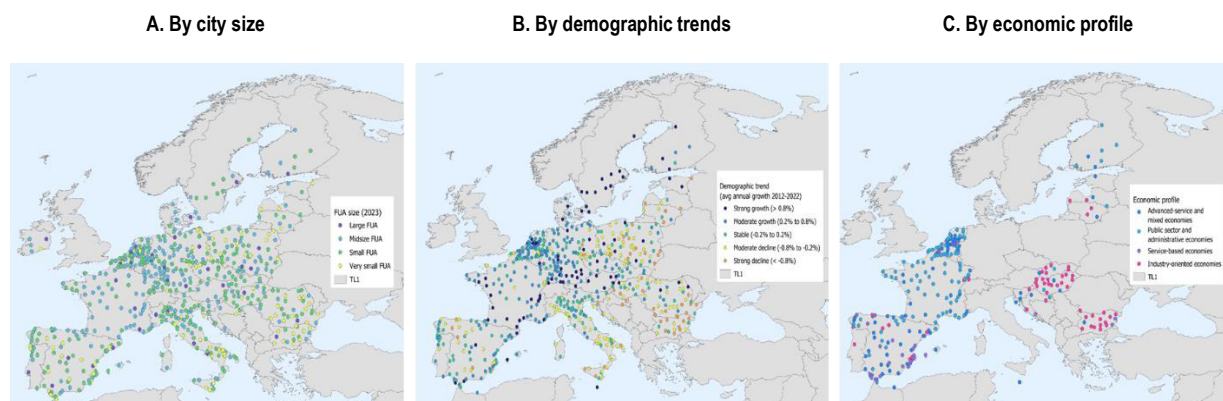
While other dimensions such as governance arrangements or geographic function may be potentially relevant, they were not included in this analysis due to data limitations or strong country effects. The characteristics analysed – city size, demographic trends and economic profile – influence employment, housing markets, fiscal capacity and access to services, and therefore condition both the opportunities for, and constraints on, inclusive growth in cities.

Importantly these dimensions do not operate in isolation: rather they reinforce one another and can amplify both structural opportunities and constraints (Figure 2.6). Strong economic performance can attract population inflows and support diversification into advanced services for high-skilled residents, while population decline might increase reliance on public sector anchor institutions for employment. As a result, the analysis should not be interpreted as causal determinants of inclusive growth drivers and outcomes. Instead, they provide an analytical lens to identify systematic associations and recurring problems across cities facing similar structural conditions. Figure 2.6 illustrates how these dimensions tend to cluster in practice. It shows that certain combinations, such as large cities with population growth and advanced services, or small cities with population decline and industry-oriented economies are more prevalent than others. This clustering highlights how structural characteristics can compound opportunities or vulnerabilities, shaping the inclusive growth trajectories available to different groups of cities. Over time, these reinforcing dynamics can widen disparities between cities if not actively managed.

Rather than comparing cities against a single benchmark, this approach identifies recurring patterns across cities with similar structural features, providing a more differentiated understanding of inclusive growth trajectories.

Figure 2.5. Structural diversity of EU cities: distribution by population size, population dynamics and economic profile

Distribution of EU FUAs across three variables

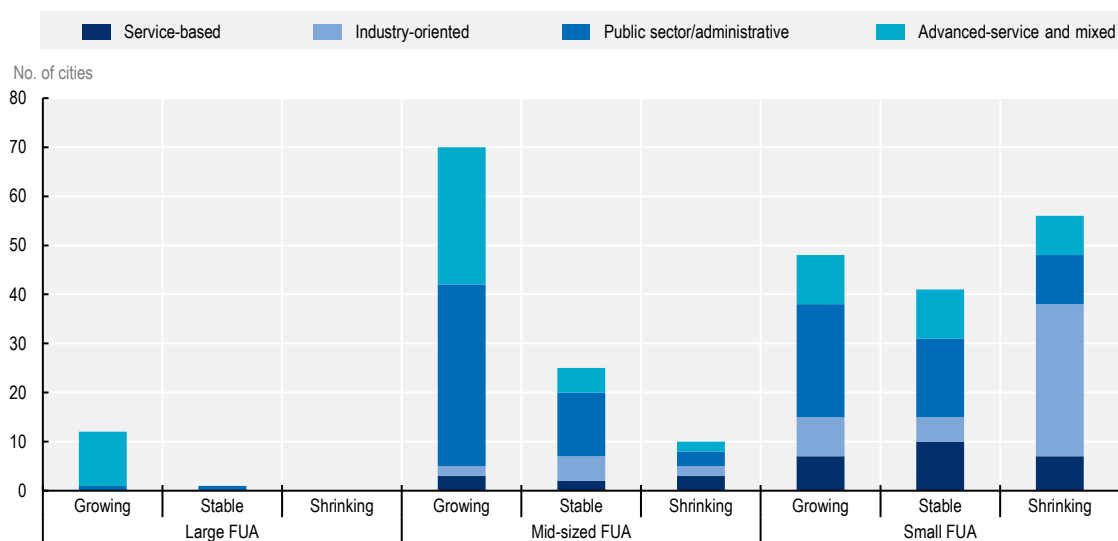


Note: The figure presents the number of EU FUAs in each category. By city size, there are 35 large, 216 mid-sized and 349 small and very small FUAs. By demographic trajectory, 86 FUAs exhibit strong population growth, 186 moderate growth, 142 stable trends, 53 moderate decline and 53 strong declines. By economic profile, 77 FUAs are classified as advanced-service and mixed, 54 as industry-oriented, 104 as public sector and administrative, and 32 as service-based.

Source: OECD (2025^[17]), *OECD Regions, Cities and Local Areas Database*, <http://oe.cd/geostats>.

Figure 2.6. City size, demographic trends and economic profile are correlated in the European Union

Count of EU FUAs, per variable combination



Note: 265 cities.

Source: OECD (2025^[17]), *OECD Regions, Cities and Local Areas Database*, <http://oe.cd/geostats>.

Inclusive growth is not automatic: growth and inclusion often diverge in cities

Across EU cities, economic growth does not consistently translate into broader improvements in living standards. A comparison of GDP per capita growth and labour market participation across FUAs shows

substantial variation, with many cities experiencing divergence between economic performance and inclusion outcomes (Figure 2.7).

Figure 2.7. In EU FUAs, growth in labour force participation is associated with higher annual average growth of GDP per capita

Average annual GDP per capita growth and change in labour market participation rates in EU FUAs, EU countries, 2010-2022



Note: For labour force participation rates, all FUAs use 2022 as the latest available year, except Germany, which relies on 2021 data. The country sample includes Austria (6), Czechia (4), Germany (54), Estonia (1), Finland (4), France (45), Greece (2), Hungary (5), Italy (24), Latvia (1), Lithuania (2), Luxembourg (1), the Netherlands (16), Poland (18), Portugal (3), the Slovak Republic (2), Slovenia (2) and Spain (25). Source: OECD (2025^[17]), *OECD Regions, Cities and Local Areas Database*, <http://oe.cd/geostats>.

This divergence can reflect underlying structural conditions and slow-moving trends. Growing cities, whose economic profile is often characterised by a focus on advanced services and mixed economic structures, tend to combine higher income levels (approximately USD 32 000 on average, adjusted for purchasing power parity) with strong labour market participation (around 77%). However, despite their strong economies, these urban areas do not systematically achieve reductions in poverty. In many cases, the benefits of growth can instead be accompanied by rising housing costs and increased cost-of-living pressures, with particularly stark implications for low-income households.

In contrast, shrinking cities, which are often associated with industry and lower-value service-based economies record relatively strong growth in GDP per capita and productivity on average. This GDP per capita growth sometimes exceeds 1.5% annually in shrinking cities, but this could reflect population decline rather than economic dynamism. At the same time, many shrinking and industrial-oriented cities continue to face the long-term effects of deindustrialisation and economic stagnation, including weaker labour market participation (around 68%) and challenges reskilling and upskilling lower-skilled workers displaced by industrial restructuring. The decline or relocation of manufacturing activity can disproportionately affect less-skilled workers, increasing long-term unemployment, barriers to labour market participation and erode the economic base of cities (Draghi, 2024^[60]). Similarly, public sector and administrative economies may show relatively stable employment and poverty rates below other economic profiles at around 17%,

however this combines with weaker productivity growth, which can constrain long-term improvements in living standards.

These patterns underscore that economic growth left alone is insufficient to support inclusion through a model of trickle-down economics. Instead, inclusive growth depends on how growth is shaped and shared, not just its pace, and on how the underlying economic structure of a city determines the distribution of benefits across workers and households.

Structural trends shaping inclusive growth

Inclusive growth outcomes in cities can diverge systematically according to structural characteristics which in turn shape both opportunities and constraints.

City size

Both economic performance and inclusion outcomes differ across cities depending on their size. Large cities (over 1.5 million people) concentrate economic activity, innovation and services and are more likely to be specialised in advanced services or mixed economies. GDP per capita reaches around 122% of national levels and disposable incomes average 18% above national averages. However, these advantages can be tied to inclusion challenges. Labour markets can be polarised, reflecting strong demand for skilled labour alongside a large base of lower-paid service jobs. Educational attainment levels can also vary significantly in large cities, with 42.5% of the working-age population in large FUAs holding tertiary education qualifications, compared to 22.5 with primary or lower levels of education (Figure 2.8). At the same time, house prices are around 35% higher than national averages, and increased demand has driven house price growth of nearly 60% between 2015 and 2021. Environmental pressures, including exposure to air pollution, are also more acute.

Labour market participation in midsize cities (250 000 to 1.5 million inhabitants) is relatively high, at around 75% on average, and economic growth has been faster in recent years than for large cities, while housing pressures are more moderate. The share of the working-age population with tertiary education is relatively high at 38%, and the share of the population with primary education or below is the lowest of the three groups by city size, at 21% (Figure 2.8). These cities combine scale to support economic diversification with more manageable costs and pressures than large cities. However, outcomes remain heterogeneous and depend on national context and local economic structures.

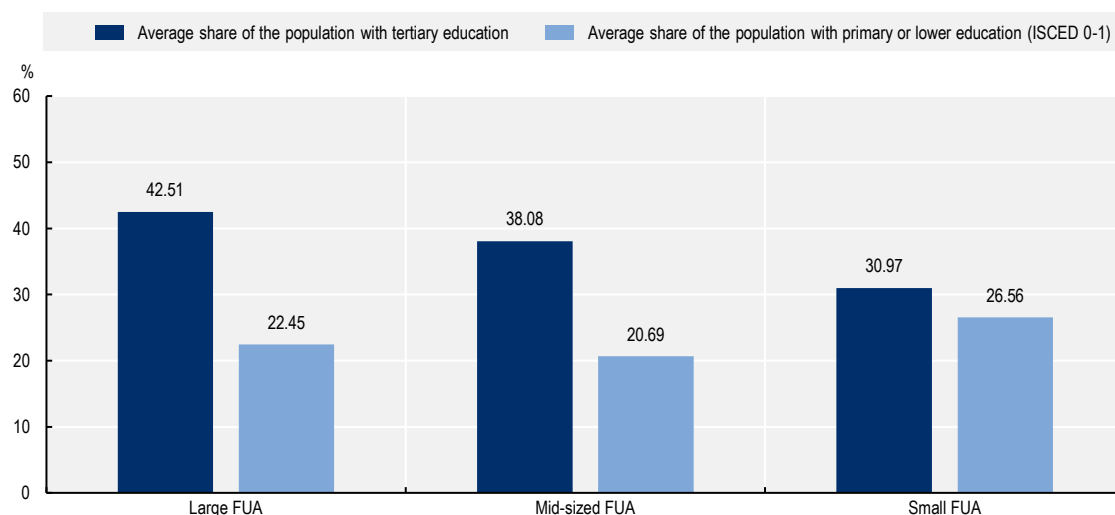
Small/intermediary cities (50 000 to 250 000 inhabitants) make up the majority of EU urban areas and tend to have lower-income levels but have made relatively stronger progress in reducing poverty over the past decade. Lower housing costs support affordability, although prices have also increased rapidly in recent years. However, these cities face structural constraints including from lower labour market participation (around 68%), lower levels of tertiary education (around 31%, compared with 42% in large cities) (Figure 2.8) and more limited economic diversification, which can constrain long-term growth potential.

Demographic dynamics

Demographic dynamics further shape inclusive growth patterns and reinforce differences across city types. Growing cities (above 0.2% average annual population growth) tend to have higher levels of human capital with close to 40% of the working-age population holding tertiary qualifications, alongside the strongest labour market outcomes with participation rates of around 77% (Figure 2.9) and comparatively narrow gaps in male-female labour force participation. However, these advantages do not consistently translate into improved inclusion outcomes. Poverty rates have remained stable or increased slightly for some, while rapid population growth intensifies pressures on housing markets, with prices rising by around 50% between 2015 and 2021, outpacing income growth.

Figure 2.8. Large cities have the highest share of tertiary educated working-age population

Average share of the population (25-64 years old) with at most primary or lower education, and tertiary education or higher, by FUA size, 2022 or latest available year



Notes: Data coverage differs between populations with tertiary education and those with primary or lower education.

Tertiary education: Coverage includes 23 EU countries. The number of FUAs per country is: Austria (6), Belgium (14), Bulgaria (17), Croatia (7), Czechia (15), Denmark (4), Estonia (3), Finland (7), France (69), Germany (98), Hungary (19), Ireland (5), Italy (83), Latvia (4), Lithuania (6), Luxembourg (1), the Netherlands (35), Poland (58), Portugal (12), the Slovak Republic (8), Slovenia (2), Spain (81), Sweden (12). FUAs are distributed by size category as large (34), mid-sized (210) and small (321). The reference year is 2022, except for Belgium, Bulgaria, Czechia, Italy, Luxembourg, Poland and Portugal, for which the reference year is 2021.

Primary or lower education: Coverage includes 14 EU countries. The number of FUAs per country is: Bulgaria (17), Estonia (3), Finland (7), France (69), Germany (98), Hungary (19), Italy (83), Latvia (4), Lithuania (3), the Netherlands (35), Portugal (12), Slovenia (2), Spain (81), Sweden (12). FUAs are distributed by size category as large (26), mid-sized (168) and small (250). The reference year is 2022, except for a few German FUAs (2018-2021), the Netherlands (2020), Portugal (2021) and Sweden (2018).

Source: OECD (2025^[17]), *OECD Regions, Cities and Local Areas Database*, <http://oe.cd/geostats>.

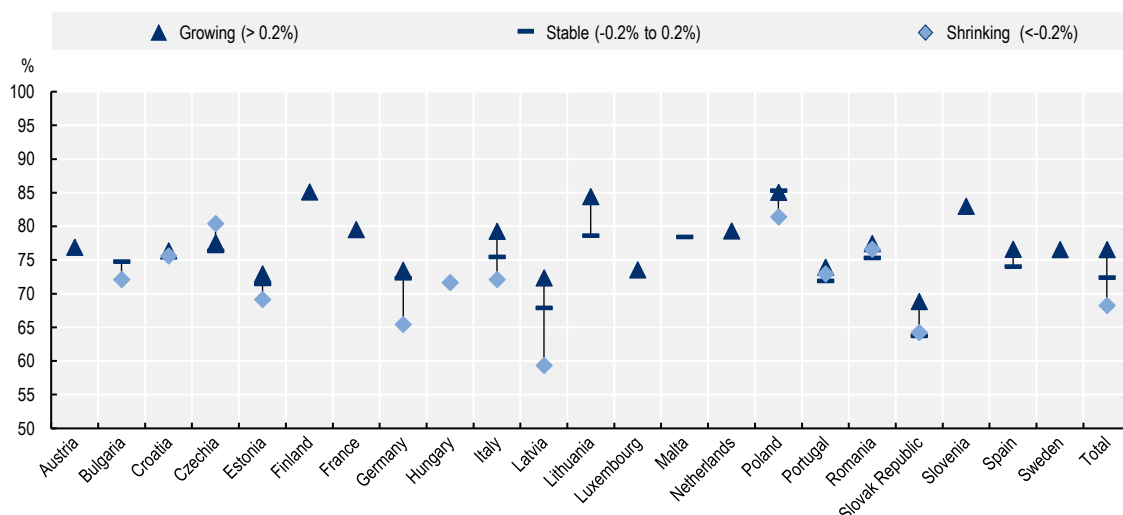
Meanwhile stable cities show more moderate outcomes but may face risks of stagnation in their economies with more limited improvements in both growth and inclusion indicators. Economic growth in these has been steady, with GDP per capita increasing by around 1.1% annually, slightly higher than for growing cities, while productivity gains remain modest. Disposable incomes are broadly similar to those in shrinking cities (around EUR 29 000), and poverty rates have declined marginally. Labour market participation is around 72% (Figure 2.9) and the male-female participation gap is higher than in growing cities at around 11 p.p., compared to a gap of 7 p.p. in growing cities. The average female participation rate in stable cities is 66%, compared to 73% on average in growing cities. Housing affordability pressures are significant, despite limited population growth, with prices rising by around 60% between 2015 and 2021.

Finally, shrinking cities (below -0.2% annual population change) face a distinct set of structural challenges. Population decline can be driven by low fertility and outmigration, particularly of younger adults, and can lead to reduced labour supply and increasing per capita service costs. Between 2011 and 2021, GDP per capita in shrinking cities grew by around 1.5% annually, while labour productivity (GDP per worker) increased by approximately 0.9% per year, compared to around 0.4% in growing cities. However, overall income levels are below those of growing cities, labour market participation is the lowest of the three demographic trend categories at around 68% (Figure 2.9), and gender gaps are widest by around 14.5 p.p. Educational attainment levels are also lower, with only around 28% of the population holding tertiary qualifications, contributing to the risk of “talent development traps” and limiting long-term growth potential. Despite their declining populations, housing prices have increased sharply, by around 70%

between 2015 and 2021, suggesting a disconnect between local demand and price dynamics. Together these dynamics point to increasing risks of economic fragility and exclusion without targeted policy intervention.

Figure 2.9. Growing cities have the strongest labour participation rates in most countries

Average labour force participation rate, by demographic trend, 2022 or latest available year



Note: Country coverage is 24 EU countries, with 235 FUAs covered. Austria (6), Bulgaria (4), Croatia (2), Czechia (4), Estonia (1), Finland (4), France (45), Germany (54), Hungary (5), Italy (25), Latvia (1), Lithuania (2), Luxembourg (1), Malta (1), the Netherlands (16), Poland (20), Portugal (3), Romania (9), the Slovak Republic (2), Slovenia (2), Spain (25), Sweden (4).

Source: OECD (2025^[17]), *OECD Regions, Cities and Local Areas Database*, <http://oe.cd/geostats>.

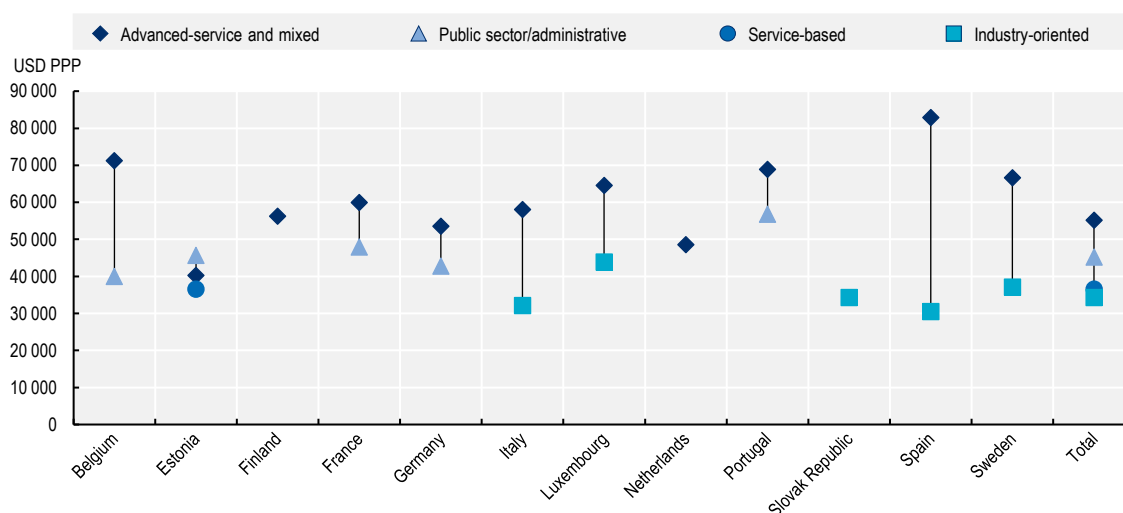
Economic profile

Advanced-service and mixed economies represent the most dynamic profile, combining high productivity, strong employment and diversified economic bases. Concentrated in large and mid-sized cities, these places often benefit from agglomeration economies, deep labour markets and strong connectivity. Their economic performance is reflected in high GDP per capita (around USD 55 000 PPP) (Figure 2.10), typically well above national averages, although growth rates are more moderate (around 0.8% annually), consistent with mature economies. Labour market participation is high (around 77%), and human capital levels are strong, with around 45% of the adult population holding tertiary qualifications. However, inclusive growth challenges arise from elevated poverty rates, at around 18.5%, and housing pressures, which further constrain access for lower- and middle-income households.

Industry-oriented economies are characterised by a strong concentration of manufacturing and related sectors, accounting for over a quarter of employment on average and are predominantly located in Central and Eastern Europe. These cities are typically small and mid-sized and have displayed the fastest GDP growth rates, at around 3.3% annually (2010-2022), which may reflect industrial upgrading alongside economic convergence, as their growth started from a lower base, with GDP per capita around USD 34 000 PPP in 2021 (Figure 2.10). Labour market participation is relatively strong at 75%; however, the gap in female labour force participation is larger than for advanced-service and public sector economies, at 8 p.p. below male participation in 2021.

Figure 2.10. Advanced-service and mixed-economy cities display highest levels of GDP per capita

By economic profile



Note: Country coverage is 12 EU countries, with 114 FUAs covered: Belgium (7), Estonia (1), Finland (4), France (45), Hungary (5), Latvia (1), Lithuania (2), the Netherlands (16), Portugal (1), the Slovak Republic (2), Slovenia (2), Spain (28).

Source: OECD (2025^[17]), *OECD Regions, Cities and Local Areas Database*, <http://oe.cd/geostats>.

Service-based economies generally capture cities focused on tourism and personal services and tend to exhibit weaker overall economic performance and more acute inclusion challenges. Predominantly located in Southern and parts of Eastern Europe, and more often smaller and mid-sized cities, these economies are characterised by lower GDP per capita of around USD 36 500 PPP (Figure 2.10) and have experienced slow GDP growth rates (2010-2022), at around 0.3% annually. Labour market participation is also lower, at around 71%, with wider gaps in male-female labour force participation. Economic sectors such as tourism can also lead to higher levels of seasonal and non-standard employment, including part-time work. These features contribute to the highest poverty rates of the four profiles (around 25% on average). These cities also tend to have a higher share of low-educated workers, which can limit the capacity to diversify their economic bases.

Public sector and administrative economies are the most common profile across the economic profiles and are characterised by a high concentration of employment in public administration, education, health and social services. These cities, often regional capitals, university towns or administrative centres, benefit from relatively stable employment and income levels, with GDP per capita around USD 45 000 PPP (Figure 2.10). Economic growth between 2010 and 2022 tended to be more modest, around 0.4% annually, reflecting more limited exposure to high-productivity tradeable sectors. Labour market participation is relatively high at around 75%, with relatively lower poverty rates (17%) than other economic profiles. Human capital levels are also relatively strong, with approximately 40% tertiary attainment. Environmental pressures, measured by air pollution exposure, also tend to be the lowest among the four economic profile typologies, on average and across most countries analysed.

Implications for policy: a need for tailored approaches to inclusive growth

Taken together, the inclusive growth outcomes analysed for different city types underscore that structural context can create trade-offs between economic performance and inclusion, which can be managed through place-sensitive policy decisions. In large, growing and advance-services and mixed-economy cities, high productivity and income levels are often accompanied by rising housing costs, labour market

polarisation, congestion and environmental pressures. These dynamics can dilute the benefits of growth, particularly for lower-income groups.

In contrast, industry-oriented and basic-services cities, which are often smaller or shrinking, may experience relatively better outcomes in some dimensions which support inclusion, such as lower housing costs or poverty rates, but face weaker labour markets, lower wages and more limited productivity growth. Over time, these dynamics can constrain economic opportunities and reduce long-term resilience. Meanwhile, public sector and administrative cities may experience fewer short-term fluctuations due to stable employment but can face challenges in generating productivity growth and diversifying economic opportunities. Mid-sized cities, particularly those with a more diversified economic structure, may be able to strike a more favourable balance between growth and inclusion. However, this balance is not guaranteed and depends on broader economic conditions and structural positioning within national systems.

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Notes

¹ The share of the population living in households where disposable income, after deducting housing costs (such as rent, mortgage payments, and utility bills), falls below the poverty threshold. The poverty threshold is set at 60% of the national median equivalized disposable income, adjusted for household size.

² North-Western EU comprises Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Luxembourg, the Netherlands and Sweden; Southern EU comprises Cyprus, Greece, Italy, Malta, Portugal and Spain; and Eastern EU comprises Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

³ Mid-sized FUA (250 000 to 1.5 million inhabitants); large FUA (over 1.5 million inhabitants).

3

Policies to drive inclusive growth in cities

The chapter reviews the evidence on policy instruments that promote inclusive growth across the five pillars of the OECD Inclusive Growth in Cities framework. It highlights the need for an integrated approach that recognises policy complementarities and trade-offs in designing effective strategies. The chapter emphasises the importance of cross-sectoral approaches, combining people-based approaches to address cumulative disadvantages with place-based policies that target spatial inequalities within cities.

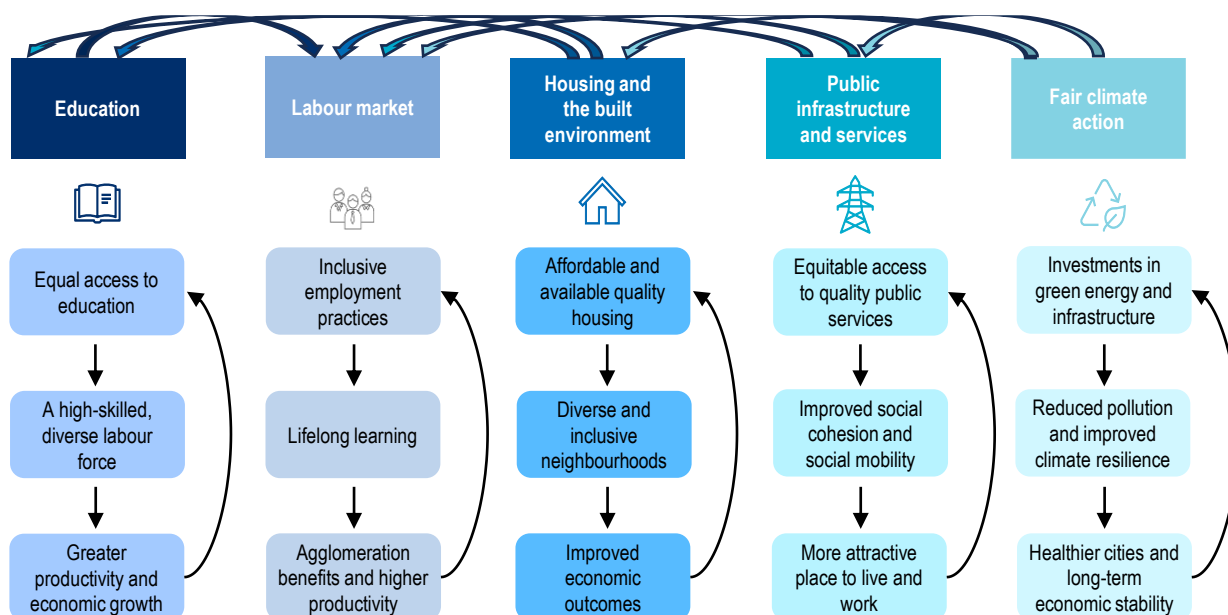
Key messages

- Driving inclusive growth in cities requires co-ordinated action across five core policy pillars – education, labour markets, housing and the built environment, public infrastructure and services, and climate action – helping to generate self-reinforcing cycles of economic opportunity and social inclusion.
- Prioritising high-quality early childhood care, integrated family support and balanced school admission policies with a focus on disadvantaged areas and groups helps to mitigate spatial segregation and build foundational human capital.
- Reconnecting vulnerable groups to quality employment demands localised school-to-work pathways, proactive outreach to protect groups such as youth, people with a migrant background and marginalised workers, and engaging with employers as partners in local skills systems.
- Expanding access to affordable and quality housing in cities delivers both economic and social returns. Policy instruments such as inclusionary zoning can widen access to opportunity-rich neighbourhoods, while regulatory reforms help unlock housing development where needed. Integrating spatial planning with infrastructure investment can support sustainable neighbourhood regeneration and secure the right to stay in cities.
- Supporting universal access to high quality public infrastructure, transport networks and digital services connects residents to key amenities and job opportunities, and bridges the divide between neighbourhoods within cities.
- Integrating equity concerns within local climate action ensures that decarbonisation efforts and green space expansions protect, rather than displace or financially overburden vulnerable populations in cities.
- Addressing inclusive growth challenges in cities requires integrated, cross-sectoral approaches that combine people-based interventions (targeting the specific needs and barriers of different population groups) with place-based strategies (that align action with the characteristics of particular neighbourhoods and local economies).
- Strengthening inclusive growth in cities also requires shifting from short-term crisis management towards sustained preventative approaches and supporting individuals during key transitional life stages, while better integrating social programmes with investments in physical infrastructure.

Sectoral policy levers for inclusive growth in cities

Inclusive growth in cities can be addressed across five main policy pillars (OECD, 2016^[1]): education; the labour market; housing and the built environment; public infrastructure and services; and fair climate action. When implemented effectively, inclusive growth strategies in cities can create self-reinforcing cycles of opportunity, which bridge social and economic policies to drive sustainable, long-term prosperity. An illustration of these virtuous cycles, and their role as longer-term drivers of inclusive growth, is highlighted in Figure 3.1 below.

Figure 3.1. Inclusive growth is driven by virtuous cycles of increased prosperity and social inclusion across policy pillars: an illustration



To identify the most effective policies for inclusive growth in cities, this chapter draws on a structured review of evidence from across European Union (EU) and OECD countries. Policies were selected based on three main criteria. First criterion, the strength of evidence, prioritising interventions supported by robust impact evaluation, peer-reviewed research and high-quality institutional analysis, including from national evaluations, the European Commission and the OECD. Where such evidence is limited, as can often be the case with local inclusive growth policies, well-documented programme reporting was also considered, including case studies gathered through the OECD/EC surveys on inclusive growth in cities and from testimonials gathered through project events (OECD, 2026^[2]; OECD, 2026^[3]; OECD, 2026^[4]). This was particularly relevant for ongoing interventions or those underway at a very local scale. Second, relevance to core policy pillars highlighted above (Figure 3.1) was considered with policies mapped across the five dimensions of inclusive growth in cities. Third, integrated people-based and place-based approaches were given particular weight, reflecting the strong body of literature emphasising the importance of cross-sectoral collaboration and tailoring interventions to different population groups and to local economic and social contexts (e.g. Barca (2009^[5]), Rodríguez-Pose (2018^[6])).

Invest in education and skills from the earliest years

Education and skills development directly influence future access to jobs and subsequently household incomes, as well as the productivity levels of the cities where they live. They also have impact far beyond the labour market with educational attainment shaping individuals' health, well-being, civil engagement and social mobility, while also contributing to innovation, economic growth and social cohesion (Mezzanotte, 2022^[7]). Yet, significant disparities in educational attainment persist within cities, often mirroring broader socio-economic patterns. Children in socio-economically disadvantaged areas are more likely to attend schools which experience shortages of material resources (OECD, 2023^[8]) and the effects compound over time: limited qualifications reduce employment prospects, while neighbourhood effects can further constrain job-finding networks and social mobility. Investing in high-quality, inclusive education from the earliest years is therefore not only a matter of social inclusion but one of the most effective ways cities can build the human capital that drives long-term economic growth and broadly shared prosperity.

Evidence from the OECD/EC survey on Inclusive Growth in Cities confirms the centrality of this policy area. Improving access to quality and inclusive education is the most widely prioritised domain, with 77% of respondent cities assigning it high policy attention (Annex A). The most impactful approaches address not only access to schooling but the quality, inclusiveness and supportive environment that enable children to succeed, particularly in disadvantaged neighbourhoods. The evidence presented below underscores the need for tailored, place-based education policies that respond to the spatial and social divides present within cities. Across all levers, teacher quality is a key enabler, with continuous professional development and support for inclusive teaching practices some of the most effective ways to improve learning outcomes and reduce disparities (European Commission, 2022^[9]).

High quality early childhood education and care can deliver high returns and support disadvantaged children

Investing in early childhood education and care (ECEC) for children and youth generate particularly high social and economic returns by strengthening later educational achievement, employment outcomes and health, while reducing future social costs (Heckman, 2006^[10]). It supports inclusive growth and social mobility while delivering high returns in terms of poverty reduction (European Commission, 2024^[11]). High quality ECEC significantly boosts cognitive, language and socio-emotional development, with long-term effects on school readiness, attainment and adult outcomes with evidence suggesting that disadvantaged children benefit more than other groups from the intervention (European Commission, 2022^[9]). For cities, expanding accessibility to ECEC, especially for disadvantaged children, is also very effective from a cost-benefit perspective with enduring returns to health, earnings and civic participation (European Commission, 2022^[9]). Yet take-up remains unequal – for low-income families, costs can be prohibitive, or a lack of culturally adapted provision acts as a barrier for some families (OECD, 2025^[12]).

Wraparound family support in the early years can have a long-lasting impact on reducing educational inequalities

There is strong evidence supporting joined-up, local family support services for the early years. The United Kingdom's Sure Start Children's Centres, introduced in 1999, provided locally adapted health, education and care for children up to five years old. Impact evaluations of the English programme showed children living near these centres experienced significantly improved educational outcomes into their teenage years, with the greatest benefits observed among children from disadvantaged backgrounds (Carneiro, Cattani and Ridpath, 2024^[13]). Similarly, France's *Cités éducatives*, introduced in 2014, offer a place-based model of integrated education and social support for children and young people in disadvantaged neighbourhoods. The national programme co-ordinated actors across education, social services, youth work and cultural sectors to tailor support to local needs and promote equal opportunities in priority neighbourhoods.

Several cities have pioneered neighbourhood responses. For instance, Rotterdam's Children's Zones in the Netherlands also take a joined-up, wraparound approach to family services, combining education with health, housing and social care interventions within a defined neighbourhood to support vulnerable children, drawing inspiration from the Harlem Children's Zone (HCZ) in New York City, the United States. Evaluations of HCZ have demonstrated success closing achievement gaps in schools, with more than 1 550 HCZ scholars graduating from college since 2011, breaking cycles of intergenerational poverty (HCZ, 2025^[14]).

Investing in inclusive mainstream education and targeted school support can benefit children with additional needs

Combined place-based and people-based education approaches help reduce spatial segregation of opportunity in cities. Within mainstream school systems, this includes directing additional resources and targeted support towards schools and neighbourhoods facing higher levels of socioeconomic disadvantage, while ensuring that children with additional needs including special educational needs (SEN) and migrant backgrounds can access high-quality support within mainstream classrooms (OECD, 2023^[15]). Schools in disadvantaged areas are more likely to experience shortages of qualified teachers, specialist staff and learning resources, reinforcing educational inequalities between neighbourhoods (OECD, 2023^[8]). Targeted investment in mainstream schools serving disadvantaged communities including teaching assistants, special educational needs coordinators, language support and wraparound services can therefore play an important role in supporting inclusion and educational attainment. Such investments can help ensure that students who face additional barriers receive timely and tailored support while remaining integrated within mainstream education settings (OECD, 2023^[15]).

Evidence also suggests that inclusive mainstream education can improve long-term outcomes for children with SEN when accompanied by adequate support systems. In Norway, students with special educational needs who attended mainstream classes were significantly more likely to achieve economic independence than those in segregated settings (Myklebust and Ove Båtevik, 2005^[16]). Across many OECD countries, education systems are increasingly shifting towards a more inclusive approach, with greater integration of students with SEN into mainstream schools where appropriate (Brussino, 2020^[17]). Inclusive schooling can improve social integration, educational attainment and future labour-market outcomes, particularly when combined with early intervention and support (Mezzanotte, 2022^[7]). However, inclusion alone is insufficient without adequate teacher training, specialist staff, accessible infrastructure and tailored learning support (OECD, 2023^[15]). As such, an effective and cost-efficient policy response for cities is not only to expand mainstream, non-segregated schools, but to strengthen the support systems that enable successful inclusion, including improved accessibility and allocation of support services to integrate students with SEN into mainstream classrooms (European Commission, 2023^[18]).

