United Nations Special Programme for the Economies of Central Asia (SPECA)

URBAN ECONOMIC RESILIENCE IN CRISES: CHALLENGES AND SOLUTIONS

Urban economic resilience

The **capacity and related capabilities** of urban communities to

plan for and anticipate

negative shocks, including long-term stresses, to their economies

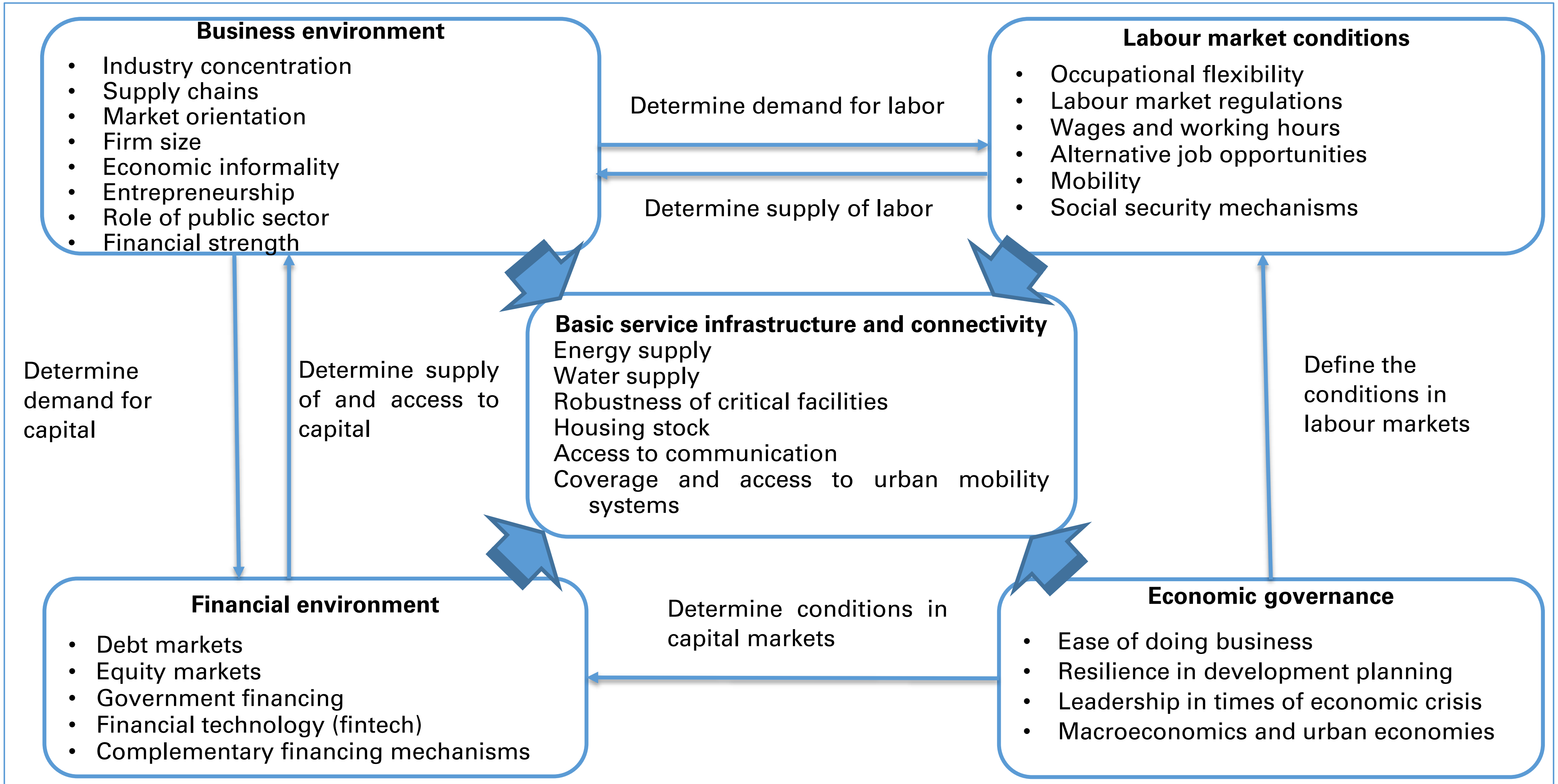
reallocate and mobilize resources

- to withstand those shocks
- recover from the shocks
- rebuild at least to pre-crisis levels

