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**Governing Council of the United Nations Human Settlements Programme**

Twenty fifth Session

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**Promoting sustainable urban development by creating improved economic opportunities for all, with special reference to youth and gender**

**Report of the Executive Director**

1. **Introduction**
2. By its resolution 24/11, the Governing Council noted with appreciation the renewed emphasis of the United Nations Human Settlements Programme (UN-Habitat), as reflected in its Strategic Plan 2014-2019, on the urban economy and the role of urban planning, innovative financing and the economic empowerment of youth and women in the creation of sustainable cities.
3. In the same resolution, the Governing Council requested the Executive Director to continue working with partners to promote pro-poor land-based financing as a means of supporting urban development, densification and extension through, *inter alia*, land and property value capture and land and property taxation by documenting and disseminating good practices and developing innovative tools and instruments; requested the Executive Director to strengthen UN-Habitat’s knowledge base, disseminate that knowledge to member states and provide support to member states on the urban economy and municipal finance, including by documenting and disseminating good practices and tools on the economics of urban form, economic development strategies, urban small-scale and informal economies, and the economic empowerment of youth and women; requested the Executive Director to mainstream cross-cutting issues, including gender and young men and women, in the work by UN-Habitat on economic development and empowerment and also to continue the work in the Youth 21 Initiative and to promote the participation of youth by supporting the Envoy of the Secretary-General on Youth in the further engagement of young people.
4. The present report describes progress to date in the implementation of the promotion of pro-poor land-based financing strategies, the economics of urban form, economic empowerment of youth and women, and in mainstreaming of youth and gender in the work by UN-Habitat on economic development and empowerment.
5. **Local economic development**
6. Cities of Cagayan de Oro, Iloilo and Silay City in the Philippines, Nacala in Mozambique, Cairo and Al Alamein new city in Egypt, Santa Marta, Bogotá and Medellin in Colombia and the Government of Rwanda have been provided with assistance for developing financial models for their city extension plans under the Achieving Sustainable Urban Development (ASUD) Programme. A baseline municipal finance report and a report on Planned City Extension Revenues and Expenditures for the three cities in the Philippines have been completed. In Egypt, a private sector development financial Model has been developed for the Banha City extension. In Colombia, financial models for projects in Santa Marta and Bogotá are being developed. Also, legal tools for value sharing are being developed under the Participatory and Inclusive Land Re-adjustment (PILaR) project in La Candelaria sector in Medellin, Colombia.
7. Local governments in Nampula-Nacala development corridor in Mozambique have been provided with assistance for implementing innovative local economic development strategies. The Nampula-Nacala corridor is receiving large-scale investments in the mining sector, mainly by external actors. However, these external investors tend to overlook local economies along the corridor. These investments nevertheless provide many opportunities for achieving local economic development, creating new jobs and livelihoods and land-based revenues for local governments. The project has identified wide range of actions to promote local economic development in the Nampula-Nacala corridor.
8. A report on Urban Productive Transformation was produced in collaboration with UN-ESCAP and Development Bank Of Latin America (CAF). The report was the basis for a networking event held at the seventh World Urban Forum in Medellin. It critically examines productive transformation policies at a local level in Latin America (Quito and Lima), Asia (Dili-Timor Leste and Ho Chi Minh), and Africa (Nairobi and Cape Town).
9. The city of Silay in the Philippines has been provided with assistance for managing its economic transition from the longstanding primary economic driver of sugar cane to a more diversified local economy. The new local economic transformation strategy complements the planned extension of infrastructure in the city.
10. The local government of Bogotá, Colombia has been provided with assistance in the redevelopment of its Restrepo area, which is popular for the production of leather products and high quality shoes. The project supports improving value chains through measures that enhance productivity of micro and small enterprises and spatial approaches that make the area attractive to customers.
11. **The economics of urban form**
12. A publication on The Economics of Urban Form: a Literature Review was produced and disseminated. The report critically reviews literature on the economic benefits of good urban form, characterized by population density, centricity and city size. Evidence clearly shows that both monocentric and polycentric cities with high population density contribute to lowering the costs of urban infrastructure and mobility, reducing negative environmental impacts of urbanization, and increasing income-generating opportunities.
13. City of Cagayan de Oro in the Philippines and the Nacala region in Mozambique have been provided with assistance for developing scenario planning tools and indicators to help local governments assess economic benefits of good urban planning and policy decisions. In addition, a toolkit has been developed and piloted in Rwanda to project future land use patterns under baseline conditions with aim to assisting the government in identifying problems and evaluating economic impacts of such development.
14. **Land-based financing for urban development**
15. A dialogue on innovative financing instruments for local authorities was held during the seventh World Forum in Medellin, Colombia. The participants discussed the challenges facing cities in developing countries in mobilizing adequate revenue from local sources for financing urban development and the solutions to these challenges. They shared experiences from both developing and developed countries on innovative instruments that can be utilized by local authorities to generate additional financial resources for urban development. Participants also discussed strategies through which local authorities can use additional financial resources they can generate through these strategies to provide efficient and equitable urban services to all urban constituents.