Balanced school admission and catchment area policies can reduce educational segregation. School catchment areas can often reflect spatial segregation within cities, resulting in concentrations of disadvantage in certain neighbourhoods and schools. Social segregation across schools deprives children of opportunities to interact with children from different social, cultural and ethnic backgrounds, thus threatening social cohesion (OECD, 2019^[19]). Not only does this widen inequalities in education, but it can also weaken the overall efficiency of the education systems by underutilising the talents of children from disadvantaged backgrounds (European Commission, 2022^[9]). However, Programme for International Student Assessment (PISA) data suggest a complex trade-off: while strict residence-based rules can lock in residential inequalities, simply weakening these links through expanded school choice can intensify social sorting. When choice is unregulated, middle- and upper-class families are more likely to navigate the system to their advantage, potentially increasing the isolation of high achievers in “elite” schools and leaving disadvantaged students in under-resourced environments (OECD, 2019^[19]). This academic and social segregation can harm the performance of low achievers without significantly benefitting high achievers, affecting the overall effectiveness of the education system.

Instruments to foster a more balanced school composition and foster social mixing can mitigate segregation if well designed and transparently implemented at the local level. In Barcelona, Spain, zoning reforms and adjusted school admission processes introduced under the 2018 Shock Plan Against School Segregation and the 2021 Admissions Decree aim to reduce concentrations of disadvantage in certain neighbourhoods or schools (Box 3.1) (Barcelona City Council, 2025^[20]). The policies have introduced measures such as revised catchment areas, priority access for vulnerable students and limits on school choice to reduce segregation. Early evaluations indicate a significant drop in school segregation – 23% in

first-year nursery schooling, 16% in primary schools and 26% in the first year of secondary school – however, some challenges remain in implementation, particularly for foreign pupils (Institut Metropoli, 2023^[21]; OECD, 2025^[22]).

Box 3.1. Barcelona, Spain: The Shock Plan Against School Segregation

What are the objectives?

Barcelona's Shock Plan Against School Segregation aims to reduce educational inequalities by promoting a more balanced distribution of students across schools and limiting segregation between public and publicly subsidised private institutions.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** School segregation has been a persistent challenge in Barcelona, with evidence over the past two decades highlighting the role of school choice mechanisms and unequal access to information in driving disparities across schools.
- **Stage 2 – Prioritise:** The Shock Plan Against School Segregation prioritises reducing inequalities in access to education by focusing particularly on socially disadvantaged students, who face the greatest barriers to accessing certain schools.
- **Stage 3 – Design and mobilise:** A central element of the reform was the shift from fragmented and incomplete identification of disadvantaged students to a co-ordinated, data-driven approach. This was supported by the creation of a city-wide Vulnerable Students Registry.
- **Stage 4 – Implement:** The plan combines three main levers: improved identification of disadvantaged students, the introduction of school-specific quotas for these students across all schools and targeted financial support to support effective access.
- **Stage 5 – Monitor, learn and adapt:** An evaluation has been conducted by a partner university (Autonomous University of Barcelona, UAB) to assess its impact: between 2018 and 2019 and 2023 and 2024, desegregation policies led to a 26.3% decrease in the Dissimilarity Index and a 61.4% reduction in the Adjusted Isolation Index for socially disadvantaged students.

What can other communities learn from this example?

- **Build data-driven targeting systems to improve policy effectiveness:** Moving from fragmented identification to a centralised, data-driven approach can significantly improve the detection and targeting of vulnerable populations.
- **Embed strong evaluation frameworks from the outset:** Rather than relying on aggregate performance data, embedding frameworks that monitor granular data from day one helps assess in real time whether the education system is maintaining a balanced social mix and enable adjustments if needed.

Note: See Step 2 of the OECD/EC survey in Annex A.

Supplementary services like meals, homework clubs and after-school activities can reduce non-academic barriers to learning

Supplementary services, like after-school activities, homework clubs and school meals, help address non-academic barriers to learning, which disproportionately affect disadvantaged children and communities (OECD, 2023^[15]). Children from low-income households are more likely to experience food insecurity, limited access to quiet study spaces, lower levels of socio-emotional well-being and reduced participation in extracurricular activities (OECD, 2024^[23]). Narrowing the gap in well-being and socio-emotional development is as critical as academic support for long-term success (OECD, 2018^[24]). Such wraparound services are key for teaching transversal competencies, such as resilience, co-operation and self-regulation, which are strong predictors of adult health and job performance (OECD, 2021^[25]; European Commission, 2022^[9]).

Breakfast clubs and school meal programmes in cities such as Lisbon, Portugal, provide a healthy lunch for all students: they are free for those in the lowest income group, while others pay half the subsidised cost. Similarly, Ireland's Hot School Meals Programme has expanded to provide free nutritious meals to primary school children nationwide, helping reduce food insecurity and support educational participation for over 475 000 children (DSP, 2025^[26]). A longitudinal study of Sweden's universal free school lunch programme (1959-1969) tracked students who participated in the programmes into adulthood, finding the group experienced 3% higher lifetime earnings, with the poorest quartile seeing a 6% boost (Lundborg, Rooth and Alex-Petersen, 2021^[27]). In Helsinki, Finland, the city provides nutritious meals to all students during the school term, complemented by free summer meals in playgrounds to maintain continuity of support (Box 3.2). By providing access to daily meals, these services do more than provide nutrition: they increase "instructional time" and peer socialisation, contributing to reduced inequalities, supporting learning capacity and generating long-term cumulative benefits for children's physical and social development.

Box 3.2. Helsinki, Finland: Free School Meals

What are the objectives?

The initiative aims for every pupil in Helsinki receives a nutritious meal during the school day, regardless of family income. This addresses social inequalities and health disparities, supporting inclusive growth by improving learning conditions and well-being for all.

How does it work in practice? Applying the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Evidence linking food insecurity and poor diet to weaker concentration and educational outcomes informed Helsinki's policy design.
- **Stage 2 – Prioritise:** Finland has prioritised school meals as a universal entitlement within the education system, rather than a targeted anti-poverty measure. All pupils in basic education are legally entitled to a free, balanced meal every school day.
- **Stage 3 – Design and mobilise:** Delivery is enabled through a clear, multilevel governance framework. While legislation and nutritional standards are set at the national level, Helsinki is responsible for organisation, delivery and financing.
- **Stage 4 – Implement:** Menus are planned in cycles and follow national nutritional recommendations. Helsinki extends provision beyond the school term through free summer meals during holidays.
- **Stage 5 – Monitor, learn and adapt:** Menus are regularly updated to reflect national guidelines and sustainability, which is an increasingly important value of the food services, including increased vegetarian food and reduced red meat consumption.

What can other communities learn from this example?

- **Identify population groups facing the greatest barriers:** Universal provision can reduce stigma and support equity. Free meals for all pupils avoid singling out low-income families, help the “hidden poor” in the city and improve conditions for learning.
- **Integrate policies with other sectors:** Aligning meals with health guidelines supports long-term well-being and health benefits and provides early lessons into healthy eating. Aligning meals with sustainability standards can also help meet local climate targets.

Note: See Step 2 of the OECD/EC survey in Annex A..

Investment in school infrastructure matters, particularly in disadvantaged neighbourhoods

Finally, smart and inclusive investments in quality educational infrastructure can enhance physical learning environments and support more equitable educational outcomes in cities. While robust empirical evidence on the specific impact of physical learning environments on educational outcomes remains limited, there is growing recognition of their importance. For example, well-designed, safe and well-maintained school facilities have been linked to improved student well-being, engagement and academic performance. In Portugal, the *Territórios Educativos de Intervenção Prioritária* (TEIP) programme exemplifies this approach by prioritising schools in disadvantaged areas and with high dropout rates for both infrastructural improvements and pedagogical support (European Commission, 2022^[28]). Emerging findings also suggest positive effects in areas such as health and safety, energy efficiency, accessibility, integration of information and communication technology, flexible spaces that support modern pedagogies and after-school facilities that serve the broader community (European Commission, 2022^[9]). Accessible school infrastructure is also a critical component of inclusive education. Physical and architectural barriers can limit the participation of students with disabilities, while investments in accessible entrances, classrooms, recreational facilities, transport connections and universal design features can help ensure all students are able to fully participate in school life with independence (OECD, 2023^[15]).

Build local labour markets that work for everyone

Inclusive labour markets directly influence household incomes, economic mobility and well-being. While employment regulations are set at the national level, city governments can help connect people with jobs and shape the quality of local job opportunities and play, jointly with regional governments, an important role in adult skills policies (OECD, 2025^[29]). Strong local skills programmes are a cornerstone of inclusive labour markets. They help residents acquire, update and apply skills throughout their working life while enabling employers to access the talent needed to grow and innovate. Local skills systems are particularly important because geographic mobility remains relatively low, meaning most people seek employment opportunities close to where they live (OECD, 2025^[30]; OECD, 2026^[31]). At the same time, labour market conditions, employer demand and skills shortages vary considerably across places, creating a need for tailored, place-based responses reflective of local economic realities (OECD, 2025^[32]).

Local policy levers, including active labour-market programmes (including training and wraparound support for jobseekers, further and continuous education), employer incentives and inclusive procurement can help reduce disparities in cities, helping specific groups such as migrants, older adults, women and youth move into quality employment opportunities. Moreover, good-quality employment opportunities in cities allows city residents to participate in their local economies. There is strong evidence underscoring that effective

labour-market policies can deliver positive long-term effects on employment, earnings and employability, particularly when targeted towards specific groups (OECD/European Commission, 2025^[33]).

Localised school-to-work transitions help reduce the risk of youth disengagement and “NEET” status

At a time of rapid technological change and shifting demand for skills, improving the transition from education to employment is a critical municipal lever for safeguarding young people against long-term economic exclusion. Cities are particularly well positioned to support school-to-work transitions for two reasons. First, many cities have responsibility for, or strong influence over, adjacent policy areas such as housing, social services, health, transport and youth services. This enables them to address the multiple and interconnected barriers that can prevent young people from successfully entering education, training or employment. Second cities are often closely connected to local employers, business associations and training providers, allowing them to align career guidance, training programmes and work-based learning opportunities with actual labour market demand and improve matching between young people and local jobs (OECD, 2022^[34]).

Cities can therefore play a crucial role in co-ordinating employers, training providers and schools to support young people at risk of dropping out of education or not in employment, education or training. Evidence from successful initiatives demonstrates that localised, cross-sectoral approaches are particularly helpful, such as Portugal's ATIVAR.PT programme, which boosted lower-educated youth employment by 10 percentage points through structured internships (OECD/European Commission, 2025^[33]). The benefits of wraparound models and joined-up cross-sectoral approaches in cities can provide labour-market benefits too. In Italy, Milan's First Steps in Milan Project (2023) integrates social services for migrant children with parental upskilling, including language courses and cultural orientation, as well as job search assistance, bolstering socio-economic inclusion (Mayors Migration Council, 2024^[35]). While challenges for these programmes such as funding sustainability persist, cities that embed these interventions within broader local ecosystems, linking employment and training programmes to private sector needs, housing, transport and welfare policies, can reduce youth disengagement and drive inclusive growth.

Reaching those who would benefit most from training requires targeted outreach, as they are often the least likely to engage

Cities can widen access to employment by supporting targeted outreach, local hiring practices and training programmes which address specific barriers to work for vulnerable groups, thereby helping to raise labour-market participation, strengthen productivity and support more economic growth. However, evidence shows that those who would benefit most from such interventions are often the least likely to access them. Across OECD countries, participation in adult learning remains significantly lower among low-skilled individuals (around 20%) compared to medium- and high-skilled groups (37% and 58% respectively), highlighting persistent inequalities in upskilling opportunities (OECD, 2019^[36]). Moreover, local government consistently report that reaching certain groups of people, including the unemployed, migrants and low-paid workers, is a key challenge for adult learning systems (OECD, 2022^[34]).

In this context, targeted and localised interventions are critical. In Montreal, Canada, the Equal Access to Employment programme focuses on providing fair and equal opportunities for employment for Indigenous groups, women, people with disabilities and ethnic minorities. These efforts promote diversity in city teams and address structural barriers to employment faced by certain groups (Plante, 2023^[37]). In France, the Rennes Métropole Local Plan for Insertion and Employment (*Plan local pour l'insertion et l'emploi*, PLIE) is a territorially embedded employment inclusion policy that combines national frameworks, EU funding and local partnerships to support individuals facing significant barriers to employment (Box 3.3). Its core approach focuses on personalised pathways, co-ordinated service delivery and strong engagement with employers, particularly through innovative mechanisms such as active job mediation.

Box 3.3. Rennes, France: The Local Plan for Inclusion and Employment

What are the objectives?

The core objectives of the Rennes Métropole Local Plan for Inclusion and Employment (PLIE) revolve around individualised and integrated pathways to employment. Central to the model is reinforced, personalised support delivered by a single caseworker, ensuring continuity from initial engagement through to sustained employment.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The PLIE's diagnosis highlights socio-economic conditions such as employment dynamics and vulnerable groups, while also drawing on previous PLIE evaluations to identify areas for improvement (e.g. strengthening partnerships, improving training alignment).
- **Stage 2 – Prioritise:** Based on this diagnosis, target groups are clearly defined (e.g. long-term unemployed, social assistance beneficiaries, young people at risk), and quantitative objectives are set (e.g. 900 000 annual pathways, 1 500 new participants over the programme period).
- **Stage 3 – Design and mobilise:** The PLIE is designed as a multilevel, partnership-based governance system, bringing together local government, national actors, EU institutions (through European Social Fund Plus [ESF+] funding) and employment agencies such as France Travail. Rennes Métropole is responsible for the delivery.
- **Stage 4 – Implement:** Implementation relies on intensive, personalised support combined with strong employer engagement. Participants are accompanied through tailored pathways, including training, job placement and in-work support.
- **Stage 5 – Monitor, learn and adapt:** The PLIE benefits from a structured monitoring and evaluation system at the local level, complemented by national-level reporting processes.

What can other communities learn from this example?

- **Situate the city within its structural context:** The PLIE builds on both national policy frameworks and local socio-economic diagnostics to tailor interventions to territorial labour-market conditions.
- **Identify population groups facing the greatest barriers:** Clearly defined target groups (e.g. long-term unemployed, social assistance beneficiaries) enable focused and tailored support.

Note: See Step 2 of the OECD/EC survey in Annex A.

Integrated employment and training can improve labour-market inclusion for vulnerable groups

Efforts to increase employment for a specific group through co-located or well-co-ordinated “one-stop-shop” models have also been found to be effective. For instance, Finland has pioneered local guidance centres, Ohajaamo, assist young people (less than 30 years old) into work, education or training. The service co-ordinates employment, social and community services in one space. Impact assessments showed that 43% of participants found some type of work, while another 32% began or applied for training (OECD, 2019^[38]). In Lithuania, vocational training programmes provided substantial advantages for older

female participants and jobseekers with lower skills levels, demonstrating the role of labour-market policies in supporting vulnerable groups (OECD/European Commission, 2025^[33]).

The social economy can also play an important role in supporting labour-market inclusion, particularly for those that are hardest to reach. Across a range of OECD countries, social economy organisations – including co-operatives, mutual societies, associations, foundations and social enterprises – often provide tailored employment opportunities, training and support services for vulnerable groups such as long-term unemployed people, migrants, youth and persons with disabilities (OECD, 2023^[39]). Their strong local roots and function in the wider local economy makes them well positioned to initiate and empower local initiatives, identify unmet needs, deliver integrated services and reach individuals who might not engage with traditional employment systems.

Meanwhile in Athens, Greece, policies that provided digital training for migrant entrepreneurs improved their business operations and social integration, demonstrating the important role of digital skills in labour-market inclusion (Drydak, 2022^[40]). Such a programme highlights how labour-market policies not only support the employability and boost inclusive growth but can also support wider economic strategies, namely the digital transition. The city of Athens also launched their Job Centre in 2025 as part of the EU-funded Athens 2030, following a pilot phase in 2017-2020 (Box 3.4). The policy focuses on local labour-market integration for vulnerable social groups including youth, women migrants and people with disabilities. The Job Centre applies a holistic model of employment counselling, combining individualised support, skill development, legal and accounting advice and job-matching services. Key success factors include a human-centred approach, partnerships with non-governmental organisations (NGOs), employers and other social services and the dedication to understanding the real needs of the target group through staff training.

Box 3.4. Athens, Greece: Supporting those furthest from the labour market with the Job Centre

What are the objectives?

Athen's Job Centre aims to improve access to employment and strengthen employability for individuals experiencing unemployment, underemployment and social vulnerability. The initiative responds to structural challenges in the local labour market, including fragmented employment services, skills mismatches and barriers faced by people at risk of poverty or social exclusion.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The Job Centre was developed in response to evidence that employment support in Athens was fragmented across multiple actors and difficult to navigate, particularly for vulnerable groups.
- **Stage 2 – Prioritise:** Athens prioritised the creation of a centralised, one-stop-shop model, designed to simplify access to employment services and reduce administrative barriers.
- **Stage 3 – Design and mobilise:** The Job Centre was designed as a municipal co-ordination hub bringing together public services, employers, training providers and civil society organisations.
- **Stage 4 – Implement:** The Job Centre delivers individualised career counselling, employability assessments, skills development activities and job-matching services.
- **Stage 5 – Monitor, learn and adapt:** Monitoring combines quantitative indicators, user feedback and qualitative tools such as surveys and focus groups.

What can other cities learn from this example?

- Identify population groups facing the greatest barriers and create tailored pathways to improve outcomes for people facing multiple labour-market barriers.
- Design integrated intervention packages: One-stop-shop models help to reduce fragmentations and improve accessibility for jobseekers.

Note: See Step 2 of the OECD/EC survey in Annex A.

Engage employers as partners in local skills systems

Effective engagement with employers is essential to ensure that local skills and employment policies respond to local labour market needs (OECD, 2022^[34]). Despite their central role as creators of jobs and users of skills, employers are often not systematically involved in the design, delivery and governance of local skills systems (OECD, 2024^[41]). This can contribute to skills mismatches, reduce the effectiveness of training programmes and limit pathways into quality employment. Cities are well positioned to address this challenge through their direct relationships with major employers, business associations and chambers of commerce (OECD, 2022^[34]). By creating structured platforms for dialogue and collaboration, city governments can help align training provision with current and future skills needs, expand work-based learning opportunities and improve transitions into employment. In London (the United Kingdom) the Jobs and Skills Business Partnership convened employers, training providers and public authorities to shape local skills priorities and strengthen workforce development. Similarly in Amsterdam (the Netherlands), the ERDF-funded House of Skills initiative (2017-2022) brought together employers, education providers and public authorities to improve skills matching and support labour market transitions (OECD, 2023^[42]). Local skills systems can be made more effective when employers are engaged not only as consultees but as active partners in identifying skills needs, co-designing training programmes and providing workplace learning opportunities.

Deploying city levers to enhance job quality and combat in-work poverty

City policymakers can play a key role in improving job quality by leveraging their influence over local employment, procurement and partnerships with employers, particularly to support low-paid or precarious workers (OECD, 2016^[43]). Public procurement is one of the most direct levers available to city authorities to shape labour standards in outsourced work, particularly in sectors such as cleaning, catering, social care and security, where low pay is more prevalent. Strategic public procurement can be used to embed social objectives like fair wages and decent working conditions into contracting processes, providing requirements are carefully designed and enforceable (OECD, 2020^[44]).

One approach that has gained traction in several cities is the promotion of “Living Wage” campaigns, which encourage employers to voluntarily pay wages that reflect the actual cost of living, above statutory minimums. Campaigns in Barcelona (Spain) and London (the United Kingdom) have led the way, often beginning by applying “living wage” (a minimum wage calculated based on the actual cost of living in a specific place) standards to their own workforce and extending to contractors through procurement clauses. A study of local government contractors in the United Kingdom analysed the effects of applying the living wage to procurement contracts, comparing employment outcomes in a large company working for local government both in areas requiring the living wage and areas without such requirements. The results showed that workers in living wage areas got higher pay and saw smaller pay gaps within their workplaces, with no job losses. This suggests that local government policies can boost the earnings of low-wage workers without hurting employment (Datta and Machin, 2024^[45]).

Platform and gig workers can benefit from local action to improve job quality

Cities can work with platform and gig work companies. While these innovations can offer flexible working opportunities for individuals such as youth and people with a migrant background, they can undermine job quality due to limited job security, income stability or access to certain social protection alongside limited training or career progression opportunities. While regulation is generally national, cities can play a role in improving working conditions through greater oversight and worker support services. In Bologna, Italy, the charter of fundamental rights of digital labour, signed by delivery platforms and trade unions, sets local standards for working conditions and fair treatment of workers (Box 3.5) (Digital Platform Observatory, 2018^[46]).

Box 3.5. Bologna, Italy: The Metropolitan Charter for Ethical Logistics

What are the objectives?

The initiative aims to promote fair, sustainable and transparent practices in the urban logistics sector in Bologna so that economic efficiency does not come at the expense of workers' rights or environmental quality.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Bologna identified urban logistics as a growing source of social, environmental and economic inequality, particularly in the context of rapidly expanding electronic commerce.
- **Stage 2 – Prioritise:** Bologna prioritised the development of a shared ethical framework for urban logistics, recognising that sustainability transitions must also address social justice and labour conditions.
- **Stage 3 – Design and mobilise:** The charter was co-designed through an inclusive process involving municipalities, logistics companies, trade unions, co-operatives and civil society organisations.
- **Stage 4 – Implement:** Implementation is based on voluntary adherence to the charter. The initiative has supported pilot projects such as low-emission delivery systems, the use of cargo bikes for last-mile logistics and the promotion of ethical supply chains.
- **Stage 5 – Monitor, learn and adapt:** The charter functions as a living document, evolving through continuous dialogue, feedback and the addition of new commitments from signatories.

What can other communities learn from this example?

- **Voluntary frameworks can mobilise diverse stakeholders and increase buy-in:** Co-designed charters can bring together public authorities, businesses, trade unions and civil society around shared principles.
- **Address social and environmental goals together:** Linking labour rights with sustainability objectives can strengthen both buy-in and impact. Integrating fair working conditions with low-emission logistics solutions helps tackle inequalities while improving urban liveability.

Note: See Step 2 of the OECD/EC survey in Annex A.

Public employment programmes targeted at specific population groups can support long-term unemployed people through community-based roles and integrated training, as illustrated with Ireland's Community Employment and Tús programmes (OECD/European Commission, 2025^[33]). While such schemes may not always lead to sustained employment, evaluations show that when well-targeted and personalised, they can improve participant outcomes, boosting confidence, skills and job readiness. Similarly, place-based industrial policies designed to stimulate production and investment in specific areas can help reduce regional labour-market disparities and be cost-effective interventions, but are heavily dependent on implementation and targeting. A study of industrial policies in the United States, like direct factory investments in struggling regions, found that these programmes helped disadvantaged workers most when they focused on creating good jobs, offering skills training and supporting career growth (Garin, 2025^[47]). However, many recent interventions were found to have increased overall employment without improving incomes or job prospects for left-behind workers while other interventions brought the risk of crowding out private sector investment, underscoring the importance of careful design and targeting to provide inclusive benefits.

Cities can act to remove barriers and prevent discrimination, enabling older workers to fully contribute their productive value

Targeted policies to support ageing populations in cities that wish to participate in the labour market can promote older worker retention and intergenerational teams. By 2040, the share of people aged 65 and over living in OECD cities is projected to rise to 28%, up from 21% in 2020 (OECD, 2025^[29]). Giving older employees more employment opportunities and building multigenerational workforces could raise gross domestic product (GDP) per capita at the national level by up to 19% over the next three decades (OECD, 2020^[48]). Older workers can often boost firm productivity through experience sharing and skill complementarities but can face barriers such as outdated training, care responsibilities or discrimination (OECD, 2020^[48]). Bilbao, Spain, has a comprehensive city-level strategy to support older adults in the city, which raises awareness for workplace discrimination of older adults and supports older adults' access to volunteer activities (City of Bilbao, 2020^[49]). Alongside this, the city's local economic development agency provides employment targeted support for long-term unemployed older age groups, including subsidised job placements, digital upskilling and training for 45+ and 55+ year-old residents (Bilbao Ekintza, n.d.^[50]).

Expand affordable housing and create mixed, opportunity-rich neighbourhoods

Improving access to affordable, good-quality and sustainable housing is a key driver of inclusive growth in cities, promoting economic stability, social inclusion and well-being. Enhancing housing supply in areas of high demand enhances economic mobility by enabling more people to access jobs while reducing health risks associated with poor-quality housing (OECD, 2023^[51]). Evidence shows that well-designed housing policies can reduce poverty risks and housing cost overburden, boost economic productivity, through shorter commutes for instance, and improve health.

Expanding and the supply of affordable housing supply can deliver economic and social returns

Expanding the stock of affordable or social housing, particularly in areas of opportunities, emerges as one of the highest-impact interventions on inclusive growth outcomes. An assessment of the economic and social benefits of building additional social rented homes in England, the United Kingdom, estimated that every GBP 1 spent by the government constructing social rented housing supported a further GBP 1.43 in indirect benefits being generated, producing a total gross value added (GVA) multiplier of GBP 2.43 (Cebr, 2024^[52]). These include the direct economic activity supported by the construction and management of

social housing, along with construction supply chain impacts, higher employment and productivity, better health, reduced homelessness and greater welfare spending.

In Vienna, Austria, the cost-rental model, sustainable financing and forward-looking social housing policies demonstrate how large-scale social housing provision (covering over 40% of all households rising to nearly 60% when including subsidised dwellings too) can both reduce poverty and foster economically diverse neighbourhoods (Marquardt and Glaser, 2020^[53]). Since the 1920s, the city has maintained a longstanding policy of large-scale public provision of affordable housing, which has resulted in a price-dampening effect on the broader housing market. This helps guarantee access for both working and middle-income households. Importantly, municipal housing is distributed across the city, promoting social mix and contributing to neighbourhood safety and cohesion. However, the success and generosity of the model can create “lock-in” effects that impact the wider economy. The significant gap between regulated social leases and private market prices often discourage residents from moving, even where better employment opportunities arise in other regions. This lack of residential mobility can negatively impact regional labour-market imbalances, as the opportunity cost of giving up a secure, low-cost municipal lease in the city outweighs the potential gains from moving to areas with labour shortages (OECD, 2025^[30]).

Ultimately while supply is the primary driver of housing affordability, allocation and flexibility play a key role. Optimising the allocation of social housing can therefore have positive impacts. A study of New York City, the United States, estimated welfare gains of 3.6% per resident from better targeting of affordable housing to the neediest groups, suggesting allocation mechanisms can be as important as supply in improving equity and overall welfare outcomes (Favilukis, Mabile and Nieuwerburgh, 2019^[54]).

Inclusionary zoning can widen access to opportunity-rich neighbourhoods, but design details matter

Inclusionary zoning policies typically mandate minimum affordability levels in new private developments, requiring developers to include a specific share of below-market rental or ownership units. While these share similar objectives to broader mixed housing models, namely to promote social mixing and preventing spatial segregation, they are generally implemented with different policy levers and face distinct implementation challenges. If well-designed, inclusionary zoning can promote inclusive growth by expanding access to opportunity-rich neighbourhoods (OECD, 2023^[51]). Evidence highlights that children from families in the bottom income quartile who grow up in a mixed-income neighbourhood can achieve future household incomes approximately 10% higher than their peers who did not (Chetty and Hendren, 2018^[55]). However, implementation challenges, such as developer resistance, legal or regulatory challenges can diminish the full impact of these policies. This can inadvertently limit construction activity, reducing the supply of new housing developments, or increase market rents dramatically if developer incentives are not carefully calibrated through careful consultation, regular reviews or flexible incentives (Freemark, 2021^[56]).

Market-oriented regulatory reforms can help unlock affordable housing supply

Restrictions on supply, resulting from structural planning constraints, can drive up market-wide costs, inflate land premiums and stifle regional economic mobility. In high-demand cities, overly restrictive planning systems can constrain housing supply responsiveness, contributing to rising inequality and limiting access to economic opportunities (Cavalleri, Cournède and Özsöğüt, 2019^[57]). While planning frameworks are often shaped at the national or regional level, reforms can support cities to introduce more streamlined, rules-based approval systems, simplify permitting procedures and promote “gentle density” (such as infill development or sympathetic upward extensions). These reforms can allow supply to respond dynamically to price signals, bringing down costs. In Auckland (New Zealand), the Unitary Plan implemented in 2016 upzoned three-quarters of the residential land, liberating density limits near employment centres and transit lines, triggering a construction boom. Empirical evaluations six years

post-reform found that rents for family-sized dwellings were between 22% and 35% lower than they would have been without the zoning relaxation, significantly slowing down overall housing cost rises (Greenaway-McGreevy, 2023^[58]).

Targeted approaches can support the most vulnerable and deliver strong cost-benefit ratios

To address acute housing needs, cities can implement targeted interventions. One example is Housing First policies, which provide tailored, intensive support for people experiencing homelessness with high and/or complex service needs by providing them with long-term, immediate housing and enabling them to exercise control over their support services. Analysis of programmes across various countries such as Canada, England (the United Kingdom), Finland and Spain show strong positive results for vulnerable groups, but narrower population wide impacts (Ly and Latimer, 2015^[59]; Martínez-Cantos and Martín-Fernández, 2023^[60]; UK Government, 2024^[61]). For instance, pilots of English Housing First policies in Liverpool, Manchester and cities in the West Midlands region (including Birmingham) found a benefit cost ratio of 2:1, with benefits arising from improved well-being for the individuals supported and wider society, alongside financial savings for the government, with net benefits expected to increase over time (UK Government, 2024^[61]).

In Canada, the Housing First model remains a proven approach guiding many local strategies. However, its Reaching Home programme launched in 2019 no longer requires specific Housing First investment targets and instead allows communities to adopt a range of evidence-based and locally tailored approaches. This shift reflects an effort to strengthen system-level responses and deliver results for different residents, with a focus on reducing overall homelessness, new inflows, returns to homelessness and chronic homelessness (Housing, Infrastructure and Communities Canada, 2025^[62]). In Portugal, Lisbon's flagship Housing First programme provides immediate access to permanent, independent housing in scattered-site apartments across Lisbon, paired with long-term individualised support that connects with people in their homes and neighbourhoods (Box 3.6). What makes Lisbon's model distinctive is that Housing First is embedded within a wider integrated service ecosystem which combines street outreach, a drop-in centre and health and social referral pathways, enabling seamless access to harm reduction, healthcare, social services and legal support according to each person's priorities and needs.

Box 3.6. Lisbon, Portugal: Providing permanent housing to end chronic homelessness

What are the objectives?

The core objective of É UMA CASA is to eradicate chronic homelessness by reversing the traditional staircase model: instead of requiring someone to be “housing ready”, people instead receive Housing First services, with flexible support built around their priorities and pace.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** É UMA CASA was designed in response to a clear gap: people in chronic homelessness with complex needs were often excluded from or unable to sustain engagement with conventional services.
- **Stage 2 – Prioritise:** The programme directly priorities those most likely to remain homeless without tailored approaches, chronically homeless people who often use drugs in ways that cause health and social harm, may have comorbidities and may also have lower trust in health and social systems.

- **Stage 3 – Design and mobilise:** Delivery is mobilised through scattered-site housing (apartments rented from the private market) and a high-support case management model, integrated with outreach and drop-in pathways.
- **Stage 4 – Implement:** É UMA CASA provides immediate entry into permanent housing in scattered apartments across Lisbon, with long-term support for both ongoing needs and acute crises.
- **Stage 5 – Monitor, learn and adapt:** Monitoring is embedded through routine follow-up and outcome tracking, including connections to health and social services, documentation status and medication adherence supporting ongoing learning and fidelity to Housing First principles.

What can other communities learn from this example?

- **Identify population groups facing the greatest barriers** and bring complex services closer to those who need them most: Outreach and community-based delivery show how complex care can be delivered with minimal time and resource burdens on those accessing services.
- **Engage partnerships and stakeholders** to strengthen trust and effectiveness: Longstanding paid peer roles help build respectful relationships and ground services in lived experiences.

Note: See Step 2 of the OECD/EC survey in Annex A.

Beyond Housing First models, which can be effective for chronic homelessness, cities are adopting strategies incorporating upstream prevention and low-barrier mental health support (OECD, 2024^[63]). These approaches embed low-threshold mental health care directly into street outreach, harm reduction hubs and community drop-in centres, helping cities to engage highly marginalised individuals in a choice-based track which respects personal autonomy. Preventative measures, targeting moments when people are in institutional transitions, such as leaving psychiatric facilities, acute medical hospitals or correctional institutions, and providing immediate, targeted housing and psychological support can help municipalities disrupt the institutional-to-street pipeline before acute mental health crises spiral into chronic homelessness. For instance, across cities in the United Kingdom, including London and Manchester, the “Duty to Refer” framework operationalises this prevention strategy by legally binding hospitals and prison systems to notify municipal housing authorities up to 56 days prior to an individual’s discharge. This allows public health and housing teams to co-design a stable resettlement plan that combines immediate accommodation with continuous psychiatric care, to support vulnerable individuals before they resort to rough sleeping (UK Government, 2026^[64]).

Integrating spatial planning and infrastructure can drive sustainable neighbourhood regeneration. Sustainable neighbourhood regeneration combines housing with green infrastructure and improves accessibility. In Stockholm, Sweden, the Hammarby Sjöstad project integrates housing with transport and services. It is estimated that the initiative will improve accessibility and quality of life through investments in public transport, cycling infrastructure, energy-efficient buildings and integrated waste and water management (O’Sullivan et al., 2023^[65]). Similarly, in Austria, Vienna’s *Neues Landgut* project illustrates how integrated urban planning can operationalise inclusive growth principles. Built on a 9-hectare former railway site near the city’s main station, the development will include around 1 500 dwellings for 4 000 residents, with approximately half designated as subsidised or social housing. The project goes beyond housing provision, incorporating an education campus, public library, large park and a central neighbourhood square designed for all age groups. It is also well connected to public transport and prioritises active travel through cycling and pedestrian infrastructure reducing reliance on cars and supporting climate goals.

In Italy, Rome's Integrated Urban Plan (*Piano Urbano Integrato*) in Tor Bella Monaca is a large-scale regeneration initiative targeting one of the city's most disadvantaged peripheral neighbourhoods (Box 3.8). The project combines in-place housing renovation with social, cultural and economic interventions, allowing residents to remain in their homes while improving living conditions. By integrating physical regeneration with social inclusion and participatory processes, the project aims to rebuild trust in public institutions and create a replicable model for other marginalised neighbourhoods in Rome.

Box 3.7. Rome, Italy: The Integrated Urban Plan in Tor Bella Monaca

What are the objectives?

Rome's Integrated Urban Plan (*Piano Urbano Integrato*, PUI) in Tor Bella Monaca aims to deliver a holistic regeneration model for one of the city's most disadvantaged peripheral neighbourhoods. The initiative addresses the physical, social and economic dimensions of urban exclusion through an integrated approach.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** In Tor Bella Monaca, more than 80% of units are social housing in some areas, and buildings suffer from poor maintenance and urban decay, while socio-economic conditions in the neighbourhood are significantly below the city average.
- **Stage 2 – Prioritise:** Rome prioritised Tor Bella Monaca, adopting a holistic regeneration approach rather than a purely physical upgrade and improving safety through urban quality and everyday use of space.
- **Stage 3 – Design and mobilise:** The project combines housing renovation with social, cultural and spatial interventions. Ground floors are redesigned to host services and local activities, supporting neighbourhood vitality. Cultural infrastructure such as the Museum of the Suburbs (*Museo delle Periferie*) helps strengthen local identity.
- **Stage 4 – Implement:** Implementation combines in-place building renovation with the gradual transformation of public and semi-public spaces, including the redesign of an 11 000 square-metre central courtyard. It aims to enhance accessibility, usability and social interaction.
- **Stage 5 – Monitor, learn and adapt:** Implementation has been continuously adapted in response to delays linked to illegal occupation, poor building conditions and the need for more inclusive representation in public participation processes.

What can other communities learn from this example?

- **Address physical and social conditions simultaneously:** Regeneration efforts are more effective when housing upgrades are combined with investments in public space, services and community infrastructure. Partnerships with local organisations and academic institutions can build trust, respond to local needs and generate a strong positive sense of place.
- **Combine tangible short-term improvements with long-term engagement:** Delivering early, evident changes can build trust and momentum but must be reinforced through sustained participation and co-design. Ongoing resident engagement alongside physical works can generate a virtuous cycle that yields more inclusive planning of future services.

Note: See Step 2 of the OECD/EC survey in Annex A.

In cities experiencing population loss or weak housing demand, vacant or degraded housing can undermine economic vitality and neighbourhood image, creating a negative spiral of further population loss. In Leipzig, Germany, the HausHalten association manages properties that are difficult to rent, reducing vacancy rates in difficult to rent buildings and demonstrating how strategic reuse can rejuvenate neighbourhoods and provide affordable housing. In general, evidence highlights that vacancy management strategies work best when integrated with broader regeneration strategies. In Saint-Denis, France, its multidimensional strategy addresses concentrated poverty, substandard housing and social fragmentation through long-term urban renewal programmes and co-ordinated governance. This includes the demolition and rehabilitation of substandard housing, measures to prevent evictions and stricter regulation of private landlords. Alongside these housing initiatives, the city invests in improving public spaces, strengthening community ties and enhancing service delivery in targeted neighbourhoods.

