



Urban Economy and Finance Subprogramme:

Municipal Finance, Youth and Livelihoods, Local Economic Development
with Branches, and Regional Offices

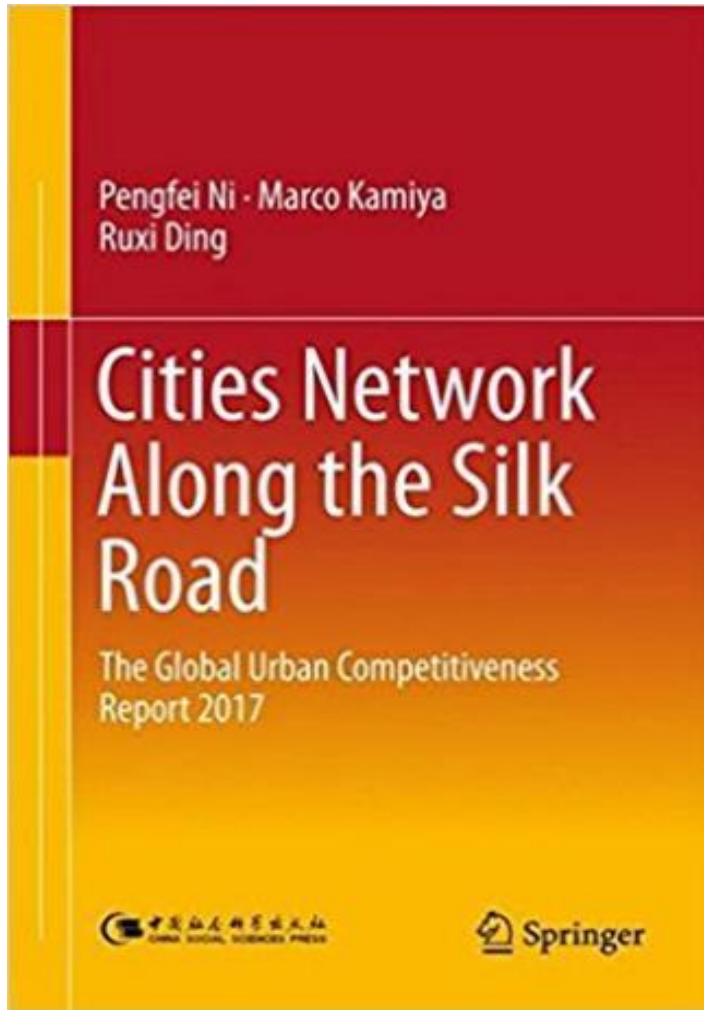
Marco Kamiya,
Coordinator, Urban Economy and Finance Branch, UN-Habitat