16. An expert group meeting was held in Barcelona, Spain in June 2014 on the challenge of local government financing in developing countries. Experts discussed challenges local governments in developing countries are facing in mobilizing revenues from local sources, solutions to these challenges and political economy issues facing local governments in generating revenues from own sources. They also discussed successful governance mechanisms for efficient and equitable provision of public services in metropolitan areas in developing countries and how to make public service provision more viable in peri-urban areas of large cities and in smaller urban centers in developing countries. The outcome of this meeting has been disseminated through the internet and print media.
17. A guide book on Municipal Finance is being produced based on publications entitled Urban Planning for City Leaders and Financing for City Leaders. The guide book will integrate the three-legged approach the agency is now actively promoting i.e. urban legislation, good urban planning and sustainable urban finance. It focuses on financing for planned city extension at two levels - financial management and developing complex financial products. The publication on Financing for City Leaders will become a training material and networking tool for city leaders, mayors and technical staff. It will be produced in collaboration with development banks and other partners.
18. The Kiambu Country in Kenya and Nampula municipality in Mozambique have been provided with assistance in identifying ways through which they can improve the efficiency of generating revenue from local sources and some innovative ways through which they can generate additional financial resources.
19. The agency has fostered a strong partnership with the Global Fund for Cities Development (FMDV). Both institutions are actively promoting innovative financing and local economic development solutions. Staff of UN-Habitat participated in the FMDV International Conference in Paris in July 2014 and another conference in Morocco in December 2014.
20. Staff of UN-Habitat participated in a credit worthiness academy organized by the World Bank in Arusha, Tanzania in 2014 and shared ideas and solutions with potential counterparts to collaborate in the future, initially through city resilience index work. The areas of work will be expanded to training on public private partnerships and land-based financing.
21. Substantive inputs were provided to the preparation of the thematic paper for the fifth AMCHUD Conference held in February 2014 in N’Djamena, Chad. The title of the conference was Case studies in Financing Human Settlements in Africa: Appropriate Legislative Frameworks and Innovations in Implementation.
22. An assessment of opportunities for the use of land-based financing strategies was conducted for Rwanda’s secondary cities, which is presented in the National Urban Policy Diagnostic Report. The Ministry of Infrastructure in Rwanda is provided with assistance for developing a new national policy, which creates the institutional framework for implementing land-based financing strategies.
23. **Economic empowerment of youth and women**
24. In 2014, the China State of Urban Youth Report 2014-2015: Equity, Employment and Youth Development was produced. The report focuses on equity, employment and youth development in China. Building on previous UN-Habitat reports, it provides further evidence of the importance of equity and the growing recognition of its importance to development. The report identifies economic, social, cultural and political aspects of inequity. All these dimensions of inequity are highly interconnected, with inequity of opportunities being the common denominator.
25. With aim to better understand the linkages between youth and land Youth Unit initiated the Youth-led Action Research on Land project in partnership with GLTN in 2013. Objectives of the project are to strengthen the knowledge base on youth and land, develop effective youth responsiveness criteria and tangible youth and land tools, and build the capacity and awareness of youth and land challenges within the urban development sector. Five youth organizations were selected to undertake action research projects i.e. Sao Paulo, Kathmandu and surrounds, Yemen, Nairobi and Harare. These projects broadly encompassed themes of land and governance, agriculture and livelihoods, public space and land tenure security. Concluded in 2014, the project produced youth responsiveness criteria for good land governance.
26. With technical support from the Youth Unit, UN-Habitat’s Future Saudi Cities Programme is implementing a youth mainstreaming component to address issues related to the growing population of young women and men in cities across the Kingdom of Saudi Arabia. As part of the program, research on youth is conducted building on synergies with the City Prosperity Index leading to the publication of the first ever State of the Saudi Urban Youth Report, which will be produced in 2016. The research conducted on youth specific issues will facilitate tailored capacity development for young people to prepare for constructive engagement on urban issues and participation in planning processes.
27. UN-Habitat has supported the Office of Secretary-General’s Envoy on Youth substantially. In September 2014, UN-Habitat initiated and supported the Envoy’s mission to Mogadishu, Somalia where he contributed significantly to raising awareness of the critical situation facing youth in the country. A donor meeting was organized under the auspices of the UN Resident Coordinator for Somalia for strengthening commitment of the international community to youth programmes. The Envoy also participated in UN-Habitat organized side-events at the Commission for Review of the Status of Women in New York in March 2014 and the side-event organized on Harnessing the Potential of Urban Public Space for Women and Youth during Preparatory Committee I for Habitat III in New York in September. UN-Habitat was also one of the organizing partners for the first Global Forum on Youth Policies convened by the Office of the Envoy on Youth in partnership with the Government of Azerbaijan and other UN agencies.