while placing their economies on the path to sustainable economic growth and simultaneously strengthening their capacity to deal with any future shocks.

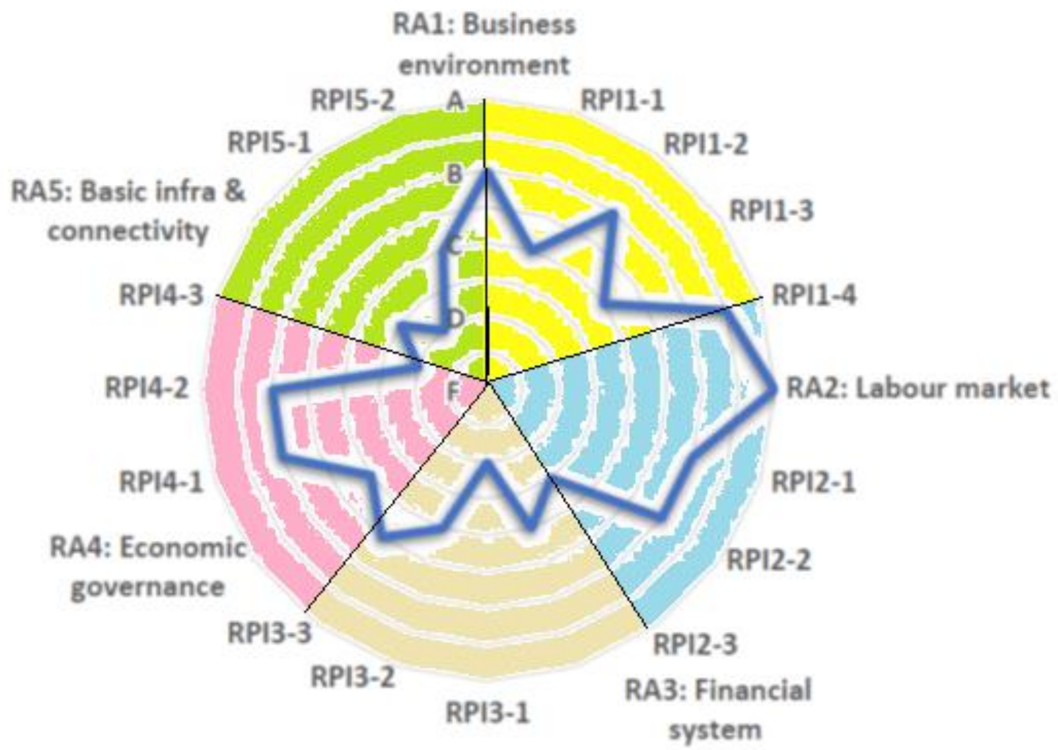
- **Stable gross city product growth per capita**
- **Stable (increasing) own source revenue growth**
- **Stable (increasing) labor force participation rates**
- **Declining inequality rates**