More broadly, effective neighbourhood regeneration extends beyond the physical renewal of housing and public space to include investments in social infrastructure, community services and accessibility that enable residents to remain connected to opportunities and support networks throughout different stages of life. This is particularly important in ageing societies, where inclusive neighbourhood design and locally accessible services can help reduce isolation, strengthen community cohesion and support well-being. Neighbourhood-based approaches in Bilbao, Spain, combine social services, health support and community engagement to promote inclusion and quality of life for older residents (Box 3.8).

Box 3.8. Bilbao, Spain: Healthy ageing in place

What are the objectives?

Bilbao's policy framework for the inclusion of older people aims to address the challenges of population ageing, social isolation and inequality by promoting autonomy, well-being and social cohesion. The policy seeks to help enable older residents to live independently in their own homes and communities for as long as possible.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Evidence from the city's Social Observatory and a network of "social antennas", including associations, social services and health professionals, helps identify individuals at risk of loneliness, dependency or social exclusion.
- **Stage 2 – Prioritise:** The city has prioritised active ageing, prevention of loneliness and support for autonomy as core pillars of its social policy, reflecting both individual preferences and broader policy goals to reduce inequalities and strengthen social cohesion.
- **Stage 3 – Design and mobilise:** Structured working groups promote alignment between municipal and provincial competences, particularly in managing transitions between primary (local) and secondary (provincial) care services.
- **Stage 4 – Implement:** The programmes implemented provide tailored support to older people experiencing social fragility through community activities, daytime care for older people at risk of dependency and personalised in-home assistance.
- **Stage 5 – Monitor, learn and adapt:** Monitoring and evaluation are embedded through surveys and programme-specific indicators tracking participation, service use and outcomes. Evidence shows that programmes have expanded users' social networks, reduced feelings of loneliness and helped maintain cognitive and functional autonomy.

What can other communities learn from this example?

- **Prioritise active ageing through preventative, community-based approaches:** Shifting from reactive care to early intervention can help older people remain independent for longer and reduce future care needs
- **Combine prevention with personalised, community-based care:** Early identification of at-risk individuals, combined with tailored support plans and local social activities, can reduce loneliness and delay dependency.
- **Build strong multilevel and cross-sector co-ordination:** Aligning municipal services with regional care systems, while partnering with community organisations and the third sector, improves service continuity and reach.

Note: See Step 2 of the OECD/EC survey in Annex A.

Deliver public infrastructure and services with a focus on reaching those who need them most

Ensuring access to high-quality public infrastructure and services in cities is essential for enabling residents to thrive in the places they live. Enabling all to contribute to their local economies requires investments in underserved areas and responding to the diverse needs of different demographic groups. Evidence highlights that improving accessibility, whether through transport, utilities or community services, delivers far-reaching economic and social benefits, from expanding job opportunities and reducing financial strain to enhancing public health and environmental sustainability. Focusing on affordability, reliability and a bottom-up approach in public infrastructure and services support policies that are place-based and people-based.

Connecting people to opportunity through accessible and integrated mobility systems

Well-integrated, affordable and reliable transport systems can provide particular benefits to vulnerable or marginalised groups. However, transport systems do not always deliver similar levels of accessibility. Accessibility to opportunities by public transport or active modes varies across neighbourhoods and population groups, due to the interaction of transport provision, land use and diverse user needs (ITF, 2024^[66]). A study in the most deprived areas of Glasgow, the United Kingdom, found that low-income residents, especially those with shift-based, out-of-town jobs, were often forced into car ownership due to limited transit options, exacerbating financial stress (Curl, Clark and Kearns, 2018^[67]). Improving accessibility fosters agglomeration economies by connecting people and firms. For instance, expansions to the Regional Express Rail (RER) network of trains in Paris, France, between 1975 and 1990 increased employment in the connected municipalities by 8.8%, compared to the existing suburban rail network (Mayer and Trevien, 2017^[68]). Improving public transport and accessibility in cities has wider inclusive growth benefits, for instance reducing private-car dependence and improving safety, air quality and pollution levels in cities, driving local health and well-being improvements.

In Tallinn, Estonia, the inclusive growth approach includes a focus on equitable public transport, with the city offering free citywide public transportation to all registered residents since 2013 following a public referendum. This is complemented by inclusive mobility planning, bike and pedestrian infrastructure, and the 15-minute city principle to promote proximity to essential services. In the city of Okayama, Japan, the Sustainable Public Transport Network Initiative responds to the progressive decline of the local public transport system, driven by an increasing reliance on private cars (Box 3.9). As ridership has fallen,

services have been reduced or eliminated, creating a negative feedback loop that further weakens the system. At the same time, the city government has identified a need to improve accessibility in its territory, with a focus on residents of underserved areas and on elderly residents who may have few transport options. To address this, the city government has taken on a co-ordinating role, promoting public-private partnerships to stabilise operations and improve the convenience and coverage of public transportation, with the broader aim of supporting urban sustainability and quality of life.

Box 3.9. Okayama, Japan: The Sustainable Public Transport Network

What are the objectives?

Following the progressive decline of the local public transport system, Okayama aimed at restructuring and expanding the bus network to improve accessibility, efficiency and environmental sustainability.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The policy is grounded in a diagnosis of structural decline in public transport systems, driven by widespread car dependency and resulting in reduced ridership, service cuts and route eliminations.
- **Stage 2 – Prioritise:** The city organises network restructuring by giving priority to connecting underserved areas, and strengthening links to key destinations such as city centres, railway stations and hospitals to help the public transportation network be competitive.
- **Stage 3 – Design and mobilise:** The policy is designed around a public-private partnership model, involving local and national governments, private transport operators, academic institutions and citizens. A key design feature is the strong co-ordinating role of the municipality, which aligns technical, financial and operational aspects.
- **Stage 4 – Implement:** Planned measures include adding 17 new routes, expanding total network length and improving connectivity to railway stations and key services such as hospitals.
- **Stage 5 – Monitor, learn and adapt:** The policy incorporates a data-driven monitoring approach, using daily ridership data to inform service adjustments and awareness-raising campaigns.

What can other communities learn from this example?

- **Identify population groups facing the greatest barriers:** The focus on residents in poorly served areas, including elderly populations, enables targeted improvements in accessibility.
- **Design integrated intervention packages:** The policy combines infrastructure changes, financial mechanisms and behavioural interventions (e.g. awareness campaigns).
- **Engage partnerships and stakeholders:** Public-private collaboration and citizen engagement are central to both design and implementation.
- **Strengthen co-ordination during delivery:** Municipal leadership helps overcome fragmentation and align multiple transport operators.
- **Use evidence to adapt policies and methods:** Ongoing service improvements based on data and user feedback demonstrate adaptive capacity.

Note: See Step 2 of the OECD/EC survey in Annex A.

Co-located, cross-cutting service hubs improve take-up and reduce delivery costs

Locally delivered public services, such as childcare, healthcare, elderly care and libraries, play a key role in enabling labour force participation, social inclusion and community cohesion. Countries with greater access to ECEC services for young children, alongside a high take-up of parental leave by mothers and generalised paternity leave tend to have greater gender equality in the labour market (OECD, 2017^[69]). Co-located, cross-cutting service hubs like those combining public health with job centres, such as those highlighted in Milan, Italy and Rotterdam, the Netherlands, can also prove effective in increasing service take-up and reducing delivery costs. More broadly, integrating services in accessible one-stop local hubs can help reduce administrative and informational barriers, especially for vulnerable groups who may otherwise struggle to navigate fragmented systems, while reinforcing the role of proximity and co-ordination in improving access to opportunities (OECD, 2023^[70]). In Spain, Madrid's Family Card further streamlines access by consolidating multiple forms of social assistance – food, hygiene and transport – into a single card, reducing complexity. In Athens, Greece, the Athens Coordination Centre for Migrant and Refugee Issues connects 182 stakeholders through a unified referral system, ensuring migrants and refugees can access appropriate services without repeatedly navigating disconnected systems.

In the London Borough of Camden, the United Kingdom, the Family Hubs Pregnancy Grant is a preventative intervention designed to reduce financial stress in pregnancy and connect low-income parents to support earlier in their pregnancy (Box 3.10). It combines an unconditional GBP 500 cash payment during pregnancy with proactive outreach that introduces families to Camden's Family Hubs and related offers (e.g. benefits advice and antenatal support), using linked National Health Service maternity and council benefits data to identify eligible residents so families do not need to navigate an application process to be offered help. The programme is motivated by the reality that Camden faces very high levels of child poverty after housing costs ("almost two in five" children, with a council report estimating 39%, i.e. around 15 700 children) (Camden Council, 2025^[71]). It also responds to resident insight that many parents discover Family Hubs only after birth and wish they had known about support sooner, during pregnancy.

Box 3.10. Camden, London, the United Kingdom: The Family Hubs Pregnancy Grant

What are the objectives?

The Family Hub Pregnancy Grant pilot aims to support pregnant people experiencing financial hardship to receive timely, flexible support and that the grant becomes a bridge into wider, longer-term services that strengthen well-being and reduce inequalities from the earliest stage of a child's life.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Camden's starting point is that pregnancy can amplify financial strain and stress, yet support during this life event is often limited, with most welfare benefits beginning after birth.
- **Stage 2 – Prioritise:** The pilot prioritises early, preventative intervention at a point when support can reduce stress and improve readiness for a child's arrival. It targets pregnant people on low incomes and makes the offer around the 20-week scan milestone.
- **Stage 3 – Design and mobilise:** The intervention is built as a stacked offer with two elements: i) a GBP 500 unconditional cash grant; and ii) proactive connection into services through a Family Navigator (for some participants) or high-quality written signposting (for others).

- **Stage 4 – Implement:** Camden contacts eligible pregnant residents directly and offers the GBP 500 grant with no conditions on how it is used. Families can claim the grant through low-barrier mechanisms and are then invited into a pathway of Family Hub support.
- **Stage 5 – Monitor, learn and adapt:** Delivery quality is tracked through internal dashboards (offers made, uptake, navigator contacts, etc.). Service engagement data are combined with surveys and interviews (pre- and post-birth) to capture both outcomes and lived experience.

What can other communities learn from this example?

- **Formulate and validate a shared diagnosis:** Camden started with a shared mission and a clear “why”. Its model is explicitly framed as preventative, acting during pregnancy to reduce stress and lay foundations for child development rather than waiting for crisis points.
- **Identify and tailor high-impact policy interventions:** Camden addressed the broad challenge of child poverty and early-life inequality through a focus on pregnancy as a preventative window and selected a mechanism with strong potential impact.

Note: See Step 2 of the OECD/EC survey in Annex A.

Access to affordable basic utilities reduces deprivation and health risks

Ensuring access to basic utilities, such as water, energy and waste services, at affordable rates is essential to reduce deprivation and health risks. Affordability schemes (e.g. targeted energy subsidies) have been shown to reduce arrears and improve living standards, especially when linked with broader anti-poverty strategies. In Barcelona, Spain, for example, the city’s Energy Advice Points (PAEs) aim to detect and manage energy poverty and provide employment opportunities to workers who themselves have experienced vulnerable situations (European Commission, 2025^[72]). Between 2017 and 2022, PAEs prevented households having their utilities cut off in 108 000 cases, supporting households to continue their daily lives and alleviating financial stress (Barcelona City Council, 2022^[73]).

Universal access to high-speed Internet is increasingly a prerequisite for full participation in education, employment and civic life. In the European Union on average in 2024, 95.4% of households in cities have access to the Internet, compared to 92.4% in rural areas. This access remains uneven across the European Union: in cities in Croatia, only 91.4% of city households have access to the Internet, compared to 99.8% in Luxembourg City. Evidence underscores the benefits of broadband infrastructure investments for yielding strong long-term economic benefits by improving access to services, facilitating remote work and supporting local entrepreneurship. An evaluation of subsidies for improved superfast broadband coverage in the United Kingdom from 2010 to 2017, found the programme produced benefits equating to between GBP 3.1-5.1 for every GBP 1 of net public sector spending. These benefits arose, among other factors, from a greater number of jobs, improved business efficiency and increased hourly earnings (DCMS, 2025^[74]).

Social infrastructure and urban renewal can strengthen inclusive growth and social cohesion

Beyond their functional role, public infrastructure and services also shape the social fabric of cities. The importance of “social infrastructure” – physical spaces that cultivate connection, including libraries, parks, community organisations or commercial establishments – is increasingly emphasised to enable everyday interactions (OECD, 2025^[75]). These can be considered key drivers of social capital, the networks, trust and norms that facilitate co-operation. However, across and within cities, access to high-quality, inclusive

social infrastructure can vary significantly by neighbourhood, contributing to spatial disparities in trust, participation and opportunity.

Access to libraries, parks, cultural venues and community centres contributes to quality of life, mental health and civic engagement. Social connections, trust and participation are important determinants of well-being and resilience, with accessible public spaces helping to strengthen these outcomes (OECD, 2024^[76]). Cities can provide flexible spaces to be used for a range of community functions which underpin the social economy in cities. These amenities also foster inter-group trust and social capital and support vulnerable groups, particularly when designed to be inclusive and participatory. For instance, library services in some cities extend beyond loaning just books and include providing outfits for job interviews, football loans for children, language lessons and visa process assistance, providing local community assistance and supporting inclusive growth (Edemariam, 2024^[77]).

Culture-led regeneration in cities such as Bilbao, Spain, has contributed to improved liveability and economic renewal of the city. However, success tends to depend on how such strategies are designed and implemented. Evidence suggests outcomes are more positive when cultural initiatives are community-driven, linked with education and public space activation and have long-term funding attached (OECD, 2025^[78]). These approaches can help strengthen local identity and support the Right to Stay, while increasing the city's competitiveness to attract businesses and talent. However, an analysis of culture-led regeneration projects in 190 European cities highlights that benefits of these projects are not always broadly shared. When strategies prioritise economic growth over inclusion and fail to account for place-specific dynamics, it can result in uneven outcomes and, at times, worsen inequalities (Montalto et al., 2023^[79]).

Digital transformation of social services can improve efficiency

Digital tools can help modernise the delivery of social services in cities, by reducing fragmentation and streamlining case management. As demand for social services grows and resources in cities remain constrained, digital transformations can offer cities the opportunity to improve both the efficiency and quality of service delivery. Integrated, data-driven systems can help break down silos between departments, reduce administrative burdens on frontline professionals and enable a more holistic understanding of individual needs. To realise these benefits, digital reforms should be user-centred and accompanied by strong cross-departmental collaboration and investment in interoperable infrastructure (OECD, 2023^[70]). This can help services remain accessible, reduce the burden on users to navigate complex systems and enable more proactive and co-ordinated support for people in vulnerable situations.

To improve efficiency and responsiveness of social services, Madrid, Spain, is modernising the delivery of social support by implementing an integrated, data-driven system that places individuals at the centre of service provision (Box 3.11). It combines unified case management, interoperable data systems and multichannel access to enhance service co-ordination, efficiency and user experience. Strong collaboration across municipal departments, the involvement of frontline professionals and continuous monitoring support implementation. This is consistent with evidence that effective digital transformation is underpinned by institutional co-ordination, workforce capabilities and user-centred service design (OECD, 2024^[80]).

Box 3.11. Madrid, Spain: The SociALMAadrid Digital Transformation Strategy

What are the objectives?

The policy aims to modernise and strengthen the delivery of social services in Madrid by developing an integrated, data-driven system for managing social support and interactions with citizens.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Madrid's social services system faced increasing fragmentation due to the proliferation of disconnected information technology (IT) tools, leading to duplication, limited data capacity and security risks. Information was stored in silos across different services, making it difficult to build a comprehensive understanding of users' needs.
- **Stage 2 – Prioritise:** The reform prioritises improving the effectiveness and accessibility of social services by reducing administrative burdens and enabling professionals to focus on direct support to individuals.
- **Stage 3 – Design and mobilise:** The reform was designed through strong cross-departmental collaboration, to promote alignment between policy, operational and technological dimensions.
- **Stage 4 – Implement:** Key actions include the deployment of interoperable systems, the development of multichannel service delivery and the introduction of new tools to improve communication, case management and service co-ordination.
- **Stage 5 – Monitor, learn and adapt:** A performance monitoring system based on key performance indicators (KPIs) is being developed to assess outcomes once the system is fully operational. Early results include a comprehensive review of existing information systems.

What can other communities learn from this example?

- **Mobilise strong cross-sector expertise and frontline professionals:** Madrid involved a broad range of actors in policy design, including over 100 social services professionals working alongside IT experts, to guarantee that digital solutions are grounded in operational realities.
- **Foster a culture of open communication and co-creation:** A transparent and participatory communication strategy was key to building trust and engagement across stakeholders.

Note: See Step 2 of the OECD/EC survey in Annex A.

Advance a just, green transition in cities

The green transition offers opportunities to reduce health inequalities in cities and provide employment benefits for disadvantaged groups and regions, serving as a fundamental prerequisite to long-term competitiveness (OECD, 2020^[81]). However, green policies in cities must be carefully designed to avoid disproportionately burdening vulnerable populations or contributing to green gentrification, whereby environmental improvements increase property values and housing costs, potentially displacing lower-income residents. For example, raising public transport costs to expand services could leave low-income groups financially worse off, undermining the inclusive element of such policies. While the shift to net zero is economically necessary in the long run, there can be tensions between economic and environmental goals in the transition period. Expanding job opportunities and economic activity, for example, can sometimes lead to higher emissions and increased resource consumption, for instance when it requires additional energy from fossil fuels or raw material extraction, creating potential trade-offs with sustainability objectives in the short term.

Green investments can create local jobs and have supply chain benefits, but require proactive action to explicitly support underserved groups and areas

Green investments can have the potential to bring local employment benefits by creating direct jobs (e.g. building cycle lanes, planting trees). However, cities must actively intervene to help safeguard that

these benefits reach underserved populations. Evidence suggests green-task jobs are often concentrated in specific regions and require distinct skillsets that may not align with the current profiles of disadvantaged workers (OECD, 2023^[82]; OECD, 2025^[83]).

There can be positive supply chain impacts from action to drive the green transition. For example, in Ontario, Canada, the federal 50 Million Tree Program not only enhanced biodiversity and climate resilience but according to a study commissioned by Forests Ontario, a non-profit organisation, also created 14.4 jobs per CAD 1 million spent,¹ benefitting underserved areas (Forests Ontario, 2019^[84]). Similarly, a national energy efficiency renovation programme in Hungary demonstrated the dual benefits of reducing emissions and fostering economic inclusion. A deep retrofit programme could cut heating energy use by 85%, create up to 49 full-time jobs per EUR 1 million spent and lower energy bills for households, improving financial well-being (WWC, 2020^[85]). Employment benefits therefore are not a guaranteed “supply chain impact” but rather the result of targeted local skills policies and vocational education and training programmes to bridge the transition for workers in “brown” sectors (OECD, 2024^[86]). Local climate policies can also have beneficial impacts on health outcomes, for instance by promoting active travel, energy efficiency improvements or biodiversity investments. The local economic growth impacts of these programmes vary however, depending on their objectives and characteristics (WWC, 2020^[85]).

Building-retrofit programmes can reduce emissions, improve health and lower energy costs

Building-retrofit programmes can deliver significant health benefits, if correctly implemented (i.e. with sufficient ventilation). A study of England and Wales, the United Kingdom, for example, suggested such a programme could add 800 000 additional life years lived in England and Wales over 2021-2050 (Milner et al., 2023^[87]). Energy efficiency programmes can score well in cost-benefit analyses reflecting their combined impacts on job creation, significant energy savings (exceeding 20-30% in some applications), reduced energy bills and wider social benefits such as improved health outcomes and reduced exposure to air pollution (WWC, 2020^[85]; IEA, 2025^[88]). Yet the benefits of retrofit programmes are not always equally distributed. Energy poverty remains a significant challenge in many cities, highlighting the limits of reactive approaches based solely on energy-bill support. Moving towards a more structural response requires addressing underlying barriers, including the lack of upfront capital for low-income owner-occupier households and the risk of renovation costs being passed on through higher rents for tenants.

In Greece, Athens’ Energy Poverty Alleviation Office (EPAO) tackles energy poverty through targeted, local support for households facing energy vulnerability and high energy costs. Through personalised assessments and tailored guidance, the EPAO has already supported over 850 energy-vulnerable households, 190 of these also benefitting from municipal fee exemptions. By explicitly linking social inclusion with climate and energy objectives, the initiative strengthens the city’s capacity to identify energy vulnerability early, connect residents to appropriate support and reduce the social harm associated with unaffordable energy (Box 3.12).

Box 3.12. Athens, Greece: The Energy Poverty Alleviation Office

What are the objectives?

The Energy Poverty Alleviation Office (EPAO) aims to address the growing challenge of energy poverty among vulnerable households in Athens. The policy seeks to reduce energy vulnerability, improve living conditions and mitigate the social impacts of high energy costs.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Greece has some of the highest energy poverty rates in the European Union, with 44% of households unable to adequately heat their homes.
- **Stage 2 – Prioritise:** Athens prioritised a preventative and advisory approach focusing on early identification of energy-poor households and personalised support. The city placed particular emphasis on households experiencing compounded vulnerabilities.
- **Stage 3 – Design and mobilise:** The policy was designed as a specialised municipal service embedded within the city's social support ecosystem. Leadership is provided by the municipality, with co-ordination across social services, housing, energy stakeholders and civil society organisations.
- **Stage 4 – Implement:** The EPAO delivers individualised energy assessments, producing tailored energy footprint reports for households. Services include advice on energy-saving behaviours, guidance on energy efficiency measures and support in navigating available subsidy and renovation programmes.
- **Stage 5 – Monitor, learn and adapt:** Monitoring is based on KPIs tracking household vulnerability, service uptake and referral pathways. Early implementation experience has highlighted high levels of energy poverty among assessed households, informing adjustments to outreach strategies and support tools.

What can other communities learn from this example?

- **Engage partnerships and stakeholders:** Even without large investment budgets, cities and local governments can support vulnerable households by connecting them to existing support offered by national government, EU-level institutions or non-governmental actors.
- **Launch early actions to demonstrate progress and raise awareness:** This does not always have to be through direct interventions, as addressing information gaps can be a first step to support vulnerable households.

Note: See Step 2 of the OECD/EC survey in Annex A.

The need for integrated policies that bring together people-based and place-based approaches

Inequalities in cities are multidimensional, cutting across income, geography, demography and systemic exclusion. In deprived neighbourhoods, children can face overlapping barriers: underfunded schools, fewer job networks and environmental stressors like pollution, which combine to limit social mobility and compound disadvantage (Chetty et al., 2022^[89]). Older workers in declining industrial areas may struggle with outdated skills and age discrimination, locking them out of the labour market even when local growth occurs. These reinforcing cycles of disadvantage are fundamentally a multidimensional problem: disadvantage accumulates across interconnected dimensions simultaneously and tackling one in isolation risks being ineffective or even counterproductive. For example, improving education opportunities in lagging regions without expanding local job opportunities can accelerate the outward migration of skilled workers, benefitting individuals while leaving the underlying structural conditions largely unchanged. Addressing these interconnected challenges therefore requires integrated, cross-sectoral approaches that combine people-based interventions (targeting the specific needs and barriers of different population

groups) with place-based strategies (that align action with the characteristics of particular neighbourhoods and local economies).

Integrated, cross-sectoral approaches to tackle multidimensional urban inequalities

Implementing cross-sectoral approaches to tackle multidimensional inequalities does not mean that cities must intervene in every policy area simultaneously. Rather it requires an integrated approach that co-ordinates priorities, incentives and delivery mechanisms beyond traditional sectoral boundaries. Effective interventions can therefore provide policy benefits which equally extend across policy pillars. For example, evidence from the expansion of Mexico City's Metro system to underserved, low-income areas shows that reduced commuting times not only boosted employment and access to services but increased formal employment by 7% in areas near new stations, raising tax revenues in the process (Zárate, 2022^[90]). Similarly, Canada's National Housing Strategy reflects the growing recognition that housing functions not only as a social policy, but also as a foundational enabling condition for economic participation, well-being and inclusion. Through investments in affordable and community housing, homelessness reduction and housing supports for vulnerable populations, the strategy aims to improve access to stable housing while supporting broader social and economic outcomes. Complementary initiatives such as the Build Communities Strong Fund (BSCF) further reinforce this integrated approach by supporting community and enabling infrastructure that improves access to services, mobility and more complete, connected neighbourhoods.

Evidence from the OECD/EC survey indicates a shift in this direction among the 72 respondent cities. In particular, cities report moving away from isolated, ad hoc initiatives towards more formalised, citywide strategies integrating economic, social and environmental objectives (see Annex A). The number of newly introduced strategies has steadily increased, peaking in 2022. City examples illustrate how such integrated approaches can help leverage synergies across sectors. For instance, in Austria, Vienna's cost-rental housing model does not just provide affordable shelter for the city's residents but also promotes economically mixed neighbourhoods, contributing to enhanced school performance, public safety and access to labour markets. In the United Kingdom, the London Growth Plan 2025-2035 similarly illustrates this with a cross-cutting strategy to make the city more prosperous, fairer and greener. It sets four ambitious targets: a 20% income increase for the lowest-earning households by 2035, 2% annual productivity growth, advancement towards net-zero emissions and a rise in service exports. A strong emphasis is placed on collaborative governance, with delivery overseen by a Growth Mission Board and monitored with a public-facing action tracker, ensuring accountability and alignment across sectors.

People-based approaches to address cumulative disadvantage

A people-based approach requires cities to actively identify and address barriers faced by different population groups, particularly those that might be less visible to public services. This involves investing in data and outreach mechanisms to better understand the conditions of different groups, especially those that might be left behind, simplifying administrative processes to improve access and designing interventions that reflect diverse and intersecting needs. For example, in Gothenburg, Sweden, the One Stop Future Shop offers personalised entrepreneurship support in eight languages, enabling over 900 participants to navigate regulatory and financial systems. In practice, people-based approaches often mean combining policy tools across sectors, such as linking employment, support with housing, health or education services, and building feedback loops to adapt programmes over time. Strengthening trust between institutions and communities is also critical, as low take-up of services can undermine even well-designed interventions. At the local level, cities are often particularly well placed to carry out this outreach, as their proximity to communities and local organisations can help identify needs earlier, build trust more effectively and reach groups that may otherwise remain disconnected from public services.

Survey findings indicate that cities are adopting more people-based approaches: 84% of respondent cities report implementing programmes specifically aimed at specific groups and 71% complement these efforts through partnerships with local organisations to better understand needs and track implementation. Youth (76%), children (71%), people with disabilities (69%) and older people (65%) are the most targeted groups by cities' inclusive growth strategies (Annex A).

A useful first step is to assess disaggregated indicators across demographic groups within the city, comparing, for example, employment rates, income levels or housing conditions between residents with and without a migrant background, before designing targeted responses (see more details on generating and using data in the next chapter on key enabling factors for inclusive growth in cities). In Lyon, France, for instance, “sliding leases” (*bails glissants*) provide a bridge to independent living for vulnerable youth. Effective people-based approaches to inclusive growth in cities require proactive identification and outreach, particularly to groups that remain “invisible” to public services. In the Netherlands, the Identifying the Hidden Poor (*Vindplaatsen verborgen armen*) initiative was launched in 2020 by a consortium of ten Dutch municipalities together with research institutes and social partners. The programme highlights how municipalities can better identify and support low-income households that remain outside traditional welfare channels. Many of the “hidden poor” are in-work households who are entitled to benefits but do not apply, often due to lack of awareness, fear of repayment or previous negative experiences with municipal services. Through targeted communication, simplified application processes, one-stop service points and data linking to enable proactive enrolment, the programme significantly increased uptake of support schemes and strengthened trust between municipalities and underserved populations (Desain et al., 2025^[91]).

In practice, cities are combining a range of people-based tools, including targeted programmes, subsidies, community outreach, partnerships with civil society organisations and improved data collection to identify and support vulnerable groups (Table 3.1).

Tailoring support to individual circumstances while building trust with target groups improves both uptake and outcomes. In Łódź, Poland, intercultural assistants and staff with lived experience of poverty have helped design more responsive services, including a homelessness hostel that allows pets – a seemingly small adaptation with significant implications for engagement. Similarly, in Romania, Cluj-Napoca's housing first driven desegregation of the Pata-Rât community illustrates how a successful people-based approach. Developed in close collaboration with the Roma community, the programme combines relocation support, skills training and anti-discrimination measures to foster integration into the city's economic and social fabric (OECD, 2025^[92]). Its success stems from building trust with the community and its cross-sectoral delivery which links housing, employment, health and education interventions, alongside continuous monitoring and evaluation that allows for policy adaptation as community needs evolve.

Table 3.1. Cities use a range of tools to implement people-based approaches to inclusive growth

City	Targeted programmes or initiatives	Funding mechanisms or subsidies	Direct community consultations (e.g. surveys)	Partnerships with local organisations	Data/assessment of needs
Athens, Greece	The Energy Poverty Management Office (EPAO) provides direct support and raises awareness about energy-saving behaviours.	Municipal fee exemptions for vulnerable households to alleviate financial stress for disadvantaged groups.	Projects like cooling havens (creating new blue infrastructure) integrate community feedback and participation to provide interventions that meet the specific needs of residents, especially during climate emergencies.	Through the Athenian Energy Alliance, Athens collaborates with municipalities and local entities to reduce electricity costs and reinvest in greener power solutions, benefiting households facing energy poverty.	The EPAO leverages comprehensive data and research to identify energy-vulnerable households and tailor programmes for maximum impact.

City	Targeted programmes or initiatives	Funding mechanisms or subsidies	Direct community consultations (e.g. surveys)	Partnerships with local organisations	Data/assessment of needs
Braga, Portugal	Braga Sol is a BragaHabit programme designed to support ageing residents by offering assistance with small home repairs and maintenance tasks. This initiative aims to improve the quality of life for elderly individuals who may lack the physical ability or financial resources to manage these repairs themselves. By addressing these practical needs, Braga Sol promotes safety, comfort and well-being for the senior population in Braga.	BragaHabit provides rent subsidies to low-income families, ensuring access to affordable housing and alleviating financial burdens. This initiative supports vulnerable households who struggle to meet their housing costs, promoting social inclusion and stability. By offering financial assistance, BragaHabit helps reduce housing inequalities and fosters improved living conditions for Braga's residents.		BragaHabit collaborates with local organisations like RedMay Braga, which focuses on supporting marginalised and vulnerable groups. These partnerships enhance the impact of initiatives by providing tailored solutions, such as access to essential services, social support programmes and community engagement. Through joint efforts, the municipality extends its reach and helps ensure that the needs of diverse populations are addressed effectively.	
Madrid, Spain	The Comprehensive National Strategy for the Homeless, the Age Friendly City Action Plan, Unwanted Loneliness Strategy, Local Plan for Children and Adolescents.	There are annual calls for NGO projects linked to the elderly, children, homelessness, immigration, gender equality, LGBTQIA+, diversity, youth.			The Sub-Directorate of Social Innovation analyses data on social needs and implements the Household Panel (survey of a significant sample of families) every two years.
Tsukuba, Japan	The city of Tsukuba promotes the social participation of people with disabilities. Robots enable people with severe disabilities to work, even if they have been unable to go out. These robots have been introduced at public facilities and help people perform tasks such as serving coffee, reading books to children in libraries.	To use advanced technologies such as artificial intelligence (AI), robotics and sensing to address regional issues, Tsukuba calls for ideas for demonstration experiments from across the country and provides support for the implementation of these experiments. Support from the city includes subsidising the necessary expenses for the demonstration experiments, as well as recruiting monitors and providing fields for the experiments.		To understand the challenges local residents face and consider how advanced technologies can be used to address these challenges, Tsukuba is engaging in dialogue with residents through neighbourhood associations.	To quickly understand residents' opinions and reflect them in policies and administrative services, thereby providing more satisfactory services to residents, Tsukuba is using generative AI to capture, analyse and visualise various opinions from residents. This approach aims to incorporate these insights into policymaking.

Note: Responses were free-text answers to the question: "How does your city support marginalised or vulnerable population groups through your inclusive growth strategy or initiative?". See Step 1 of the OECD/EC survey in Annex A.

Place-based approaches to tackle spatial disadvantage

Place-based inclusive growth policies can more efficiently allocate resources than broad, one-size-fits-all approaches, so that public investments yield higher social and economic returns and, under the right conditions, can contribute to welfare gains in cities (Ahlfeldt, Maennig and Richter, 2016^[93]) (Rodríguez-Pose et al., 2024^[94]). By directing resources to areas with the greatest need or highest potential impact, cities can enhance economic competitiveness while reducing disparities between neighbourhoods.

A place-based approach focuses on aligning policy action with the specific characteristics of neighbourhoods and local economies. This requires cities to develop a granular understanding of spatial inequalities and to co-ordinate interventions at the appropriate geographic scale, whether at neighbourhood, municipal or functional urban area level. Research mapping more than 40 area-based initiatives across OECD countries highlights that initiatives which integrate economic, social and physical dimensions of development can provide a more efficient approach to strengthen community capacity and foster collaboration across local authorities, civil society, housing providers and employment services (Melic, Huovinen and Rubin, 2026^[95]). Effective implementation typically depends on integrating investments across domains – transport, housing and skills – so they reinforce each other locally, along with strong institutional commitment and local capacity (Atkinson and Zimmermann, 2018^[96]; Melic, Huovinen and Rubin, 2026^[95]).

A focus must be given in the design phase to potential unintended consequences. Research from the Netherlands finds that publicly announcing which neighbourhoods will be supported through place-based interventions to improve deprived neighbourhoods can lead to housing market stigma, reflected in an estimated 4% decline in house prices (equivalent to annual household wealth losses of around EUR 200) in targeted areas. This suggests that while place-based policies can improve access to services and opportunities, they may also inadvertently reduce the attractiveness of neighbourhoods in the eyes of residents and investors, inadvertently leading to segregation within cities (Koster and van Ommeren, 2022^[97]). Such findings underscore the importance of careful policy framing and, more broadly, they highlight the trade-offs inherent in all policy interventions and the need for continuous monitoring and adjustment.

To enable place-based policies to contribute to inclusive growth, cities must align interventions with the specific economic, social and spatial characteristics of different places, building on existing local competencies, skills, specialisation and comparative advantages. This requires identifying and mobilising local assets such as community knowledge, cultural heritage and social networks, allowing growth to come from community-drive solutions rooted in place, as opposed to solely from outside investment which can exacerbate inequalities (Kwon, 2024^[98]). The EU Smart Specialisation Strategies build on these principles, encouraging regions to identify and invest in their unique strengths through innovation-driven, participatory approaches that align economic development with local assets and societal needs (Suedekum, 2025^[99]). While traditional tools like enterprise zones can often fail to benefit the most distressed areas, newer programmes, such as tailored job subsidies and performance-based incentives, can be more effective if linked to local skills development and equity goals (Freedman and Neumark, 2024^[100]). The risk of gentrification must be considered when taking place-based approaches. While investment in local areas can drive economic revitalisation, it may also lead to rising housing costs and the displacement of lower-income residents, undermining social equity objectives.

Combining cross-sectoral, people-based and place-based approaches

People- and place-based approaches are most powerful when combined and implemented through cross-sectoral policies. In Italy, Bergamo's CAPACITyES initiative illustrates this well: a child-centred policy tackling educational poverty and broader social inequalities through an integrated approach to that combines educational and cultural programmes, community engagement and temporary housing support

for vulnerable families (Box 3.13). By linking social services, education and urban regeneration, the initiative strengthens social cohesion, expands opportunities for children and supports long-term resilience. Similarly, in Germany, Frankfurt's Active Neighbourhoods programme combines physical regeneration with micro grants for resident initiatives and onsite community facilitators who link residents to employment, training and health services. This illustrates how place-based approaches can act as platforms for integrating multiple policy domains at the neighbourhood level, improving both service access and community engagement.

Box 3.13. Bergamo, Italy: CAPACITyES

What are the objectives?

The Children Against Poverty Awake the CItY Education System (CAPACITyES) policy was developed in response to Bergamo's recognition that urban poverty, particularly among children, is multidimensional and cannot be addressed through isolated interventions. The policy aimed to promote inclusive growth by expanding access to educational and cultural opportunities for children, strengthening social inclusion, supporting vulnerable families through housing and reintegration measures and creating child-friendly urban spaces.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Educational poverty was identified as a key dimension of broader urban inequality, particularly affecting peripheral neighbourhoods. Local analysis showed that limited access to learning, cultural opportunities and stable housing reinforced cycles of disadvantage.
- **Stage 2 – Prioritise:** The city prioritised a child-centred and preventative approach, recognising childhood as a strategic entry point for tackling long-term inequality. CAPACITyES placed emphasis on education, community participation, housing stability and well-being, with a strong focus on disadvantaged neighbourhoods.
- **Stage 3 – Design and mobilise:** CAPACITyES was designed as a cross-sectoral initiative led by the municipality in partnership with social co-operatives, foundations and local stakeholders. Governance responsibilities were shared across departments, enabling co-ordination between social services, education and urban regeneration.
- **Stage 4 – Implement:** Implementation combined educational programmes, housing support and community engagement. More than 6 500 children participated in activities delivered through HUBforKIDS and related initiatives.
- **Stage 5 – Monitor, learn and adapt:** Monitoring and evaluation were carried out continuously by a partner research foundation using mixed methods, combining quantitative indicators with qualitative feedback from participants.

