

CHAPTER 3.

Rebuilding a 'new normal' urban economy

Recommendations

Financial mechanisms and credit

- **Provide adequate financial support to cities to aid their economic recovery** to help cities maintain already overstretched service provision and infrastructure while also targeting their populations, particularly vulnerable communities, with social protection, tax breaks, stimulus programmes and other relief.
- **Cities should consider the re-municipalization of their services** to achieve equitable service provision: besides potentially providing local governments with additional sources of revenue, a move to localized public provision could help extend services to underserved areas such as informal settlements.
- **Strengthen cities independent access to finance and credit:** While also giving local governments more leeway over their budgets, national and international credit markets should be reformed to allow cities to develop public-private partnerships and apply directly for grants or loans particularly to respond to COVID-19 and climate change.
- **Strengthen multilateral financing and cooperation through ambitious programmes such as universal health care and universal basic incomes.** This helps countries and cities to build more resilient fiscal frameworks to support local service delivery and economic development. These objectives require **committed multilateral action from international organizations, development banks and national governments** to protect cities and their local economies.
- **Establish dedicated global funds to finance urban responses to COVID-19 and climate change.**

- **Employ innovative financing mechanisms, such as land-based financing and property taxation, to fund progressive welfare systems.** Cities in the most vulnerable developing countries, where these sources may not be sufficient, should be targeted with alternative multilateral funding.
- **Cushion at-risk urban productive sectors through targeted financial support:** City, national and international stakeholders should continue to support urban economies through loan programs, grants, tax incentives, and temporary rent deferrals to give a lifeline to urban economic sectors.

Sustainable economy

- **Incentivize sustainable production and consumption patterns through subsidies and knowledge transfers, with a focus on rural as well as urban areas.** Targeted grants can support the transition to clean energy such as green roofs, solar panels or electric charging points by providing financial incentives and subsidies. Local governments should remove hidden incentives contributing to polluting practices, such as the provision of free on-street parking for private vehicles, and stipulate that subsidies for business and development have "green strings attached".
- **Address dysfunctional and exploitative development practices such as land speculation and unserviceable sprawl:** Enforcing clear regulatory frameworks, such as land-based financing and property taxation, over land use and housing markets will prevent the growth of long-term inefficiencies and distortions that undermine the urban economy, while also protecting the rights and wellbeing of citizens.



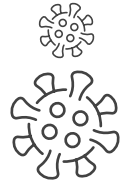
Through urban planning, local governments need to be further empowered by the state to provide their cities with an adequate legal and regulatory framework

Labour rights and protections

- **Enhance labour rights and protections for urban workers:** Welfare programmes, universal income schemes, minimum wages and health insurance have a vital role to play in ensuring the security of workers in key sectors, including informal economies, as well as of many others in rural or peri-urban areas sustained indirectly by urban workers through trade or remittances.
- **Develop targeted measures to reduce the underlying vulnerabilities of insecure urban workers,** tailored to reach women, youth, migrants and others who are disproportionately exposed to job loss and insecurity in the wake of the pandemic. Alongside training, reskilling and other support, measures should address the formalization of undocumented workers and the promotion of safe public spaces.

Digitalization and logistics

- **Invest in the rollout and application of digital technologies to enhance logistics and supply chains:** As the pandemic has placed added pressure on complex systems of production and consumption, cities should focus on improving the resilience of local businesses and entrepreneurs through digital capacity building.
- **Ensure that digital expansion is equitable and inclusive:** With the increased importance of digital services and home working arrangements, scalable and affordable technology gains and skills must be made equally available for citizens in leading metropolises, smaller towns and in wealthy and informal settlements alike.
- **Equitable digital opportunities and preventing reinforcement of existing inequalities is crucial for sustainable recovery.**



Among developed countries, vast sums have been spent to mitigate the impacts of the pandemic on trade, business and employment.