

**SYSTEMS OF CITIES: HARNESSING URBANIZATION FOR
GROWTH & POVERTY ALLEVIATION**

**THE WORLD BANK URBAN & LOCAL GOVERNMENT
STRATEGY**

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**FINANCE, ECONOMICS & URBAN DEPARTMENT
SUSTAINABLE DEVELOPMENT NETWORK**

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TABLE OF CONTENTS

ACKNOWLEDGEMENTS.....	v
ACRONYMS AND ABBREVIATIONS	vi
EXECUTIVE SUMMARY	viii
TAKING STOCK: A REVIEW OF THE BANK’S URBAN DEVELOPMENT ASSISTANCE	1
URBANIZATION IN A NATIONAL CONTEXT: A <i>SYSTEM OF CITIES APPROACH</i>	5
THEMATIC AREA 1: FOCUSING ON THE CORE ELEMENTS OF THE CITY SYSTEM.....	7
THEMATIC AREA 2: MAKING PRO-POOR POLICIES A CITY PRIORITY	16
THEMATIC AREA 3: ENABLING CITY ECONOMIES	21
THEMATIC AREA 4: ENCOURAGING PROGRESSIVE URBAN LAND & HOUSING MARKETS ..	26
THEMATIC AREA 5: PROMOTING A SAFE AND SUSTAINABLE URBAN ENVIRONMENT	33
OPERATIONALIZING THE URBAN STRATEGY	38
REFERENCES	47
ANNEXES	
A. Results Framework and Monitoring & Evaluation Plan.....	53
B. Regional Urban Program Strategies.....	62
C. Knowledge Products.....	86
D. Urban Portfolio Charts & Tables.....	88
E. Referenced Analytical Figures & Tables.....	90
F. Data Tables.....	106
G. Urban Thematic & Project Profile Boxes.....	125

TABLES, FIGURES AND BOXES

Results Framework and Monitoring & Evaluation Plan

Table A-1: Timetable & Indicators for Monitoring Implementation of the New Strategy in the Bank.....	55
Table A-2: Urban Strategy Results Matrix (Global Dimensions).....	57
Table A-3: Urban Strategy Results Matrix (Bank Contribution).....	59

Urban Portfolio Charts & Tables

Figure D-1: World Bank Urban Development Lending and Share of Total IBRD/IDA Lending.....	88
Figure D-2: Number of World Bank Urban Development Operations and Share of Total IBRD/IDA Operations.....	88
Figure D-3: Urban Development Lending by Region FY00 – FY09 and Regional Share of Total World Bank Lending.....	89
Figure D-4: Urban Sector Lending by Main Business Line, FY00 - FY09.....	89

Referenced Analytical Figures, Charts & Tables

Figure E-1: Urban Agglomerations by GDP Per Capita.....	90
Figure E-2: Phases of Urbanization in Colombian Cities.....	90
Figure E-3: Urban and Rural Population Growth.....	91
Figure E-4: Urban Population Growth.....	91
Figure E-5: Projected Population Growth between 2000 and 2015 by Size.....	92
Figure E-6: Urban Population Access to Improved Sanitation.....	92
Figure E-7: Headcount Index (%) in Urban Areas Using a \$2/Day Poverty Line Compared to % of Population that is Urban.....	93
Figure E-8: Urban Slum Population.....	93
Figure E-9: Carbon Dioxide Emissions Compared with urban Population from 1967 – 2005.....	94
Figure E-10: Countries with Most Urban Populations Living in Low Elevation Coastal Zone.....	94
Figure E-11: Price of Land Compared to Floor Area Ratio in a City in China.....	95
Figure E-12: Land and Construction Cost Compared to Floor Area Ratio in a City in China.....	95
Figure E-13: Household Income Distribution and Housing Affordability in Addis Ababa, Ethiopia.....	96
Figure E-14: Sub-National Expenditures (% of Total).....	96
Figure E-15: Map of Population Density in Accra, Ghana.....	97
Figure E-16: Map of Population Density in Guangzhou, China.....	97
Figure E-17: City Densities and GHG Emissions per capita.....	98
Table E-1: Feedback from Client National and Local Governments and Development Partners.....	99
Table E-2: Local Government Responsibility for Service Delivery.....	100
Table E-3: Capital Flows to Emerging Market Countries.....	100
Table E-4: Innovative City Initiatives that Promote Sustainable Urban Environment.....	101
Table E-5: Overview of Bank Urban Strategy Response to Key Challenges.....	102
Table E-6: Urban & Local Government Strategy in a Cross-Sector Framework.....	104