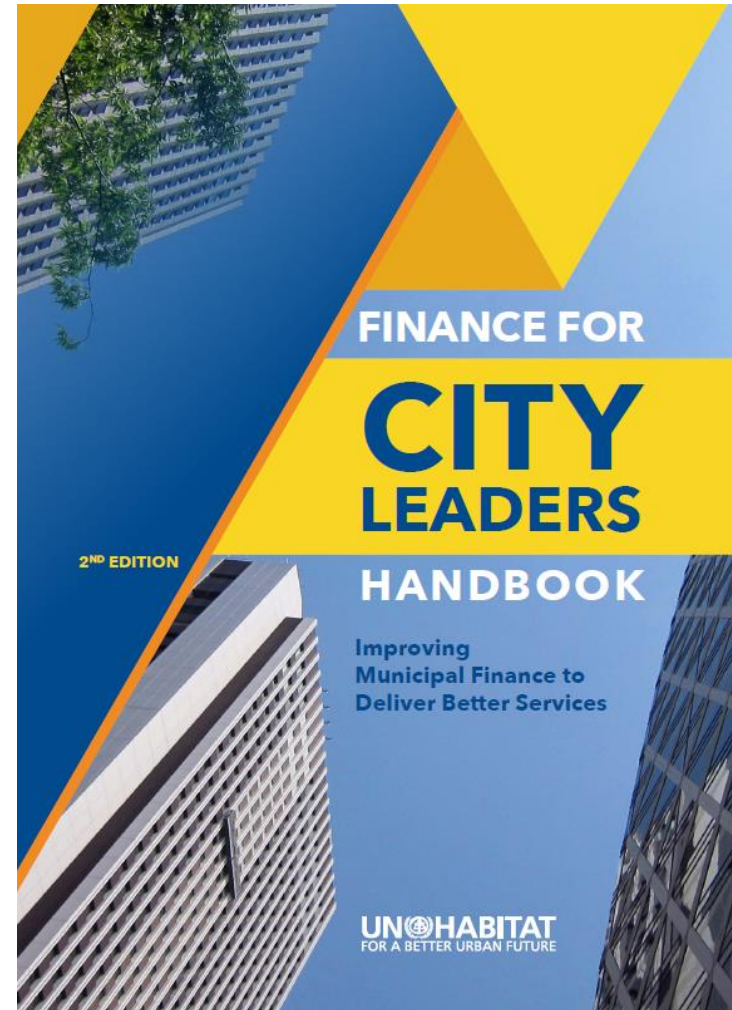
Urban Economy and Finance Subprogramme

OBJECTIVE

To Promote local, regional and national authorities to adopt or implement policies and strategies supportive of inclusive economic growth, creation of equitable economic opportunities for all and improved municipal finance.



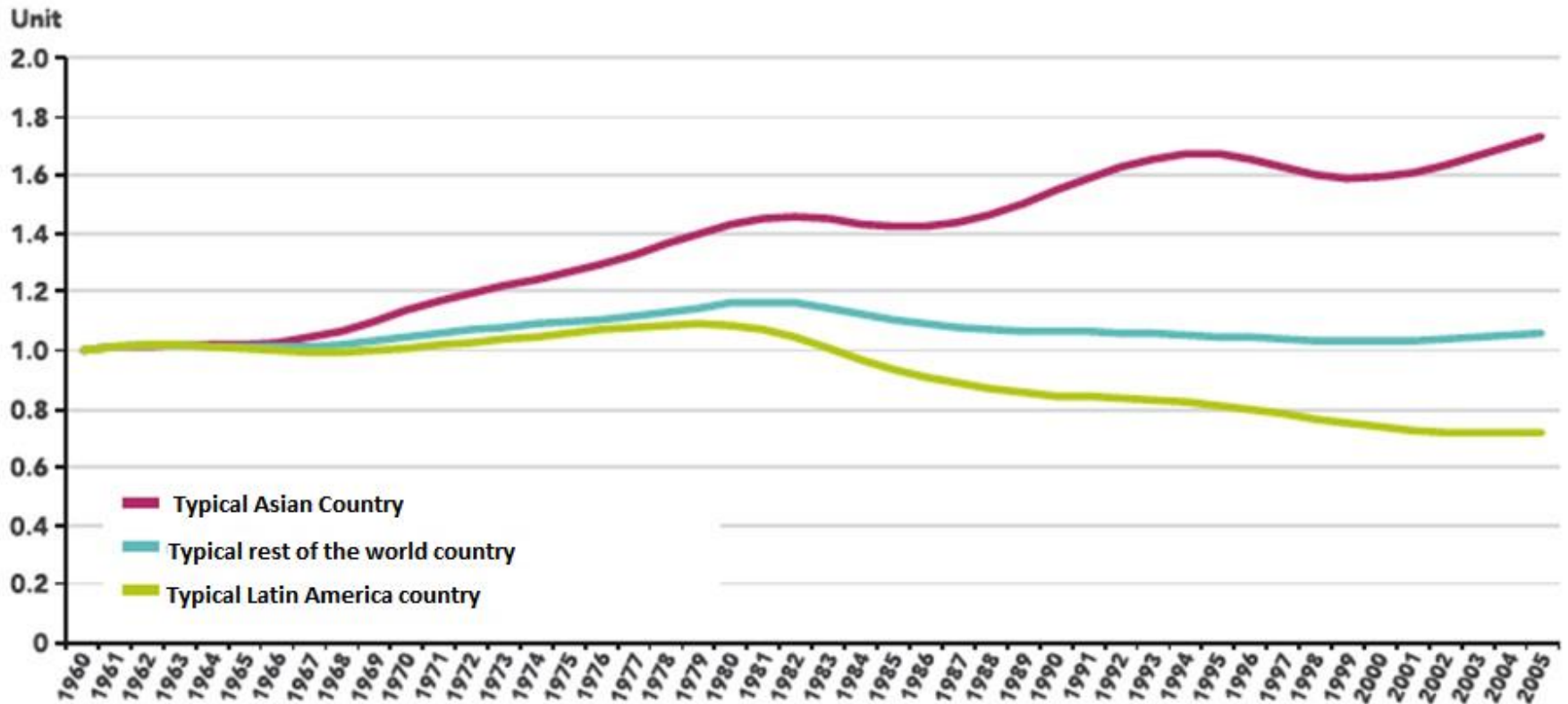
Cities Network Along the Silk Road: The Global Urban Competitiveness Report 2017



Finance for City Leaders Handbook

Productivity Across Countries

Total Factor Productivity in Asia and Latin America in comparison to United States, US in 1960=1



Source: IADB 2010. The Age of Productivity

Urban Economy and Finance Subprogram

Three Expected Accomplishments

- (1) Improved capacity of partner cities to adopt strategies supportive of **inclusive economic growth**
- (2) Improved capacity of partner cities to implement plans or strategies for **improved urban and municipal finance**
- (3) Enhanced capacity of partner cities to adopt urban policies and programmes through evidence-based approaches that support inclusive economic development and **sustainable livelihoods for young women and men** living in urban settings.