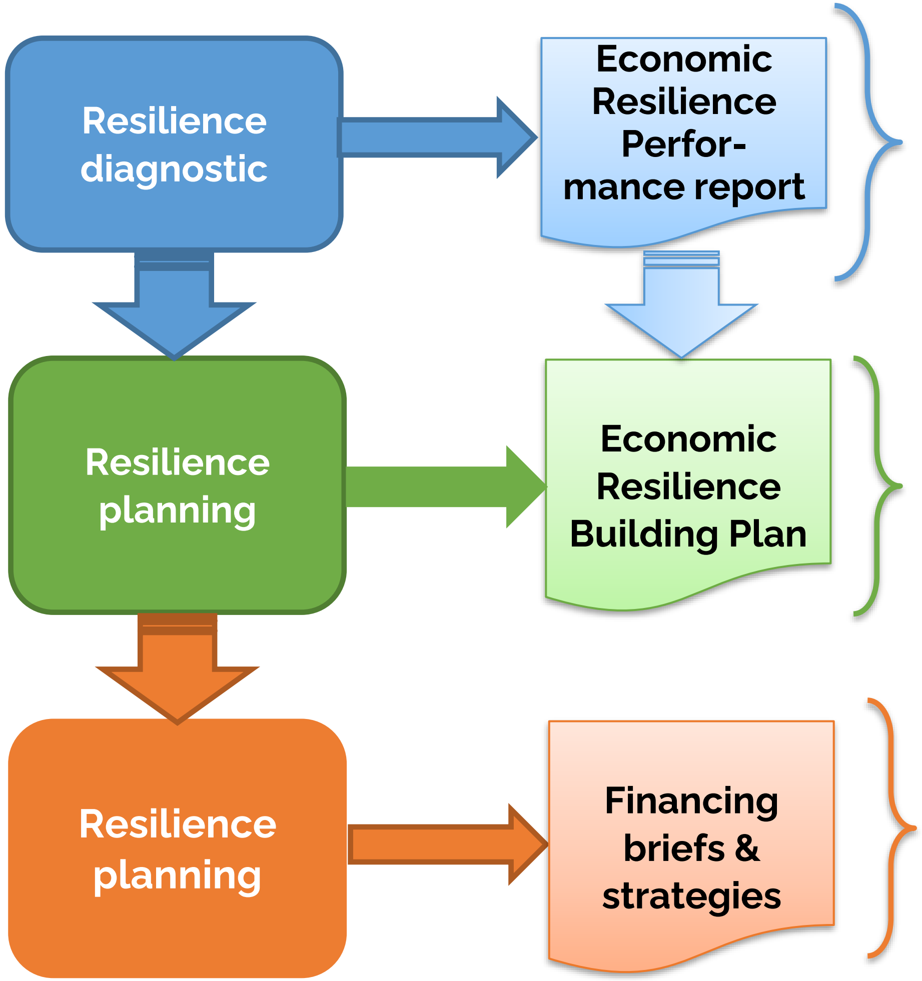
Dimensions of urban economic resilience



Pozhidaev, D. (2021). "Conceptualizing Urban Economic Resilience at the Time of Covid-19 and Beyond". *Journal of Applied Business and Economics*, 23(3).