Data Tables

Table F-1: Urban Population by Country.....	106
Table F-2: Urban Poverty & Slums.....	110
Table F-3: Urban Environment, Climate Change, & Disaster Management.....	114
Table F-4: Urban Land Markets & Housing.....	118
Table F-5: Economic Growth: Doing Business, Sub-national.....	121
Table F-6: Cities and Urban Areas Ranked by Population.....	124

Urban Thematic & Project Profile Boxes

1. Reducing Crime and Violence through Inclusionary Approaches to Youth, in Medellin, Colombia.....	125
2. Gender Perspectives in Urban Development and Local Governance.....	126
3. Post-Conflict Reconstruction in Côte D'Ivoire	128
4. City Service Delivery Surveys in the MNA Region.....	129
5. Municipal Contracts: Aligning Central and Local Governments with Incentives To Make Wise Urban Investments.....	131
6. Baan Mankong Urban Upgrading Project in Thailand.....	133
7. Moving from Social Safeguards to Proactive Social Policies for the Urban Poor in Taiz, Yemen.....	135
8. City Systems in China.....	137
9. Brownfield Redevelopment and Urban Regeneration in Central and Eastern Europe.....	138
10. Local Economic Development in Aden, Yemen.....	139
11. Street Addressing.....	140
12. Disaster Risk Reduction in Action: The Cases of Istanbul and Sana'a.....	142
13. Amman Solid Waste Management Project – Attracts Carbon Financing	143
14. ECO ² Cities: Ecological Cities as Economic Cities	144
15. Mainstreaming Disaster Risk Reduction Strategies at the City Level.....	146
16. Sub-National Finance Program (SNFP).....	147
17. Joint Railway Concession Project, Kenya/Uganda.....	147
18. Selected Profiles of Output Base Aid Approaches for Urban Upgrading.....	148

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Externally, a series of upstream discussions were organized through 2008 with the support of key partners in a number of venues. These included joint workshops with the regions in tandem with the World Development Report 2009 *Reshaping Economic Geography* team, building on its important messages on urbanization. Participation in a number of partner-hosted events helped gain access to a wide range of national and local government counterparts who provided valuable inputs through venues such as the UNHabitat-sponsored World Urban Forum in Nanjing, China (November 2008); the Cities Alliance Consultative Group Meetings and United Cities and Local Government (UCLG) hosted forum in Barcelona (January 2009); and the Stockholm Urban Strategy Workshop (January 2009), as well as a series of bilateral meetings with client countries and donor partners.

As initial inputs to the strategy were being prepared from January to March 2009, an Urban Strategy Speaker Series was launched and presentations were delivered prior to and during the Bank's Urban Forum, which took place in March 2009, including the participation of a number of development partners and client countries. To facilitate information exchange and consultations, an interactive website (www.wburbanstrategy.org) was launched in January 2009 that provided a robust platform for hosting discussions, posting presentations, and soliciting input from a diverse range of participants including institutions and client countries. The concept note and regional presentations were translated and posted on the website to enhance access. In parallel, face-to-face and video consultations took place through the generous logistical support and hosting by development partners, including Interaction (CBO consultations in Washington, DC), the Norwegian Government, the French Government, and the German Development Agency (which also provided valuable written inputs to the strategy). At the regional level, all of the six regions were involved in consultations via face-to-face consultations or video conferencing (supported by the World Bank Institute's Global Development Learning Network).