In each of the 3 areas, we have normative and operational components

EA1: Improved capacity of partner cities to adopt strategies supportive of inclusive economic growth

Knowledge products

- Discussion paper on promoting investment in urban development
- Building synergies between urban economy and spatial planning for inclusive and transformative growth
- Enabling Productivity in the Urban Formal-Informal Economy

Operational activities

- Local economic development (LED) program: We assist local authorities design LED Strategies/plans
- Since January 2014, 10 partner cities have prepared LED plans with our technical support - Bogota, Silay City and Cagayan de Oro, Rubavu, Akure, El Alamein, Nampula, Kalobeyei, Homa Bay and Kiambu, Croix des Bouquets, Cabaret, and Thomazeau

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
- 70 entrepreneurs were trained in business legalization
- Over 100 new designs of leather and footwear introduced to the market.

Rwanda

- New National Urban Strategy developed focusing on productivity of urban economic activities. It includes policies and institutional frameworks for urban economic development and investment strategies.

Key Results

Philippines

- Economic assessments undertaken based on integrated economic and spatial planning in Silay City and Cagayan de Oro.

Kenya

- Construction design (Urban-Rural linkages) of markets in Homa Bay
- Adoption of UN-Habitat approach on refugee camps and cities

Egypt

- El Alamein New City launched an economic assessment for analyzing the future revenues based on value chain/supply chains analysis, and the central and local economic development.

Key Results

Haiti

- Households resettled in Canaan region after the massive earthquake in 2010 have improved their capacities for coordinating investments in local economies. Economic feasibility for energy, planning and services.
- 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

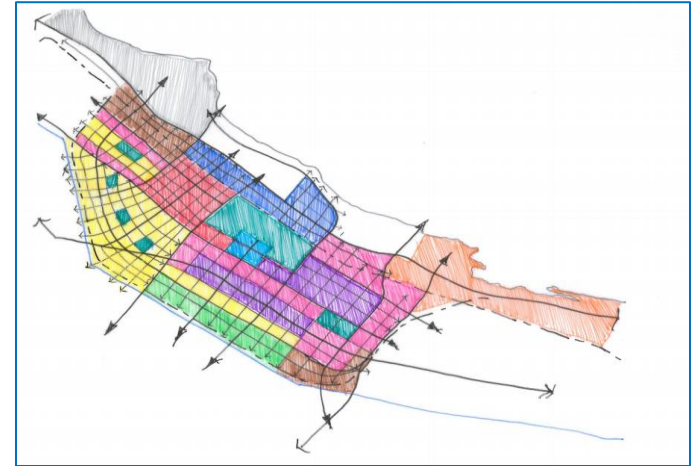
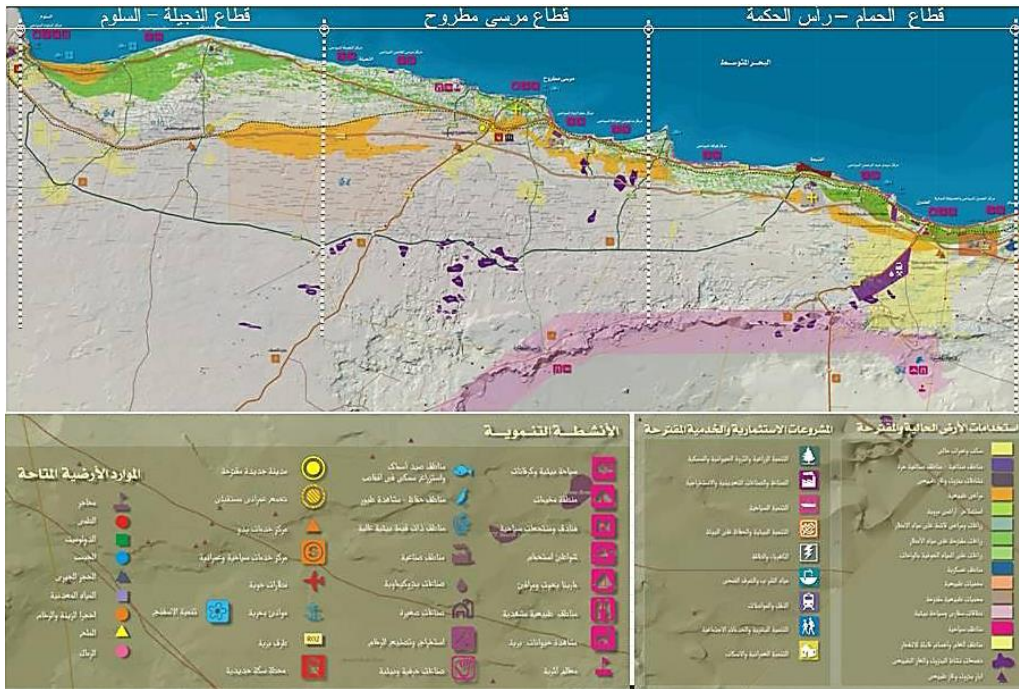
EA1