What can other communities learn from this example?

- **Child-centred and participatory approaches can enhance policy impact:** Engaging children and families as active contributors, rather than merely beneficiaries, helps build trust, strengthens community ownership and leads to more sustainable outcomes.
- **Public buildings and spaces can be powerful tools for social innovation:** By reusing existing assets for new educational and community purposes, cities can promote inclusion without consuming new land or resources.

- **Tackling urban inequality requires integrated, multidimensional approaches:** Educational, housing, cultural and social challenges are deeply interconnected, and policies should ideally address these simultaneously to maximise effectiveness.

Note: See Step 2 of the OECD/EC survey in Annex A.

Common principles underpinning effective people-based and place-based inclusive growth approaches

Shift from crisis response to sustained prevention for long-term returns

A common approach across successful inclusive growth policies is the need to move beyond reactive, short-term interventions towards early and sustained prevention. Proactive approaches not only improve outcomes for affected groups but also generate significant economic returns. For instance, persistent childhood disadvantage is estimated to cost EU countries who are also OECD countries around 3.5% of GDP through lost employment, earnings and poorer health outcomes. Evidence consistently shows that early interventions, such as high-quality ECEC, deliver strong long-term gains by improving cognitive and socio-emotional development. City-level practice reinforces this: in Iceland, Reykjavik's Icelandic Prevention Model allocated around 7% of the municipal budget to structured leisure activities, contributing to a dramatic decline in alcohol use among 15-16 year-olds, from 45% to 5% over two decades. This underscores how sustained, preventative investment can reshape long-term trajectories.

Focus support during transitional life stages, like entering work, arriving in a new country or leaving care

Interventions are most effective when they address key moments of transition. Periods such as arrival and integration, the shift from adolescence to adulthood, or re-entry into the labour market represent periods where the risk of exclusion intensify but where well-designed support can have outsized impact. In the European Union, young people aged 18-24 face the highest at-risk-of-poverty-or-social-exclusion rates of any age group, at 26.2%, well above the 21.0% for the adult population as a whole (Eurostat, 2025^[101]), underlying the importance of smoothing the school-to-work transition. In Germany, Berlin's Integrated Vocational Training Programme (*Integrierte Berufsausbildungsvorbereitung*) addresses this by offering a structured one-year pathway combining vocational training with mandatory workplace placements for those who have not secured apprenticeships. For migrants, the "early intervention window" is equally decisive. In Tromsø, Norway, mandatory six-month introduction programmes centred on rapid workplace language acquisition has enabled around 70% of participants to enter employment. In Brno, Czechia, targeted housing solutions, including "starter flats" for young people leaving foster care, address highly specific needs as well as transition risks. Responsiveness to lived experience was a common feature of effective policies. These examples demonstrate the value of timely, targeted interventions that align support with life-course risks.

Blend social programmes with physical and infrastructure investment

Integrating public services with physical investments in spaces such as schools, community hubs or housing development can extend reach, improve accessibility and create synergies across domains. In Barcelona, Spain, the Climate Shelters in School initiative used EUR 4 million in ERDF funding to retrofit primary schools with green and blue infrastructure, simultaneously addressing climate resilience and community needs. Similarly, Bologna's, Italy, Salus Space project combines environmental sustainability with mixed social housing for students, low-income families and refugees within a single multifunctional site.

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Note

¹ Calculated based on an estimated 103.8 jobs created from total direct spending of CAD 7.2 million annually.

4 Key enabling factors for inclusive growth in cities

This chapter identifies seven critical enablers that underpin the design and delivery of inclusive growth in cities. These include: strategic approaches to inclusive growth that operate across levels of government; participatory policy design; the use of granular data to identify, target and monitor inclusive growth in cities; sustainable financing and funding mechanisms to close inclusive growth investment gaps; stronger local capacity to turn inclusive growth strategies into action; robust systems for monitoring, evaluation and adaptive policymaking; and communication and durable political support. The chapter illustrates how these enablers are applied in practice and how they shape the effectiveness, scalability and sustainability of inclusive growth policy action.

Key messages

- Inclusive growth strategies and initiatives rely on cities' ability to co-ordinate and deliver across local policy departments. Given that many policies influencing inclusive growth outcomes come from higher levels of government, vertical alignment across levels of government is also typically needed. Active engagement with local partners (employers, communities and service providers) can improve the design and delivery of inclusive growth policies.
- Participatory approaches can strengthen inclusive growth when embedded into the policy cycle rather than confined to one-off consultations. Engaging residents, with a focus on those hardest to reach – in diagnosis, design and monitoring – improves targeting, builds trust and strengthens legitimacy.
- Granular, disaggregated data are essential for identifying inequalities, targeting interventions and tracking outcomes. Cities increasingly use spatial, socio-economic and participatory data to identify where disadvantages overlap, allocate resources more effectively and support adaptive policymaking, though many still face challenges related to data integration and technical capacity.
- Long-term and diversified financing is critical to sustain inclusive growth investments. Combining local, national and European Union (EU) funding with innovative instruments including land value capture, co-operative models and impact-oriented finance can unlock additional resources.
- Strong delivery capacity is crucial to translate inclusive growth strategies into implementation. Dedicated cross-sectoral teams, partnerships with anchor institutions and a culture of experimentation and learning help cities move from isolated initiatives towards systematic and sustained change.
- Monitoring and evaluation helps track inclusive growth progress across economic, social and environmental dimensions – disaggregated by group and place – to enable cities to adjust course, strengthen transparency and identify what works.
- Building durable coalitions across parties, levels of government and civil society, underpinned by transparent reporting and clear narratives linking policy to visible results helps protect inclusive growth strategies from electoral disruptions and sustain momentum over time.

Introduction

Delivering inclusive growth in cities depends not only on the policies cities pursue but also on the institutional, financial and governance conditions that enable those policies to succeed. Even well-designed interventions can struggle to achieve impact when responsibilities are fragmented across levels of government, financing is short-term or insufficient, data and technical capacity are limited or implementation lacks co-ordination and public support.

This chapter therefore focuses on seven key enabling factors that help cities design, deliver and sustain inclusive growth strategies over time. These include: strategic co-ordination across levels of government and stakeholders; participatory policy design; the generation and use of granular data; long-term and diversified financing; strengthening local delivery capacity; monitoring, evaluation and adaptive learning; and building durable political and civic support. Together, these enabling factors help cities to move from isolated projects towards more coherent and systemic approaches to inclusive growth. Rather than treating inclusive growth as a single policy area, the chapter highlights how governance arrangements, institutional

capabilities and financing structures shape cities' ability to align economic, social and environmental objectives and translate ambition into sustained outcomes.

Strategic approaches to drive inclusive growth across departments, levels of government and municipalities

Strategic multilevel governance refers to the co-ordination of policies, actors and resources across different levels of government (local, regional, national and supranational) and across sectors to achieve shared objectives. In the context of inclusive growth, it is a critical enabler of policies, as inequalities are shaped by interconnected systems, such as housing, labour markets, education or infrastructure, that span administrative boundaries and policy domains. Well-functioning multilevel governance helps align priorities and pool resources so that inclusive growth strategies are coherent, adequately funded and responsive to local needs, while benefitting from national frameworks and broader investment strategies.

A shared strategic vision for inclusive growth aligns action, reduces fragmentation and builds accountability

The concept of inclusive growth can be used ambiguously and suffer from being a “fuzzy concept” (Lee, 2018^[1]). In practice, this lack of clarity can translate into fragmented or inconsistent policy approaches. Evidence from the 2024 OECD/EC Survey on Inclusive Growth in Cities (hereafter the OECD/EC survey) highlights how cities are addressing this challenge by adopting more structured and strategic approaches: 58% of the 72 respondent cities report having a dedicated inclusive growth strategy, with uptake increasing just after the Coronavirus disease 2019 (COVID-19) pandemic (Annex A).

A long-term, citywide vision for inclusive growth therefore provides a guiding star for action across municipal departments, aligning individual initiatives under a shared purpose, establishing a roadmap for implementation and creating policy coherence over time. A clear and strategic vision enables cities to anticipate and manage the short-term trade-offs that can accompany policy interventions, for example between urban regeneration and housing affordability, or between economic development and environmental sustainability. By clarifying priorities and desired outcomes, such a vision supports more effective targeting of public investment, reduces duplication of efforts and minimises inefficient spending. On the other hand, cities without a strategy can struggle to advance inclusive growth due to fragmented policies. For example, housing policies aimed at increasing affordability may be designed independently of transport planning, meaning that new affordable housing development are located in poorly connected areas with limited access to jobs or services.

Barcelona's Strategy on Inclusion and the Reduction of Social Inequality in Barcelona 2017-2027 provides a strong example of how cities can operationalise inclusive growth through an integrated, participatory framework. One of the earliest cities in the OECD/EC survey to adopt a strategy for inclusive growth (Annex A), it was developed building on over 1 200 workshops and working sessions with citizens and stakeholders (Barcelona City Hall, 2017^[2]). The strategy is legally binding and promotes continuity across political cycles. It identifies 5 strategic areas, including reducing structural inequality and strengthening social cohesion, and translates these into 42 specific objectives linked to indicators and progress milestones. To deliver the strategy, a cross-departmental steering body co-ordinates and monitors for accountability. Meanwhile, dedicated multiyear funding and annual progress reports maintain momentum and build public trust.

Embedding inclusion into citywide economic and infrastructure strategies also helps benefits extend beyond targeted interventions. In Austria, Vienna's long-standing housing policy is a core example. Through inclusionary zoning, public-private partnerships with clear affordability requirements and permanent tenure protections, the city has maintained high-quality, affordable housing across income

groups (Marquardt and Glaser, 2020^[3]). Crucially, this approach is not implemented in isolation. Housing investment is explicitly linked with public transport expansion and access to schools, reducing spatial segregation and supporting labour market participation. Such a strategy addresses disparities not only at the individual and household levels but also embeds inclusion within the city's broader economic development frameworks. Montreal, Canada, for example, embeds equal opportunity considerations across all municipal functions and services (Box 4.1).

Box 4.1. Montreal, Canada: The Equity, Diversity and Inclusion and Anti-Racism Strategy

What are the objectives?

The Montreal Equity, Diversity, Inclusion (EDI) and Anti-Racism Strategy aims at addressing discrimination in its multiple forms, by restructuring internal governance practices, decision-making processes and service delivery.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The policy is grounded in a diagnosis of systemic discrimination within municipal structures and service provision. The 2023-2027 strategic plan identifies persistent inequalities linked to race, ethnicity and other axes of exclusion.
- **Stage 2 – Prioritise:** The city of Montreal defines a set of priority intervention areas: fostering an inclusive organisational culture, ensuring equitable employment practices, improving accessibility and inclusiveness of municipal services, and promoting inclusive participation.
- **Stage 3 – Design and mobilise:** The policy is translated into action through a layered governance architecture, combining a high-level policy framework with the 2023-2027 EDI strategic plan and complementary programmes.
- **Stage 4 – Implement:** Implementation is characterised by a mainstreaming approach, whereby responsibility for EDI and anti-racism is distributed across all municipal services and boroughs. Staff, and particularly managers, are expected to integrate EDI principles into their daily practices, embedding them into organisational routines and decision-making processes.
- **Stage 5 – Monitor, learn and adapt:** The policy includes a formal performance measurement framework, comprising expected results, indicators and targets, designed to promote accountability and support continuous improvement.

What can other communities learn from this example?

- **Establish co-ordinated delivery structures:** By embedding EDI and anti-racism across the entire municipal administration, Montreal's approach demonstrates how a transversal policy can reorient organisational practices.
- **Maintain stakeholder engagement and transparency:** Montreal's approach engages staff by empowering them to make a difference and hold them accountable for the inclusive nature of their actions, as organisational change requires distributed accountability.

Note: See Step 2 of the OECD/EC survey in Annex A.

Mission-oriented approaches translate inclusive growth ambition into measurable, cross-sectoral goals

Mission-oriented approaches to government can offer a structured framework for cities to pursue inclusive growth by translating overarching ambition into bold, outcome-driven goals that mobilise cross-sectoral action. By breaking down complex challenges into actionable priorities, missions align production, distribution and innovation systems toward shared outcomes (Mazzucato, 2019^[4]). Missions are defined as concrete goals that should meet the following principles:

- Be bold, inspirational and resonant with all citizens.
- Be clear in setting a direction with a measurable goal, such that it is evident if the mission has been achieved or not.
- Be ambitious while realistic, leveraging and transforming existing capacity.
- Be cross-sectoral, inter-disciplinary and cross-ministerial, engaging a wide array of actors to contribute to solutions.
- Be conducive to driving multiple bottom-up solutions, enabling new ideas and collaborations to emerge.

A mission-oriented approach can be applied across different levels of government and policy domains, demonstrating their flexibility as a governance tool for inclusive growth. In practice, this means setting clear, measurable societal goals – such as reducing poverty, improving public health or ensuring access to essential services – and using these to co-ordinate action across sectors and institutions. For example, missions can simultaneously address environmental sustainability, social inclusion and economic opportunity, while embedding concrete targets (e.g. reductions in poverty or improved access to food, housing or employment) that enable monitoring and accountability over time.

At the local level, mission-oriented approaches can be particularly effective for tackling place-based inequalities and supporting vulnerable population groups. The London Borough of Camden, the United Kingdom, provides a concrete example where a set of long-term, time-bound missions have been used to address income inequality and deprivation through clearly defined outcomes. These include: ensuring that every young person has access to economic opportunities that enable them to be safe and secure (by 2025); increasing diversity in positions of power to better reflect the local community (by 2030); guaranteeing that all residents can access nutritious, affordable and sustainable food (by 2030); and improving the health and sustainability of public housing estates and their surrounding neighbourhoods (by 2030). By linking high-level ambition with clearly defined outcomes and timelines, mission-oriented approaches help operationalise inclusive growth strategies and support efforts across government that are aligned and focused on delivering tangible improvements in people's life.

Co-ordinating inclusive growth policies across departments, levels of government and city boundaries

Effective inclusive growth strategies depend on strong co-ordination both vertically (across levels of government) and horizontally (across a city's policy departments). This is particularly important because economic growth and inclusion are often treated as separate policy domains, managed by different institutions and objectives. In cities, economic development strategies are typically led by economic or planning departments, while inequality is addressed through social services. This institutional separation can lead to fragmented policies, missed synergies and, in some cases, unintended negative outcomes. For example, urban regeneration or business attraction strategies can exacerbate inequalities through rising housing costs or labour market polarisation, while social policies may struggle to deliver lasting improvements in living standards without complementary economic opportunities. Overcoming these silos

through co-ordinated action helps to align growth and inclusion objectives and minimise trade-offs between them.

Cities can leverage their direct policy powers to foster inclusive growth. For example, they can use local planning and developers' obligations to require affordable housing in new developments, co-design skills programmes with local employers to address unemployment, or adopt socially responsible procurement to improve wages of the lowest paid to directly reduce inequalities. The extent of these powers, however, varies significantly across national and institutional contexts. In some countries, cities have substantial autonomy over procurement, planning, housing or labour market initiatives, while in others the areas are more tightly regulated or determined by higher levels of government, shaping the degree of influence cities can exercise over inclusive growth outcomes. Through their competencies in transport and public service delivery for instance, they can also shape transport systems and public service provision to improve access to jobs, education and essential services, helping to connect people to opportunities and support more inclusive urban development. This role can be significant – across OECD countries, subnational governments account for around 40% of total public expenditure and around 55-58% of total public investment, including a majority share of infrastructure investment (OECD, 2020^[5]; OECD, 2022^[6]). This highlights the central role cities and regions play in shaping infrastructure and service delivery outcomes that underpin inclusive growth.

However, some the most critical elements for inclusive growth, such as universal healthcare provision, national-scale education programmes and major transport or digital infrastructure projects are largely shaped at the regional, national or supranational level. Aligning local priorities with higher-level frameworks, such as the EU Cohesion Policy, national housing policies, education and skills strategies, transport and infrastructure investment plans, or climate and energy transition frameworks, this can support policy coherence and open access to dedicated funding streams or technical support (Box 4.2). This reflects a broader international trend towards integrating economic competitiveness and social inclusion within shared strategic frameworks. In the European Union, initiatives such as the European Pillar of Social Rights, the European Green Deal and Cohesion Policy increasingly seek to combine economic, social and territorial objectives (Box 4.2).

At a national level, Canada's Housing Accelerator Fund (HAF), introduced by the federal government in 2023, is a particularly innovative form of multi-level co-ordination. The programme uses conditional federal funding to incentivise municipalities to accelerate housing supply and reform local planning systems. Rather than directly delivering housing, the HAF links financial support to measurable local commitments such as upzoning near transit, legalising higher-density and "missing middle" housing, reducing parking minimums, streamlining permitting processes and modernising planning systems. Municipalities are required to submit action plans with quantified housing targets and implementation milestones, with funding tied to demonstrated progress. The programme illustrates how higher levels of government can use fiscal incentives and performance-based agreements to align local planning, infrastructure investment and housing objectives around broader inclusive growth goals. It also highlights the growing international interest in linking infrastructure and development funding to outcomes such as affordability, accessibility and sustainable urban density, while strengthening accountability and co-ordination across levels of government.

Box 4.2. EU frameworks as enablers of multilevel co-ordination for inclusive growth

European Union-level frameworks play a key role in enabling co-ordination across levels of government, providing a shared direction for inclusive growth while aligning national and local policy action. The 2017 European Pillar of Social Rights (hereafter the Pillar) sets a framework of 20 common principles for equal opportunities, access to the labour market, fair working conditions, social protection

and inclusion, to be delivered jointly by EU institutions, national, regional and local authorities, social partners and civil society. Its accompanying action plan put forward concrete initiatives to turn the Pillar into reality and proposed EU targets by 2030 for employment, training and poverty reduction.

The Pillar is embedded across key EU policy instruments and funding frameworks, including the Cohesion Policy, helping to align priorities across levels of government, reduce regional disparities and strengthen economic, territorial and social cohesion. More recently, the European Green Deal has further integrated inclusive growth objectives through mechanisms, such as the EU Just Transition Fund and Social Climate Fund, which aim to provide safeguards so that the shift to climate neutrality does not deepen social divides.

However, translating these high-level commitments into effective action at the city and neighbourhood level remains a persistent challenge. While EU legislation and strategies provide strong principles on inclusion, non-discrimination and equity, they do not always translate into integrated, place-based approaches on the ground. This can reflect misalignment between EU priorities, national frameworks and local implementation capacities, as well as administrative and financial barriers to accessing funding. Moving from reactive compliance towards proactive design of inclusive environments requires stronger alignment between EU policy objectives, funding mechanisms and local delivery systems, alongside greater technical capacity at the local level.

From a territorial perspective, EU strategic documents like the Territorial Agenda 2030 and the Ljubljana Agreement emphasise the importance of multilevel governance and cross-border co-operation in achieving balanced development, crucial elements to fostering inclusive growth across EU regions, territories and cities. More recently, the EU Agenda for Cities has further reaffirmed the central role of cities in delivering EU priorities through stronger multi-level governance, place-based approaches and improved policy co-ordination across levels of government. The agenda recognises cities as key partners in addressing interconnected challenges related to competitiveness, inclusion, housing, climate transition and service provision, while calling for greater alignment between EU funding, regulation and local implementation capacities. The 2024 Letta Report calls on member states to guarantee that their citizens have the Right to Stay where they choose, through investing in measures to address a lack of access to public services and improve economic opportunities, in particular for regions most affected by structural transformations. Meanwhile, the 2024 Draghi report on EU competitiveness called for deeper economic integration and investments in human capital so that growth translates into tangible improvements in the quality of life of all citizens. Recognising the need for greater integration of the objectives of economic growth and inclusion, the Draghi report highlights how productivity growth and social inclusion must be addressed in combination.

Sources: European Commission (2024^[7]), *Ninth Report on Economic, Social and Territorial Cohesion*, <https://doi.org/10.2776/264833>; Letta, E. (2024^[8]), *Much More Than a Market*, <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>.

Contractual frameworks across levels of government can strengthen policy alignment and provide stable financing for inclusive growth

Where priorities diverge across levels of government, negotiation may be required, local strategies adapted or governance mechanisms made more flexible to reconcile different objectives. Contractualisation can help bridge this gap in policy coherence: rather than relying on top-down mandates, contractual arrangements can be used to support multilevel governance such as Australia's City Deals, Finland's land use, housing and transport (MAL) agreements or France's *Contrats de plan État-Région*. These contracts create a negotiated framework which facilitates the allocation of competencies in a clear way that enables resources sharing and agreement on outcomes, objectives and targets (OECD, 2026^[9]). These

approaches can help cities secure the multiyear fiscal stability needed for long-term inclusion strategies while allowing national governments to align local investments with broader objectives like the EU Cohesion Policy, housing supply, infrastructure modernisation or national climate transitions.

An example of supranational-national-local alignment is in Turin, Italy. The city's Transforming Turin (*Torino Cambia*) strategy, launched in 2021, outlines over 300 projects and interventions from public transport extensions in underserved neighbourhoods, to energy retrofits in public housing, and the redevelopment of school facilities (City of Turin, 2021^[10]). The strategy is explicitly integrated into Italy's National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*, PNRR) and the National Plan for Complementary Investments. In turn, the PNRR is Italy's implementation of the EU Recovery and Resilience Facility, a key component of the post-pandemic NextGenerationEU initiative. This alignment facilitates projects that are eligible for targeted EU and national funding streams, including EUR 81.9 million from the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) earmarked for green and social infrastructure. Crucially, the city uses integrated project pipelines – a structured portfolio of projects across transport, housing and skills focused on the same disadvantaged districts. This helps to maximise local impact and meet multiple objectives under the PNRR's missions for digitalisation, ecological transition and social inclusion (City of Turin, 2021^[10]).

Where decentralisation is paired with multiyear funding commitments, as in Finland's Urban Growth Agreements, cities can plan and deliver long-term inclusion strategies with stability (OECD, 2017^[11]). Central to it are the MAL agreements – multiyear contracts between the national government and the largest urban regions, including Helsinki, Jyväskylä, Kuopio, Lahti, Oulu, Tampere and Turku. Operating on a 12-year horizon and updated every 4 years, these agreements have, since 2011, driven inclusive growth through co-financing of urban transport systems, efforts to combat segregation and homelessness and the integration of land-use, housing and transport planning. The current 2024-2035 cycle focuses on urban densification, housing supply, sustainable mobility and climate objectives (OECD, 2017^[11]; Spanish Ministry of the Environment, 2025^[12]). Complementing these technical contracts, the Strategic Alliance between the national government and Finland's six largest cities – established in 2023 and formalised in 2024 – functions as a high-level forum chaired by the prime minister. It enables regular dialogue on discussions too complex for either cities or national government to address alone, including labour shortages, segregation, childcare and digitalisation, supported by a joint secretariat that meets multiple times per month (Eurocities, 2025^[13]). Together, these instruments demonstrate how contractual, strategic and planning approaches can strengthen vertical and horizontal co-ordination, providing predictability to city investments while integrating local and national objectives.

Inter-municipal co-operation is a tool to address the spatial disparities in access to services

When administrative boundaries do not align with a city's functional economic footprint, policies risk being fragmented. Addressing this requires co-ordination both vertically across levels of government and horizontally across policy sectors, as well as across municipalities within the wider functional urban area (FUA). FUA-level governance structures can therefore play a key role in ensuring policy coherence across space and across sectors, helping to overcome fragmented service delivery and investment decisions.

France's experience with the 2014 MAPTAM Law on the modernisation of local public action and the affirmation of metropolises and the 2015 NOTRe Law on the new territorial organization of the republic illustrates this shift toward integrated governance. These laws led to the creation of 22 metropolitan areas (*métropoles*), transforming inter-municipal co-operation into formal entities for urban areas exceeding 650 000 inhabitants (OECD, 2025^[14]). This represented a move towards institutionalised co-ordination, where key competencies such as strategic planning, taxation, housing and transport are held at the metropolitan scale rather than solely by individual communes. A central feature of these arrangements is their ability to strengthen horizontal co-ordination across policy domains. For instance, the Métropole de

Lyon, created in 2015, covers 58 municipalities and 1.4 million residents. It overcomes the challenge of fragmented governance by integrating housing, transport, education and economic planning at the metropolitan scale, underpinning stronger horizontal co-ordination between policy sectors. Instruments include integrated land-use and mobility plans to support new social housing developments being connected to frequent, affordable public transport; and metropolitan-level social services, which align eligibility criteria and reduce gaps in provision between the municipalities. These arrangements help create broadly shared prosperity across the wider FUA of Lyon and prevents the concentration of disadvantage in poorly connected, deprived neighbourhoods.

Beyond formal institutional arrangements, strategic partnerships between cities provide a framework for collaboration on issues that cut across administrative boundaries. While some partnerships are legally required, such as the French *établissements publics de coopération intercommunale* (EPCI), others are voluntary alliances formed to achieve economies of scale. Effective inclusive growth requires partnerships that first prioritise sectoral integration, for example by ensuring that labour market interventions are not designed in isolation from the childcare services that can support more parents to access jobs.

Strengthening inter-municipal co-operation and cross-sectoral governance can improve the efficiency of public spending, support economies of scale and promote more coherent and effective responses to shared challenges. The experience of the Ruhr region in Germany demonstrates the value of such co-ordinated approaches. Following industrial decline, the transformation of the Ruhr Valley was supported by regional co-operation mechanisms, led by the Ruhr Regional Association (*Regionalverband Ruhr*), a 100-year-old association representing 11 cities including Bochum, Dortmund, Duisburg and Essen (OECD, 2006^[15]). This co-ordinated approach explicitly linked environmental restoration with economic restructuring and social objectives, illustrating how integrated governance can support inclusive green transitions (Regionalverband Ruhr, n.d.^[16]). It has also enabled joint action on other cross-boundary issues such as air quality, water management and biodiversity at the appropriate functional scale (Zimmermann and Lee, 2021^[17]).

Similarly, in the Netherlands, the Randstad conurbation's four largest cities (Amsterdam, Rotterdam, Utrecht, and The Hague) co-ordinate formally through joint planning bodies and informally via mayoral networks. They share regional transport investment plans and align economic specialisation strategies, for example linking Rotterdam's logistics hubs with Amsterdam's creative economy and Utrecht's life sciences sector (Nadin and Zonneveld, 2020^[18]). This co-operation is increasingly complemented by efforts to strengthen cross-sectoral alignment including shared approaches to innovation policy and higher education systems designed to broaden access to under-represented groups, thereby reinforcing inclusive growth objectives across the metropolitan region.

Embedding participation: moving from consultation to co-design of inclusive growth policies

Analysis of inclusive growth patterns across cities shows that inequalities are unevenly distributed across both people and places, and that different groups face distinct and often overlapping barriers to opportunity. Addressing these disparities therefore depends not only on what policies cities implement, but how they design and deliver them. Effective inclusive growth strategies are characterised by approaches which are people-based, place-based and participatory throughout the policy cycle. Participatory approaches that embed citizen engagement throughout the policy cycle can significantly enhance both the effectiveness and equity of inclusive growth interventions.

How structured participation can foster more inclusive policy outcomes

Participatory approaches play a critical role in strengthening inclusive growth policies by ensuring they are grounded in the lived experiences of residents. The OECD/EC survey indicates that 86% of respondent cities involve local communities in strategy design, most commonly through consultations and focus groups (82%) (Annex A). While such approaches are widespread, moving towards structured and ongoing citizen participation throughout the policy lifecycle can further improve the legitimacy, policy relevance and effectiveness of inclusive growth policies, particularly in cities where groups of city residents experience policies in different ways. According to the OECD Guidelines for Citizen Participation Processes, participation can take multiple forms, ranging from information and consultation to co-creation and co-decision (OECD, 2022^[19]). More intensive forms of participation such as deliberative assemblies or co-design processes can be particularly valuable for complex policy challenges like inclusive growth where trade-offs need to be negotiated and local knowledge is essential.

In the Netherlands, Utrecht's Peaceable School programme provides an example of participatory approaches embedded at the neighbourhood level. Schools run structured student assemblies where pupils identify local issues, ranging from playground safety to intercultural events, and work with municipal staff to implement solutions. This not only guarantees that investments reflect community priorities but also helps build civic skills from an early age.

A large and growing number of cities have introduced participatory budgeting programmes, allowing residents to directly propose and vote on how portions of municipal budgets are spent. This approach has been adopted in cities including Helsinki in Finland, Paris, France and Porto, Portugal. In Tallinn, Estonia, A City Created Together aims to strengthen civic engagement, enhance transparency and promote more inclusive decision making (Box 4.3). The city enables residents to propose and vote on projects that improve public spaces across all districts, supported by digital platforms and public discussions to broaden participation. By giving communities a direct role in shaping their environment, the programme contributes to reducing inequalities between districts, fostering trust in local governance and generating lasting improvements that reflect local needs and priorities.

Box 4.3. Tallinn, Estonia: A City Created Together participatory budgeting

What are the objectives?

The initiative aims to increase civic engagement by giving residents of Tallinn a direct role in shaping their local environment, while enhancing transparency and trust in municipal decision making. It promotes inclusive growth by supporting equal opportunities across districts and ensuring that public investments better reflect local needs and priorities.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Participatory budgeting responds to the need for more inclusive decision making, ensuring that investments reflect local priorities and helps address inequalities between different districts of the city.
- **Stage 2 – Prioritise:** Tallinn's participatory budgeting prioritises giving residents a direct role in shaping their local environment, to enhance transparency and trust in municipal decision making.
- **Stage 3 – Design and mobilise:** The participatory budget process is co-ordinated by the Tallinn Urban Environment and Public Works Department. Voting is open to all individuals aged 14 and whose registered place of residence is in Tallinn.

- **Stage 4 – Implement:** For the 2025 participatory budget A City Created Together, a commission of experts, in co-operation with district governments and councils, selected 166 proposals for a total of EUR 1 million.
- **Stage 5 – Monitor, learn and adapt:** The programme has increased civic engagement, with thousands of residents participating in idea submission and voting, and has delivered visible improvements in public spaces through 30 projects such as playgrounds, outdoor gyms and green areas.

What can other communities learn from this example?

- **Monitoring, adapting and expanding participation can increase inclusion:** By critically assessing the participatory budgeting process each year, Tallinn has continuously identified ways to increase participation among vulnerable or under-represented groups, leading to spending that reflects all citizens' preferences.
- **Participatory budgets can build trust with residents:** By giving residents a direct role in proposing, selecting and monitoring local projects, the programme increases transparency and accountability in decision making, thereby strengthening trust between citizens and the city administration.

Note: See Step 2 of the OECD/EC survey in Annex A.

Similarly, publishing open and accessible datasets empowers residents, researchers and civil society to be a part of inclusive growth solutions. Survey results indicate that this is the least common form of stakeholder engagement among respondents, used in just 37% of cities (Annex A). Open data platforms can enhance democratic accountability and strengthen community trust. In Helsinki, the city has invested in real-time data infrastructure across housing, mobility and environmental systems, enabling residents to monitor and engage with service delivery. In Terrassa, Spain, the *Gobierno Presupuestos Municipales* municipal budget platform provides interactive dashboards with social spending, income and amounts per inhabitant fostering greater public scrutiny and collaboration between government and civil society (Ajuntament de Terrassa, n.d.^[20]).

Reaching those whose voices are hardest to hear and protecting against participation capture

Cities must actively address the risk of “participation bias” or “participation capture” where more vocal or empowered groups dominate processes (OECD, 2016^[21]). The city of Madrid, Spain, complements open digital participatory platforms with targeted outreach and capacity building for under-represented communities, including migrants, youth and low-income residents (Royo, Pina and Garcia-Rayado, 2020^[22]; OECD, 2025^[23]). This helps to broaden the representativeness of inclusive growth interventions and to reduce the risk that participatory processes do not inadvertently reinforce inequalities. Turku, Finland, directly target youth to enable broad-based participation in climate policies (Box 4.4). More generally, to avoid participation biases, cities can meet people “where they are” by reaching out to and engaging with underrepresented groups in more informal or familiar places such as schools, flexible times or in conjunction with community leaders.

Box 4.4. Turku, Finland: Youth-led climate initiatives

What are the objectives?

The Youth-led Climate Projects in Turku aim to actively engage young people aged 15 to 24 in climate action by supporting initiatives that are designed, implemented and managed by young people themselves. By providing dedicated funding and a structured framework for participation, the programme seeks to empower youth as key contributors to the city's climate transition.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Turku's policy builds on a demographic context characterised by a high concentration of young people, around one in four residents is a student. At the same time, the city faces ambitious climate objectives, including achieving carbon neutrality by 2030 and becoming climate positive thereafter.
- **Stage 2 – Prioritise:** Turku has positioned children and youth as a strategic priority within its climate and sustainability agenda, recognising them as key actors in shaping long-term environmental outcomes.
- **Stage 3 – Design and mobilise:** The city has mobilised a broad ecosystem of stakeholders to support youth participation in climate action. This includes strong collaboration between municipal departments, particularly the Green Transition and Youth Services, as well as partnerships with universities and educational institutions.
- **Stage 4 – Implement:** Groups of young people aged 15 to 24, living or studying in Turku, are eligible to apply for project funding, which is channelled through registered organisations, such as associations. The programme offers grants (from EUR 1 000 to EUR 4 500), allowing projects of varying scale and ambition to be implemented.
- **Stage 5 – Monitor, learn and adapt:** Monitoring of the initiative is embedded in the city's internal project management system, which tracks progress, timelines and outputs across supported projects. This is complemented by systematic feedback collection from participants.

What can other communities learn from this example?

- **Align youth engagement with tangible personal benefits:** Participation must deliver clear and immediate value beyond climate action alone. Linking projects to existing youth structures, such as schools, clubs or associations, can significantly improve uptake and continuity. Providing concrete benefits, including skills development (e.g. project management, communication, teamwork) or academic recognition, helps sustain long-term engagement.
- **Adopt an enabling, partnership-based approach:** Moving from a top-down model to one based on equal collaboration increases motivation, ownership and impact, and by acting as an enabler, providing resources, guidance and a supportive framework, cities can empower young people to design and implement their own initiatives.
- **Embed continuous feedback and adaptive learning:** Effective programmes evolve over time. Turku's experience shows the importance of systematically collecting feedback and adjusting implementation accordingly.

Note: See Step 2 of the OECD/EC survey in Annex A.

Failing to engage citizens meaningfully can lead to policies that are poorly targeted, lack legitimacy or face resistance during implementation. More centrally driven, top-down approaches to inclusive growth risk overlooking key social dimensions and citizens' need for a genuine sense of agency, weakening local ownership and reducing the capacity of communities to drive change based on their own knowledge and initiatives (McCann and Stierna, 2026^[24]). Evidence from across the European Union shows that even where strategic priorities are set at higher levels, their success ultimately depends on alignment with local incentives, strong local ownership and active civic engagement (McCann, Janssen and Stierna, 2024^[25]).

In Germany, Düsseldorf's Zukunft Quartier programme exemplifies what is possible when people-based and place-based approaches are combined with strong participatory design. Operating in disadvantaged areas, it takes a participatory approach to designing housing renewal, employment services, education support and public space improvements focused on the people who live there. Instruments include annual neighbourhood conferences to set local priorities, participatory mapping of needs and opportunities, and direct funding for community-led projects. By combining services at the local level and empowering residents to co-manage interventions, the programme strengthens both economic opportunities and social cohesion.

Formalised frameworks can help embed participation

In France, the Parisian Pact Against Social Exclusion (*Pacte parisien de lutte contre l'exclusion*) is a co-ordination-driven policy framework aimed at addressing multidimensional social exclusion through strengthened collaboration among public, private and civil society actors (Box 4.5). The pact mobilises a broad and integrated action plan spanning multiple sectors, including housing, health and employment.

Box 4.5. Paris, France: The Parisian Pact Against Social Exclusion

What are the objectives?