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AFR	Africa
AGETIP	Agences d'Exécution de Travaux d'Intérêt Public
ARD	Agriculture and Rural Development
AusAid	Australian Agency for International Development
BOT	Build-operate-transfer
BTC	Belgium Technical Cooperation
CA	Cities Alliance
CC	Climate Change
CDS	City Development Strategies
CIDA	Canadian International Development Agency
CO2	Carbon Dioxide
DAC	Development Assistance Committee
DEC	Development Economics
DM	Development Marketplace
DPMT	Decentralization Performance Management Tool
DPO	Development Policy Operation
DRM	Disaster Risk Management
EAP	East Asia and the Pacific
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECA	Europe and Central Asia
EE	Energy Efficiency
ENV	Environment
ESMAP	Energy Sector Management Assistance Program
ESSD	Environmentally and Socially Sustainable Development Network
EU	European Union
EXT	External Affairs
FAR	Floor Area Ratio
FEU	Finance, Economics, and Urban Development Department
FPD	Financial and Private Sector Development
FPSI	Finance, Private Sector, and Infrastructure Network
GAC	Governance and Anticorruption
GCIP	Global City Indicators Program
GDP	Gross Domestic Product
GFDRR	Global Facility for Disaster Risk Recovery
GHG	Greenhouse Gas Emissions
GIS	Geographic Information Systems
GNI	Gross National Income
GPOBA	Global Partnership on Output-Based Aid
GRUMP	Global Rural-Urban Mapping Project
GTZ	Deutsche Gesellschaft für technische Zusammenarbeit (German International Development Agency)
HDN	Human Development Network
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technology
IDA	International Development Association

IDB	Inter-American Development Bank
IEG	Independent Evaluations Group
IFC	International Finance Corporation
IIED	International Institute for Environment and Development
IMA	Inner City Market Assessments
LAC	Latin America & Caribbean
LARI	Land and Real Estate Initiative
LCR	Latin America and Caribbean Region
LED	Local Economic Development
LG	Local Government
MEIP	Metropolitan Environmental Improvement Program
MNA	Middle East and North Africa
NGO	Non-governmental Organization
NORAD	Norwegian Agency for Development Cooperation
OBA	Output-Based Aid
OD	Operational Directive
OECD	Organisation for Economic Co-operation and Development
OPCS	Operations Policy and Country Services
PEFA	Public Expenditure and Financial Accountability Assessment
PIL	Programmatic Investment Loans
PPIAF	Public-Private Infrastructure Advisory Facility
PREM	Poverty Reduction and Economic Management Network
PRSP	Poverty Reduction Strategy Paper
QAG	Quality Assurance Group
SAR	South Asia Region
SDN	Sustainable Development Network
SEZ	Special Economic Zone
SIAP	Sustainable Infrastructure Action Plan
SIDA	Swedish International Development Cooperation Agency
SNTA	Sub-national Finance Technical Assistance
SSA	Sub-Saharan Africa
TA	Technical Assistance
UCLG	United Council of Local Governments
UD	Urban Development
UGMI	Urban Growth Management Initiative
UGP	Urban Governance Program
UIF	Urban Infrastructure Funds
UMP	Urban Management Program
UN	United Nations
UNCHS	United Nations Centre for Human Settlements (HABITAT)
UNDP	United Nations Development Programme
UNHABITAT	United Nations Human Settlements Programme
UNICEF	United Nations Children's Fund
UR	Urbanization Review
URS	Urban Research Symposium
USAID	United States Agency for International Development
WBI	World Bank Institute
WDR	World Development Report
WSP	Water and Sanitation Program

EXECUTIVE SUMMARY

A Paradigm Shift in Thinking about Urbanization

1. ***Urbanization is a defining phenomenon of this century, and the developing world is where this demographic transformation is taking place.*** In the decade since the preparation of the last World Bank urban strategy, the world has become, for the first time, more than half urban. Over 90 percent of urban growth is now occurring in the developing world and nearly two billion people will become urban residents in the next twenty years.¹ In Africa and South Asia urban populations are expected to double during this period. Much of this urban growth is occurring in medium and small-sized cities, with about 53 percent of the world's urban population residing in cities of 500,000 or less.² **This demographic trend raises important questions about the process of managing urbanization and delivery mechanisms for urban development assistance in the decade ahead.**

2. ***The Bank is rethinking its approach to urbanization.*** A “new paradigm” has emerged, supported by a growing literature. Urbanization in the developing world was once considered too fast and unmanageable, something to be resisted and controlled. For many today, the question is not one of how to contain urbanization, but rather how to prepare for it – reaping the benefits of economic growth associated with urbanization while proactively managing and reducing the negative externalities of congestion, crime, informal settlements and slums.