1. During the World Urban Forum 7 in Medellin, Youth Unit organized the World Urban Youth Assembly and a roundtable on Youth and Human Rights. Throughout Youth Assembly sessions, the diversity of the participating youth informed the discussions that sought to outline youth engagement on the path towards a New Urban Agenda and Habitat III. The sessions of the Assembly demonstrated the imperative for enhanced mechanisms to ensure youth's active participation in local, regional, national, and international governance. The Youth Assembly underlined the need for engaging youth at the forefront in creating and shaping our urban future as a demographic imperative to all societies.
2. By 15 April 2014, 838 youth-led organizations in 91 countries applied for grants from the Urban Youth Fund. Fifty two youth organizations (18 in Africa, 17 in Latin America, 14 in Asia and Pacific and 3 in Arab states) were selected for providing grants. The total value of the grants is USD993,199. The youth organizations have used grant money to create jobs and livelihood opportunities for youth, train youth in improving their business skills, building construction skills and in the use of information and technology as well as to reduce youth’s vulnerability to drugs, alcohol and prostitution.
3. Training is an integral part of the Youth Fund. Training assists beneficiaries of the Urban Youth Fund in effectively implementing their projects. Between 2013 and 2014, 69 young men and women from 52 countries participated in these training programmes. The training seeks to build the capacity of beneficiaries to effectively manage their projects through proper planning and implementation of project activities, better utilization of project funds, and effective monitoring, evaluation and reporting. In February 2014, the Youth Fund launched a mentorship program to assist selected youth organizations in successful implementation and completion of their projects. The E‐Learning programme is the newest addition to the training and capacity building module of the Urban Youth Fund. It has been developed for youth aged 15‐35 years in developing countries who have participated in the Urban Youth Fund programme. This E-Learning programme integrates mobile technology, internet‐based curriculum and applied empirical learning for providing a dynamic learning opportunity for youth.
4. In 2013, UN-Habitat produced two issue guides, one on gender responsive municipal financing and the other on gender responsive urban economy. These issue guides help mainstream gender aspects into UN-Habitat’s work on local economic development, municipal financing and youth-based economic development.