The Parisian Pact Against Social Exclusion (2022-2026) (hereafter the Pact) aims to improve co-ordination of social actions across the city, enhancing efficiency and reducing duplication. It also seeks to expand partnerships, building new forms of co-operation with a broader set of stakeholders. Finally, it emphasises the need to make both actions and excluded populations more visible, echoing a wish to change perceptions of exclusion.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The Pact is based on a recognition of persistent and multidimensional forms of exclusion in Paris, affecting access to housing, health, employment and social participation. It also identifies the need for better co-ordination among fragmented actors.
- **Stage 2 – Prioritise:** The Pact's priorities include improving access to essential services (housing, health, employment), strengthening social support infrastructures and increasing the visibility of vulnerable populations. More recently, the policy has been adapted to prioritise health, ageing populations and employment.
- **Stage 3 – Design and mobilise:** The Pact is operationalised through a comprehensive action plan bringing together stakeholders across sectors. Its design emphasises partnership-based governance, involving local government, non-governmental organisations, private actors and citizen groups.
- **Stage 4 – Implement:** Implementation relies on collective action across multiple actors, with responsibilities shared between the city of Paris and its partners. Concrete outputs include the

development of new infrastructures and initiatives, such as solidarity events (e.g. a citywide solidarity week) and six new storage facilities for use by people experiencing homelessness.

- **Stage 5 – Monitor, learn and adapt:** Monitoring and evaluation are not formalised, with difficulties linked to the large number of actions and the multistakeholder nature of the Pact. Nevertheless, the policy is regularly adapted, with the reinforcement of co-operation in specific priority areas (health, ageing, employment) in 2025.

What can other communities learn from this example?

- **Identify and tailor high-impact policy pillars:** The recent prioritisation of health, ageing and employment reflect a wish to focus efforts on pressing issues, within a broad and complex policy agenda.
- **Design integrated intervention packages:** The Pact brings together a wide range of actions across sectors, reflecting an integrated approach to tackling multidimensional exclusion.

Note: See Step 2 of the OECD/EC survey in Annex A.

Generating and using granular data to identify, target and monitor inclusive growth in cities

Harnessing data effectively is a key enabler of inclusive growth in cities. Disaggregated and spatialised data allow policymakers to identify where inequalities are most pronounced, who is most affected and which policy instruments are likely to be most effective.

To support inclusive growth, data play several interrelated functions. First, they serve to diagnose and target interventions as well as identify needs and priority groups. Second, they enable monitoring and accountability to track progress and outcomes over time. They are also used for learning and adaptation to inform policy adjustments and improve effectiveness. While data are a core enabler of inclusive growth, many cities face persistent challenges in fulfilling these functions, including from limited technical capacity to collect and interpret quality data, fragmented data systems and insufficient integration of data into decision-making processes. This is reflected in survey results, which find that only 37% of cities currently use data and assessments of needs to support vulnerable groups – suggesting a significant area for potential improvement (Annex A).

Beyond improving targeting, effective use of data helps build the evidence base for action. By quantifying the economic and social costs of inequality, as well as quantifying the returns to inclusive growth policies, data can strengthen the case for investment and support more transparent, evidence-based decision making.

At the same time, many cities face challenges in generating and using data to inform inclusive growth strategies. Local administrations may lack the resources or technical capacities to gather timely, disaggregated data, while fragmented data systems often limit comparability across sectors or neighbourhoods. Even where data exist, they are not always shared or applied systematically in decision making. Building stronger data ecosystems therefore requires investments in collection, integration, analysis and dissemination alongside clear governance mechanisms that promote accountability and trust.

From data to decision making: targeting resources where they are most needed

By combining spatial and socio-economic indicators, cities can identify not only where inequalities are concentrated but also which groups are most affected and why. In Syracuse, the United States, the city

used data analysis to focus its work on housing stability. By examining local mobility statistics, the team identified that 25% of their residents moved within a 12-month period with some neighbourhoods experiencing rates as high as 35%, nearly double the national average. This evidence revealed the urgency of the challenge and clarified who was most affected. Further analysis highlighted the social costs of instability: disrupted access to food and healthcare, and negative effects on children's education due to frequent school changes and absenteeism. By aligning partners around a clear “what, who and why”, data enabled Syracuse to target resources more effectively and build consensus for action (Bloomberg Center for Public Innovation, 2024^[26]).

Developing indicators that reflect the multiple dimensions of inequality allows cities to monitor how different groups fare and adapt interventions to target where they are most needed. In Leeds, the United Kingdom, an economic dashboard and a social monitoring index provide policymakers and residents with up-to-date information on economic performance and social well-being, disaggregating data for population groups including children, youth and the self-employed (OECD, 2025^[27]). Meanwhile, in Poland, Poznan's 2020+ Strategy uses a series of social indicators such as demographics or residents' attachment to the city to underpin the strategy (City of Poznan, 2017^[28]). Establishing baselines, setting quantitative and qualitative targets and embedding monitoring mechanisms helps cities clearly define a shared vision of inclusive growth and build transparent timelines for progress and accountability.

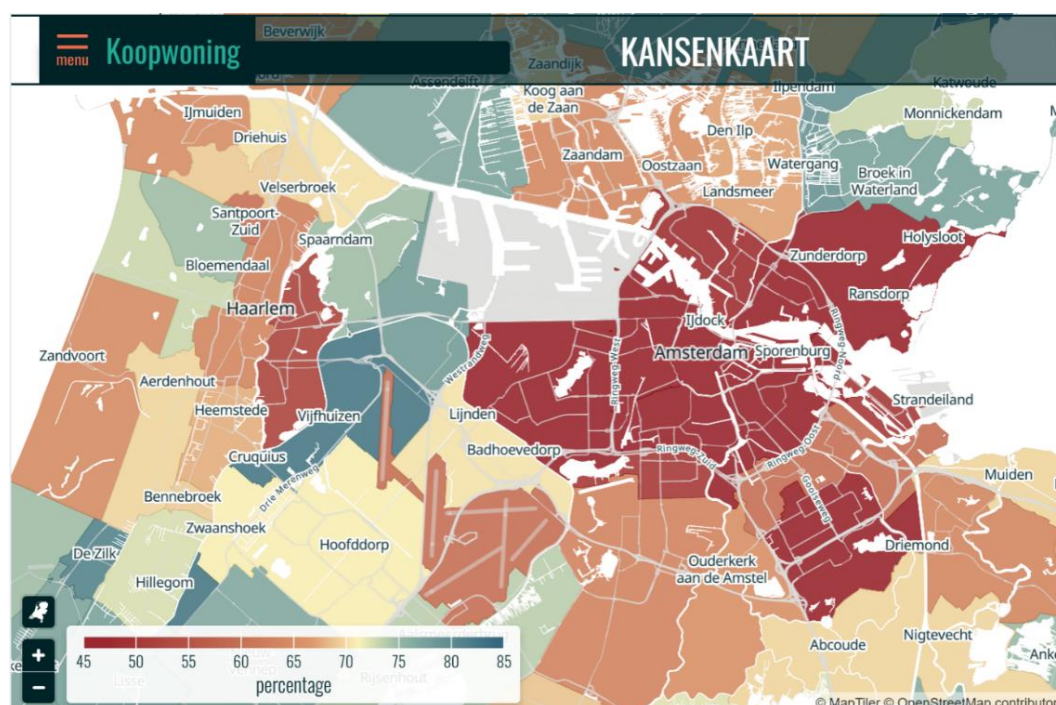
Partnerships and participatory data collection strengthen quality and trust

Effective data initiatives for inclusive growth are often the product of collaborations between government, research institutions, communities and the private sector. Such partnerships help overcome capacity constraints, improve data quality and enable more integrated action across sectors. In the Netherlands, the Opportunity Map (*KansenKaart*) combines socio-economic data with spatial information to visualise inequality across neighbourhoods, highlighting how the conditions in which Dutch people grew up influence outcomes in later life (Figure 4.1). Such data can be used to guide targeted interventions and inform dialogue between policymakers, researchers and residents (*KansenKaart*, n.d.^[29]). The tool was developed in collaboration with universities, local authorities, a charitable foundation and a private mapping company.

Inclusive growth policies can also benefit from data generated and validated by residents themselves. Regular reporting and surveys allow city governments to track inclusive growth outcomes while involving citizens in developing the evidence base. Participatory approaches can improve accuracy, fill information gaps and strengthen trust by involving citizens directly in the evidence-building and diagnosis process. The Tallinn, Estonia, Accessibility Information System provides comprehensive information on the accessibility of public facilities for disabled individuals or their caregivers, elderly people, parents with children and residents more broadly. Crucially, the platform is regularly updated and allows users to “Add suggestions” if information is incorrect, enhancing both accuracy and ownership of the data (European Commission, n.d.^[30]).

Finally, inclusive growth requires not only more granular, local data but also more inclusive approaches to how data are produced and used. Disaggregation by sex, age, income or race or ethnic origin, disability, religion or belief can help uncover hidden inequalities. However, inclusion also depends on how data are interpreted and applied, as certain groups may be under-represented in datasets, reinforcing existing biases. An inclusive approach to data therefore involves actively questioning representation, addressing gaps in data coverage and incorporating diverse perspectives into analysis and interpretation. This can help safeguard that data-driven policymaking does not inadvertently reinforce inequalities but instead reflects real conditions on the ground and supports more equitable and trusted outcomes (Bloomberg Center for Public Innovation, 2024^[26]).

Figure 4.1. The Netherlands KansenKaart visualises neighbourhood level data on life chances



Source: KansenKaart (n.d.^[29]), "About the KansenKaart", <https://kansenkaart.nl/uitleg>.

Leveraging long-term financing for inclusive growth in cities to close investment gaps

Budgetary austerity following the 2008 financial crisis led to a prolonged decline in public investment at the city level, particularly in infrastructure and social services (CEB, 2018^[31]), hollowing out key foundations for future inclusive growth. In the EU context, cities in Ireland, Italy, Portugal and Spain saw sharp declines in municipal spending. In recent years subnational investment in the European Union reached 1.9% of total GDP in 2023 and continued to grow in 2024 (EIB, 2025^[32]). Investment growth has been particularly strong in Central and Eastern Europe, but Southern Europe has also experienced a rebound after years of depressed investment (EIB, 2025^[32]). However, significant financing gaps remain, particularly in areas which drive inclusive growth such as affordable housing, education, sustainable transport and neighbourhood regeneration. For affordable housing alone, the European Investment Bank (EIB) estimates around EUR 57 billion per year is needed to address the affordable housing investment gap in the European Union (Fransen, del Bufalo and Reviglio, 2018^[33]). Addressing these gaps requires cities to move beyond traditional sources and adopt more diversified and innovative financing approaches.

Both OECD and external evidence point to the growing importance of multilevel financing frameworks that combine municipal, regional, national and EU funding sources (Box 4.6). According to the OECD/EC survey, cities rely on a broad mix of funding streams: 85% of respondent cities use local budgets to fund inclusive growth, 77% use national budgets, while 63% report using EU funding (Annex A). This is consistent with the 2024 EIB Municipalities Survey which highlights increasing reliance on EU grants and intergovernmental transfers: 83% of municipalities plan to use EU grants, 74% transfers from central or regional governments and 60% EU financial instruments, up from 40% in 2022 (EIB, 2025^[34]). These instruments can include EU guarantees for other financing, which can help to attract higher levels of funding from banks or other organisations. Together these results underline the central role of national

government and intergovernmental transfers, such as NextGenerationEU or Cohesion Policy funds, to enable cities to finance large-scale investments for inclusive growth (EIB, 2025^[32]). However, access to market-based finance remains uneven. Only around one-third of municipalities use loans or bonds, primarily larger or wealthier cities, while those in less developed regions continue to rely more heavily on grants or project-based transfers (EIB, 2025^[32]). This highlights persistent constraints in access to credit, which can reinforce the importance of blended finance approaches or external support mechanisms.

Box 4.6. The role of EU Cohesion Policy funding to support inclusive growth

EU Cohesion Policy funds support national, regional and local efforts in strengthening equal access to quality and inclusive services and providing equal opportunities, with a particular focus on supporting vulnerable groups, less developed regions and disadvantaged territories. In 2021-2027, the Cohesion Policy has a dedicated policy objective: “A more social and inclusive Europe, implementing the European Pillar of Social Rights”. Under this objective, the European Social Fund Plus (ESF+) supports human capital investments, including skills development and social inclusion, and the European Regional Development Fund (ERDF) supports infrastructure and equipment interventions in the areas of employment, education, skills, social inclusion, healthcare, culture and sustainable tourism. As a response to the outbreak of the COVID-19 pandemic and its socio-economic fallout, the Resilience and Recovery Facility contributes to the implementation of the pillar by supporting investments and reforms that improve social resilience, including in accessible health and long-term care, quality education, social support and access to the labour market. Other EU funding programmes also contribute to the implementation of the pillar such as the Citizens, Equality, Rights and Values and Erasmus+ programmes.

Embedding inclusion into municipal budgets, land markets and co-operative finance

Cities are therefore increasingly seeking to mobilise additional resources for inclusive growth through a range of complementary instruments. One approach is integrating inclusion directly into annual budgets: meaning that inclusive growth is not treated as an add-on but is built into the fiscal framework of city governments. For example, Gijón, Spain, allocates EUR 0.7 million annually to gender equality measures (Inclusive Cities for All, 2020^[35]), while Lille, France, dedicates around EUR 65 million per year to support access to housing in the city as part of its Local Housing Plan 2021-2026 (Inclusive Cities for All, 2019^[36]). This funding focuses on providing decent and affordable housing for all, and to particularly support the most fragile and poorest households. These targeted commitments give continuity to inclusive policies and signal political prioritisation.

Another approach involves leveraging land and property markets through land-value capture and asset-based financing. These instruments enable municipalities to reinvest gains from rising land and property values into broader social priorities. Tools include infrastructure levies, developer obligations, charges for development rights, land readjustment and strategic land management (OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center, 2022^[37]). In Melbourne, Australia, developers pay the Growth Areas Infrastructure Contribution which contributes toward investment in essential infrastructure in Melbourne's growth areas. Reykjavik, Iceland, meanwhile uses building-rights charges to increase the supply of affordable housing, generating roughly EUR 26 million-32 million (2017-2021) (OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center, 2022^[37]). These approaches demonstrate how cities can use existing local assets to generate new revenue streams for inclusive growth.

Cities are also turning to co-operative structures to finance inclusive growth initiatives. Co-operatives in housing, energy and social services allow residents to pool capital, co-own assets and reinvest surpluses into local priorities. In Vienna, Austria, 21% of the city's affordable housing stock is managed by co-operative housing schemes, which demonstrate how public-community partnerships can expand affordable housing without fully relying on subsidies. To promote new affordable housing, the city offers co-operatives long-term, low-interest loans covering 20-60% of constructions costs. In return, co-operatives must offer cost-based rental units and are subject to capped profits and a requirement for all assets to be reinvested into the housing sector (Co-operative Housing International, n.d.^[38]). Similarly, citizen-owned wind co-operatives off the coast of Copenhagen, Denmark, mobilised local capital to finance clean energy transitions while ensuring that benefits remain within the community (Martin, 2017^[39]). Co-operative financial institutions, such as credit unions, also expand access to finance in regions where municipal borrowing is limited, providing a solidarity-based mechanism to channel local savings into inclusive projects. These models show how co-operative ownership can complement municipal finance, strengthen accountability and embed inclusion directly into the financing structure itself.

Impact-oriented finance: opportunities and limits

Cities are also exploring alternative and impact-oriented financing models, such as social impact bonds (SIBs) and Pay for Success (PFS) contracts. The instruments link investor returns to the achievement of measurable results and are gaining traction as a way to de-risk social investment and align government, investor and service provider incentives. In the European Union, one of the earliest SIBs was launched in 2014 by Actiris, the Brussels-Capital Region employment agency, targeting youth unemployment among people with a migrant background, with investor remuneration tied to re-employment outcomes (Misheva, 2024^[40]).

In the Netherlands, Rotterdam's Impact Investing Programme has further demonstrated the potential of place-based approaches to mobilise private capital for social innovation (Box 4.7). Launched in 2013, Salt Lake County, the United States, used a PFS bond to expand pre-kindergarten access for disadvantaged children (OECD, 2016^[21]). While the initiative is often cited as a pioneering success which helped 110 high-risk children avoid special education services, important lessons and cautions arise from subsequent reviews. Although the model generated measurable cost savings, its implementation demanded strong political commitment, cross-sector co-ordination, reliable baseline data and rigorous independent evaluation (Warrier, 2017^[41]). These examples show that SIB and PFS instruments can help shift financial risk away from public budgets while incentivising performance; however, they require substantial administrative capacity, transparent evaluation protocols and careful attention to unintended consequences or gaming of outcomes (Lowe et al., 2019^[42]).

Box 4.7. Rotterdam, the Netherlands: Place-based impact investing

What are the objectives?

The initiative aims to support the development of an impact economy in Rotterdam by fostering impact entrepreneurship and enabling businesses that generate both economic value and social benefits. A key objective is to reduce the number of people relying on welfare or public assistance by supporting pathways into employment and participation, particularly for vulnerable groups.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The city identifies the need to transition towards an “impact economy” that combines financial returns with positive social and environmental outcomes. This diagnosis

is informed by persistent inequalities in the city, where a significant share of residents face barriers to full participation in society, including distance from the labour market.

- **Stage 2 – Prioritise:** Impact entrepreneurs are seen as key actors in delivering inclusive growth capable of expanding economic opportunities by directly engaging vulnerable populations in producing goods and services.
- **Stage 3 – Design and mobilise:** Delivery is based on a place-based impact investing model structured as a public-private partnership. Each partner, including the municipality, private actors and other stakeholders, contributes to shared objectives while maintaining their own roles, responsibilities and funding sources (including ERDF resources).
- **Stage 4 – Implement:** Implementation focuses on supporting and scaling impact entrepreneurship within the city, through financing and supporting social enterprises that combine employment for vulnerable groups.
- **Stage 5 – Monitor, learn and adapt:** The city tracks indicative trends, including the number of impact entrepreneurs, levels of welfare dependency and the degree of engagement among civil servants. A reduction in the number of people receiving welfare or public assistance serves as a proxy indicator to assess progress.

What can other communities learn from this example?

- **Promote economic inclusion through entrepreneurship:** By linking business activity with social objectives, this approach helps address underlying drivers of welfare dependency and supports more inclusive local growth.
- **Leverage public-private collaboration to drive systemic change:** Combining public tools such as procurement and subsidies with private investment can unlock new resources and scale impact-oriented initiatives. A co-ordinated ecosystem approach helps align economic, social and environmental objectives, generating co-benefits across sectors.

Note: See Step 2 of the OECD/EC survey in Annex A.

Multilateral development banks and EU institutions play a critical role in addressing financing constraints. Institutions such as the Council of Europe Development Bank (CEB) has supported cities like Vilnius, Lithuania, with a EUR 35 million loan to implement its integrated territorial development programme, and Łódź, Poland, with EUR 50 million for a cultural-led urban renewal strategy (CEB, 2018^[31]). Similarly, the EIB provides both financing and technical support, with recent surveys showing municipalities are increasingly optimistic about closing investment gaps thanks to EU-backed instruments (EIB, 2025^[32]). These instruments can help de-risk investments and unlock additional financing, particularly in smaller cities or those further from financial markets.

Public-private partnerships (PPPs) provide another mechanism to mobilise resources and expertise. In Bristol, the United Kingdom, the City Funds initiative pools philanthropic and private capital for social priorities including economic inclusion, community initiatives, environmental transformation and reducing food poverty (Power to Change, n.d.^[43]). Meanwhile in Poznan, Poland, PPPs have been used to support urban regeneration efforts, combining public oversight with private investment to revitalise disadvantaged areas and improve local infrastructure (OECD, 2025^[27]).

France's "*1 jeune, 1 mentor*" programme offers access to mentoring for young people aged 5-30, particularly those facing social, educational or labour market barriers, by connecting them with volunteer mentors who provide personalised guidance and support (Box 4.8). By combining public funding and partnerships with civil society organisations, a wide range of mentoring programmes are enabled, combining educational support, career orientation and professional integration.

Box 4.8. France: “1 jeune, 1 mentor” mentoring programme

What are the objectives?

The “1 jeune, 1 mentor” mentoring programme aims to expand access to mentoring in order to support children and young people in their educational pathways, career orientation and transition into the labour market. It is primarily targeted at young people facing various forms of vulnerability, including those living in disadvantaged urban neighbourhoods, rural areas and overseas territories. It is primarily funded through a mixed financing model, combining substantial public subsidies with private and voluntary contributions.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The programme responds to persistent inequalities in educational pathways, career guidance and labour market access among children and young people in France, while recognising that transitions through school, higher education and employment are increasingly demanding and difficult to navigate, especially for those with limited support.
- **Stage 2 – Prioritise:** The programme prioritises tackling inequality of opportunity across childhood and youth by expanding access to individualised support for young people aged 5 to 30. It is particularly targeted towards children and youth from less advantaged backgrounds or those facing difficulties in school, orientation or labour market insertion.
- **Stage 3 – Design and mobilise:** The programme is jointly led by the French Ministries of Sports, Youth and Voluntary Life and of Labour, Health, Solidarity and Families and relies on a broad ecosystem of mentoring organisations for delivery. On average, the programme itself covers around 50% of mentoring associations’ costs (EUR 700 per participant in average), while total public funding (including local authorities, the National Agency for Territorial Cohesion, and other public sources) accounts for approximately 73% of overall mentoring programme financing. Private philanthropy and corporate sponsorship contribute around 16%, while donations and membership fees represent the remaining 11%.
- **Stage 4 – Implement:** Supported associations provide mentoring through two models: one focused on schooling and educational support, often targeting younger and socially disadvantaged minors, and another centred on the transition to higher education or employment, more often aimed at young adults. Volunteer engagement also plays a critical financial role: for around 40% of participating organisations, in-kind volunteer contributions are valued at an amount equivalent to roughly 80% of the programme’s direct monetary costs.
- **Stage 5 – Monitor, learn and adapt:** An evaluation framework was co-ordinated by the National Institute of Youth and Non-Formal Education (INJEP) over a two-year period around surveys and fieldwork with supported organisations, surveys of mentor-mentee pairs and a randomised controlled evaluation to measure the causal impact of the programme. The evaluation points to the relatively low cost of mentoring and confirms that the programme has broadly reached its priority target groups.

What can other communities learn from this example?

- **Ensure diversified and sustainable financing models:** The programme underscores the importance of combining public funding with private philanthropy, corporate partnerships and volunteer contributions to support large-scale mentoring initiatives. Reducing overreliance on short-term public funding is essential to sustain programme continuity, strengthen organisational capacity and enable long-term planning.

- **Address unmet demand for personalised support among vulnerable youth:** The programme highlights the strong need for individualised, sustained support among young people facing social, educational or labour market barriers. Mentoring can effectively complement existing policies by providing guidance, confidence and access to networks.
- **Leverage cross-sectoral and multilevel partnerships:** The initiative demonstrates the importance of strong co-ordination across government levels and sectors, as well as the central role of civil society organisations in delivery. A dynamic and well-structured associative ecosystem can significantly enhance outreach.

Note: See Step 2 of the OECD/EC survey in Annex A.

So that financing translates into inclusive outcomes, cities must complement financial innovation with strong institutional capacity and governance practices. This includes the capacity to negotiate and manage complex financial partnerships which requires specialist skills that may not exist within smaller and medium-sized cities. To address this, training and technical support from national governments, EU institutions or multilateral banks can provide support for implementing and monitoring financing agreements. Alongside internal capacity, effective governance and transparency are essential so that financing mechanisms deliver on their intended goals. This includes rigorous evaluations that can help build public trust and promote financing instruments that deliver genuinely inclusive outcomes. Regular reporting, citizen oversight and independent assessments can all be used to verify whether financing strategies meet their stated objectives. Together, these elements help guarantee that financing strategies are not only effective in mobilising resources, but also equitable, accountable and aligned with long-term development goals.

Building the delivery capacity cities need to turn inclusive growth strategies into action

Dedicated teams and cross-sectoral units as the engine of delivery

The ability of cities to deliver on inclusive growth ambitions depends critically on their technical and organisational capacities. Even when financial resources are available, weak delivery capacity can undermine the coherence, accountability or long-term sustainability of local initiatives. At the same time, local capacity is not developed in isolation: it is shaped by the resources, regulatory frameworks and support provided by higher levels of government, which can enable or constrain effective implementation. Cities that have advanced inclusive growth successfully often combine local investment in technical and organisational capacities, with effective use of national and regional support systems, ensuring that ambitious goals translate into meaningful outcomes. Strengthening the technical capacities of local administrations involves moving from siloed or ad hoc approaches to inclusive growth and institutionalised and professionalised delivery models. This involves several complementary dimensions: dedicated teams or cross-sectoral units with a clear mandate for inclusive growth which are diverse and reflect a city's population; development of internal capacity through training and skills development; and embedding a culture of co-operation, innovation and experimentation in a city.

Delivery capacity is often strengthened when cities establish dedicated units or cross-sectoral teams to co-ordinate across policy silos, set clear accountability and sustain momentum over time. Survey evidence suggests that cities with dedicated strategies are more likely to establish formal delivery arrangement: 75% report having a specific implementation team (Annex A). In 60% of cases, responsibility is located in a single department, while in 40% it is shared across multiple departments, reflecting the cross-cutting nature of inclusive growth. Dedicated units or cross-sectoral teams can help co-ordinate action across

policy silos, clarifying accountability and sustaining momentum over time. In Canada, Toronto's Poverty Reduction Strategy Office, created in 2015, provides a strong example: it works across housing, labour and public health departments, with a mandate to integrate equity considerations into city budgeting and service delivery (City of Toronto, 2025^[44]). Similarly, Vienna, Austria, has embedded inclusive growth objectives into its Municipal Department for Integration and Diversity, which co-ordinates across sectors while engaging closely with migrant communities (Eurocities, 2024^[45]).

Mobilising anchor institutions to extend inclusive growth beyond the municipality

Some cities are moving beyond internal administrative reforms to strengthen delivery capacity by mobilising a broader ecosystem of local actors. In particular approaches that engage large, locally rooted institutions (often known as “anchor institutions”), such as in Leeds, the United Kingdom, demonstrate how inclusive growth can be embedded not only in municipal administrations but across the wider city economy (Box 4.9). By aligning employment practices, procurement, service delivery and asset management with inclusive growth objectives, these approaches extend the reach of city policy and create cumulative, citywide impact.

Box 4.9. Leeds, the United Kingdom: The Leeds Anchor Network mobilising major institutions to drive inclusive growth

What are the objectives?

The Leeds Anchor Network's objective is to build a long-term partnership of large, locally rooted organisations that embed “anchor practice” into their strategies and day-to-day operations and then collaborate to amplify citywide impact on poverty reduction, inequality and place outcomes.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** Leeds's anchor approach starts from the diagnosis that large, locally rooted organisations have outsized influence over inclusive growth outcomes because they employ many people, spend substantial sums, manage land and assets and deliver essential services.
- **Stage 2 – Prioritise:** Leeds prioritises a small set of high-leverage institutional “action areas” through the Business Anchors Progression Framework, which structures anchor action across five dimensions and sets out a four-level pathway from basic practice to best practice.
- **Stage 3 – Design and mobilise:** Delivery is organised as a multi-actor partnership. Leeds City Council helps convene major anchors, while the partnership itself is designed to operate through peer learning, shared frameworks and collaboration rather than a single programme owner “delivering” a service.
- **Stage 4 – Implement:** Within each organisation, members use the Progression Framework to self-assess and then improve policies and practices, such as workforce standards, so “anchor practice” becomes embedded over time. Then, across the network, members collaborate to extend impact through shared initiatives, including supplier-facing activity, shared learning on climate plans and net zero, and co-ordinated work to strengthen local employment pathways.
- **Stage 5 – Monitor, learn and adapt:** The Progression Framework self-assessment provides qualitative scoring and benchmarking across the network over time and supports structured reflection on organisational change. The second measurement mechanism is the collection of core metrics on workforce profile and local spend to evidence collective impact.

What can other communities learn from this example?

- **Engage partnerships and stakeholders:** Leeds shows how anchor partnerships move from co-ordination to collective impact when members actively collaborate on shared priorities, such as improving supplier engagement and tender readiness, and benchmarking climate plans so the networks can deliver outcomes that single organisations would struggle to achieve alone.
- **Define measurable priorities and accountability:** Leeds translates inclusive growth ambition into a small set of high-leverage institutional “anchor levers” focusing on employment, procurement, environment and assets, service delivery and corporate and civic behaviours, so that partners can focus effort where they can materially shift outcomes.

Note: See Step 2 of the OECD/EC survey in Annex A.

Diverse, skilled workforces at the core of inclusive policy design

Underpinning effective inclusive growth policies are teams that reflect the city’s population. Such profiles are better placed to design policies that respond to the lived experiences of residents, while also driving higher levels of trust and public sector innovation (OECD, 2016^[46]). In Lyon, France, internal workplace policies have been adapted to create a more inclusive environment for employees. This includes piloting increased teleworking and enhancing flexibility in working hours: since 2023, half of the city’s 9 600 employees have been offered the option to compress hours into 4 days a week, instead of 5 (RFI, 2023^[47]), with the scheme intended in part to benefit working mothers, who often take part-time positions to manage childcare.

Cities are increasingly investing in skills development and innovation capabilities within their administrations. In South Bend, the United States, the Innovation Office provides municipal staff training in design thinking and experimentation, equipping them to develop and test new approaches to improve housing, mobility and public services. This highlights that building technical capacity is not only about staffing but equipping public servants with the tools and mindsets needed to address complex, cross-cutting challenges.

Strengthening inclusive growth delivery systems through innovation and collaboration

Strong delivery depends on a city’s ability to innovate, test and adapt. Mechanisms such as urban labs, sandboxes and testbeds provide structured ways to experiment, gather feedback and manage risk. In Seoul, Korea, the Seoul Innovation Bureau institutionalises experimentation across departments, supporting citizen-driven ideas through micro grants and integrating successful pilots into mainstream policy (GMF, n.d.^[48]). Similarly, Singapore’s use of regulatory sandboxes has allowed experimentation in areas such as mobility, energy and health technologies, with potential implications for improving access to services, affordability and quality of life (Tech for Good Institute, 2024^[49]). These examples show that innovation capacity is not simply about generating pilots but about institutionalising the conditions for learning including risk appetite, feedback loops and managerial autonomy.

Finally, technical capacity can be strengthened through peer learning and collaboration across cities and stakeholders. Structured exchange platforms allow cities to share experiences, develop common tools and build collective expertise. The Urban Agenda for the EU partnerships, including the Thematic Partnership on Cities of Equality, and the European Initiative’s capacity building offer demonstrate how peer learning and joint problem-solving across cities can raise collective capacity, improve the regulatory and funding environment at all levels of governance, and foster more granular knowledge on inclusive growth in cities. Similarly, programmes such as URBACT, funded by the ERDF, support cities in co-developing solutions

and transferring knowledge across contexts. Beyond inter-city learning, initiatives such as the Inclusive Cities for All campaign show how structured co-operation between municipal administrations and civil society creates shared ownership of inclusive goals, making them more durable and impactful.

Monitoring, evaluating and modifying practices to improve inclusive growth outcomes in cities

Monitoring and evaluation (M&E) is essential to identify whether inclusive growth policies deliver on their objectives and remain relevant in the face of evolving urban challenges. Surveyed cities report high levels of engagement in M&E, with 94% indicating that they monitor and evaluate their initiatives. However, these efforts are predominantly based on internal mechanisms (80%), with more limited use of external or independent evaluations (23%) (Annex A). By embedding inclusive metrics into strategy frameworks, institutionalising learning loops and applying adaptive approaches, cities can safeguard that policies do not remain static but instead evolve in response to evidence, resident feedback and changing socio-economic conditions.

Well-designed M&E performs three critical functions:

- **Accountability:** clarifying whether policies deliver on stated objectives, including reducing inequalities.
- **Learning:** generating insights that inform adjustments and policy redesign.
- **Legitimacy:** building public and political trust in inclusive growth strategies through transparency and responsiveness.

Setting multidimensional targets and tracking progress across people and places

Cities that anchor their inclusive growth goals in existing planning frameworks can benefit from more systematic measurement and reporting. Indicators should go beyond gross domestic product and employment to capture dimensions such as access to housing, quality of services, air quality, educational outcomes and perceptions of fairness. In Tallinn, Estonia, the city publishes annual reports tracking progress against their 2035 strategy, using social, environmental and economic indicators disaggregated by gender, age and income to monitor inclusion. This includes monitoring the share of residents for whom most journey include travelling through green spaces, the share of adults (25-64-year-olds) engaged in lifelong learning and the share of the cost of services (e.g. transport, housing) compared to overall expenditure. Progress on indicators is measured against a 2020 baseline and compared to a 2035 target level, allowing citizens to hold city hall accountable and giving policymakers clear goals to work towards (City of Tallinn, 2025^[50]). In Amsterdam, the Netherlands, the city uses the Dutch well-being framework (*Monitor Brede Welvaart*) to track progress across economic, social and environmental dimensions of inclusive growth. The monitor is embedded into the city's policy cycle, informing budgetary decision and strategic priorities linked to outcomes such as housing affordability, health, education, environmental quality and subjective well-being. By linking indicators to policy action, Amsterdam enables monitoring to feed directly into policy adjustment and prioritisation, helping the city respond to emerging inequalities and trade-offs over time.

Other cities have adopted clear and measurable targets to help drive the implementation of a city's strategic vision of inclusive growth. In the case of Barcelona, Spain, these can range from targets to reduce school absenteeism and dropout rates to increasing social housing supply, narrowing health disparities and improving access to quality jobs for youth and migrants. While in Finland, Helsinki's *A Place of Growth: City Strategy 2021-2025* (City of Helsinki, 2021^[51]) sets out clear goals, including being the most equitable and effective place to learn, underpinned by objectives such as increasing the participation rate in early childhood education, particularly among foreign-language speakers (City of Helsinki, 2025^[52]).

Learning what works for inclusive growth and scaling impact

Inclusive growth is best advanced through iterative policymaking, where M&E directly inform adjustments to policy design. Institutionalising these “learning loops” ensures that evidence is not simply collected but acted upon in a structured way. In Czeladź, Poland, the social policy strategy is redesigned after evaluating implementation outcomes, shifting resources toward measures with stronger impact on vulnerable groups (OECD, 2025^[27]). Similarly, between 2019 and 2021, Vantaa, Finland, applied agile testing methods to develop and refine their Growth and Social Investment Pacts (GISPs) for local companies. The project was focused on stimulating growth in local companies, alongside improving low-educated and unemployed individual’s capacities for lifelong learning. To establish the most effective approach, the city designed, ran and tested 3 different versions of GISPs in 5 companies; it then piloted them in 60 companies to gather data on programme effectiveness. This allowed Vantaa to understand which form of GISP was most effective for supporting business growth and improving social outcomes (UIA, 2020^[53]).

Cities increasingly deploy experimental approaches, such as policy sandboxes and digital feedback tools, to engage with stakeholders, trial new solutions, collect evidence and modify policies based on results. Adaptive frameworks enable flexibility, helping cities remain responsive to shifting challenges while avoiding lock-in to ineffective policies. In Tsukuba, Japan, the municipal government has begun using generative artificial intelligence to capture, analyse and visualise various opinions from residents, enabling faster and more systematic integration of citizen feedback into policymaking (OECD, 2025^[27]). This approach aims to incorporate near real-time insights into policymaking, enabling continuous adaptation of local services and policies to resident needs.

Box 4.10. Key factors for successful M&E

- **Clear objectives and measurable indicators:** Defining outcomes from the outset enables meaningful tracking of progress and impact.
- **Technical and analytical capacity:** Skilled staff and robust methodologies are essential to design metrics, conduct evaluations and interpret results.
- **Integration into budgeting and planning:** Linking evaluation findings to planning and resource allocation translates lessons learnt into action.
- **Resident and stakeholder engagement:** Involving residents and partners enhances the relevance of indicators and improves trust in results.
- **Culture of learning and adaptation:** Involving residents and partners improves the relevance, legitimacy and uptake of findings.
- **Political will and leadership:** Sustained support from elected officials helps embed M&E in policy cycles and prevents findings from being disregarded.

Sources: Adapted from UK Government (2026^[54]), *The Magenta Book*, https://assets.publishing.service.gov.uk/media/6a1ee976b95db968c8f3bd9b/CCS0126982978-001_PN10541411_Magenta_Book_Update_V2_Accessible_1_.pdf; What Works Centre for Local Economic Growth (2022^[55]), “How to Evaluate”, <https://whatworksgrowth.org/resource-library/how-to-evaluate/>.

Communicating and building durable political support for action on inclusive growth

Inclusive growth strategies succeed when they are not only technically sound, but also politically and socially supported. Sustained momentum requires that cities mobilise diverse actors around a shared vision, explain why inclusive growth matters and demonstrate tangible progress. Communication is not just about dissemination but is a core governance function that helps build legitimacy, trust and a coalition for long-term change. To do so, cities rely on a combination of tools, including data visualisation platforms like dashboards, participatory processes, targeted campaigns and strategic narratives, which together help translate complex policy agendas into accessible and actionable messages for different audiences.

Narrative and storytelling as governance tools not just communications

Storytelling can be a powerful tool for cities to generate political and societal support for inclusive growth. While data and indicators are essential to measure progress, they often fail to inspire action on their own. A compelling narrative transforms technical information into material that is accessible, memorable and actionable (Box 4.11). By linking inclusive growth interventions to concrete outcomes, such as improved access to affordable childcare, quality jobs or better housing, storytelling can support a shared understanding of why inclusion matters and how policies affect everyday life. In this way, narratives can help align city administrations, political leaders, businesses and residents around common priorities.