3. ***Policy makers are recognizing that urbanization is not only inevitable, but also a powerful force in support of economic growth and poverty reduction.*** With cities accounting globally for an estimated 70 percent of GDP, increasingly, the emergence of this “new paradigm” is grounded in the notion that density -- and the urbanization that drives it -- is essential to achieve agglomeration economies and productivity gains.

4. ***However, rapid urbanization, if not well managed, will lead to more informal settlements and poverty.*** Across all the regions where the Bank is engaged, the share of urban poverty is increasing, with the exception of ECA³. It is estimated that one billion people today live in urban slums in developing countries. The growth in slums has been fueled in part by migration from rural areas. With the anticipated influx of more rural migrants and natural urban growth, cities will need to be prepared to absorb the expected demographic growth and minimize further expansion of informal settlements and urban slums.⁴

5. ***Today, an estimated 70 percent of Greenhouse Gas (GHG) emissions come from cities.*** Urbanization, if properly managed, can help advance the climate change agenda through the design of denser, more compact cities that would also benefit from energy efficiency gains and reduced travel time and costs for urban residents and businesses.

Rethinking the Bank's Strategy on Urbanization

6. ***To reap the benefits of poverty reduction through increased urbanization countries require national urban strategies supported by new diagnostic frameworks.*** The Bank is launching the piloting of a new diagnostic framework and analytical tool to assist countries in proactively responding to the urbanization pressures facing them. This new tool – the

¹ UN-Habitat, 2006.

² *Ibid.*, p.5.

³ Ravallion, Chen and Sangraula 2007.

⁴ See World Development Report 2009 – *Reshaping Economic Geography* and *Urbanization & Growth*, Commission on Growth and Development, World Bank 2009.

Urbanization Review (UR) -- would be a client-driven instrument designed to examine demographic trends nationally and within cities; impacts on land and housing availability and affordability; mobility and access to jobs and critical infrastructure services; as well as urban-rural spatial transformations. The UR would be an instrument to further inform Country Assistance & Partnership Strategy formulation in countries where rapid urbanization requires a strategic response.

7. ***Addressing the challenges from urbanization will require much closer collaboration across all tiers of government.*** Urbanization is not exclusively a challenge for cities. To be effective, developing countries will need efficient, multi-tiered coordination mechanisms to support policy formulation and coordinated interventions between national, regional and local governments. Metropolitan and regional agencies may need to be established where there is a mismatch between municipal boundaries and the urban economic footprint in order to deliver services more effectively in cities and peri-urban areas and promote economic growth.

8. ***Sharpening the Bank's urban business lines is a central focus of the new World Bank Urban Strategy.***⁵ The new Urban Strategy builds on the recommendations made in recent internal and external reviews⁶ of the Bank's urban development program. Accordingly, the new Urban Strategy realigns the Bank's urban business lines with five focus areas considered to be critical for cities and local governments in the decade ahead. Each of these business lines addresses the Bank's core mandate of poverty reduction, both directly and indirectly as further detailed below:

- i. ***Focusing on the Core Elements of the City System: The City Management, Finance and Governance Business Line.*** This business line assists cities and local governments improve planning and financing of service delivery, strengthening urban governance, including governance of utilities (such as energy and water) and enabling effective city management. Over the past decade, decentralization has led increasingly to the devolution of more authority to local governments, without the corresponding and necessary fiscal decentralization. This business line aims to support a number of critical actions that include updating of legal and regulatory frameworks, building sound accountability mechanisms for local governments and utilities, and promoting a mix of financing strategies by segmenting local governments into those that can access market-based finance and those that will need support, such as technical assistance and performance incentives to access the market.
- ii. ***Making Pro-Poor Policies a City Priority: The Urban Poverty and Slum Upgrading Business Line.*** Narrowly-focused, neighborhood-level slum upgrading interventions, while generally effective, have fallen short of addressing the magnitude and scope of expanding informality and slums. In addition to pursuing sound macro-economic policies aimed at enhancing growth, cities will need to become more informed and better equipped to address urban poverty. This business line aims to support cities and national governments in addressing urban poverty both directly and indirectly by expanding policy-based interventions and scaling up investments in services for the poor to the city-wide and national level. In addition poverty analysis and mapping will help policy makers tackle the issue of urban poverty in an informed manner. Partnerships will play a critical role and would involve NGOs and CBOs, as well as the private sector.
- iii. ***Enabling City Economies: The Cities & Economic Growth Business Line.*** Cities are increasingly recognized as the engines of economic growth, creating jobs and economic

⁵ This refers to the World Bank (IBRD/IDA) Urban Strategy

⁶ These reviews were carried out by the Bank's Quality Assurance Group (QAG) and the Operations Evaluation Department (OED), now the Independent Evaluations Group (IEG) in 2003.

- opportunities for increasing numbers of urban residents, not least of which are rural poor migrants seeking work opportunities. This business line outlines a range of strategies cities can pursue to drive economic growth. These include improvements in the subnational investment climate, competitiveness analysis and private sector partnerships. Cities can also develop cultural heritage assets linked to sustainable tourism development, and, in advanced post-industrial cities, use brownfield redevelopment and urban revitalization approaches to transform idle land and property assets into productive reuses. New tools are also being tested to help cities develop market intelligence to attract new retail investment, financial services, and real estate developers to poor and underserved inner-city areas.
- iv. *Encouraging Progressive Urban Land and Housing Markets: The Urban Land, Housing & Planning Business Line*. An enabling environment to develop the housing and land markets continues to remain a cornerstone of the urban policy framework. However, where formal markets have failed to reach the poor and low income groups due to land scarcity and affordability issues, practical measures are proposed, including microfinance for incremental low-income housing solutions, low-cost building technologies, and rental housing options. Improved targeting of housing subsidies to the poor will be a priority in the decade ahead. As a measure to anticipate future urban growth, conducting urban planning audits is recommended to ensure that urban regulations are not set arbitrarily, thus preventing cities from achieving higher densities and causing land and housing scarcities that can drive up prices.
 - v. *Promoting a Safe and Sustainable Urban Environment: The Urban Environment, Climate Change and Disaster Management Business Line*. This business line advocates a focus on urban form and design to achieve efficiency gains, reduce a city's carbon footprint, and take advantage of the co-benefits of climate change mitigation and adaptation. As part of the Urban Strategy, the Bank is launching a new initiative called the ECO² Cities Program. Using an ECO² Cities Audit, participating cities can pursue a sustainable green city agenda by carrying out a baseline diagnosis of their current status and measures that can be taken, including introducing technology changes, as well as retrofitting of infrastructure and buildings. The Bank's joint work with the Global Facility for Disaster Risk Reduction (GFDRR), combined with the development of a new Urban Risk Assessment tool, aims to improve the safety and well-being of vulnerable urban poor populations.

Reinforcing Urban Strategy Implementation with Cross-Cutting Approaches

9. The implementation of the Bank's Urban Strategy will be supported by four building blocks as follows:
 - i. Building Block 1: Knowledge Programs, Product Development & Dissemination. This is designed to ensure that the Bank continues to maintain its leadership role in developing knowledge programs and products, while promoting the dissemination of knowledge and good practice through a variety of instruments and initiatives. The successful Urban Research Symposium would be continued, coupled with expanded collaboration with universities and think-tanks on critical areas of research interest. Specific new and ongoing Knowledge Products and services are also being developed or brought on line within the framework of the new Urban Strategy combined with enhanced communication and dissemination strategies. Their piloting and application will take place through Knowledge Partnership Platforms jointly established with WBI in the Singapore and Marseille Urban Hubs with the aim of enhancing outreach to the regions and strategic partnerships with other development partners, donors and cities.