Approach and key products



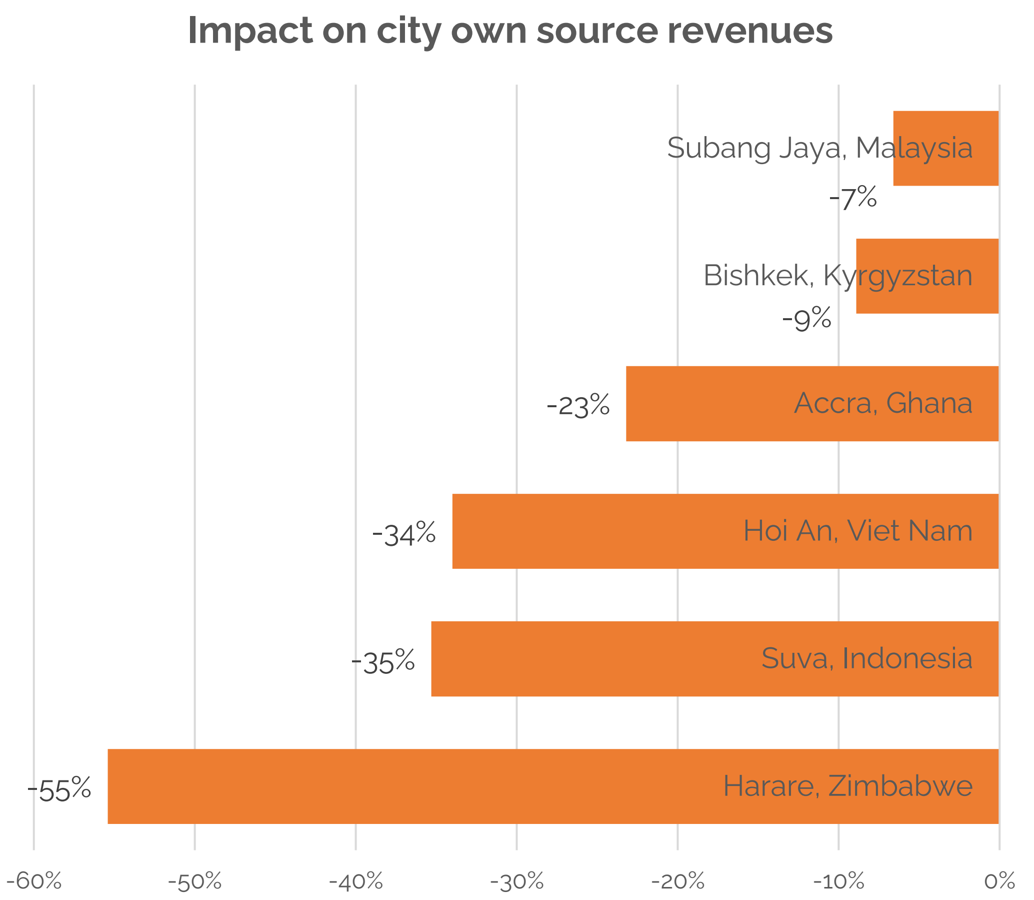


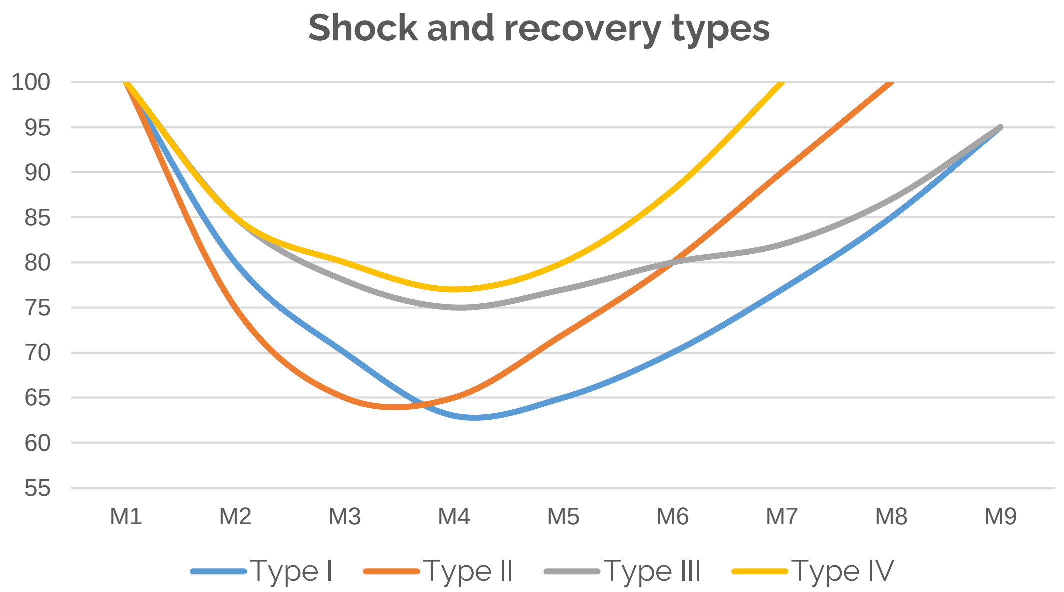
What is working well and what is not working

What needs to be improved, by how much and how

How it can be financed

How city economies reacted to COVID-19?