Key Results, Examples, Havana

Havana: Training on Municipal Finance and Urban Economy



A New City: Linking Planning with Productive Capacity and Financial Feasibility



National Development Plan 2050

EA2

EA2: Improved capacity of partner cities to implement plans or strategies for improved urban and municipal finance

We help build technical and institutional capacity of local authorities to:

- Improve the efficiency of generating revenue from local revenue sources
- 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
- Mobilize financial resources through other strategies such as municipal borrowing, municipal development corporations, infrastructure development funds and asset management entities.

Knowledge Products

- **Database:** Global Municipal Database, micro approach.
- **Toolkits and Training Materials**
 - i. Land-based finance toolkit
 - ii. Finance for City Leaders Handbook
 - iii. Technical Guidebook for Financing Planned City Extension and PCI
 - iv. Economic Foundations for Sustainable Urbanization: Planned City Extensions, Legal Framework, and Municipal Finance
- **Discussion Papers** on Operational work:
 - i. Rapid Financial Feasibility Assessment for Planned City Extension;
 - ii. Strengthening Municipal Finance through Property Taxation
 - iii. Economic design of Markets Eastern Africa;
 - iv. Rwanda, financial analysis of economic poles.

Key Results

Operational activities

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

Somalia

- Automated financial management systems set up in 15 Districts
- In Hargeisa, revenue collection increased from USD260,000 in 2008 to USD760,000 in 2014. In Buroa, revenue collection increased from USD58,000 in 2008 to USD600,000 in 2016

Afghanistan:

- Local government revenue has increased as a result of improved land surveying and registration and improved tax invoicing and collection in Herat, Mazar-e-Sharif, Jalalabad, Lashkar Gar, and Kandahar (by 15% on average)

Key Results

Egypt

- Assisted Government revise public financial management framework for new cities. As a pilot, helping El Alamein new city to formulate a new financial management framework

Mozambique

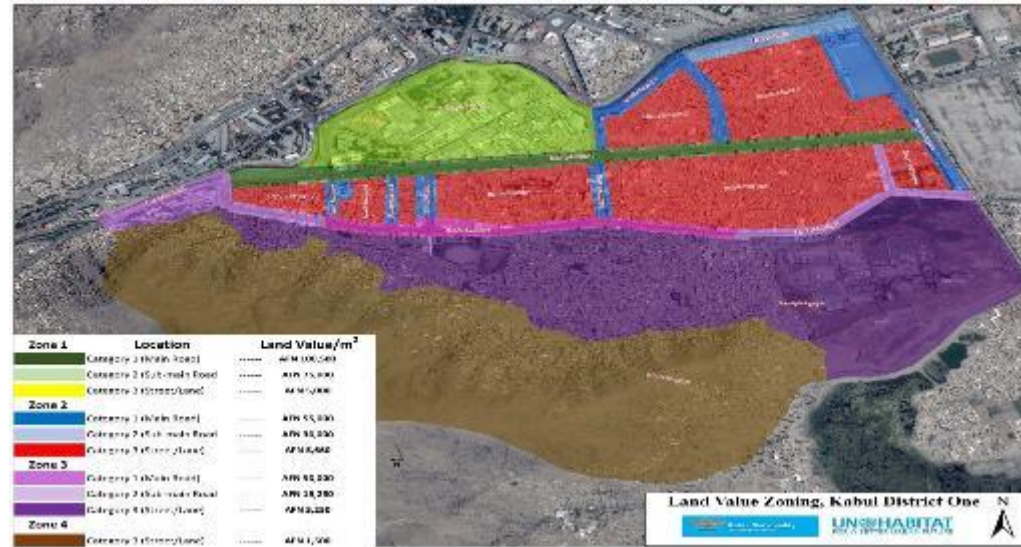
- Under ASUD programme, UN-Habitat continued to assist municipalities of Nacala Porto and Nacala Velha to develop financial models for city extension plans