However, storytelling also requires careful use. There is a risk that narratives oversimplify complex challenges, rely on selective framing of evidence or prioritise compelling messages over robust analysis. In some cases, storytelling may be used instrumentally to build support without fully reflecting trade-offs or distributional impacts (Moore, 2013^[56]). To remain credible and effective, communication strategies should therefore be grounded in evidence, transparent about uncertainties and complemented by robust data and evaluation frameworks.

Box 4.11. Effective storytelling for inclusive growth in cities

Storytelling that highlights the “why” of inclusive growth, emphasising its importance for shared prosperity, fairness and long-term resilience, to develop messages that are compelling, consistent and accessible to a wide range of audiences. Effective storytelling for inclusive growth in cities involves several elements:

- **Think “audience first”:** Identifying audiences is central to designing impactful narratives. Policymakers, residents, businesses and local organisations may each require different framing and levels of technical detail. Audience mapping can help cities tailor their messages so that inclusive growth stories resonate with the people whose support and engagement are needed.
- **Focus on one essential idea:** Successful stories are simple, memorable and repeatable. Cities should centre communication around a clear core message, such as Helsinki’s “Great schools, spread across the city”, so that audiences can easily recall and share the main takeaway.
- **Draw on classic storytelling elements:** Setting context, highlighting a challenge or conflict, and providing concrete human examples can help audiences connect with abstract policy concepts. Sharing the story of how a new housing, transport or labour market initiative changed lives in a particular neighbourhood can make inclusive growth tangible and relatable.
- **Use visuals to better illustrate messages:** Dashboards, infographics, interactive maps, short videos or even memes (widely shared online images or graphics conveying a message in a simple and engaging way) can help explain complex ideas in accessible ways. Visuals that

answer common public questions, such as “who benefits?” or “what has changed in my community?” can help strengthen engagement and broaden ownership.

Sources: Bloomberg Center for Public Innovation (2024^[26]), *Path to Public Innovation Playbook*, https://4273298.fs1.hubspotusercontent-na1.net/hubfs/4273298/BCPI_Curriculum%E2%80%9393PTPI-Toolkit/BCPI_JHU_Path%20to%20Public%20Innovation%20Playbook_Fall%202024.pdf; Arora, A. (2025^[57]), “Data meets drama: 5 smart ways to tell better stories with stats”, https://apolitical.co/solution-articles/en/data-meets-drama-5-smart-ways-to-tell-better-stories-with-stats?utm_campaign=Weekly%20briefing%20%E2%80%9494%20Platform&utm_medium=email&hsenc=p2ANqtz--eZqjUqGnvd_CCRBOsjo-F76YkWHwtpdMmif4VfpyzT6QhjdCoJYulirOdwRGF.

Beyond communication, sustaining political support for inclusive growth strategies requires embedding it into governance practices and building broad-based coalitions that can endure beyond electoral cycles. This goes beyond articulating a strategic vision, and instead focuses on maintaining commitment, aligning incentives and ensuring continuity in implementation.

Political leadership plays a key role in maintaining visibility and prioritisation of inclusive growth objectives, including through regular reporting, cross-departmental co-ordination and engagement with external stakeholders. For example, Barcelona, Spain, has explicitly enshrined social rights and equality in its municipal action plan, with the mayor presenting annual progress reports to the city council to maintain accountability. Similarly, Malmö, Sweden, has maintained a long-standing political consensus on its social sustainability strategy, allowing successive administrations to build on prior initiatives rather than restart efforts.

Embedding inclusion across political cycles: coalitions, continuity and accountability

Sustained support depends on building coalitions across political parties, levels of government and societal actors. This helps reduce the vulnerability of inclusive growth strategies to political cycles and strengthens their implementation capacity. In practice, this often involves aligning local priorities with national frameworks and ensuring that local actors retain sufficient ownership to adapt policies to their context. Yet, maintaining political support requires demonstrating results and managing trade-offs transparently. Clear communication of achievements and challenges helps build trust and reduces the risk of backlash, especially when policies involve long-term investments or prioritising action.

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5

A Roadmap for Inclusive Growth in Cities

This chapter presents an evidence-based roadmap for cities seeking to foster inclusive growth and reduce inequalities. It translates key insights from the previous chapters on inclusive growth policies and the enabling conditions for implementation into a practical, actionable guide for policymakers. Structured into five stages, the roadmap supports city leaders in translating inclusive growth ambitions into strategies and effective policy action.

Introduction

The Roadmap for Inclusive Growth in Cities (hereafter the Roadmap) is structured across five stages which bring the policy pillars and enabling factors of this report together in a practical iterative framework to support city leaders translate inclusive growth ambitions into strategies and effective policy action.

Results from the OECD/EC survey showed that many cities are already taking action on inclusive growth, but often through fragmented initiatives. The Roadmap is designed to help cities move from intention to action, by offering an iterative process to support cities developing and delivering inclusive growth strategies that are:

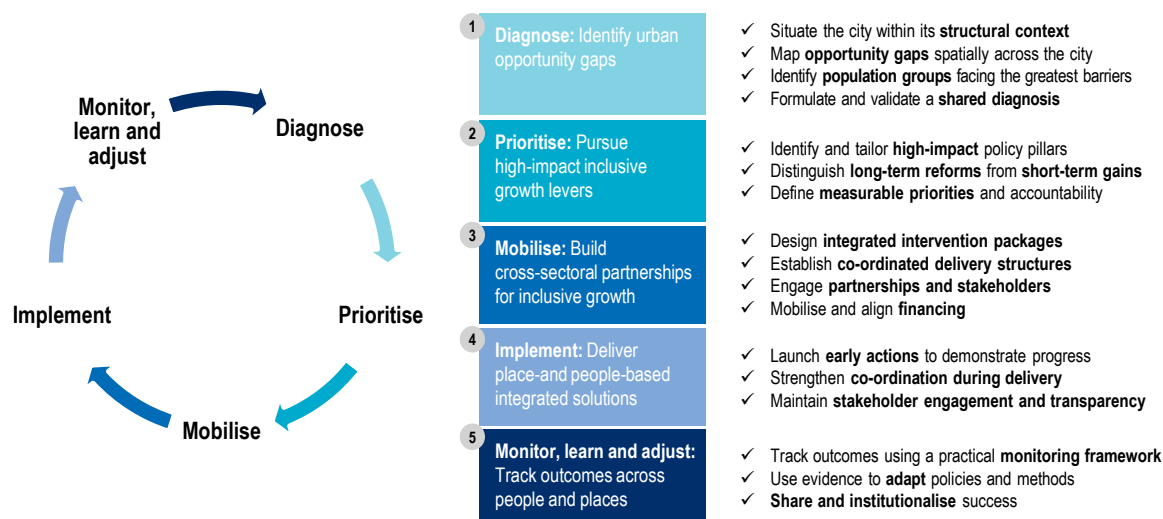
- **evidence-based**, grounded in a robust understanding of local opportunity gaps
- **people- and place-based**, addressing both population groups and spatial inequalities, including how they have evolved over time
- **feasible**, recognising institutional, governance, structural and fiscal constraints faced by cities.

Importantly, the Roadmap is not intended as a one-size-fits-all model or a linear approach. The stages should be considered an iterative process, which can allow cities to move towards an economic model which more people in society can contribute to and benefit from. Moreover, cities differ widely across many dimensions including size, economic profiles and demographic dynamics and so the Roadmap is designed to be flexible, allowing cities to adapt the approach to their own institutional context and policy priorities.

The Roadmap is structured into five stages to guide cities through the process of developing and delivering inclusive growth strategies:

- **Diagnose:** Cities need a robust and shared understanding of where opportunity gaps exist, who is affected and why. Diagnosis goes beyond assembling indicators – it involves situating inequalities within the city's structural context, mapping them spatially across neighbourhoods and population groups, and translating evidence into a clear problem definition that can guide policy decisions.
- **Prioritise:** Inclusive growth spans multiple policy areas, including education labour markets, housing infrastructure and climate action. However, cities cannot act on all fronts simultaneously. In a context of constrained financial and technical resources, the Roadmap therefore emphasises prioritisation and design of policy initiatives with the greatest potential to close opportunity gaps, while being explicit about trade-offs.
- **Mobilise:** Priorities only matter if they can be delivered. This stage focuses on mobilising the governance arrangements, partnerships, institutional capacity and financing needed to deliver integrated intervention packages to address overlapping, multidimensional disadvantages. To ensure delivery is feasible, cities must break down departmental silos, establish formal vertical co-ordination frameworks (such as multi-level contracts or agreements), preventing participation capture and implementing multi-year frameworks to align immediate fiscal cycles with long-term growth timelines.
- **Implement:** Implementation is not a linear sequence of events, but a flexible, adaptive process where programmes evolve as they are delivered. By launching early actions and pilot initiatives cities can test new models and to build momentum underpinned by robust co-ordination mechanisms across departments and with partners to sustain continuous stakeholder engagement to allow delivery flexible and resilient to crises, funding shifts or political changes.
- **Monitor, learn and adapt:** Inclusive growth strategies must remain adaptive. Monitoring and evaluation should not be treated solely as reporting exercises but opportunities to learn what works, refine interventions, and scale successful initiatives.

Figure 5.1. A five-stage roadmap to help cities foster inclusive growth from strategy through to implementation



1. Diagnose: establish a robust evidence base to identify opportunity gaps within the city and underpin a shared diagnosis

This first stage helps cities identify which policy pillars are most critical to addressing local opportunity gaps, while building on enabling factors such as data systems, analytical capacity and cross-departmental co-ordination to translate evidence into a shared diagnosis.

Developing an inclusive growth strategy begins with a clear understanding of the challenges a city is trying to address. While data gaps can constrain analysis, the challenge often lies not only in whether data exist, but how they are produced, shared and interpreted, which means cities cannot always translate a description of data into a clear diagnosis. Evidence may be fragmented across departments, too slow to capture emerging trends or insufficiently connected to decision making when evidence and policy teams in a city are not linked up.

There is also a risk that outcomes shaped by broader factors, like demographic change, economic specialisation or governance arrangements, are interpreted as policy failures, when in fact these factors define, at least in part, the range of outcomes a city can realistically influence. As a result, while many cities produce detailed analysis of social and economic indicators, they often lack a shared and actionable evidence directly linked to policy priorities. Without this common diagnosis and effective co-ordination across departments and levels of government, responses tend to remain fragmented, with different actors acting on partial or sector-specific diagnoses of the evidence. This can lead to policy misalignment, inefficient resource allocation, and a proliferation of disconnected initiatives rather than a coherent strategy for inclusive growth (OECD, 2025^[1]).

An effective diagnosis therefore goes beyond assembling indicators and instead translates evidence into a decision making tool that helps cities answer four key questions: What structural factors shape inclusive growth challenges and opportunity gaps? Where do these gaps occur within the city? Who is most affected? Why do these disparities persist?

Situate the city within its structural context

The challenges cities face in achieving inclusive growth are rooted in cities' structural characteristics which shape both the patterns of inclusive growth challenges and the scope for local action. Certain city types cluster specific inclusive growth challenges, for instance large, economically diverse cities can face acute housing affordability pressures and spatial segregation, while smaller cities may struggle with the outmigration of skilled workers and more limited economic diversification (see Chapter 2). Recognising these structural challenges helps cities distinguish between long-term pressures and areas where policy intervention can have the greatest impact, while enabling them to design more targeted and effective policies that respond to (and where possible mitigate), these underlying structural drivers.

Table 5.1. Considering the structural context can help cities identify areas where policy interventions have the greatest impact

Structural dimension of inclusive growth		Key dynamics and findings	Inclusive growth implications
Population size	Large cities	High productivity; gross domestic product (GDP)/capita and disposable income generally above national averages	The success paradox: polarised labour markets. Housing prices grew nearly 60% (2015-2021), environmental pressures acute
	Mid-sized cities	Faster recent growth than large cities on average, high labour participation and relatively high human capital	Balanced but heterogenous: generally more manageable cost pressures but outcomes depend heavily on economic profile
	Small cities	Majority of European Union (EU) cities, lower income levels but stronger progress in poverty reduction	Structural constraints: lower labour participation, more limited economic diversification and lower levels of education attainment
Demographic dynamics	Growing cities	Comparatively stronger labour outcomes, more narrow gender gaps and high human capital	Affordability crisis: house price rises above income growth, poverty rates stable or slightly increasing
	Stable cities	Steady growth, modest productivity gains and moderate labour market participation	Stagnation risks: wider gender gaps, significant housing pressures despite more limited population growth
	Shrinking cities	GDP/capita growth often reflects population decline rather than dynamism, low productivity growth	Talent traps: lowest participation in the labour market compared to growing and stable cities, widest gender gaps, low skills levels
Economic profile	Advanced services	Most dynamic economies, high GDP/capita and high tertiary attainment	Inequality and access: elevated poverty rates (approximately 18.5%), extreme housing pressures, polarised labour markets
	Industry-oriented	Fastest GDP growth reflecting convergence and potential industrial upgrading	Gender gaps: larger gaps in male-female participation rates compared to other profiles
	Service-based	Focused on tourism/personal services, slow growth, lower GDP/capita	Fragility: highest poverty rates of the economic profiles, seasonal/non-standard employment, higher share of low-educated workers
	Public sector	Marked by stable employment, often representing regional capital, high share of tertiary attainment	Productivity ceiling: weakest productivity growth, limited exposure to high-productivity tradeable sectors

Note: See city typology analysis in Chapter 2.

In practice, cities may therefore begin the diagnosis stage by situating themselves within their broader structural context, focusing on dimensions that strongly shape inclusive growth outcomes. These structural dimensions include the city's size, demographic dynamics and economic structure. Other context-specific factors such as governance structure, historical development, and spatial dynamics, including the wider territory and region, can further influence inclusive growth challenges and opportunities. Understanding these various structural dimensions allows cities to interpret their data more effectively and identify which challenges are structural pressures and which may be more responsive to policy action.

Map opportunity gaps spatially across the city

Inclusive growth challenges often vary widely within cities, with averages often masking large disparities across neighbourhoods. Spatial analysis is therefore essential to identify where opportunity gaps are most acute, including access to childcare and social services, education and training, employment, affordable and quality housing, public transport and green space, at a local scale. In Vilnius, Lithuania, for example, such analysis is used to track neighbourhood-level access and policy implementation to track progress against its 15-minute city ambition.

This spatial diagnosis underpins place-based policies, a core component of inclusive growth in cities, by addressing the “spatial mismatch” between where people live and where opportunities are located. Compared to one-size-fits-all approaches, place-based strategies enable more targeted resource allocation, support integrated service delivery across policy areas and leverage local assets such as community networks.

Using spatially granular data, such as neighbourhood-level indicators or geospatial analysis, can reveal patterns of disadvantage that are not visible in aggregate statistics. This includes identifying areas where multiple forms of disadvantage overlap, enabling policymakers to pinpoint priority locations for more targeted and integrated interventions. To strengthen this approach, cities can work with national statistical authorities to develop and access data at a finer spatial scale. For example, in France, the National Institute of Statistics and Economic Studies (*Institut national de la statistique et des études économiques*, INSEE) Filosofi dataset provides income data at the 200 metres (m) x 200 m grid level. This level of detail has revealed pockets of deprivation that were not visible at broader spatial scales, allowing for more precise identification and prioritisation of neighbourhoods for targeted policy action.

Identify population groups facing the greatest barriers

Inclusive growth strategies also require understanding which population groups face the greatest barriers to opportunities and services as part of a people-based approach that targets individuals and households directly. This is particularly important for marginalised or vulnerable groups such as Roma communities or minority populations that may not be reached by broader interventions due to structural disadvantage, institutional barriers or limited access to information. Where data are available, cities can examine disparities across key population characteristics including income, socio-economic background, sex, age, migration background, ethnicity or minority status and disability. However, some groups may remain under-represented or invisible in standard datasets. In such cases, explicit identification is necessary.

Many inequalities arise from intersecting disadvantage which can compound one another. Cities are therefore increasingly adopting intersectional approaches to better identify and reach those most at risk. For example, Cologne, Germany, uses intersectionality criteria in their NRWeltoffen (North Rhine-Westphalia open to the world) programme to target groups that face multiple, overlapping disadvantage. For example, considering someone who is affected by poverty, who is also a lone parent and has a disability builds intersectionality into the diagnosis and helps subsequent policy responses account for the complex ways disadvantage can overlap.

While quantitative indicators are key to identify these disparities, they can be complemented with qualitative insights from community consultations, citizens assemblies or focus groups with residents and people with lived experiences. These insights can reveal barriers that may not appear in statistical indicators like discrimination in labour markets or information gaps for available services.

Formulate and validate a shared diagnosis of inclusive growth challenges and opportunities

The final step of the diagnosis stage is translating evidence collected into a clear and shared understanding of the city's inclusive growth challenges and opportunities. Rather than presenting a long list of indicators, an effective diagnosis synthesises evidence into a concise problem statement that can guide decision making and be used consistently across city departments. A strong diagnosis answers four key questions:

1. What structural factors shape inclusive growth challenges and opportunity gaps?
2. Where do these gaps occur within the city?
3. Who is most affected?
4. Why do these disparities persist?

A concise problem statement should clearly link these elements in a way that is actionable for policy design. For example: "Rising housing costs in central areas are limiting access to employment for low-income households, forced to live in poorly connected peripheral neighbourhoods with weaker transport and service provision". This type of statement moves beyond description to identify the drivers, geography affected groups and mechanisms of persistence.

Developing this shared diagnosis requires close collaboration not only with residents and affected groups but also across municipal teams responsible for data, policy design and service delivery. Ensuring alignment of evidence and policy teams is particularly important for ensuring that analysis translates into a common framing of the problem rather than remaining fragmented across sectors or departments.

In Krakow, Poland, the Multiculturalism and Migration Observatory (MMO-OWiM) is a joint initiative of the municipality of Krakow and the Krakow University of Economics designed to strengthen the city's capacity to understand and manage migration-drive change (Box 5.1). The observatory produces detailed analytical reports, initiates long-term studies of immigrant communities and convenes regular seminars to translate research into actionable insights for local and regional stakeholders. By addressing an evidence gap around migration dynamics, MMO-OWiM supports more inclusive urban governance, helping the city identify integration barriers, recognise migrants' social and economic contributions and develop recommendations to improve migration and multiculturalism management.

Box 5.1. Krakow, Poland: The Multiculturalism and Migration Observatory

What are the objectives?

The Multiculturalism and Migration Observatory's core objective is to analyse migration processes and multicultural transformations in Krakow's urban space and strengthen evidence-based management of these dynamics at the city and regional scales.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The observatory conducts analyses of migration and multicultural change, initiates long-term studies of immigrants in Krakow and synthesises findings into accessible outputs to support city decision making.
- **Stage 2 – Prioritise:** The observatory helps Krakow prioritise by identifying key integration barriers, areas of spatial concentration of migrants and domains where targeted improvements in governance and services can maximise social and economic potential.

- **Stage 3 – Design and mobilise:** The observatory presents a multi-actor governance model, integrating academic, municipal and regional actors where relevant. It was created via an agreement between the municipality of Krakow and the Krakow University of Economics.
- **Stage 4 – Implement:** Implementation takes the form of regular knowledge products and engagement formats to be used as guidance, including detailed reports on migration trends and policy-relevant domains (economy, education participation, etc.).
- **Stage 5 – Monitor, learn and adapt:** Monitoring is the observatory's core function. It continuously updates the evidence base through recurring reports and ongoing studies, enabling to learn over time and refine responses as migration patterns shift.

What can other communities learn from this example?

- **Engage partnerships and stakeholders:** Joint municipal-academic delivery which is built into the observatory's governance model shows how municipalities can partner with universities to deepen analytical capacity while keeping outputs policy relevant and locally grounded.
- **Use evidence to adapt policies and measures:** By producing evidence that links to multiple inclusive growth pillars such as education, labour market integration and service access, the observatory helps Krakow to integrate inclusion of migrants across departments.

Note: See Step 2 of the OECD/EC survey in Annex A.

Once formulated, a diagnosis can be validated with municipal departments, regional and national authorities, civil society organisations and representatives from affected communities. This validation process helps support that the diagnoses that reflect both evidence and lived experience, while also building a shared understanding across institutions. A clear and widely supported diagnosis provides the foundation for the next stage of the Roadmap: prioritising and designing policy interventions that can have the greatest impact on closing opportunity gaps.

2. Prioritise: focus on interventions with highest potential impact on inclusive growth outcomes

Once cities have developed a diagnosis of their inclusive growth challenges, the next stage is deciding where to act. This is often one of the most difficult stages of strategy development as inclusive growth spans many policy areas, from education and labour markets to housing, infrastructure and climate policy. Cities can face a temptation to address a wide range of issues simultaneously; however, international experience shows that strategies with too many priorities often struggle to deliver meaningful change (OECD, 2023^[2]). When priorities are overly broad or poorly prioritised, policy coherence is weakened as governments face difficulties aligning actions across sectors and levels of government. This can lead to fragmented implementation, diluted resources and reduced capacity to focus resources on the most critical objectives.

Effective action on inclusive growth therefore requires clear prioritisation. This involves identifying the key policy pillars with the greatest potential to close opportunity gaps, given the city's structural context, institutional capacity and fiscal constraints (see, for example, Figure 5.2). Prioritisation is ultimately about doing fewer things better: focusing political attention, resources and institutional effort on interventions that have proven most effective and can deliver meaningful impact. It can support more sustained action on inclusive growth through higher-impact policies which can help maintain public and political support for inclusive growth over time. Underpinning this are key enabling factors such as participatory approaches which engage residents and stakeholders so that they reflect lived experiences and build public support

for difficult trade-offs alongside use of data and indicators to define measurable priorities and strong co-ordinated governance which defines roles and responsibilities.

Figure 5.2. Cities can prioritise initiatives which both close their opportunity gaps and have importance for their inclusive growth challenges

Illustrative matrix



Identify and tailor high-impact policy priorities

Inclusive growth is shaped by a wide range of policy areas. However, not all policy levers are equally important for every city, as their relevance depends on local conditions, structural characteristics and the specific challenges each city faces. Cities can therefore begin by identifying which policy pillars are most strongly linked to the opportunity gaps identified during the diagnosis stage.

The Inclusive Growth in Cities framework highlights five key policy pillars which emerge as central drivers of inclusive growth outcomes in cities: education and skills development; labour market access and job quality; access to affordable and quality housing and inclusive built environment; access to public services and infrastructure; and climate transition and environmental quality. Rather than attempting to act across all pillars simultaneously, cities can benefit from identifying a more limited number of policy areas where interventions could deliver the greatest improvements for opportunity and living standards. So that priorities are both evidence-based and locally relevant, cities can combine analytical findings with input from residents and stakeholders, particularly those most affected by inequality.

Within these priority areas, cities then can target interventions more precisely. This involves tailoring policies to local context, reflecting structural characteristics, institutional capacity and demographic trends, by combining two complementary approaches. People-based policies focus on specific groups facing barriers to opportunity, such as those experiencing homelessness, minority groups or Roma people. Meanwhile place-based policies target neighbourhoods where disadvantage is concentrated. Combining these approaches helps address both the individual and spatial dimensions of inequality. Cluj-Napoca's (Romania) Housing-First driven desegregation exemplifies this combined people- and place-based approach that prioritises action to secure decent housing for residents of a specific area in the city (Box 5.2).

Box 5.2. Cluj-Napoca, Romania: Housing-First-Driven Desegregation

What are the objectives?

The policy seeks to end spatial segregation and secure decent, sustainable housing for residents of Pata-Rât (an urban marginalised area “ZUM”), while addressing the interconnected drivers of exclusion that shape everyday life in the community: low educational attainment, weak attachment to formal employment, limited access to health and social services, and persistent discrimination.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The intervention starts from a hard, shared evidence base through a census-like reference study covering roughly 95% of households in ZUM Pata-Rât, strengthened by focus groups and wider community consultations. The diagnosis highlights that disadvantage is layered and reinforcing.
- **Stage 2 – Prioritise:** On the basis of this diagnosis, the strategy formally validates Pata-Rât as a ZUM and makes it the primary priority because of the intersectional intensity of housing deprivation, low employment, education exclusion, limited-service access and discrimination.
- **Stage 3 – Design and mobilise:** The main projects were carried out by the Cluj Metropolitan Area (CMA) Association, as a larger consortium leader. Now, delivery is centred on the same CMA and the Local Action Group, whose nucleus is also CMA. This model convenes municipal and metropolitan authorities, academia, civil society, private actors, and Roma grassroots representation.
- **Stage 4 – Implement:** Implementation centres on housing-first desegregation with families rehoused into integrated, non-segregated residential areas outside Pata-Rât and supported through sustained follow-up that stabilises housing and strengthens access to schooling, healthcare, social protection and labour-market pathways.
- **Stage 5 – Monitor, learn and adapt:** Monitoring and evaluation are treated as part of delivery combining KPIs, surveys, qualitative research, and participatory research involving the targeted population, so the programme can adapt based on lived experience and measurable progress.

What can other communities learn from this example?

- **Design integrated intervention packages:** Relocations for families into housing integrated with other supports enable barriers to be addressed over several dimensions. In addition, the strategy explicitly combines investments in “hard” infrastructure related to relocation with “soft” supports such as post-move psychosocial and administrative support plus education and employment pathways to sustain outcomes and prevent resegregation.
- **Mobilise and align financing:** The Cluj-Napoca approach demonstrates how long-term transformation can require stitching together successive funds (EEA/ Norway/ ESF+/ ERDF CLLD) to avoid gaps in service provision that undermine trust and delivery capacity.

Note: See Step 2 of the OECD/EC survey in Annex A.

An effective prioritisation process also requires making difficult choices as not all policy areas can receive equal attention or resources. Cities may therefore consider explicitly identifying their core priorities (where policy action will be concentrated), supporting actions (which compliment priorities but receive fewer resources) and lower-impact initiatives (which can be postponed or deprioritised) (Figure 5.2). While politically challenging, this stage helps to create inclusive growth strategies that are focused and implementable.

Distinguish transformative reforms from short-term gains

Inclusive growth strategies often need to balance long-term structural reforms with actions that can deliver results more quickly. Structural reforms might involve changes in housing supply, education systems or labour market institutions; while these can deliver substantial long-term benefits, they can take time to produce results and may also require co-ordinated actions with other levels of governance. To build political momentum and public support, cities may need to demonstrate earlier progress.

To prevent timelines from fragmenting, cities are increasingly adopting mission-oriented approaches to anchor their strategic vision. By setting clear, bold and time-bound goals for inclusive growth, such as eradicating youth unemployment, cities can establish a north star that aligns all actors. This long-term strategic vision services as the frameworks within which both long-term investments and immediate, localised projects are co-ordinated, turning isolated initiatives into cumulative stepping stones towards overarching missions.

Transformative structural reforms address structural drivers of inequality in a city alongside opportunity gaps. For example, in Paris, France, the long-term expansion of the Regional Express Rail (RER) network of trains increased employment in connected neighbourhoods by 8.8% over the 1975 to 1990 period (Mayer and Trevien, 2017^[3]). Quick-win interventions conversely can deliver visible improvements in the short term while supporting broader strategic goals and set the grounds for systemic actions. For example, in Buffalo, New York, the United States, the Clean Sweep initiative provided immediate neighbourhood cleaning with door-to-door social engagement to increase resident trust and reporting of local problems by residents.

Define measurable priorities and accountability

Once priorities have been identified, they need to be translated into clear policy objectives. Without measurable goals and defined responsibilities, inclusive growth strategies risk remaining aspirational rather than operational. Cities may therefore consider defining clear objectives linked to priority policy pillars, measurable indicators to track progress and specific targets over defined time horizons. These targets can help guide implementation and support progress to be monitored over time. In Barcelona (Spain) the Strategy for Inclusion and Reduction of Social Inequalities (2017-2027) identifies five strategic areas for action: reducing structural inequality and strengthening social cohesion; guaranteeing social rights and access to basic services; promoting autonomy and economic inclusion; strengthening community action and social participation; and improving governance, co-ordination and evaluation of social policies. These priorities are then translated into 42 specific, measurable objectives linked to dedicated multi-year funding.

Before finalising objectives, cities can benefit from stress-testing priorities across three key dimensions to check they are realistic in practice. First for feasibility – whether the city has the institutional capacity, resources and co-ordination mechanisms needed for implementation. Analysis shows that smaller or intermediary cities may face greater feasibility constraints due to more limited fiscal room for manoeuvre, shrinking populations or a lack of technical expertise. Second on equity – how proposed interventions will affect different population groups and neighbourhoods, ensuring they do not unintentionally reinforce existing disparities or overlook those most in need. In Dublin, Ireland, evidence books are used to

disaggregate data and uncover hidden vulnerabilities that standard, high-level indicators may overlook. Third, sustainability – can interventions be maintained over time, including their financial viability and alignment with long-term development and climate goals. So that environmental policies are also inclusive, cities like Milan, Italy, have integrated social safeguards into their climate action, such as offering targeted exemptions and subsidised for low-income residents within its Low Emission Zone. Applying this early-stage screening helps identify potential implementation risks and refine priorities before they are translated into delivery.

The prioritisation and design stage transforms diagnosis into a clear strategic direction. By focusing on a limited number of high-impact policy areas, tailoring priorities to local conditions and defining measurable objectives, cities can create strategies that are both ambitious and implementable. The next stage of the Roadmap focuses on translating these priorities into integrated interventions and delivery systems capable of turning strategy into action.

3. Mobilise: integrate initiatives and build partnerships for inclusive growth policy delivery

Identifying priorities is only the first step towards delivering inclusive growth. Many cities develop strong strategies but struggle to translate them into effective implementation, due to implementation gaps: policies that appear coherent on paper face hurdles during delivery. These gaps include responsibilities being fragmented across departments and levels of government, co-ordination costs being underestimated, funding streams that may not align with programme timelines and capacity constraints that can limit the ability to co-ordinate complex initiatives. This stage operationalises the policy pillars through integrated interventions, while mobilising key enabling factors – governance arrangements, partnerships, financing and institutional capacity – making sure delivery is feasible and co-ordinated.

Inclusive growth policies are particularly affected by these implementation challenges because they cut across multiple policy areas such as education, labour markets, housing, transport and climate policy, and involve a wide range of stakeholders. Closing implementation gaps requires cities to move beyond individual interventions towards integrated delivery systems. This involves aligning interventions across sectors, mobilising partnerships and ensuring that governance and financing arrangements are in place to support implementation.

Design integrated intervention packages

Inclusive growth challenges in cities rarely stem from a single policy failure. Instead, they arise from multidimensional inequalities and overlapping disadvantages that accumulate across the life course and reinforce one another spatially. For example, a young person in a disadvantaged neighbourhood may face several simultaneous barriers to employment, including limited access to training, weak transport connectivity, care responsibilities or employer biases. Addressing only one of these barriers is unlikely to deliver meaningful change, particularly as employment alone is not always sufficient to lift individuals out of poverty, with nearly one in ten EU workers at risk of poverty (Eurostat, 2025^[4]).

Cities can therefore benefit from designing integrated intervention packages that combine actions across policy areas, alongside people-based support and place-based investments. This is particularly important for groups facing compounded exclusion and underscores the need for cross-sectoral approaches. Moving towards a “whole-place” model, organising services around residents’ needs, rather than individual departmental silos, can increase the overall impact of policy interventions by addressing multiple constraints simultaneously. In Landshut, Germany, the Home & Care project, funded by ERDF, supports single mothers by combining flexible childcare with employment re-entry services, addressing the intersecting challenges of care burdens and precarious work (UIA, 2023^[5]).

Establish co-ordinated delivery structures

Cities can strengthen vertical co-ordination through formal mechanisms such as agreements, contracts or partnership frameworks across levels of government. For example, Australia's City Deals, Finland's agreements on land use, housing and transport (*Maankäytön, asumisen ja liikenteen*, MAL) and France's contracts between the state and regions (*Contrats de plan État-Région*) provide structured frameworks to align responsibilities, funding and objectives. These arrangements can support multilevel governance by clarifying roles, enabling resource sharing and providing multiyear stability for long-term investment, while aligning local action with regional, national or EU priorities.

At the city level, cross-departmental teams may be established with responsibility for co-ordinating the design and implementation of inclusive growth initiatives. These teams can help align policy areas, monitor progress towards shared objectives and resolve bottlenecks. Clear leadership and decision making authority are essential to make sure that co-ordination mechanisms remain effective. For example, in Canada, Toronto's Poverty Reduction Strategy Office works across housing, labour and public health departments to integrate equity considerations directly into city budgeting and service delivery.

However, formal structures alone are not sufficient. Cities often face challenges translating co-ordination commitments into aligned day-to-day operations. Strengthening operational co-ordination is therefore critical. This can include establishing shared indicators across institutions, regular reporting on how mainstream resources are allocated to priority groups and areas, and structured performance reviews where partners assess progress, identify gaps and adjust delivery. Determining leadership is ultimately a political decision, requiring a clear mandate to convene actors and drive alignment across sectors and levels of government.

Engage partnerships and stakeholders

Partnerships play a critical role in delivering inclusive growth policies. Potential partners range from civil society organisations, community groups, employers, business associations, universities, and regional and national government. These actors contribute valuable expertise, resources and insights into local challenges.

Engaging residents is also essential to making sure that interventions respond to real needs and to strengthen the legitimacy of local action. To be effective, citizen participation should be embedded into action by cities across initial diagnosis through to implementation and monitoring, rather than being a one-off consultation exercise at the beginning or the end of a project. However, meaningful engagement faces structural hurdles. In particular, cities must proactively manage the risk of participation capture where more vocal or well-resourced groups dominate decision making. When participation is captured by privileged groups, it inadvertently reinforces existing spatial and social inequalities, steering resources away from the neighbourhoods that need them most.

Targeted outreach and capacity building are therefore important ways to reach marginalised or “hidden” populations such as Roma communities or the working poor. Cities are increasingly adopting co-production approaches. For example, in Italy, Turin's Co-City project, funded by ERDF, uses collaboration pacts to transform underused public buildings into community assets. In Germany, Düsseldorf's Zukunft Quartier programme (Box 5.3) engages residents through participatory planning and neighbourhood mapping, while in the Netherlands, South Rotterdam's BRIDGE programme, funded by ERDF, aligns municipal services, schools and employers around shared employment targets. In Portugal, Lisbon allocates up to 5% of municipal investment and demonstrates how citizen engagement can strengthen trust and improve the alignment of investments with local needs.

Box 5.3. Düsseldorf, Germany: Empowering citizen participation through Zukunft Quartier

What are the objectives?

The overarching objective of the Zukunft Quartier (Neighbourhood of the Future) initiative is to enable all residents in Düsseldorf to have similar life and development opportunities across neighbourhoods and benefit equally from the city's dynamism. To achieve this, the framework sets out strategic objectives that combine improved spatial observation and improved cross-sectoral organisation for integrated delivery.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The Zukunft Quartier programme is anchored in a robust diagnostic approach through a citywide monitoring tool that compiles neighbourhood indicators (e.g. demographics, children's health, green space access, social infrastructure and housing) and enables comparison across small areas.
- **Stage 2 – Prioritise:** Using a synthesis of multiple thematic layers, Düsseldorf identified 12 Action Areas where disadvantage overlaps across several domains. The method highlights that areas with deficits in multiple categories warrant integrated attention.
- **Stage 3 – Design and mobilise:** Delivery is enabled through a structured governance model designed to break silos and sustain partnerships. A Steering Group are the central decision and alignment body of the programme, while an interdepartmental Working Group prepares decisions and supports monitoring, including with continued atlas work.
- **Stage 4 – Implement:** Implementation combines strategic tools (profiling and concept development) with place-based actions and “quick wins”. The development of neighbourhood profiles and concept sketches translate diagnosis into actionable plans and funding pathways.
- **Stage 5 – Monitor, learn and adapt:** The Zukunft Quartier is explicitly framed as a dynamic, self-learning process. The indicators and focus areas are periodically reviewed and programme learning is reinforced through the annual conferences and ongoing steering.

What can other communities learn from this example?

- **Use a neighbourhood evidence tool to make spatial inequalities actionable:** A regularly updated Databook (like Düsseldorf's Quartiersatlas) helps identify where multiple disadvantages overlap and supports prioritisation, resource allocation and funding cases.
- **Combine long-term strategy with visible short-term actions:** The programme's process logic stresses stepwise delivery and visible successes, helping to sustain participation and trust while longer-term neighbourhood change unfolds.

Note: See Step 2 of the OECD/EC survey in Annex A.

Mobilise and align funding and financing

Funding and financing remain a significant barrier to implementing inclusive growth strategies, with 60% of respondent cities to the OECD/EC survey identifying insufficient funding as a primary constraint on action. Cities typically rely on a mix of municipal budgets, regional funding, national programmes, EU funds and private investment, which often operate under different timelines, eligibility criteria and reporting requirements.

