Report on Cities and Pandemics

Discussion Paper Webinar 2

Rebuilding the Urban Economy

November 25, 2020
15:00 – 17:00 EAT

UN-HABITAT
FOR A BETTER URBAN FUTURE

COVID-19 CAMPAIGN
REBUILDING THE URBAN ECONOMY

Key purpose: Provide an analytical framework to understand the economic impact on cities as a result of COVID-19, with a focus on the fiscal challenges of cities in the developing world.

Keywords: Urban economy; labour markets; urban finance; fiscal resilience; public and private investment; finance for sustainable development; multilateral support

Introduction – Bruno Dercon
Impact, Short-term Responses – Hannes Berggren & Philip Bonera
Future Directions and Key Messages – Marco Kamiya
COVID-19 ECONOMIC IMPACT ON URBAN AREAS

- EMPLOYMENT & BUSINESS
  Loss of income, bankruptcies

- INEQUALITY
  Vulnerable groups, digital divide

Projected growth under COVID-19 conditions in selected African primary cities
COVID-19 FISCAL IMPACT ON URBAN AREAS

- SCISSOR EFFECT
  Decreased revenue, increased expenditure

- PRO-CYCLICAL RISK
  Strict spending rules, reliance on IGFT
# SHORT-TERM RESPONSES

<table>
<thead>
<tr>
<th>Region</th>
<th>Support to citizens &amp; vulnerable groups</th>
<th>Support to business &amp; economic recovery</th>
<th>Exemptions &amp; Delays: Fees, Charges, Taxes, etc</th>
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<tbody>
<tr>
<td><strong>SUB-SAHARAN AFRICA</strong></td>
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<td><strong>LATIN AMERICA &amp; THE CARRIBBEAN</strong></td>
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<td><strong>ASIA AND THE PACIFIC</strong></td>
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<td><strong>NORTH AMERICA AND EUROPE</strong></td>
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<td><strong>MENA &amp; CENTRAL ASIA</strong></td>
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- [Image of diagram showing different regions and their responses]
Case Study 1: Freetown, Sierra Leone

- **Support to the vulnerable:**
  Food delivery to the poor & the elderly; distribution of hygiene materials

- **Support to businesses/economic activity:**
  Support to urban farming activities; availing space for ongoing activities of traders and vendors

- **Municipal taxes/fees:**
  Discounted property tax and business licenses
Case Study 2: Bogota, Colombia

- **Support to the vulnerable**: Raised additional $13m for vulnerable populations & healthcare sector.

- **Support to businesses/economic activity**: Urban real estate projects for employment generation; promote urban agriculture; entrepreneurship and women employability.

- **Municipal taxes/fees**: Postpone of payment of property & vehicle taxes (with a 10% discount); industry & commerce taxes.
Case Study 3: Kerala, India

- **Support to the vulnerable**: Relief food distribution drives to the poor, migrants, & laborers.

  Community volunteers preparing meals for distribution
SHORT-TERM SUPPORT TO CITIES

MULTI-LEVEL RESPONSE

National governments to support cities

- Suspend fiscal rules for SNGs
- Provide emergency transfers to SNGs
- Guarantee SNG debt incurred by pandemic

- Ensure coordination of action
- Ensure sufficient revenues for SNGs
- Provide financial support to SNGs

- Attend the health crisis
- Enforce confinement
- Support employment
- Support local businesses
- Support people, especially vulnerable citizens

- Sustain public investment
- Sustain SNG employment
- Provide social protection support to citizens
The Future Urban Economy

- INVESTING IN CITIES
  For a green, digital and inclusive urban structural transformation

- A NEW FINANCING MODEL
  Resilience & sustainability
Key Messages

1. Due to adverse regulatory frameworks, cities and regions are at risk to miss opportunities to support a green, inclusive, gender-equal and sustainable local recovery.

2. Cities operating on the frontline of the pandemic are in dire need of multilateral support.