Myanmar

- 14 States and Regions, the National Government, and two major cities have improved their revenue-generating capacity following training on municipal finance management

Land Value Zoning and Finance

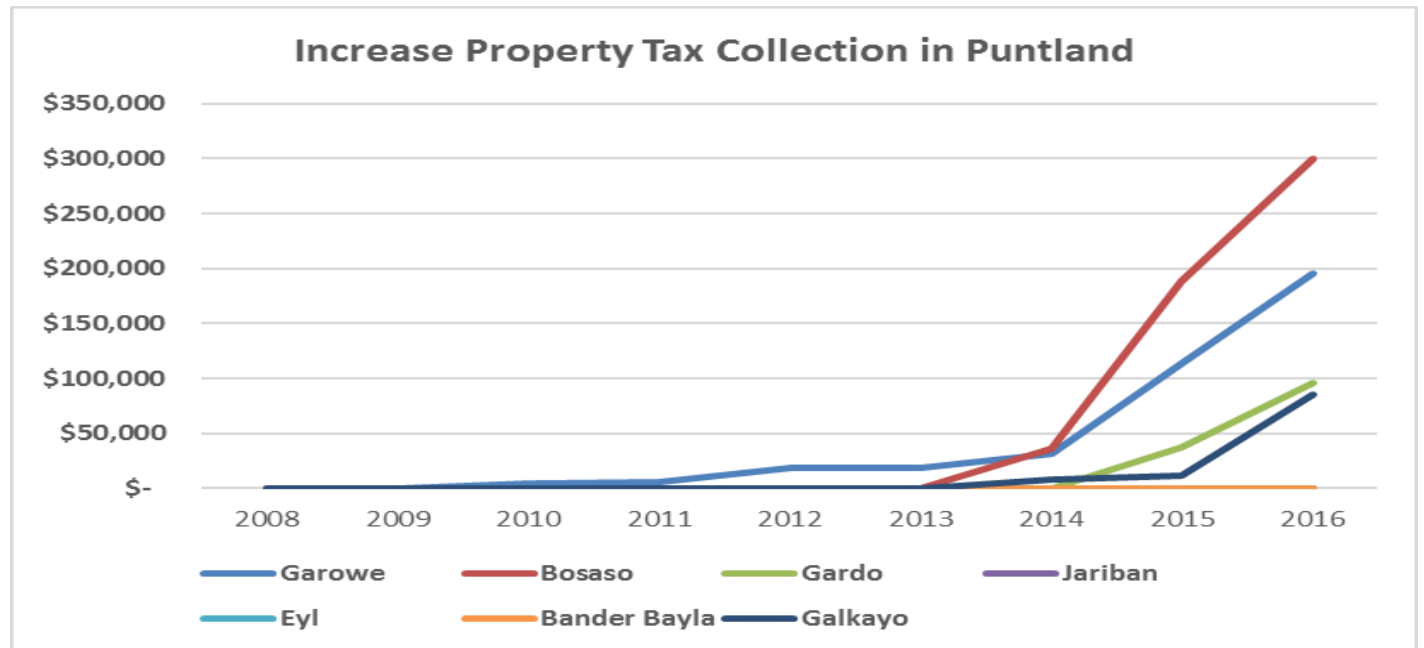
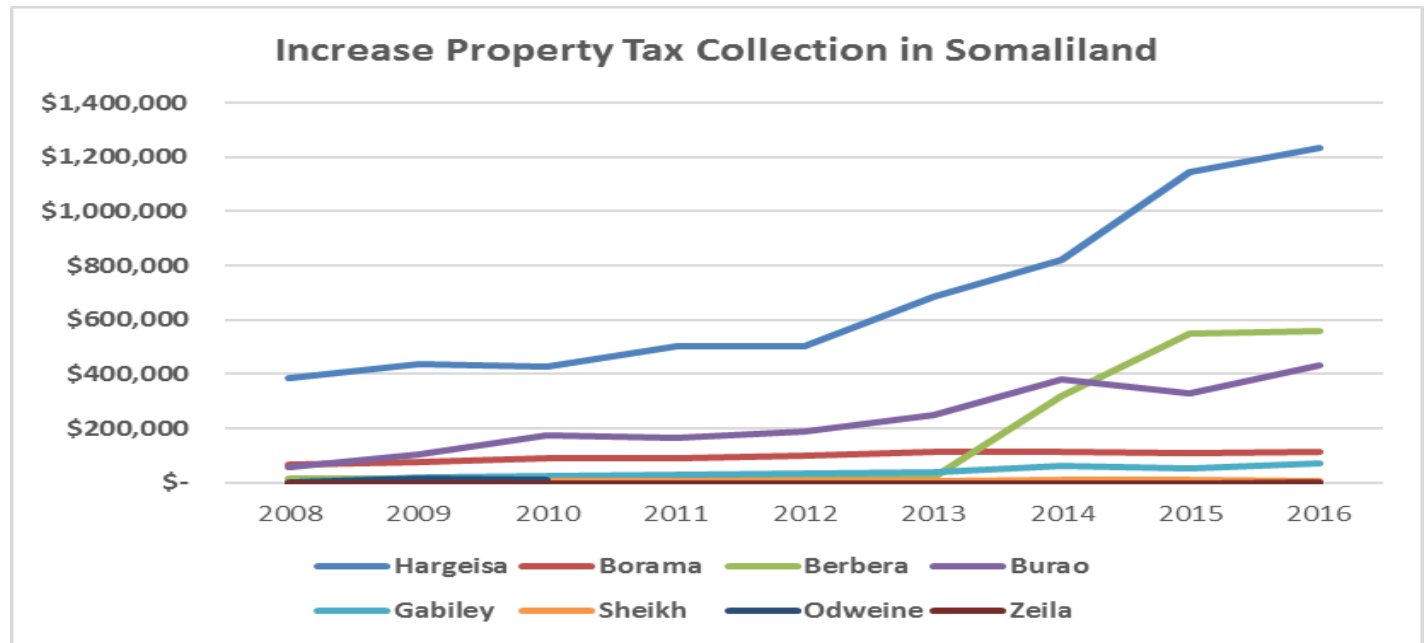
- Links property values linked to the real property market
- Transparent and reliable method for valuation of properties for leasing, taxation and compensation on expropriation
- Developed in consultation with government
- Implementation increasing safayi revenues in Kabul municipality by 60%