LOW ECONOMIC RESILIENCE
Type I. Strong shock and slow recovery
Type II. Strong shock and fast recovery

STRONGER ECONOMIC RESILIENCE
Type III. Medium-to light shock and slow recovery
Type IV: Medium to light shock and fast recovery

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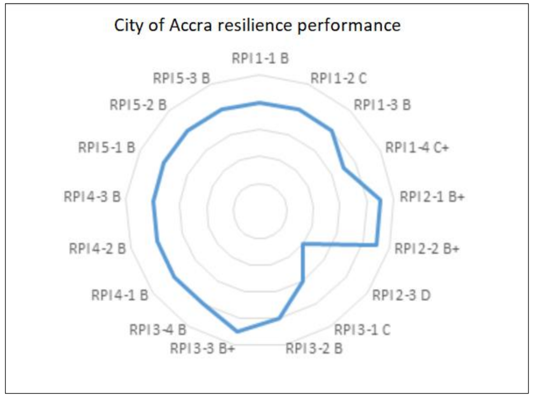
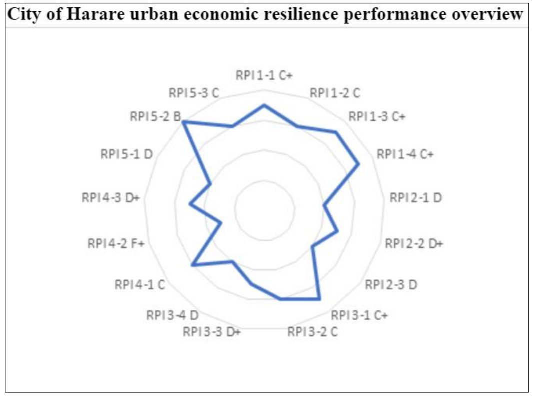
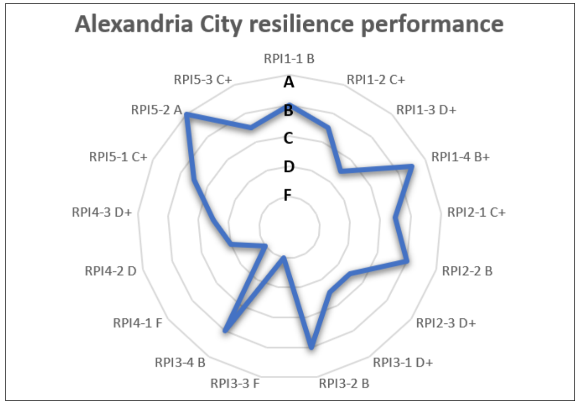
Performance diagnostic results

