



## Briefing Note on Urban Economy and Finance Subprogramme

### Objective

The subprogramme promotes local, regional and national authorities to adopt or implement inclusive policies and strategies that are supportive of inclusive economic growth, the creation of equitable economic opportunities for all, particularly young men and women and vulnerable groups, and improved municipal finance. This strategy falls within the framework of the outcome document of Habitat III, The New Urban Agenda, the Sustainable Development Goals adopted by the General Assembly in 2015, in particular: Goal 8 on *promoting inclusive and sustainable economic growth, employment and decent work for all* and Goal 11 on *making cities inclusive, safe, resilient and sustainable*, and the Addis Ababa Action Agenda, the outcome document of the third international conference held in 2015 on financing for development.

### Expected accomplishments

- a) Improved capacity of partner cities to adopt strategies supportive of inclusive economic growth
- b) Enhanced capacity of partner cities to adopt urban policies or programmes supportive of improved employment and sustainable livelihoods with focus on urban youth and women
- c) Improved capacity of partner cities to implement plans or strategies for improved urban and municipal finance

#### (1) Municipal Finance programme

We help build technical and institutional capacity of local authorities to (a) improve the efficiency of generating revenue from local revenue sources, (b) implement necessary institutional and legal reforms to generate additional revenue from local sources through innovative land-based revenue-generating mechanisms such as land value capture, and (c) mobilize financial resources through other strategies such as municipal borrowing, municipal development corporations, infrastructure development funds and asset management entities.

#### *Key results*

Since January 2014, 25 cities have been assisted in adopting programmes/strategies for improved urban and municipal finance.

**Somalia:** Financial management systems were established in 15 Districts under the UN Joint Programme on Local Governance and Decentralized Service Delivery. An Automated Municipal Finance system has improved transparency, accountability, revenue generation and financial management procedures of local governments. The process for establishing property taxation system in Mogadishu and basic public financial management system in Beled Weyne, Baidoa,

Merka and Jowhar is underway. In addition, a GIS-based property survey in six Districts was completed. The increased municipal revenue realized has led to investments in the construction and rehabilitation of key infrastructural projects in both Somaliland and Puntland, improving trust between the people and local councils.

**Afghanistan:** Local government revenue has increased as a result of increased land and property taxation in Herat, Mazar-e-Sharif, Kandahar and Jalalabad. Although there are over 50 recognized sources of municipal revenue in the country, Safai (property taxation/sanitation fee) is the most effective source. UN-Habitat supported the implementation of improved methods of land surveying, land registration, tax invoicing and collection and spending tax revenues for the provision of urban services. These have resulted in 15% revenue increase in these cities. Over 85,000 properties have been registered and an improved property database in target cities is contributing to better urban planning and management and fostered security of tenure, housing improvement, job creation and local economic development.

**Kenya:** Kiambu County government computerized its accounting and billings systems, adopted a progressive tax regime and zoning method on land tax rate collection. As a result, the County government's revenue increased by over 50% between 2013 and 2016. Its revenue generation increased from Ksh 2.1 Billion in 2014/15 to Ksh 2.4 billion by the second quarter of 2015/16. We also provided legal and technical assistance to set up an *Infrastructure Development Fund*. We are now helping the county government to set up an *Asset Management and Development Company*.

UN-Habitat has assisted in urban infrastructure development financing process for the re-development of the area in and around the railway station in Nairobi. The impacts of this intervention are expected to reach far beyond the actual site, looking at how a more cohesive, integrated and sustainable economic development and growth of the central parts of Nairobi can be promoted.

## (2) Local Economic Development programme

UN-Habitat assists urban authorities in the design of local economic development strategies, provides technical tools and advisory services on spatial economic analysis, and promotes innovative policies and strategies for improving urban productivity, including the informal economy.

Since January 2014, 13 partner cities have been assisted in preparing local economic development plans/strategies based on local economic assessments. These cities are Bogota (Colombia), Silay City and Cagayan de Oro (the Philippines), Rubavu (Rwanda) Akure (Nigeria), El Alamein (Egypt), Nampula (Mozambique), Kalobeyei, Homa Bay and Kiambu (Kenya), Croix des Bouquets, Cabaret, and Thomazeau (Haiti).

### *Key results*

**Colombia:** 26 small-and medium-scale enterprises developed business plans for workers in the leather and footwear industry in Bogota, 48 entrepreneurs were trained in the design of leather and footwear products, over 70 entrepreneurs were trained in business legalization, 330

participated in various business events, 10 groups secured funds, 14 groups refined their business plans, and over 100 new designs of leather and footwear products were introduced to the market.