No	zone	Category	Location	Land Value AFN/m ²
1	One	First	Two side of Jada-e-Maiwand Road(from the bridge in front of Bagh-e-Qazi Up to the end of Jada-e-Maiwand)	100,500
		Second	Commercial areas of Timorshahi and Mandawi	75,000
		Third	Residential areas of Mandawi	5,000
2	Two	First	-Two sides of Senami Pamir Road -Two sides of Chendawol Road -Two sides of Nahia Road -Two sides of Sangtrashi Road -Two sides of Chehl Metra Road -Two sides of Pulkhisti Road	55,000
		Second	Bagh Ali Mardan Road	30,000
		Third	-Southern areas of Jada-e-maiwand to Bagh-e-qazi road excluding main and sub-main roads. -Residential areas of Baghahimardan, Rekakhana and Boriaforoshi	5,660
3	Three	First	Two sides of Bagh-e-qazi Road from Senima Pamir road up to Balahisar.	50,000
		Second	-Two sides of Bagh-e-qazi Road from Senima Pamir to Artel Bridge -Two sides of Bagh-e-qazi Road from Balahisar to Kabul Logar Road -Two sides of Afghan-German Hospital Road to Jada-e-Maiwand.	1,950
		Third	Informal areas of south of Bagh-e-qazi road up to hillside area	5,250
4	Four	Third	Hillside area of Shuhadaei Salehin	1,500

Somalia: Municipal Finance

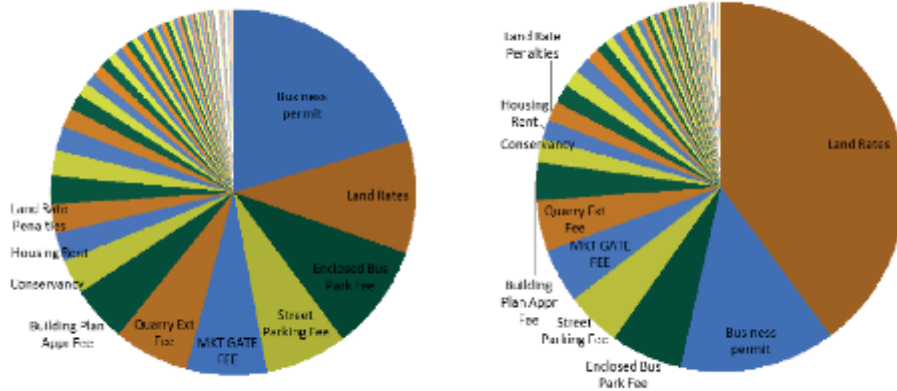
Revenue Collection and Property Tax Reform



Kenya: Kiambu County, Revenue Sources

2014

2018



Current distribution of revenue sources for Kiambu County (left) and the distribution projected for 2018 (right)

URBAN ECONOMY AND FINANCE BRANCH
DISCUSSION PAPER #8
MARCH 2017

UN HABITAT
FOR A BETTER URBAN FUTURE



Supporting Revenue Enhancement in Kiambu County, Kenya

I. Background

Kiambu is one of the 47 counties in Kenya. Located in the central region of Kenya, Kiambu neighbors Nairobi, Kajajo, Machakos and Nakuru Counties. It covers 2,543.5 Km² with a projected population of 2 million by the end of 2017. It leads amongst the rapidly urbanizing counties, with 7 out of its 9 major towns hosting over 100,000 people each. Property values in Kiambu County are amongst the highest in East Africa. As a result of rapid urbanization and high property values, residential estates, industries, and businesses are increasingly encroaching on agricultural lands.