Cities can begin by mapping available funding sources across levels of government. Results from the OECD/EC survey show that 77% of respondent cities already rely on multiple funding streams for inclusive growth including municipal budgets (85% of cities), national programmes (77%) and EU instruments (48%). In the European Union, funds such as the European Social Fund Plus (ESF+) and the European Regional Development Fund (ERDF) play a critical role in supporting inclusive growth, social inclusion and urban infrastructure. For the 2021-2027 period they will together provide over EUR 300 billion in investments to develop EU regions and cities (European Commission, 2026^[6]). Mapping these sources can help cities identify opportunities to combine funding streams for integrated interventions.

At the same time, cities should make sure that targeted or programme-specific funding complements, rather than replaces, mainstream service provision. In practice, this means using temporary or earmarked funding to enhance or expand existing services, such as piloting new approaches or reaching underserved groups, while ensuring core services like education, healthcare or employment support remain funded through stable budgets. Introducing an “additionality check” can help support this balance. This involves verifying that new funding adds to existing provision, rather than filling gaps left by declining core budgets, reducing the risk that essential services become dependent on short-term or project-based financing.

Aligning funding with delivery timelines is also critical. A common challenge is the mismatch between short-term budget cycles and the long-term nature of inclusive growth interventions, such as affordable housing or public transport infrastructure development, which may unfold over 10-15 years. While annual budgets and political cycles can constrain continuity, longer-term funding frameworks can help provide greater stability and predictability. Cities may therefore need to balance multi-annual planning, which provides stability for achieving inclusive growth objectives, with shorter-term, flexible funding that can respond to emerging needs. In this context, EU Cohesion Policy funds play an important role, as their multi-annual programming cycles are often better suited with the timeframes required for structural urban change. At the local level, in Portugal, Lisbon’s Social Development Plan establishes a multi-annual framework that pools financial, logistical and human resources across departments.

Finally, financing approaches should be proportionate to local capacity. While innovative instruments like social impact bonds or blended finance can mobilise additional resources, they require technical expertise and may be less accessible for smaller cities. Survey results show that only one in three municipalities currently use market-based finance like loans or bonds, with smaller cities remaining heavily dependent on grants and national transfers. Furthermore, shrinking cities face rising per-capita service costs as their tax bases erode, making complex financing even more difficult to sustain.

The mobilisation stage therefore helps translate strategic priorities into deliverable programmes supported by governance structures, partnerships and financing. Cities that succeed in mobilising these elements are better positioned to move from strategy development toward tangible improvements in opportunity and living standards, setting the ground for the next stage of the Roadmap focused on implementing inclusive growth initiatives and sustaining momentum over time.

4. Implement: deliver people-centred and place-based integrated action on inclusive growth

Well-designed inclusive growth strategies can struggle during implementation even when the right conditions are mobilised. Across cities the most common challenge is not always identifying priorities or designing policies but sustaining effective delivery over time. Implementation often involves navigating practical constraints requiring strong enabling conditions such as administrative capacity, evolving political priorities, co-ordination challenges across departments and the need for effective communication to maintain support among stakeholders and residents.

Successful implementation requires shifting from a linear process to a more flexible, adaptive approach that allows programmes to evolve while maintaining strategic direction. This stage transforms inclusive growth policy packages into operational programmes that address the multidimensional nature of disadvantage over the long term.

Launch early actions to demonstrate progress

Inclusive growth strategies can involve reforms that take time to deliver results. However, maintaining political momentum and public support requires visible early progress during the implementation stage. Cities may therefore benefit from launching early-stage initiatives or pilot projects that demonstrate the strategy in action.

Early actions can help cities test new approaches before scaling them up, build confidence among the community, demonstrate a commitment to inclusive growth and generate lessons to inform subsequent stages. These initiatives do not need to solve structural challenges immediately; instead, they can provide a proof-of-concept to allow cities to refine delivery models.

Pilot initiatives can also provide evidence on what works in practice. These can be driven by policymakers or the community themselves. Community-driven initiatives can support empowerment of vulnerable groups or neighbourhoods and further build trust, which can be beneficial for scaling up future actions or designing similar initiatives. In Vantaa, Finland, pilots and “agile testing” allowed the city to refine their Growth and Social Investment Pacts, testing three different versions across five companies before a wider pilot to determine which model best supported both business growth and social outcomes. Cities can use early implementation phases to examine questions such as:

- Which delivery mechanisms are most effective?
- Are programmes reaching the intended population groups?
- Are administrative processes creating unnecessary barriers to participation?

In Brno, Czechia, the Rapid Re-Housing pilot initiative aims to end homelessness with a Housing First model for families with children by providing immediate access to stable housing, combined with intensive and tailored social support (Box 5.4). The programme has demonstrated strong outcomes, with 96% of supported families maintaining their housing after one year while also generating substantial social and health benefits.

Box 5.4. Brno, Czechia: The Rapid Re-Housing pilot for families with children

What are the objectives?

The Brno Rapid Re-Housing initiative aims to end homelessness among families with children by providing immediate access to stable housing combined with intensive, tailored social support. The pilot programme specifically targeted highly vulnerable families living in substandard conditions, with the objective of achieving high housing retention rates and improving overall living conditions and well-being.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** In Brno, around 400 families experience homelessness, often residing in temporary hostels that provide unstable and inadequate living conditions while creating costly and ineffective pathways that fail to support long-term exits from homelessness.

- **Stage 2 – Prioritise:** Brno prioritised testing a Housing First approach for families, based on the principle that access to stable housing is a prerequisite for addressing other social challenges, rather than a reward contingent on behavioural change.
- **Stage 3 – Design and mobilise:** The initiative was built on strong collaboration between the municipality and social service providers. Staff from participating organisations were trained in assertive, strengths-based social work, including community-based approaches and the involvement of peer workers.
- **Stage 4 – Implement:** The Rapid Re-Housing pilot in Brno combined targeted identification of beneficiaries with the immediate provision of independent housing and intensive, tailored support. The programme began the identification of families experiencing housing instability, who were rapidly placed into standard housing units.
- **Stage 5 – Monitor, learn and adapt:** The programme incorporated a strong evaluation and learning component, combining quantitative and qualitative methods to assess impacts on housing stability, family well-being and service effectiveness. The inclusion of a control group enabled robust evidence on outcomes compared to traditional approaches.

What can other communities learn from this example?

- **Draw on international best practices while adapting them to local contexts:** Brno demonstrates how globally proven approaches, such as Housing First, can be tailored to local realities, including in relation with marginalised groups such as Roma communities.
- **Invest in staff capacity to work with vulnerable populations:** Delivering effective support requires trained professionals who understand how to engage with vulnerable groups, build trust and respond to their specific needs.

Note: See Step 2 of the OECD/EC survey in Annex A.

Strengthen co-ordination during delivery

Even when strategies are designed collaboratively, challenges can emerge during implementation related to co-ordination. For example, different departments may operate under distinct timelines, priorities or performance frameworks. Without active co-ordination, this can lead to delays, duplication or gaps in delivery. Cities can benefit from establishing regular co-ordination mechanisms to ensure that programmes remain aligned with strategic objectives.

Cross-disciplinary teams established during the mobilisation stage can play a key role in overseeing implementation. Regular co-ordination mechanisms allow teams to review progress against targets, identify emerging bottlenecks, adjust implementation timelines and co-ordinate actions across policy sectors. These reviews can help programmes remain responsive to evolving circumstances while maintaining momentum. In the London Borough of Camden, the United Kingdom, Mission-Oriented Boards oversee cross-sectoral goals, ensuring that departments are aligned toward outcomes such as ensuring every young person has access to economic opportunity by 2025.

Maintain stakeholder engagement and transparency

Inclusive growth strategies ultimately aim to improve opportunities and living conditions for residents, but their success depends on the institutional legitimacy and trust built through continuous engagement. Maintaining public trust and engagement during implementation is therefore essential because concentrated disadvantage can erode social cohesion if residents feel disconnected from the policy

process. Communicating clearly about progress and challenges can help to sustain stakeholder support and encourage continued participation in initiatives.

A variety of media can help cities communicate on the progress of initiatives, including online dashboards, public progress reports and social media engagement. In Terrassa, Spain, the *Presupuesto Municipal* (municipal budget) platform provides interactive dashboards with social spending data to foster greater public scrutiny and collaboration.

Residents and community organisations can also provide valuable insights into how policies function in practices. Cities can benefit from establishing feedback channels that allow stakeholders to share their experience with programmes. This can be done through co-decision and co-implementation with community organisations including a focus on the most marginalised groups, who are often under-represented in mainstream consultations, community focus groups, walk along diagnostics, participatory workshops or digital feedback platforms. Insights gathered through these mechanisms help cities refine programmes and identify implementation challenges early. In Łódź, Poland, the Municipal Social Welfare Centre employs intercultural assistants and social workers with lived experience to improve trust and reduce “blind spots” in service design.

5. Monitor, learn and adjust: sustain inclusive growth progress through evidence and adaptation

Cities are operating in environments that are constantly changing: from economic shocks to demographic shifts and climate transitions. These factors can reshape local opportunities and inequalities. As a result, effective inclusive growth strategies require continuous learning and adaptation. Monitoring progress allows cities to assess whether policies are delivering intended outcomes, while structured learning processes help refine approaches and scale what works.

However, monitoring systems in cities can involve a large set of indicators which are not always easy to interpret and act on, while evaluation findings are not always part of strategic planning or budgeting processes. Cities can therefore benefit from developing practical monitoring and learning systems to track progress across policy pillars while strengthening enabling factors such as data use, evaluation systems and feedback mechanisms that connect evidence directly to policy decisions. Rather than happening at the end of the process, cities should embed continuous monitoring, evaluation and adjustment throughout action to drive inclusive growth.

Monitoring, learning and adaptation allow cities to sustain progress toward inclusive growth in the face of changing economic and social conditions. By linking data to decision making, continuously refining policies and scaling successful initiatives, cities can build resilient policy systems capable of delivering long-term improvements in opportunity and well-being in cities.

Track outcomes using a practical monitoring framework

Inclusive growth strategies often involve multiple policy areas and objectives. Without a structured monitoring framework, it can be difficult to assess whether interventions are delivering meaningful progress. Cities may therefore benefit from distinguishing a focused set of outcome indicators which directly link to strategic priorities, alongside a limited number of delivery (process/output) metrics that capture progress towards key objectives.

Outcome indicators measure whether a policy is achieving its ultimate aims, and for inclusive growth specifically, whether the intervention is improving socio-economic conditions. These should directly link to clearly defined policy goals set in the prioritisation stage and capture change in people’s lives over time (Schumann, 2016^[7]). Frameworks such as the OECD Multidimensional Living Standards approach

demonstrates how outcome indicators can integrate income with non-monetary dimensions like health and employment (Boarini, Murtin and Schreyer, 2015^[8]).

Delivery metrics, by contrast, track whether programmes are being implemented as intended. They focus on activities and immediate outputs rather than final impacts. Examples include the number of residents enrolled in a training programme, the number of affordable housing units delivered or the share of eligible households accessing childcare services. These metrics provide more immediate feedback on programme rollout and operational performance but do not, on their own, demonstrate whether policy goals are being achieved.

In practice, effective monitoring frameworks combine both types of indicators. Outcome indicators provide a strategic, long-term view of impact while delivery metrics offer a short-term, operational view of implementation. Together they allow cities to assess not only whether policies are working but also why, helping to identify whether limited progress reflects design flaws (objectives or targeting) or implementation challenges (delivery and take-up). To remain actionable, cities may benefit from focusing on a limited set of outcome indicators, aligned with strategic priorities, alongside targeted delivery metrics. In addition, tracking indicators over time and at a disaggregated scale, by neighbourhood, age group, sex or for marginalised groups (such as Roma people), helps to make sure that progress is inclusive and no groups are left behind.

Use evidence to adapt inclusive growth policies and resources

Monitoring systems are most effective when they actively inform decision making. Cities can therefore establish regular review processes to assess progress and identify opportunities to refine policy approaches. These may involve tracking progress against targets, analysing differences across neighbourhoods or population groups and identifying programmes that are underperforming or exceeding expectations.

Adapting programmes based on emerging evidence, allows more effective responses to emerging challenges and can prevent small challenges from becoming major implementation barriers. This can include reallocating resources across initiatives, strengthening delivery partnerships or adjusting timelines if implementation proves more complex than anticipated.

Evidence from monitoring and evaluation also enables cities to evolve their interventions over time, whether by refining programme design to better reach target groups or discontinuing initiatives with limited impact. For example, Helsinki, Finland, requires municipal social programmes to be underpinned by explicit theories of change, combined with annual outcome reviews. This allows findings from programme evaluations to feed directly into budgetary and strategic planning, allowing the city to treat its inclusive growth strategy as a dynamic policy framework rather than a fixed plan. To support this approach, Helsinki has invested in real-time data infrastructure across housing, mobility and environmental services enabling continuous monitoring of outcomes and more responsive policy adjustment under its Place of Growth 2021-2025 strategy.

Share and institutionalise inclusive growth success

Cities can develop innovative initiatives that generate promising results but remain limited in scale or duration. Monitoring and evaluation processes can help identify which initiatives should be expanded or embedded more permanently in city policy frameworks. Evidence of effectiveness is a primary driver for the scaling of successful interventions. In France, independent evaluations showing positive improvements in labour market inclusion and well-being supported the decision to expand the French *Territoires zéro chômeur de longue durée* (Territories with Zero Long-Term Unemployed People - TZCLD) – an initiative aiming to eradicate long-term unemployment through community-driven employment and service provision – experiment from 10 to more than 60 territories (Box 5.5). The second evaluation report highlights that

the initiative has led to improved employment rates and well-being in participating territories (Dares, 2024^[9]). Similarly in the United Kingdom, the documented long-term benefits of the Sure Start programme in improving child health and cognitive development led to its relaunch as a national network of integrated family support hubs.

Box 5.5. France: Territories with Zero Long-Term Unemployed People

What are the objectives?

The Zero Long-term Unemployed Territories (*Territoires zéro chômeur de longue durée* – TZCLD) initiative aims to demonstrate that long-term unemployment can be effectively addressed at the local level by providing sustainable, tailored employment opportunities to all individuals excluded from the labour market. The TZCLD initiative seeks to redirect “passive” public spending, such as unemployment benefits, into impactful social investment by using these resources to create purpose-driven employment enterprises that provide jobs for people experiencing long-term unemployment.

How does it work in practice? Understanding the good practice through the lens of the Roadmap for Inclusive Growth in Cities

- **Stage 1 – Diagnose:** The TZCLD initiative responds to persistent structural unemployment that has led to long-term labour market exclusion, despite existing public policies and support systems.
- **Stage 2 – Prioritise:** The initiative prioritises individuals who are durably excluded from the labour market, recognising that long-term unemployed people face the greatest barriers to re-employment and experience the most severe social and economic consequences.
- **Stage 3 – Design and mobilise:** The initiative is based on a territorial and participatory model, mobilising a wide range of local stakeholders, including residents, businesses, associations and public institutions, around the co-ordination of the Local Committee for Employment (LCE).
- **Stage 4 – Implement:** After the establishment of a LCE, the initiative identifies and engages people who are long-term unemployed, while, in parallel, mapping unmet local needs in collaboration with residents, businesses and public institutions. Then, an enterprise for employment (*Entreprises à But d'Emploi*) is established, often building on existing social economy structures to offer permanent, voluntary employment contracts to participants.
- **Stage 5 – Monitor, learn and adapt:** Building on TZCLD’s first phase, involving an initial group of ten pilot territories, a second phase expanded the initiative to 60 territories. In parallel, the TZCLD Observatory was launched in 2022 as a platform for research and knowledge-sharing.

What can other communities learn from this example?

- **Reallocate existing public spending towards job creation:** TZCLD demonstrates that long-term unemployment can be addressed without significant additional public cost by redirecting existing expenditure (e.g. unemployment benefits) towards financing sustainable jobs.
- **Build strong, place-based governance through local coalitions:** The initiative highlights the importance of territorial co-ordination through structures such as Local Committees for Employment, which brings together municipalities, businesses, associations and residents.
- **Adopt a participatory, people-centred approach:** Placing individuals at the centre, by recognising their skills, aspirations and willingness to work, while conducting proactive outreach and engagement, are essential to reach those who are often excluded from institutional systems.

- **Embed experimentation, evaluation and learning from the outset.** The phased piloting approach and the creation of the TZCLD Observatory illustrate the value of combining implementation with rigorous research and continuous learning.

Note: See Step 2 of the OECD/EC survey in Annex A.

Cities can benefit from systematically documenting the design and outcome of successful programmes, with lesson sharing helping to support internal learning across departments and facilitates knowledge exchange through structured platforms like the EU's URBACT, PORTICO, the EU Cities Portal and Urban Agenda for the EU partnerships, which help transfer proven solutions across different urban contexts.

Finally for inclusive growth strategies to have lasting impact, successful initiatives must become part of mainstream city policy and budgeting processes. This can involve embedding initiatives within long-term strategic plans, integrating effective programmes into departmental budgets and aligning policies with national or regional programmes to secure sustained funding. Institutionalising successful initiatives helps support progress toward inclusive growth so that it can continue beyond individual political or funding cycles.

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Annex A. What works for developing and implementing inclusive growth strategies in cities? Evidence from the OECD/EC survey

Methodology and respondents' characteristics

The survey aimed to gather a range of perspectives, with a focus on cities in the European Union and OECD Champion Mayors for Inclusive Growth. It was conducted in two separate and iterative steps. Step 1 of the OECD/EC survey was carried out between October and December 2024 and focused on mapping the inclusive growth strategic context within and beyond cities in the European Union.

The survey was disseminated through multiple international and European networks, including the OECD Champion Mayors for Inclusive Growth initiative, OECD Member state delegates, the Eurocities network, the Urban Agenda Thematic Partnership on Cities of Equality, the finalists of European Union (EU) city awards (European Capitals of Inclusion and Diversity, and Access City Awards), and Local Governments for Sustainability (ICLEI) members and partner cities.

Step 1 survey responses have been analysed to identify key lessons and factors of success from the strategies and initiatives collected. The analysis focuses on two dimensions: what works (policies and initiatives contributing to inclusive growth) and how it works (the processes and mechanisms that lead to successful outcomes). The analysis aims to offer a more nuanced understanding of best practices and their adaptability to diverse contexts. For non-EU respondents, the analysis strives to identify to what extent best practices can be adapted to the EU context.

Step 2 of the survey, carried out between July and October 2025, collected detailed information on specific policy initiatives, pre-identified by the OECD team, which would be further analysed and featured in the report and accompanying online tool of good practices. It was targeted at a subset of cities, national governments and partner organisations identified as having high-quality inclusive growth practices. Invitations were extended based on responses to Step 1 of the survey, contributions to OECD/EC policy workshops and seminars; and complementary desk research. Selected practices were assessed against a common set of criteria, including:

- relevance to the OECD definition of inclusive growth, including impact on addressing inequalities in income, access to services or opportunities across policy pillars and target groups
- stakeholder engagement and cross-sectoral collaboration
- clarity and robustness of policy design and implementation
- evidence of impact or results, including quantitative or qualitative outcomes where available.

Participation in both survey steps was voluntary. An overview of the structure of Step 1 and Step 2 of the survey can be found in Box A A.1 below.

Box A A.1. The OECD/EC Inclusive Growth in Cities Survey – Steps 1 and 2

Step 1: Broad survey of cities on inclusive growth strategies

Step 1 of the survey was divided into two main parts.

- **City background and inclusive growth overview:** This section collected information on city characteristics and gathered a high-level overview of inclusive growth approaches. (e.g. covering elements including name, timeframe and scope). A distinction was made between strategies and initiatives. Strategies refer to a formalised, dedicated framework designed explicitly to promote inclusive growth. Initiatives cover less-targeted approaches that contribute to inclusive growth, for example broader urban development strategies where inclusive growth is a priority rather than the primary focus.
- **Detailed information about inclusive growth strategies:** This section requested more detailed information on cities' inclusive growth activities (e.g. covering specific objectives, stakeholder engagement, monitoring and evaluation).

Step 2: In-depth survey on selected policy practices

Step 2 of the survey collected granular, policy-level information on selected inclusive growth initiatives. It was designed to support comparative analysis and extract practical lessons on “what works” and “how to make it work”.

The survey was structured around four main components:

- **Background informational on the policy:** Including policy title, timelines, implementation status, budget and funding sources.
- **Policy focus and target groups:** Information on the policy's thematic scope across the five inclusive growth pillars as well as the population groups targeted.
- **Policy design and implementation:** This section explored the rationale and objectives of the policy, including the specific inequalities or challenges it aimed to address. It captured information on governance arrangements as well as key implementation activities. Respondents were asked to share any implementation challenges such as co-ordination issues, funding constraints or limited administrative capacity.
- **Monitoring, outcomes and learnings:** The final section focused on results and policy learning, including whether and how the policy is monitored and evaluated, the main outcomes achieved to date and any adaptations made since implementation. Respondents were also invited to reflect on key lessons learned from the design and delivery of the policy.

A total of 72 different city administrations participated in Step 1 of the survey. Responses were received from cities across 25 countries on several continents, mainly from Europe (78%), and representing a diverse range of city sizes (Figure A A.1).

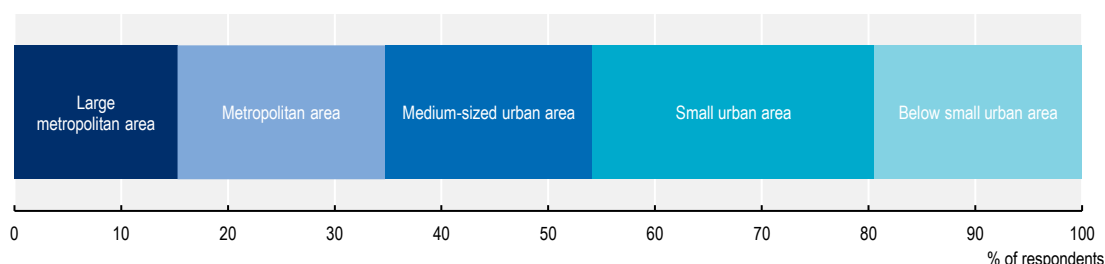
Figure A A.1. Participating cities in the OECD survey: Inclusive Growth in Cities, Step 1, 2024



Note: Dark blue circles represent EU cities, light blue circles non-EU cities.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Figure A A.2. Survey responses by city size



Note: This analysis is based on responses from 72 cities. City sizes are categorised according to population and are as follows: large metropolitan area (1 500 000 inhabitants or more), metropolitan area (500 000 to 1 499 999), medium-sized urban area (200 000 to 499 999), small urban area (50 000 to 199 999), below small urban area (fewer than 50 000 inhabitants).

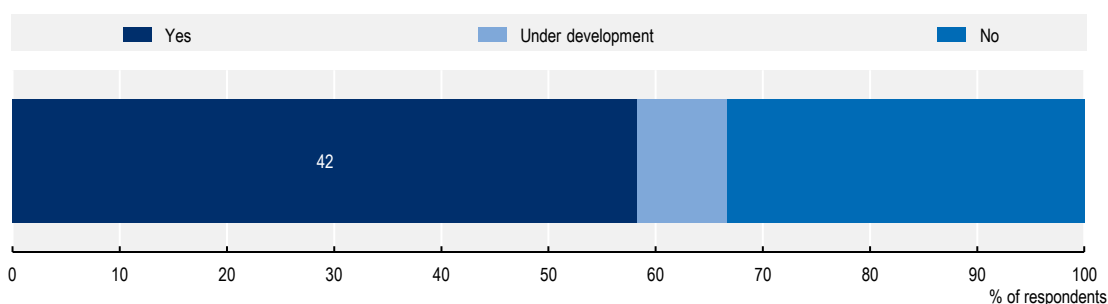
Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Main findings from Step 1 of the survey

Over half of the surveyed cities address inclusive growth through dedicated strategies

More than half (58%) of the 72 cities that responded to the survey reported having a dedicated inclusive growth strategy (Figure A A.3, Figure A A.4). Among the cities that have neither implemented nor are developing an inclusive growth strategy, 29% indicated they address inclusive growth through other initiatives, 6% reported initiatives are currently being developed, while 65% stated they have no initiatives targeting inclusive growth (Figure A A.4), a further seven cities that stated they do not have an inclusive growth strategy did not respond to the question.

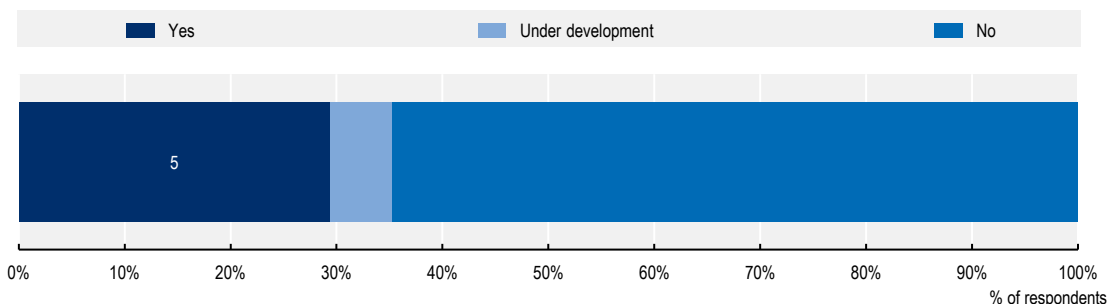
Figure A A.3. Over half of surveyed cities have a dedicated inclusive growth strategy



Note: There were 72 responses to the question: “Does your city have a dedicated inclusive growth strategy, i.e. a strategy that aims at reducing inequalities, supporting the most vulnerable, fostering equal access to opportunities and services, and promoting equity?”.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Figure A A.4. Of the cities without a dedicated strategy, 29% target inclusive growth through other policy initiatives



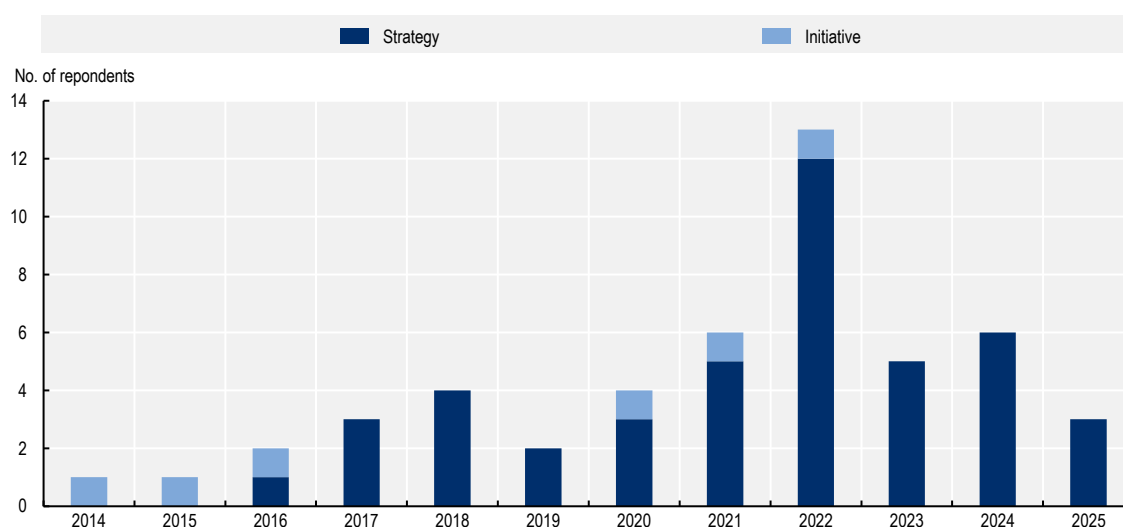
Note: There were 17 responses to the question: “Does your city implement targeted inclusive growth policy initiatives through other means (e.g. integrated into a broader urban development strategy)?”.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

The number of cities introducing dedicated inclusive growth strategies or initiatives has steadily increased over time, peaking in 2022. That year saw the highest number of new strategies (12) and initiatives (1) introduced among the cities that responded to the survey Figure A A.5). This peak may reflect the impact of post-Coronavirus disease 2019 (COVID-19) recovery efforts, as cities placed greater emphasis on inclusive growth to support economic and social resilience. Early adopters of inclusive growth strategies include the cities of Krapkowice, Poland (2016) and Barcelona, Spain; Elblag, Poland; and Okayama, Japan (all 2017).

Respondent cities indicate a shift towards the adoption of dedicated *strategies* (formalised, direct frameworks for inclusive growth) in recent years, rather than inclusive growth *initiatives* (actions embedded within separate strategies or implemented through ad hoc, individual policies), introduced in earlier years. This trend suggests that cities that responded to the question are taking an increasingly formalised, cross-cutting approach to inclusive growth. While there is a trend towards more formalised strategies, a variety of approaches still exists. Some cities are adopting a formalised strategy as others adopted individual initiatives, indicating cities are developing their approaches based on their specific contexts and needs. This variety suggests there is no one-size-fits-all approach to inclusive growth in cities.

Figure A A.5. Number of inclusive growth strategies or initiatives in cities by date of introduction



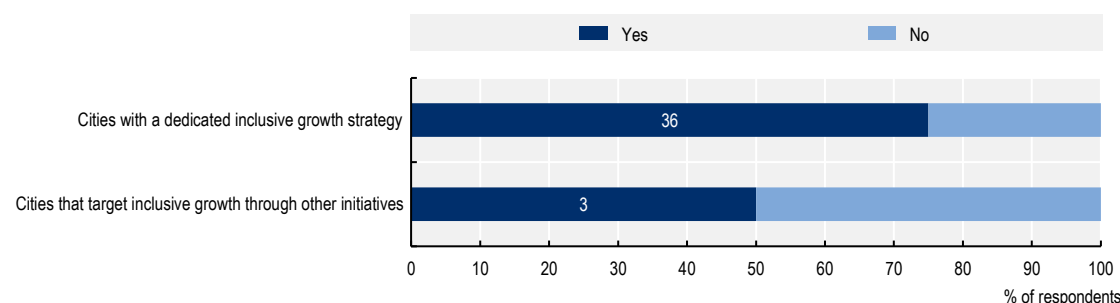
Note: This chart combines responses from 2 groups of cities: those with a dedicated inclusive growth strategy (44 cities) and those targeting inclusive growth through other initiatives (6 cities). With 50 responses, the data reflect answers to the question: "Please provide information about when the strategy/initiative was adopted (or is expected to be adopted if under development)? (i.e. month/year)".

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Cities with dedicated inclusive growth strategies often have specific implementation teams and multiple sources of funding

A majority of the cities (75%) with a dedicated inclusive growth strategy report having specific teams responsible for their design and implementation (Figure A A.6).

Figure A A.6. A majority of cities with a dedicated inclusive growth strategy have a specific team responsible for design and implementation



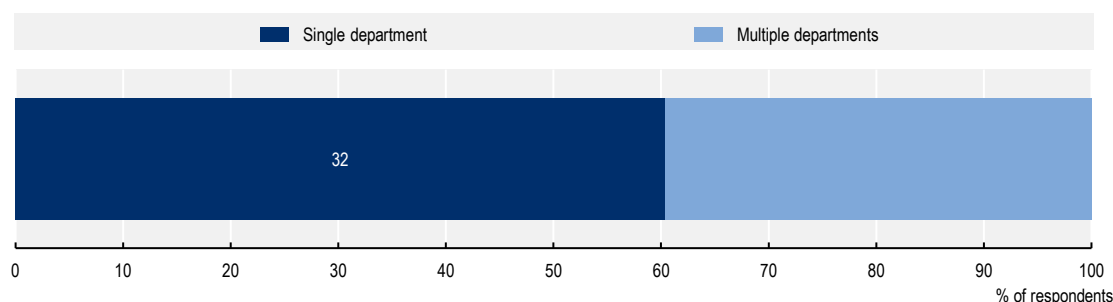
Note: This chart combines responses from 2 groups of cities: those with a dedicated inclusive growth strategy (48 cities) and those targeting inclusive growth through other initiatives (6 cities). There were 54 responses to the 2 questions. "Dedicated strategy" was answered by 48 cities in response to the question: "Is there one or several specific team(s) responsible for designing and implementing the city's inclusive growth strategy/initiatives?".

Source: OECD/2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

The distribution of responsibilities for designing and implementing inclusive growth policies varies among cities. Of the 53 cities that provided free text responses to the question where city department(s) are responsible for inclusive growth, 60% report that a single department is responsible for inclusive growth strategies or initiatives. These are typically either the economic, strategic or social policy department. The

other 40% indicated that the responsibility for their inclusive growth strategies or initiatives is shared among several departments such as education, health, housing, university and social services departments (Figure A A.7).

Figure A A.7. Responsibility for the design and implementation of inclusive growth strategies and initiatives is typically owned by a single department

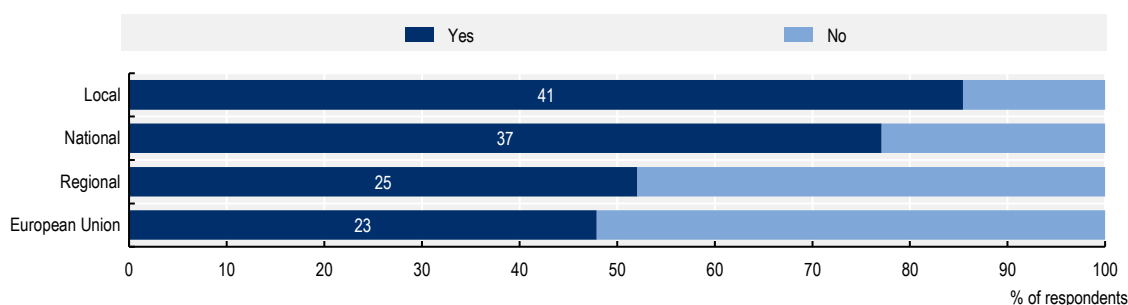


Note: There were 53 responses to this question. Analysis is of responses to the question: "Which city department(s) is/are responsible for designing and implementing the city's inclusive growth strategy/initiative?". Responding cities could select only one option.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Many cities rely on multiple sources to fund their inclusive growth strategies or initiatives. More than three-quarters (77%) of cities that responded to the survey question report receiving funding from multiple levels across local, regional, national or EU sources. Local budgets play an important role, providing a source of funding for 85% of inclusive growth strategies and policy initiatives. Other national funding sources also feature prominently, with 77% of cities receiving funding from national budgets (77%) while 52% benefit from regional funding. Additionally, 48% of surveyed cities reported receiving funding from the European Union, a figure which rises to 63% when considering only EU cities. This diverse mix of financing underscores the importance of multilevel funding in driving inclusive growth (Figure A A.8). Not all cities allocate a specific budget for inclusive growth strategies or initiatives. These cities instead fund inclusive growth through various social policy areas such as health, education and regeneration. Meanwhile, one city reports that inclusive growth is not funded directly, but instead is a mission which guides, influences and shapes funding decisions in other policy areas.

Figure A A.8. Many cities rely on several sources of funding for inclusive growth strategies and policies



Note: There were 48 responses to this question. Responses were to the question: "What is the source of funding for inclusive growth strategies or policy initiatives in your city?". Responding cities could select all applicable options.

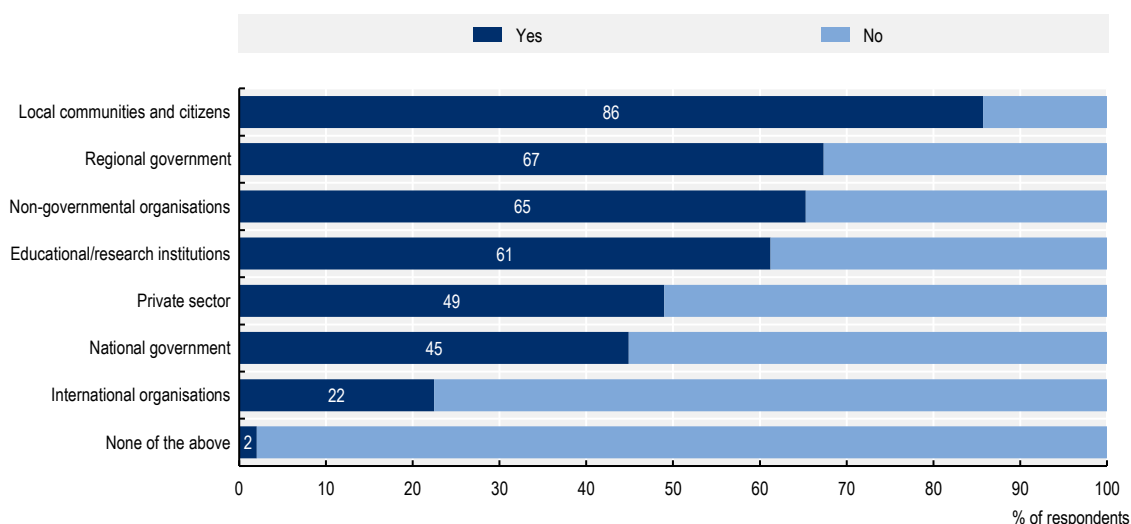
Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Most cities' inclusive growth actions are shaped by local community and citizen involvement

A large majority of cities (86%) that responded to the question report that their inclusive growth strategies and initiatives have been developed by involving local communities, including civil society organisations, representatives of marginalised groups, and citizens (Figure A A.9.). This indicates the critical role of bottom-up, community-led engagement in designing inclusive growth in the cities that participated in the survey. Among the 49 cities that responded to the question on stakeholder engagement, only 1 city (2%) reported no stakeholder involvement in developing its inclusive growth strategy or initiatives.