**Rwanda:** The new National Urban Strategy developed through the ASUD programme focuses on the country's economic development with improved productivity of urban economic activities as one of its pillars. It includes policies and institutional frameworks for urban economic development and has been shared with the national government

**Philippines:** Economic assessments were undertaken based on integrated economic and spatial planning in Silay City and Cagayan de Oro. Cagayan de Oro is transforming an unused military airport into a productive civic and commercial area in a new mixed-use neighborhood. The local economic development strategy and action plan for Silay have been finalized and presented to Silay City authority for implementation.

**Kenya:** Construction of a market in Nyakwere in Homa Bay is being completed based on the outcome of an economic assessment conducted by Homa Bay County Government.

**Egypt:** El Alamein New City launched an economic assessment for analyzing the future revenues based on the value and supply chains, supply/demand interactions and the local/regional economic development.

**Haiti:** Households resettled in Croix des Bouquets, Cabaret, and Thomazeau municipalities in Canaan region after the massive earthquake in 2010 have improved their capacities for coordinating investments in local economies. Three respective plans developed have been submitted to donors and government stakeholders for implementation.

**Mongolia:** The Ulaanbaatar Urban Services and Ger Area Development Investment programme is being implemented through Community Engagement and small and medium-scale enterprises Development Consultancy Service.

### **(3) Youth Empowerment programme**

Through the Youth Empowerment Programme, UN-Habitat supports partners to provide urban youth, particularly those living in informal settlements and post-conflict countries with opportunities for healthy and productive livelihoods by developing scalable best practices and cutting edge research and policy for all levels of government. It provides these services through programmes in three key areas: *Public Space, Livelihoods and Governance*. *Pillar programmes of the Unit are the Urban Youth Fund, the One Stop Youth Resource Centres, and the Innovate Africa programme. Supporting the Youth Unit is the UN-Habitat Youth Advisory Board, a board of 16 youth representing geographic regions and thematic areas of the agency.*

#### *Key results*

Since January 2014, 35 partner cities have been assisted in the area of young men and women's empowerment. These include Rio de Janeiro and Sao Paulo (Brazil), Mumbai and Raipur (India), Nairobi, Kiambu and Mandera (Kenya), Akure, Lokoja Dekina, Kabbia, and Okene (Nigeria), Hebron (Occupied Palestinian territories), Arua (Uganda), Sana'a (Yemen), Riyadh and

Buraydah (Saudi Arabia), Goma and North Kivu (DRC), Mogadishu (Somalia), Harare (Zimbabwe), Mandeville (Jamaica), Cairo and Menya (Egypt), Bogota (Colombia), Marrakech (Morocco), Prague (Czech Republic), Kigali (Rwanda), Kathmandu (Nepal), Kufr Na' meh (State of Palestine) and Otavalo (Ecuador).

- *Innovate Africa* Project. over 1000 youth and 5 local governments were engaged in two Kenya based pilots engaged in developing ICT solutions for local governments through unlocking the innovative potential of youth.
- Strengthened policy for Young Women in the World of Work (WOW) action research project with the City of Kampala and Plan International
- *India Youth Fund*. Funding of 15 Youth-Led grantees and project management training, which became the basis of a research report on Youth-Led agencies in India
- *Eqwip Hub Consortium* - Seeding of 250 youth enterprises through Eqwip training centres
- *Colombia Youth Fund* - Funding of 10 youth enterprises inclusive of ex-combatant
- 100 Youth Trained through Map My City, digital maps created and curated online by Pitney Bowes in partnership with World Vision
- 100 youth engaged in Right to Participate programme on youth governance and transparency

### Key knowledge products

- Global Municipal Database
- Finance for City Leaders Handbook
- Technical Guidebook for Financing Planned City Extension and Planned City Infill
- Economic Foundations for Sustainable Urbanization: A Study on Three-Pronged Approach: Planned City Extensions, Legal Framework, and Municipal Finance
- Discussion Paper on Rapid Financial Feasibility Assessment for Planned City Extension
- Strengthening Local Governance and Municipal Finance through Property Taxation
- Technical Guidebook for Financing Planned City Extension and Planned City Infill
- The State of Addis Ababa 2017: The Addis Ababa we want
- Discussion paper on promoting investment in urban development
- Youth and the New Urban Agenda (**Spanish, English and Russian**)
- Refugee Youth: Good Practices in Urban Resettlement Contexts
- Law and Legislative Frameworks Effecting the Urban Youth
- Youth and Law: Young Perspectives for City Governance (English and Brazilian)
- Youth, Informality and Public Space
- Harnessing City Economies: Cultivating synergies between urban economy and spatial planning for inclusive and transformative growth
- Enabling Productivity in the Urban Informal Economy