Latin America

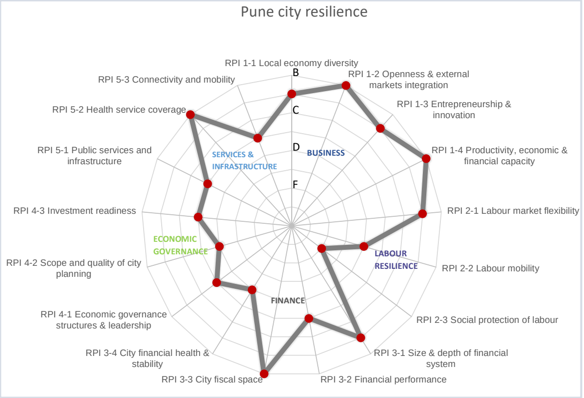


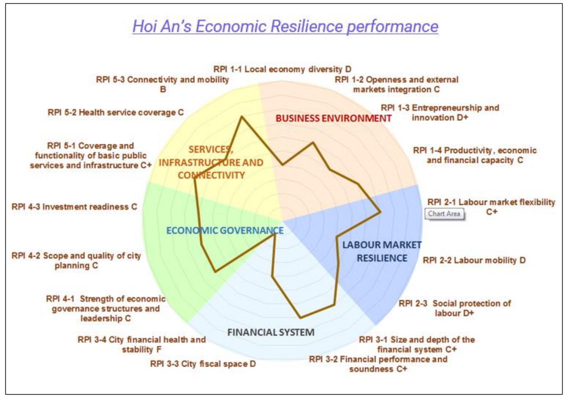


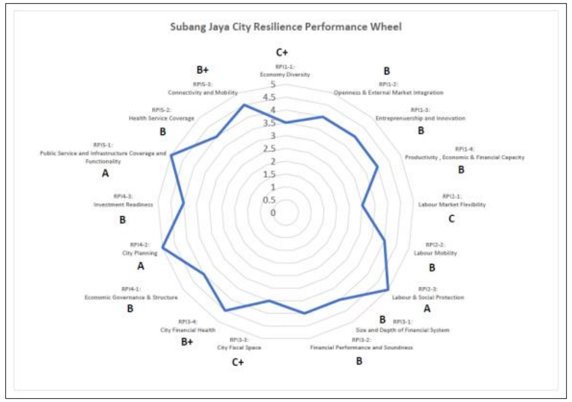
Africa

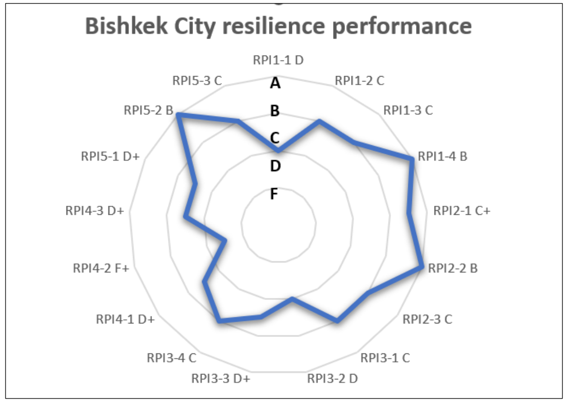


Western Asia







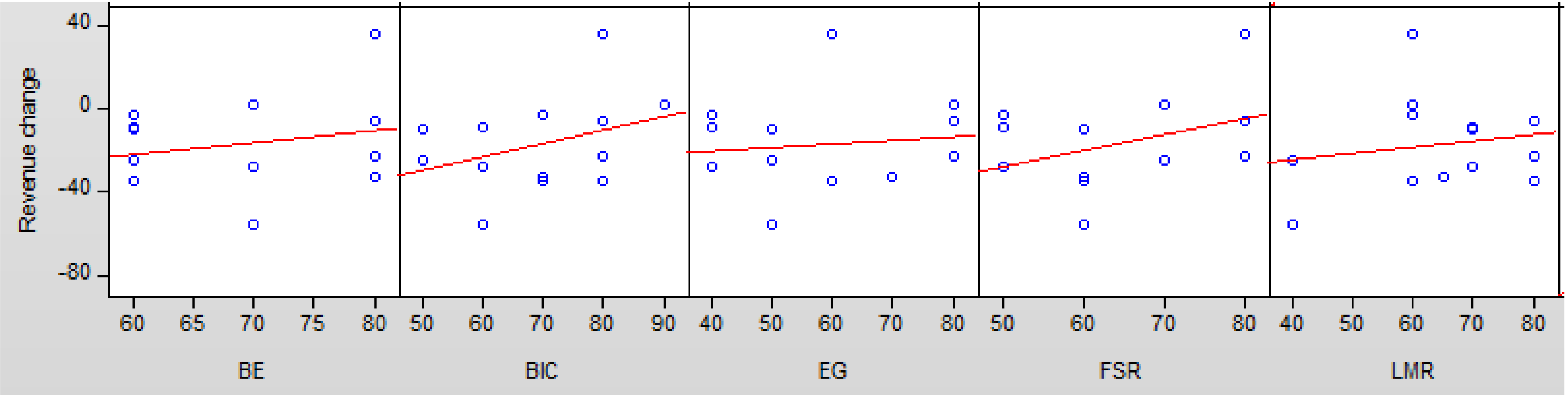


Asia and the Pacific

Central Asia (CIS)