- ii. Building Block 2: Financing Strategies. Financing strategies for urban development will need to address a range of circumstances, depending on the financial status or solvency of the local government, impact of the global economic and financial crisis, and quality and coverage of existing infrastructure services in a given country. The range of financing strategies includes: (i) *Short-term Crisis-Oriented Strategies*, such as the INFRA Platform; (ii) *Medium-term Development Strategies* using, for example, Municipal Development Projects (MDPs) or investment loans to provide financing for priority infrastructure coupled with reform and performance incentives that aim at bringing local governments to market-based finance over time; (iii) *Market-based Financing Strategies*, such as through the Subnational Finance Program, or through mobilization of capital markets and guarantee instruments, which target credit worthy local governments and viable PPP transactions to support their investment programs; (iv) *Global Facility Leveraging Strategies* aimed at enhancing the impact of Bank lending operations with concessional finance linked to specific policy objectives; and (v) *Policy and Outcome-based Strategies*, which would include enhanced use of policy-based and results-based lending in the form of Development Policy Operations.
- iii. Building Block 3: Partnerships. Partnerships will form a key element of the new Urban Strategy. Internally, the formation of a new Multi-Sector Urbanization Team (MSUT), based on the principles of the Bank's Global Expert Teams (GETs), would facilitate cross-sectoral approaches and solutions to the most pressing urban challenges, provide an opportunity to pilot test and implement *the Urbanization Review collaboratively*, while leveraging the World Bank Group's *expertise across sectors*, including: governance, decentralization, urban poverty, social inclusion, private sector partnerships, infrastructure service delivery, water and sanitation, urban health and education. External partnerships will be encouraged through joint collaborative ventures with development partners, using to the extent possible the Knowledge Partnership Platforms of Marseille and Singapore. Cities Alliance, WSP, Federations of the Poor and other Community-based Organizations, UNHabitat and UCLG will continue to play important upstream, pre-investment and community engagement roles through their established relationships with cities on multiple levels.

Building Block 4: Results Management. A renewed focus on results management is elaborated in this strategy in response to the global agenda on aid effectiveness. Internally, the Bank's urban units are defining core project indicators that are meaningful and measurable to better report on the impacts of the Bank's urban development assistance at the project level. Piloting of the indicators will take place for IDA countries in FY10. Annual portfolio reviews are also planned as a corporate measure to assess performance and to proactively address emerging issues that require corrective action. Externally, support to national governments and cities will come in the form of establishing urban databases and facilitating participation in the new Global City Indicators Program (GCIP). Ultimately, the Bank recognizes that building successful institutions to improve data-collection and analysis will pay the largest dividends in strengthening urban management and improving responsiveness to the Results Agenda.

TAKING STOCK: A REVIEW OF THE BANK'S URBAN DEVELOPMENT ASSISTANCE

World Bank Urban Portfolio

10. ***An Evolving & Diverse Urban Portfolio.*** The World Bank's portfolio of development assistance, like its member countries, has been urbanizing over time. Since its first urban lending operation was approved in 1972, a sites and services project in Senegal, the Bank has financed investments and technical assistance in more than 130 countries in the six regions and within those countries, in more than 7,000 cities and towns. The urban portfolio has included investment in shelter, infrastructure, slum upgrading, municipal development, local economic development, natural disaster management, environmental improvements, and social services. Today, the portfolio includes more than 155 operations in more than 60 countries amounting to US\$10.3 billion in lending commitments.

11. ***Upsurge in Urban Lending.*** After a steep decline in lending in FY2000-01, linked to the overall reduction in overseas development assistance and the Bank's shift away from infrastructure lending, the Urban Portfolio⁷ has rebounded. Today, total lending surpasses any previous volume over the past two decades with the sharpest increase in the most recent two years (FY2008-9).⁸ Likely contributing factors are (i) increased client demand for urban operations in response to urbanization pressures and the increasing urbanization of poverty, (ii) impact of the Bank's Infrastructure Action Plan (FY2004-7), and (iii) an increase in urban analytical work.