Counties in Kenya are in their fourth year of existence and are struggling to deliver adequate public services as their institutions develop. Sustainable solutions to these socio-economic challenges cannot be achieved through duplication of past practices of local governments that were primarily dependent upon the National Government for the provision of services and funding. Instead, with the current decentralization process, the success of the counties will now be determined by their local actions. This highlights the critical role of revenue collection by county governments for purposes of service delivery and infrastructure development. Thus, there is a need to enhance the capacity of local governments so they can identify, exploit and efficiently utilize their human and natural resources and spur local economic development.

Increased demand for services and economic opportunities necessitates improvement of revenue generation. This has led county governments to innovatively seek solutions that address these challenges. In this regard, Kiambu county government sought advisory and technical support from a range of stakeholders including UN-Habitat. Its collaboration with UN-Habitat has continued to remarkably improve revenue collection and management.

II. Scoping and Assessment

In 2014, a joint county-UN-Habitat revenue assessment was conducted. Findings of the assessment set forth the direction for subsequent technical support and a program for short- and long-term interventions.

Findings of the Scoping Mission

- The Kiambu County revenue potential is large, particularly through land value taxation, however it is largely untapped.
- The tax and fee structure in Kiambu was inverted such that the economically weakest stratum of the population was contributing the largest portion of the county revenues. Parking fees and market fees have also been the largest sources of revenues, where land taxes contribute almost the same as parking fees.
- There are a vast number of small fees that contribute minimally to the county's income yet require significant administrative resources.

- Sub counties had their own separate revenue management systems which complicated collection and monitoring.
- Revenue variations within sub-counties remained large even after standardization.
- The workforce inherited from the previous local government structure often lack specialization.

Initial Scoping Mission Recommendations

The key areas of action:

- Improve and streamline the revenue management system to improve collections of the existing tax base.
- Initiate a program for local economic development and public asset management which would directly and indirectly expand the tax base.
- Increase public participation: for any intervention to attain the required acceptability level and conformity to the law, there must be a heightened public engagement.

Kiambu County government officials along with UN-Habitat team



III. Program of Action and Implementation

The program for revenue enhancement was led by a task force chaired by the Deputy Governor of Kiambu. It consisted of county government senior staff and consultants from UN-Habitat. In its full form, the program was designed as a four part sequential operation: revenue management, streamlining the land tax

EA3

EA3: Enhanced capacity of partner cities to adopt urban policies and programmes that support inclusive economic development and sustainable livelihoods for young men and women living in urban settings

Activities

Since January 2014, 35 partner cities have been supported in the area of employment and sustainable livelihoods with a focus on urban youth and women, displaced populations, people with disabilities and other vulnerable populations.

Knowledge production

1. Youth and the New Urban Agenda
2. Refugee Youth: Good Practices in Urban Resettlement Contexts
3. Youth and Law: Young Perspectives for City Governance
4. Youth, Informality and Public Space
5. SHAQEYSO: Lifeskills Trainers Guide (Somalia)
6. Secretary-General visit to Mathare (video)
7. Mathare: A Story of Youth Led Development (video)
8. Youth And The City: Lessons From 13 Innovative Projects (UN-Habitat and Cities Alliance)

Key Results

Rwanda

- The Kimisagara OSYC in Kigali is a model of success:
 - i. 1904 youth have trained in ICT programming
 - ii. 2689 youth trained in Start and Improve Your Own Business (SIYB)
 - iii. 551 youth received vocational training
 - iv. Services provided (health, recreation) to 319,072 youth

Somalia

- 359 programme participants (177 male; 182 female) from 14 districts of Mogadishu were trained in the Mogadishu One Stop Youth Centre on entrepreneurship, life skills, community works, and vocational topics.
- 359 of participants had no income prior to start of training.

