

FINANCE AND SUSTAINABLE URBANISATION (SUF) IN FRAGILE CITIES IN AFRICAN LDCS

GEOGRAPHICAL SCOPE

Cities and suburbs in Burkina Faso, Ethiopia, Mozambique and Uganda

THEMATIC SCOPE

Fragile cities, rural- urban linkages, sustainable urbanisation, urban economic development and municipal financial management in fragile cities

TARGET BENEFICIARIES

Populations of the targeted cities and surrounding areas, local governments, agribusiness sector

PARTNERS

- City mayors
- Local city administrators, particularly in treasury and budgeting offices
- National ministries dealing with economic development, infrastructure, and financial management
- Private sector and established agricultural value chains
- Civil society (including youth and women NGOs)
- UN-Habitat's global network of universities and research institutions

PROGRAMME SUMMARY

The overall goal of the project is to strengthen the capacity of municipalities in African LDCs to better manage urban expansion through targeted job creation strategies and improved financial management.

Three objectives will support the achievement of this goal:

- a) compilation of case studies on urbanization in LDC cities: challenges and solutions;
- b) targeted strategies toward improved cities-rural continuum in selected cities and their regional areas, focussing on the agriculture value chain, job creation and food security;
- c) improved local finance in select cities with low technical capacity, focussing on basic municipal finance and local infrastructure finance.

Many African cities in LDCs are facing dramatic transformation due to rapid population growth and expansion of built-up areas. The capacity of government institutions has not kept pace with this transition. Fragile cities have lost the ability to provide adequate infrastructure and public services, and the gap between financial needs and public revenues is increasing rapidly. The economic and social benefits inherent to cities are now being threatened by unsustainable urbanization patterns and the inability of local governments to manage the growing city. As a result, instability and lack of resilience is the norm rather than the exception.

As development patterns shift, so do livelihoods. Agricultural linkages and supply chains, which are key to scale up productivity, are often threatened by sprawl, poorly managed infrastructure, and a lack of opportunities for value added and agribusiness cluster development. The shifting nature of the rural and rapidly urbanizing economy can cause food insecurity and structural unemployment. Even when local governments can identify strategies needed to manage this transition, they often lack the funding to pay for implementation.

Therefore, there is a need for instruments and approaches tailored to cities in LDCs, in terms of toolkits, policies and frameworks. These must address key challenges in the urbanization process specifically in spatial, economic, financial and institutional.

UN-Habitat will strengthen the capacities of cities to manage the pressing issues of urban transformation in the context of the rural-urban continuum by developing tailored approaches

based on global lessons learned and working with cities to develop job-creation strategies and improved financial management practices.

 **UN-HABITAT
ROLE**

UN-Habitat will draw upon a global network of partners and success stories, as well as a breadth of experience of technical advice on local economic development and financial management to target the specific core challenges facing each target city and develop realistic solutions.

UN-Habitat is a global leader in the field of local economic development in fragile cities, having assisted seven partner cities to set priorities based on local economic assessment in the past year alone, including cities in Egypt, Kenya, Mozambique, Rwanda and South Africa. UN-Habitat has led the way in integrated financial planning, supporting institutional development and providing technical advising in countries such as Egypt, Ghana, Kenya, Nigeria, Mozambique and Rwanda, along with many others in Asia, the Middle East and Latin America. Tool development has supported this work, with a handbook on *Promoting Local Economic Development through Strategic Planning*, a training package on *Leveraging Land: Land-Based Finance for Local Governments*, and a *Guide to Municipal Finance*.

 **MAIN
OUTPUTS**

The programme's main outputs are:

- Compilation of case studies on challenges and solutions related to urbanization in LDC cities
- Value chain mapping and cluster-based economic constraints analysis related to urban-rural continuum in target cities and their surrounding areas
- Participatory Local Economic Development strategies and action plans
- Financial management assessments in target cities
- Training and capacity building in public financial management

Policy papers related to improved public financial management

 **MAIN RESULTS /
IMPACT**

The project is expected to produce the following outcomes :

- Enhanced urban-rural linkages in the selected cities and regions of the four African countries, which will promote livelihoods of primary beneficiaries and reduce poverty and inequalities in the cities and surrounding villages and towns.
- Strengthened agribusiness sector with better agricultural linkages and supply chains to the city increasing food security in the selected cities and regions of the four African LDCs and promoting growth and job opportunities employment
- Positive impact on populations of the four targeted countries through improvement of municipal institutions, in terms of municipal financial performance.
- Increased financial performance of municipalities eventually enabling them to raise the necessary funding to facilitate development of required infrastructure projects to further promote growth and employment in targeted cities and surrounding regions.

 **PROGRAMME
DURATION**

One year, ideally starting July 2016

 **TOTAL PROJECT
BUDGET**

US\$1 Million: indicative budget breakdown:

- Objective on urbanization challenges and solutions – 100,000
- Objective on urban-rural continuum strategies – 500,000

Objective on municipal finance and investment design – 400,000