After local communities and citizens, regional government and non-governmental organisations are the stakeholders most involved in the design of inclusive growth strategies, in 67% and 65% of respondent cities respectively (Figure A A.9). However, not all countries in cities that responded to this question have regional governments (e.g. Estonia, Iceland and Mauritania). Since 67% is the average across all cities that provided a response to this question, it implies an even higher level of involvement of regional government in countries where they exist. Survey responses to this question also highlight that international organisations have relatively limited involvement, with only 11 cities (22%) reporting their participation in shaping inclusive growth strategies or initiatives.

Figure A A.9. Most inclusive growth strategies and initiatives involve local communities and citizens

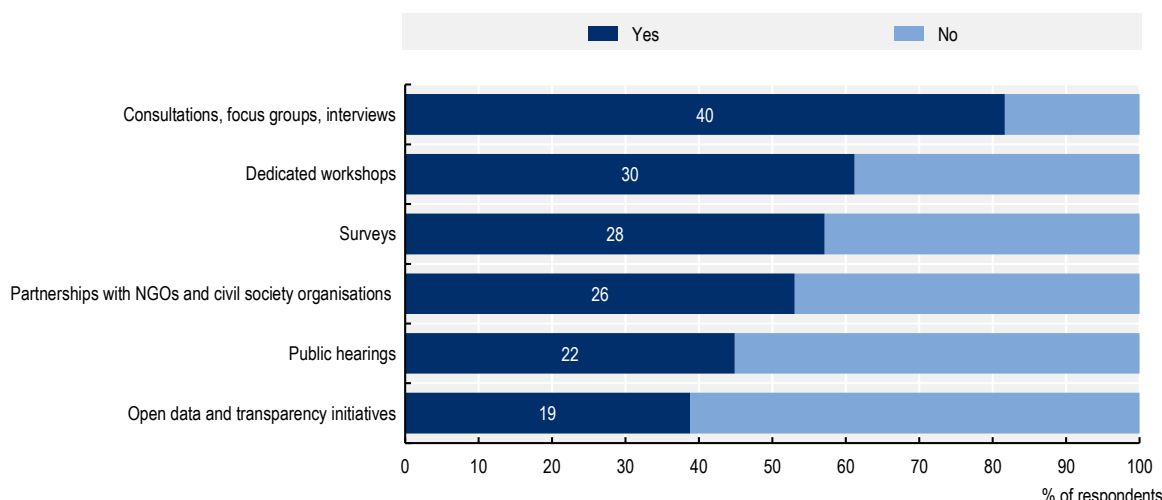


Note: There were 49 responses to this question. Responses were to the question: "If you have an inclusive growth strategy or one or several inclusive growth initiatives, or if those are under development, which stakeholders were involved in shaping it/them?". Responding cities could select all applicable options.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Cities report using a variety of methods to involve stakeholders in inclusive growth strategies and initiatives. The most common method of stakeholder involvement is through consultations, focus groups and interviews (in 82% of the cities that responded) (Figure A A.10). Only 37% of cities report engaging stakeholders via open data and transparency initiatives, making it the least commonly selected form of stakeholder involvement. Respondents that selected "other" highlighted forms of involvement including expert meetings with discussions and public involvement in Sendai, Japan, and voting in the city council in Okayama, Japan.

Figure A A.10. Cities use a variety of methods to involve stakeholders in their inclusive growth strategies and initiatives

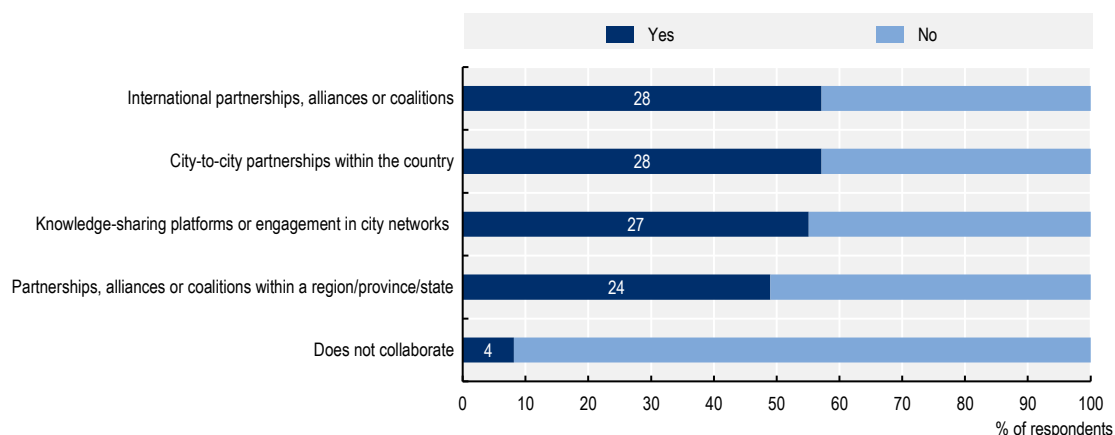


Note: There were 49 responses to this question. Responses were to the question: “How are stakeholders involved in your inclusive growth strategy or initiative?”. Responding cities could select all applicable options.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Just over half (57%) of respondent cities collaborate with other cities through national or international city partnerships (Figure A A.11). Of the 28 cities that collaborate either internationally or within their country, 20 have partnerships at both levels. A similar proportion (55%) collaborate through knowledge sharing networks. A slightly less common form of collaboration is partnerships, alliances or coalitions within regions, provinces and states (49%), suggesting that opportunities to collaborate at this level may be less common. Notably, one EU city that does not collaborate with other cities cited a lack of information as the primary reason for not engaging in such partnerships. This points to a potential unmet demand for better information dissemination and support mechanisms to facilitate city-to-city collaboration on inclusive growth strategies and initiatives.

Figure A A.11. Just over half of cities collaborate with other cities on inclusive growth through formal partnerships and knowledge sharing networks



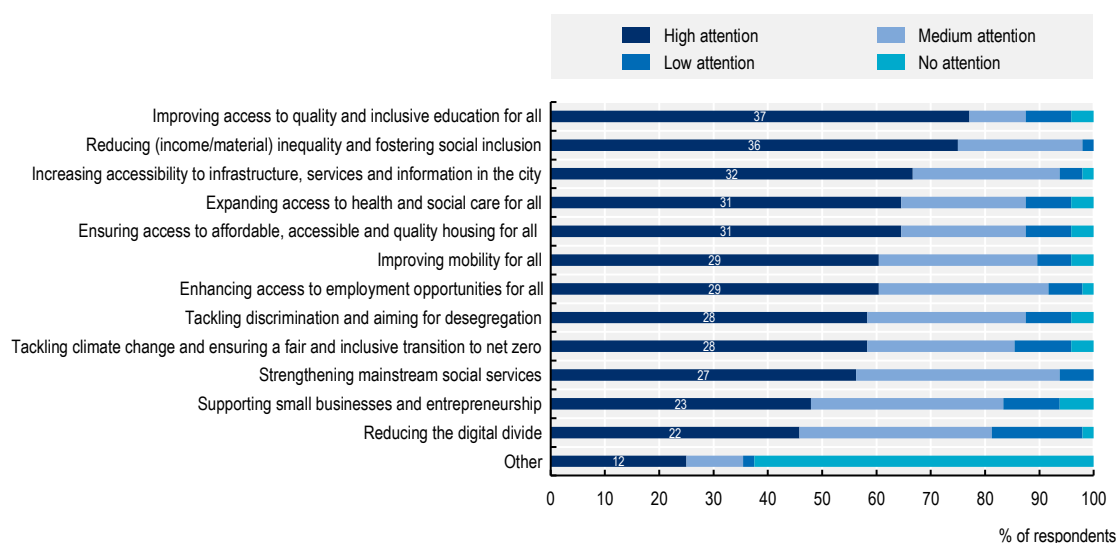
Note: There were 49 responses to this question. Responses were to the question: “How does your city collaborate with other cities on inclusive growth strategy or initiative?”. Responding cities could select all applicable options.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Inclusive education and reducing income inequality are cities' top inclusive growth priorities

Cities' inclusive growth strategies and initiatives target a variety of policy objectives, including education, labour market, housing and urban planning, infrastructure and public services, as well as climate transition, as also highlighted by the OECD Inclusive Growth in Cities framework described in Chapter 2. Among policy objectives, improving access to quality and inclusive education for all received the most attention by cities, with 77% giving high attention to this objective (Figure A A.12). For cities, this means a focus on early and primary education in particular, reflecting cities competences. Reducing inequality and fostering inclusion (75%) and increasing accessibility to infrastructure, services and information (67%) are the second and third objectives receiving the most attention by cities. Conversely, strengthening mainstream social services (56%), supporting small businesses and entrepreneurship (48%) and reducing the digital divide (46%) received the lowest level of attention from cities. In the free text responses, cities also mentioned other objectives such as reducing crime, fostering sports and culture activities, or limiting decline in the fertility rate.

Figure A A.12. Improving access to quality and inclusive education is the highest attention priority for cities



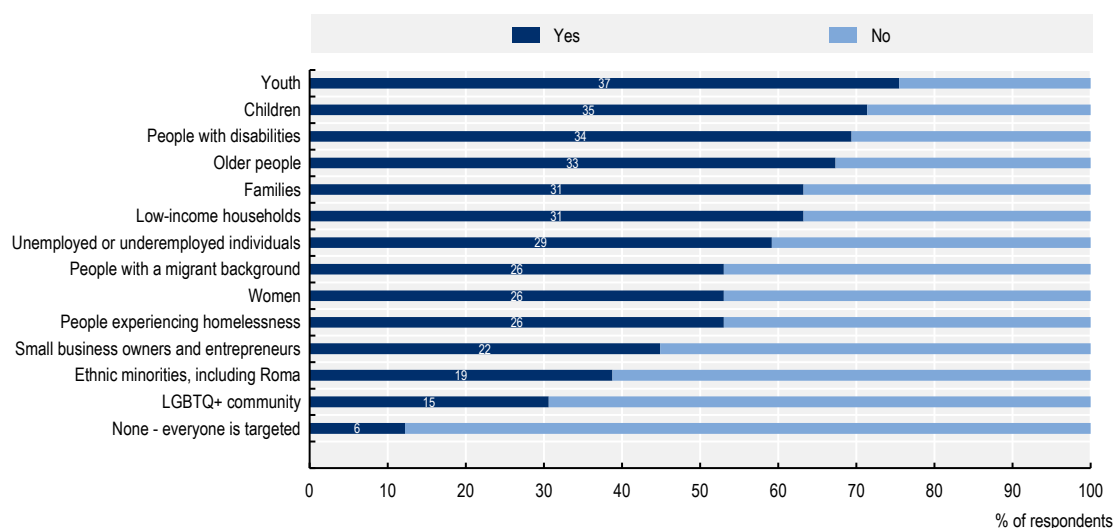
Note: There were 48 respondents to this question. Responses were to the question: "What is the level of attention given to each of the following objectives in your city's inclusive growth strategy or initiative?". Responding cities could select all applicable options.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Youth and children are the groups most often supported by cities' inclusive growth strategies and initiatives

Most inclusive growth strategies specifically target vulnerable age groups (children, youth, older people). Youth and children are the most common vulnerable groups targeted by cities' inclusive growth strategies and initiatives, as reported respectively by 76% and 71% of respondents (Figure A A.13). In contrast, less than half of inclusive growth strategies target small business owners and entrepreneurs (45%), ethnic minorities (39%) and LGBTQ+ communities (31%). Some cities (12%) do not target specific vulnerable groups but rather address challenges faced by the whole population.

Figure A A.13. Youth and children are the most targeted marginalised or vulnerable population groups

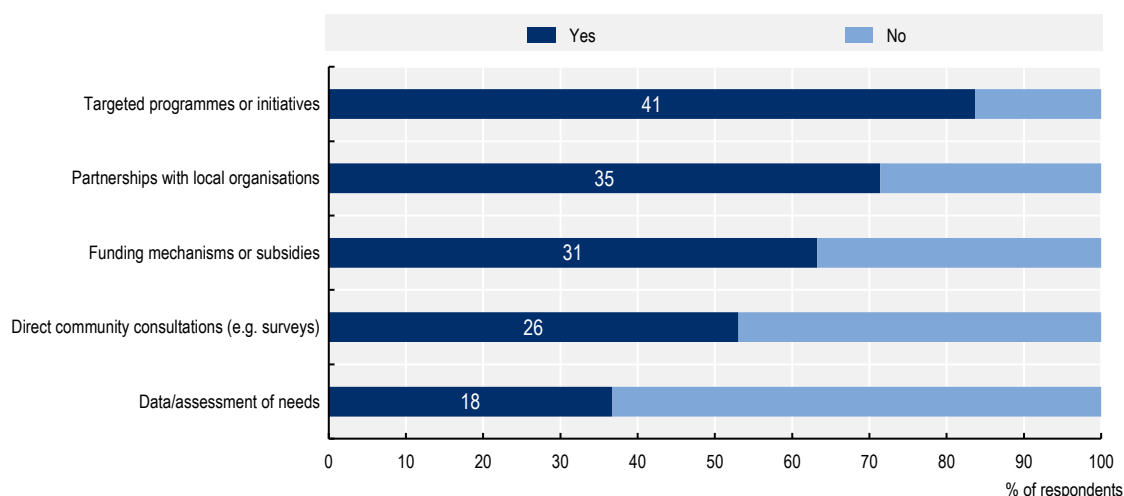


Note: There were 48 respondents to this question. Responses were to the question: “Which of the following marginalised or vulnerable population groups are explicitly mentioned or targeted in your inclusive growth strategy or initiative?”. Responding cities could select all applicable options.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1

Cities mostly support marginalised and vulnerable groups through targeted programmes or initiatives (84%), followed by partnerships with local organisations (71%) (Figure A A.14). Only 37% of respondent cities use data and assessment of needs to support marginalised and vulnerable groups (elaborates on the specific tools that cities are implementing to support vulnerable groups and drive inclusive growth.

Figure A A.14. Cities support marginalised and vulnerable groups mostly through targeted programmes and initiatives and partnerships with local organisations



Note: There were 48 respondents to this question. Responses were to the question: “How does your city support marginalised or vulnerable population groups through your inclusive growth strategy or initiative?”. Responding cities could select all applicable options.

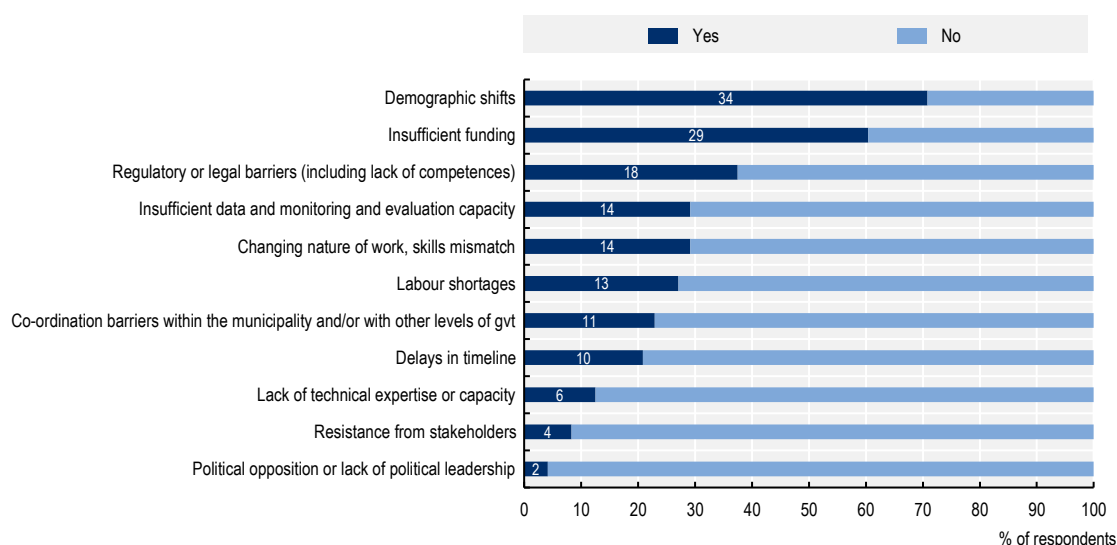
Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Cities face challenges in achieving their inclusive growth objectives

Cities report facing challenges that influence their ability to achieve inclusive growth. Primary among these is demographic shifts, which 71% of cities identified as a significant challenge to achieving their inclusive growth objectives (Figure A A.15). Specifically, cities highlighted demographic issues from ageing populations, declining birth rates and suburbanisation. Demographic changes related to ageing populations may indeed require cities to provide additional services to meet new and evolving needs and, combined with a declining birth rate, can erode the tax base of cities.

Cities also report challenges related to insufficient funding (60%). Several respondents note this has been exacerbated by factors such as high inflation, limited transfers from central government and local government debt facing higher rates of interest than in the past. Regulatory and legal barriers are a concern for just over a third (38%) of respondents. Factors reported by cities in relation to these barriers include overlapping competencies and the recentralisation of city responsibilities, centralised powers restricting the introduction of policies by city governments, and a limited ability of city officials to navigate legal regulations. Data-related challenges are also prevalent in 29% of cities, with respondents citing issues stemming from limited data availability at the city level. The challenges most rarely cited by respondents were “resistance from stakeholders” and “political opposition”, suggesting that inclusive growth does not face widespread opposition.

Figure A A.15. Demographic shifts are the most cited challenge by cities in achieving their inclusive growth objectives



Note: There were 48 responses to this question. Responses were to the question: “What are the primary challenges your city faces in achieving its inclusive growth objectives?”. Responding cities could select all applicable options.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

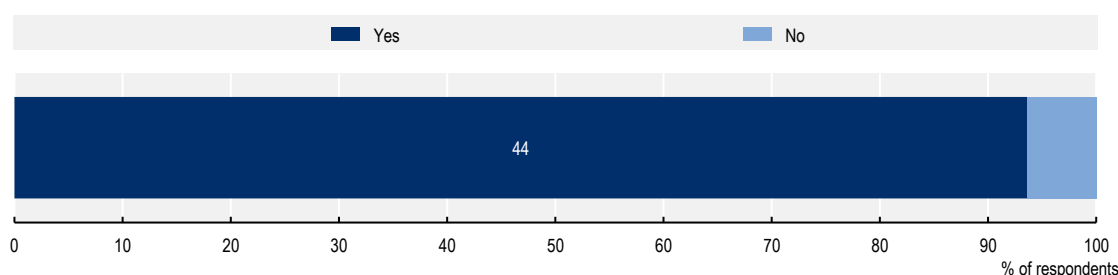
Monitoring and evaluation help cities identify the effectiveness of strategies and highlight opportunities for improvement

Almost all cities (94% of respondents to the question) monitor and evaluate their inclusive growth strategies and initiatives (Figure A A.16), mostly through the use of monitoring and evaluation mechanisms (80%) and regular reporting (73%) (Figure A A.17). Conversely, they rarely use third-party evaluations (23%) to assess the impacts of their strategies and initiatives.

Several cities report using structured evaluation frameworks based on indicators to monitor the implementation of their inclusive growth strategies and indicators. Examples of tracked indicators include unemployment rates, participation in social programmes, air pollution concentration, use of electronic services and access to green areas. Strategies are evaluated at different frequencies, from monthly evaluations for specific aspects (health, public safety) like in Maipu, Chile, to annual or multiyear assessments, like in Lublin, Poland. Some cities have established innovative monitoring and evaluation mechanisms:

- Turin, Italy, partnered with research institutions (universities, think tanks, research organisations) to conduct studies and assessments on the effectiveness of inclusive growth policies.
- Leeds, the United Kingdom, developed an economic dashboard and a Social Progress Index to measure social progress in collaboration with external partners.
- Reykjavik, Iceland, uses standardised data collection based on International Organization for Standardization (ISO) standards to measure the success of inclusive policies.
- Chattanooga, the United States, employs a project management software to track departmental work plans and define metrics for each initiative.

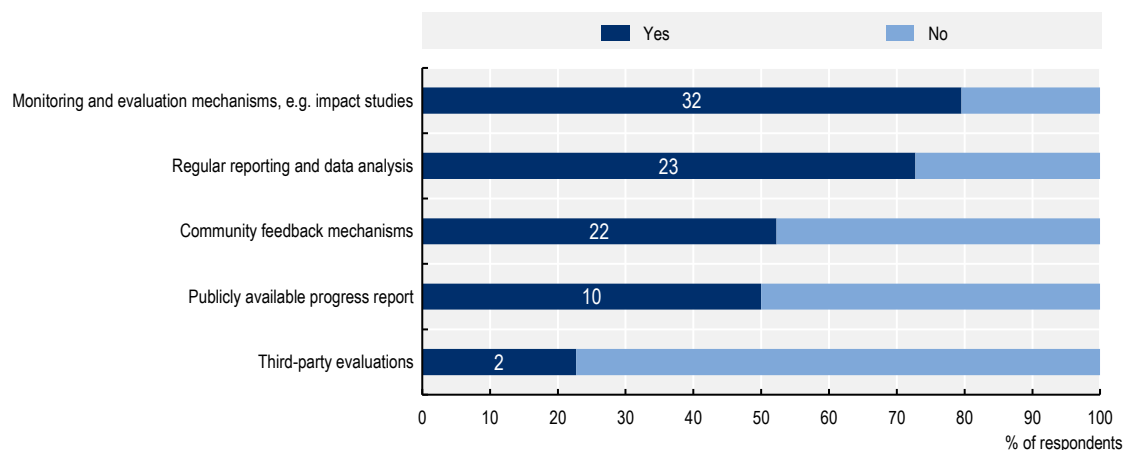
Figure A A.16. Most cities monitor and evaluate their strategies and initiatives on inclusive growth



Note: There were 47 responses to this question. Responses were to the question: “Does your city monitor and evaluate the impact of your inclusive growth strategy or initiatives?”.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Figure A A.17. Cities mostly evaluate their strategies and initiative through monitoring and evaluation mechanisms and regular reporting

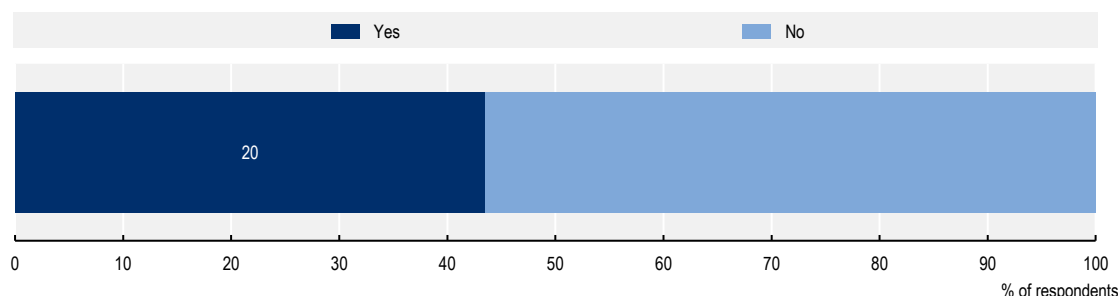


Note: There were 44 respondents to this question. Responses were to the question: “By what means do you monitor and evaluate your city’s inclusive growth strategy?”. Responding cities could select all applicable options.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Less than half of the cities (43%) that responded to the question have changed or updated their strategy or initiatives since it was first launched (Figure A A.18). Cities mostly make such changes and updates because of persistent social inequalities (70%), related regional, national or international policy frameworks being introduced or updated (55%) and financial constraints or new funding opportunities (50%) (Figure A A.19). Other drivers mentioned by cities include the necessity to adapt strategies and initiatives after global crises and shocks such as the COVID-19 pandemic and Russia's large-scale war of aggression against Ukraine.

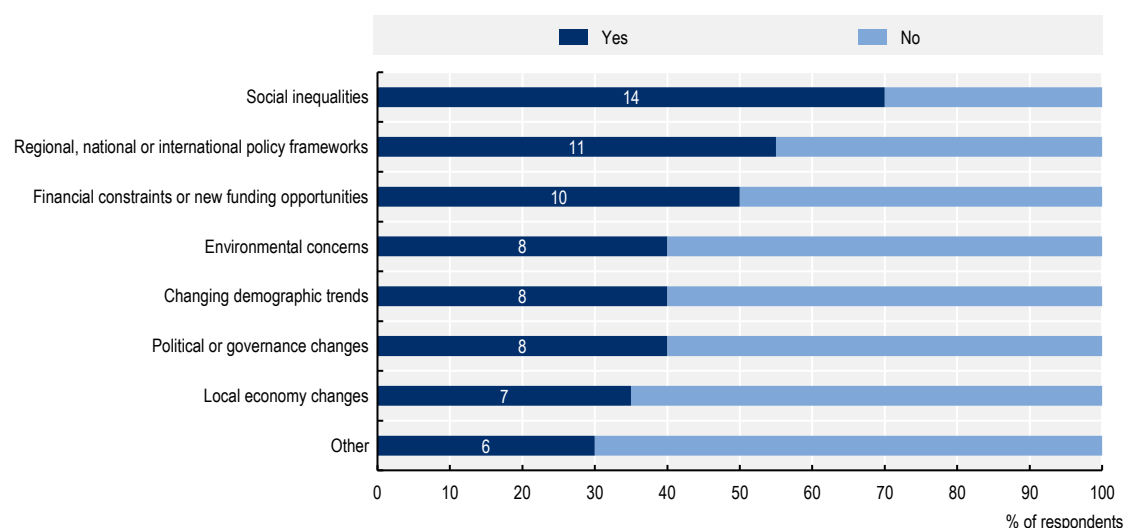
Figure A A.18. Less than half of the cities have changed or updated their strategy or initiatives since they were launched



Note: There were 46 respondents to this question. Responses were to the question: "Has your city made any changes or updates to its inclusive growth strategy or initiative since it was first launched?".

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Figure A A.19. Main drivers leading to changes in inclusive growth strategies or initiatives are social inequalities and policy frameworks



Note: There were 20 respondents to this question. Responses were to the question: "What were the main drivers behind the changes to your inclusive growth strategy or initiative?". Responding cities could select all applicable options.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Methodology to select inclusive growth best practices and collect information through Step 2 of the survey

In Step 1 of the survey, cities were asked to “list one or several initiatives related to promoting inclusive growth in your city that you would like to put forward as best practices”. In response to this question, 45 cities from 19 countries proposed 110 best practices. Most of these cities are located in EU countries (34 out of 45) (Figure A A.20).

Before proceeding to Step 2 of the survey, all 110 proposed best practices were assessed against established best practice selection criteria. The selection criteria have been developed in collaboration with the European Commission, with the aim of ensuring common quality standards for the best practices. Those that perform well across the criteria are included in the What Works for Inclusive Growth in Cities online tool, providing examples of what works for inclusive growth that other cities can learn from. In Step 2, further details were collected from cities regarding the selected best practices, with the aim of establishing a more detailed understanding of the policy implementation and impact. The final selection highlights initiatives that perform strongly across all aspects of the best practice criteria. The best practice criteria are as follows:

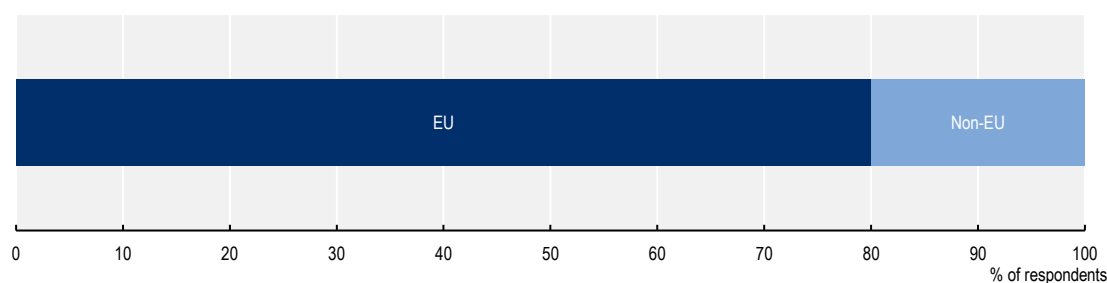
- **strategic alignment with inclusive growth frameworks:** strategic objectives, policy pillars and target groups
- **Impact, effectiveness and sustainability:** clear logic of intervention, measurable outcomes, depth and breadth of impact, cost effectiveness and sustainability of solutions
- **stakeholder involvement and collaborative approaches:** integrated approach, diverse stakeholder involvement and stakeholder roles
- **monitoring, evaluation and adaptive innovation:** monitoring and evaluation, flexibility and innovation.

In addition to meeting quality standards, best practices were evaluated across several dimensions to ensure they reflect diversity and replicability. These aim to ensure best practices are captured across a range of contexts, so that they can be adapted and implemented in different settings. The dimensions that were considered include:

- **Replicability:** Attention paid to selecting best practices that offer potential for replicability in other urban contexts.
- **Geographic diversity:** Select best practices representing a range of different contexts, including different city sizes, geographies, socio-economic and institutional conditions.
- **Policy pillars:** Include best practices covering a comprehensive range of policies related to education, labour markets, housing, infrastructure, public services and sustainability.
- **Diverse population focus:** Attention paid to gathering best practices which focus on a range of specific marginalised or vulnerable population groups such as low-income households, youth, older people, people with a migrant background, people with disabilities, women.
- **Budgets:** Gather best practices implemented using a range of budget sizes and different funding mechanisms.
- **Challenges:** Highlight a range of best practices that have faced different obstacles to achieving inclusive growth objectives, and how these have been overcome.

The sample of proposed best practices comes from a diverse range of city sizes (Figure A A.21). The cities reporting at least 1 best practice range from fewer than 12 000 inhabitants (Voru, Estonia) to almost 10 000 000 (Seoul, Korea).

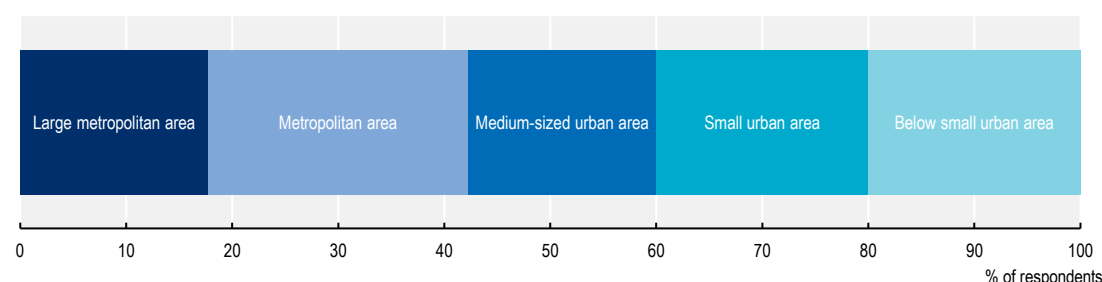
Figure A A.20. Distribution of cities reporting at least one best practice by EU membership status



Note: There were 45 respondents to this question.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Figure A A.21. Distribution of cities reporting at least one best practice by size

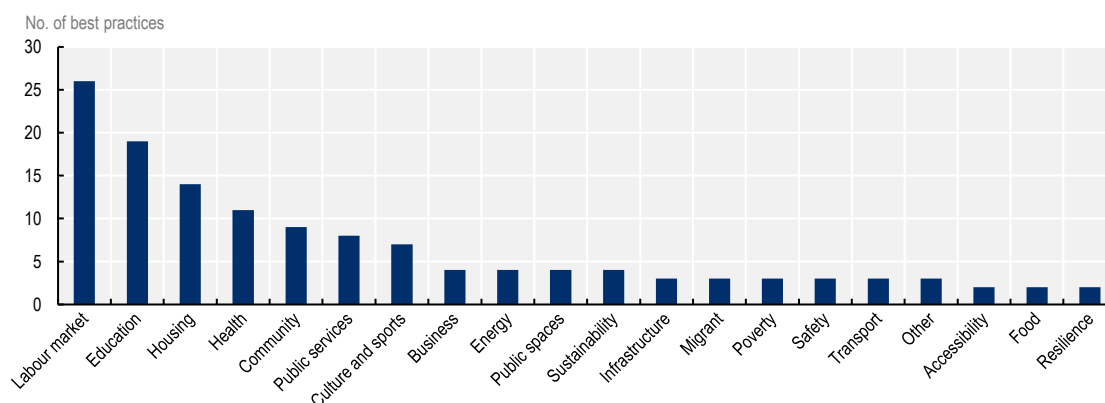


Note: There are 45 cities listed. The different categories are based on the following population thresholds: large metropolitan area with more than 1.5 million inhabitants, metropolitan area with more than 500 000 inhabitants, medium-sized urban area with more than 200 000 inhabitants, small urban area with more than 50 000 inhabitants, below small urban area with fewer than 50 000 inhabitants.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Reported best practices cover a wide range of policy topics. The most frequently cited topic relates to integrating people into the labour market (19% of best practices), followed by education (14%) and housing (10%) (Figure A A.22). In contrast, food systems and resilience are the least frequently addressed areas, with only two best practices proposed for each category respectively.

Figure A A.22. Best practices by policy topics

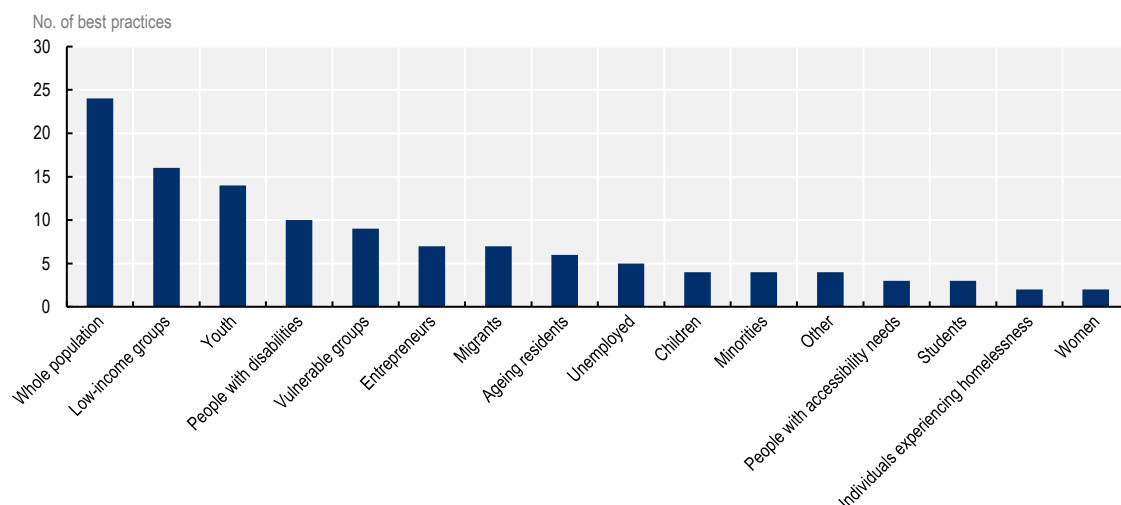


Note: There are 110 best practices listed; 136 policies are shown in this graph as different policy pillars can apply to a single best practice.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

Among the proposed best practices, 19% do not target a specific group, but rather are designed to benefit the whole population. In terms of specific groups, the most commonly prioritised are low-income groups (13%), youth (11%) and people with disabilities (8%) (Figure A A.23). Conversely, women and people experiencing homelessness are the least frequently targeted, with only two best practices proposed for each.

Figure A A.23. Best practices by population group targeted



Note: There were 110 best practices listed and 120 target groups, as 1 best practice can target different groups.

Source: 2024 OECD/EC Survey: Inclusive Growth in Cities Step 1.

What Works for Inclusive Growth in Cities

Cities are engines of economic growth, yet many continue to face persistent gaps in access to jobs, affordable and quality housing, essential services, and urban amenities. Left unaddressed, these disparities can weigh on productivity, strain public finances, weaken social cohesion and erode trust in institutions. Fostering inclusive growth in cities – ensuring that all residents can contribute to and benefit from economic development – has become a central priority for policymakers at all levels of government. The report *What Works for Inclusive Growth in Cities* provides strategic guidance to help local and national policymakers develop and implement effective inclusive growth strategies. Drawing on evidence from a diverse range of cities, it highlights action across five policy areas: education, employment, housing and the built environment, infrastructure and services, and climate action. Designed as a practical tool, it showcases proven solutions, identifies implementation challenges, and highlights enabling factors, emphasising the importance of whole-of-government, people- and place-based approaches. The report also introduces an action-oriented roadmap, offering concrete guidance to help policymakers translate inclusive growth ambitions into effective action across different city contexts.



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