Key Results

Colombia

- Established the Urban Peace Labs project in Colombia with SENA
- 10 youth group beneficiaries to establish urban peace building projects.
- 30 youth trained in vocational and entrepreneurship training

India

- India Youth Fund. 15 Youth-Led grantees and project management training
- Research report on Youth-Led agencies in India

Kenya

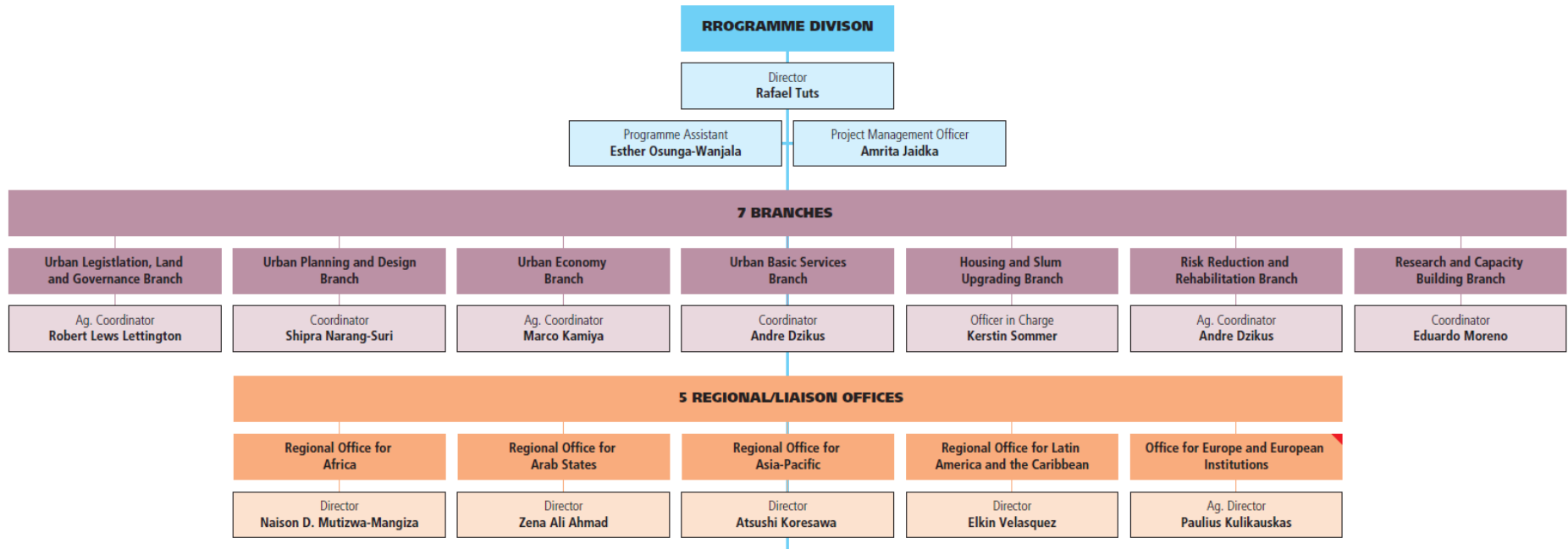
- Innovate Counties Project. 350 youth and strategic partners in counties engaged in developing ICT solutions for local governments

EA3



SG Guterres visiting
Youth Project in
Mathare, Kenya 2017

Internal Coordination: Urban Economy and Finance Subprogram



Urban Economy and Finance Subprogramme:

- Slum Upgrading and Resilient Housing, financial approach and public private market solutions
- Planning and design with economic rationality, Market Design and Urban Rural Linkages
- Productive capacity and financing strategies for National Urban Policies
- Introducing market solutions to refugee camps
- Financial analysis of basic services
- Contribution to flagship reports, World Cities Reports

External Coordination: Urban Economy and Finance Subprogramme



Urban Economy and Finance Subprogramme:

- Cities projects in coordination with external UN partners, UNIDO, UN Environment
- Development banks and field projects: Infrastructure studies and financing urban expansion
- Funds to support municipal finance projects with OECD Development Center
- Urban projects, University College London
- Belt and Road Initiative, Chinese Academy of Social Science, cities.
- Training courses, several partners, MIT, Harvard GSD, Lincoln Institute, more.

Urban Economy and Finance Subprogram

In the next 6 months

Municipal Finance

- Future Saudi Cities programme, Municipal Finance and Productive Economy
- One Belt One Road Initiative, Cities Along Corridor, aiming to GCF projects
- Four Counties in Kenya, continue work in neighbor countries, EGM with majors

Local Economic Development

- Refugee Camps, Rural-Urban Economy
- Haiti, Improving services and economic and urban planning Haiti
- Expanding tax collection and modernization of municipalities in Afghanistan

Youth empowerment

- Colombia, Peace and Labs programme
- Youth, entrepreneurship and vocational training in Somalia
- Youth Trained through Map My City, with World Vision



Urban Economy and Finance Subprogramme:

Municipal Finance, Youth and Livelihoods, Local Economic Development

Thanks!