

## Urban Economy Branch

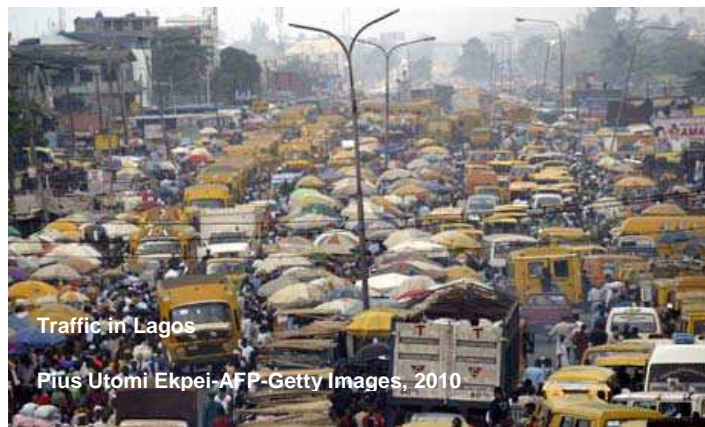
Urban Economy is one of UN-HABITAT's seven priority areas. Within the Branch, three units specialize on specific issues of urban economies: **Municipal Finance, Youth, and Local Economic Development.**

The mission of the Urban Economy Branch is to promote urban strategies and policies that are supportive of inclusive economic development, creation of decent jobs and livelihoods and enhanced municipal finance. The Branch is promoting the improvement of the capacity of cities to create resources that enables equitable economic development, employment creation and financing of urban growth, with a focus on the specific needs of youth, women and other vulnerable groups. The Branch is taking the lead in applying urban economic approaches to realize the objective of sustainable urbanization. It seeks to scale-up interventions and play a catalytic role, along with established partners, to build capacity for integrated economic approaches to the management, planning and financing of cities.

### Opportunities and Challenges

Urbanization is a force of development. Cities provide efficient infrastructure, services, communications, skilled labor forces, and are crucibles of innovation. Cities benefit from economies of agglomeration, scale, localization, and urbanization.

However, cities also produce negative impacts such as overcrowding, congestion and pollution.



A shortage of much needed infrastructure such as roads, sanitary systems, piped water, and electricity worsens urban conditions while driving up rents. An annual deficit in infrastructure spending is estimated at USD 35 billion in sub-Saharan Africa alone (World Bank, 2011). Current municipal finance systems do not have the capacity to address this deficit.

The burdens of poorly functioning urban economies are even greater on youth, who have unemployment rates at twice and sometimes three times the level of adult

unemployment. A demographic youth bulge has meant that even where employment is expanding it has not kept up with the youth population.

One role of municipalities is to maximize the benefits of urbanization, prevent or mitigate the negative impacts, and support the type of growth that creates quality local jobs and livelihood, for youth and the work force at large.

**There are many approaches that can enhance the economic roles of cities. UN-HABITAT's Urban Economy Branch offers policy advice, analytical tools, access to good practice and capacity building**

opportunities to local and national governments to enable them create productive cities and prosperous communities.

**Key areas of interest and interventions include the following:**

### **Facilitating Agglomeration Economies**

**A spatially efficient layout:** Providing economic analysis to support smart decision making and choices in urban form, land use and transportation.

**Growth-supportive investment in infrastructure:** Prioritizing infrastructure investment and services for stimulating growth.

**Enhancing Job Creation:** Promoting economic drivers, sectors and infrastructure projects that support expansion and retention of local jobs.

**Economic clusters:** Promoting mutually supportive firms and industries to build virtuous cycles of growth.

**Appropriate regulations:** Enhancing sustainable development while minimizing the burden on firms.

### **Promoting Local Economic Development**



**Local assets:** Harnessing existing natural, cultural and social capital for development.

**Informal economy:** Promoting income generation through fair regulations, market development, and supportive services.

**Non-tradable sectors:** Retaining the benefits of urban development.

**Strategic LED planning:** Understanding the economy, identifying urban-based growth drivers, effectively using local government levers, and building inter-municipal partnerships.

## Youth Economic Empowerment and Development

**Skills-job matching:** Identifying employment opportunities in urban-based growth sectors and supporting skills development and placement programmes.

**One Stop Centers:** Creating hubs of skill development and entrepreneurship, in synch with the LED process.

**Social enterprising:** Facilitating business income generation while addressing community needs.

**Tailored financial products:** Partnering with banks to serve the needs of youth.



### **Project Example: Urban Youth Fund's Team for Nature & Wildlife**

Kathmandu, Nepal, US\$ 22,000

**Two agro-cooperatives, three small scale industries, and a floriculture and vegetable farming group were started by the 104 youth trained and empowered through this project.**



## Innovative Strategies for Municipal Finance

**Business plans:** Generating options, innovations, and road maps to finance infrastructure in the context of infill, urban expansion and redevelopment.

**Local revenue enhancement:** Increasing revenue by exploiting local assets, partnerships, and urban development opportunities, including using land-based taxes, municipal development funds and municipal development corporations.

**Operational efficiency:** Using Municipal Finance Diagnostic Assessments to generate recommendations for improving operational efficiency.

**Bankable projects:** Supporting municipalities in the development of bankable projects and in accessing existing or new funding sources, especially dedicated municipal development funds.

## Strategic Partners

The Branch is promoting its activities in strong partnership with local authorities, the private sector, civil society and other relevant stakeholders. Some specific partners include, among others, International Labor Organization, Women in Informal Employment: Globalizing and Organizing, Environmental Youth Alliance, Youth Employment Summit, Nigerian Youth Habitat Network, Youth for Habitat, Institute of Municipal Finance and Governance, AECOM Global Cities Institute and International Finance Corporation.