UN-HABITAT FOR A BETTER URBAN FUTURE UNECE ECA ESCWA Shared Prosperity Dignified Life UNITED NATIONS ECLAC UNITED NATIONS ESCAP Economic and Social Commission for Asia and the Pacific UN CDF

Key correlations (relative importance of resilience dimensions)



	Local business environment	Basic infrastructure & connectivity	Economic governance	Financial system resilience	Labour market resilience
R^2 =	0.232	0.357	0.117	0.380	0.176

Intervening factors beyond city control

- Duration and extent of lockdowns and COVID restrictions
- Budget decisions by the central government (subsidies and supplementary finance or deductions)
- Legal and regulatory changes affecting intergovernmental transfers

Performance explains ~70% of impact and recovery time

Resilience area	Explanatory power	Dimension(s)
Business environment	Moderate	• Moderate negative correlation with economic activity concentration • Strong to moderate negative correlation with dependence on external value chains and external exports • Moderate positive correlation with informality (!) • Moderate to low correlation with the other indicators
Labour market	Moderate	• Strong positive correlation with social security mechanisms • Moderate to low correlation with the other indicators (labour mobility)
Financial system	Strong to moderate	• City fiscal space is strongly positively correlated (especially the revenue capacity, less so revenue diversity) • City fiscal health and its debt raising capacity is moderately positively correlated • Moderate to low correlation with the other indicators
Economic governance	Moderate to low	• Moderate positive correlation with the strength of local economic governance • Moderate to low positive correlation with the other indicators (scope and quality of city planning and investment readiness)
Basic service infrastructure and connectivity	Moderate	• Moderate correlation with health service coverage • Moderate to low positive correlation with coverage and functionality of basic public services and infrastructure • Low correlation with the other indicators

4 R's of urban financial resilience for recovery

RINGFENCE revenues: Engage with the central government, development partners and other partners to minimize the drop in municipal revenues from own sources and intergovernmental fiscal transfers.

REPRIOTIZE budgets: Reallocate budgets to maximize funds for activities that contribute to inclusive, green and resilient recovery.

REINFORCE budget and fiscal autonomy: Engage with the central government and development partners to achieve a city's maximum discretion over its budget and ensure an adequate fiscal autonomy.

REBUILD fiscal space better: Diversify and unlock sources of finance (public and private) and apply new financing approaches and techniques for inclusive, green and resilient recovery.

UNCDF suite of financial solutions for partners

	BRIDGE Facility *(ON Balance Sheet)*	BUILD Fund *(OFF Balance Sheet)*	IMIF Fund *(OFF Balance Sheet)*
WHAT?	Concessional Loans, Guarantees, Quasi equity	Loans, Quasi-equity, Equity	Equity, Bonds
FOR WHO?	SMEs, FSPs, Municipalities, Project developers	SMEs, Financial Services Providers	Municipalities, sub-sovereign local governments
POTENTIAL FOR SUB-WINDOWS?	Yes- Thematic/ Geographic	Yes- Thematic/Geographic	Yes- Thematic/Geographic
FUND POSITIONING	Accelerator for early-stage companies; warehouse for BUILD.	Early-growth fund to prepare companies to attract private funding in future.	Support local governments to achieve the SDGs and the Paris Agreement.

UNCDF

Grant/Loan/Guarantee

FIND OUT MORE

https://urbanresiliencehub.org/urban-economic-resilience-covid-19/

/urbanesiliencehub

#UrbanResilience

https://uncdf.org/mif

#localgov

Thank you!