12. ***Evaluations of the Bank's Urban Strategy and Lending Portfolio suggest mixed results.*** Two urban sector reviews⁹ have been carried out since the issuance of the Bank's last urban strategy. Overall, their findings confirm that the urban sector has a "solid analytical sector strategy, providing an overall framework that is understood and supported by urban staff and well-regarded externally." However, they note that the Strategy has had limited impact. They recommend a major advocacy effort that "puts the urbanization challenge facing the developing world more centrally in the Bank's corporate agenda." Also, both reviews point to the need for a clearer direction in the urban sector with well defined product lines.

13. ***A focus on strengthening the strategic significance of urban development at the national level through Country Assistance/Partnership Strategies (CAS/CPS) is needed.*** The CAS/CPS is the most strategic level of engagement between the Bank and its client countries. For a number of reasons, however, urban issues and urbanization have not reflected as prominently in the CAS/CPS as they could be. In those countries where urbanization pressures are likely to continue and where government commitment exists to address them, the Bank will need to be an active partner in helping client countries develop appropriate strategies.

14. ***Overall, the Bank's Urban Portfolio has been performing well.*** Over 80 percent of the urban portfolio is rated satisfactory or above, which is higher than the Bank-wide average. This reflects historical trends in which urban operations have typically performed above the Bank average according to most criteria. Urban operations have generally taken larger shares of Emergency Recovery Loans (ERLs) and Adaptable Programmatic Loans (APLs), reflecting in the first instance the typical recourse to turn to urban teams with good "integrator skills" to design and supervise emergency recovery operations usually combining different types of infrastructure interventions and the typically vulnerable urban populations. The growth in APLs is consistent

⁷ For the purposes of this review, portfolio data refer to the composite total of entire projects or project components that address one of the four urban development thematic areas extracted from the Bank's Business Warehouse. These numbers do not include all investment activities financed or undertaken in urban space.

⁸ See Annex C for a more detailed breakdown of the Urban Lending Portfolio.

⁹ See Quality Assurance Group, World Bank 2003c. and Operations Evaluation Department, Gilbert 2003.

with the last strategy's recommendation, in which the need to diversify and design flexible instruments for longer term engagement was proposed. However, urban operations tend to be more complex than the average Bank investment operation, often requiring more time to prepare and at a higher cost. The typical urban operation also tends to be smaller relative to Bank-wide lending. Slum upgrading projects in particular have been for the most part narrow in scope and insufficient to deal with the scale of informality facing many developing world cities today; this will require a scaled-up approach to the city-wide and national level.

15. ***Policy instruments, which have come into favor more recently, have generally not been fully utilized to encourage policy reforms in support of urban development.*** This raises concerns going forward in addressing both the urban policy agenda and the expanding populations in secondary cities that will require broader reach in terms of financing and capacity development. A logical response would include: (i) scaling up policy-based interventions focused on housing sector policy reforms, land reforms, urban poverty, and urban planning regulations reforms, among other areas, and (ii) expanding the use of “wholesaling instruments” that enable broad coverage of local governments, such as the Municipal Development Projects.

16. ***Lessons Learned from the Evaluation of Municipal Development Projects.*** A recent IEG¹⁰ report assesses the performance of Municipal Development Projects (MDPs), the principal instrument used to help strengthen municipal management over the past decade. 190 operations supporting nearly 3,000 municipalities worldwide have been implemented over the period FY1998-2008, with Bank financing commitments of over US\$14 billion. Several key lessons learned are highlighted in the IEG report:

- ***“Wholesale MDPs”¹¹ had a stronger track record in delivering results.*** Eighty-five percent of these operations had satisfactory or higher outcomes, while only 67 percent of “Retail” MDPs obtained satisfactory or higher outcomes. This is generally attributable to the advantages of a “wholesaling” approach, which allows for: (i) spreading the downside risk of failure more broadly across many municipalities; (ii) encouraging competition among municipalities for resources based on well defined performance criteria; and (iii) devoting a higher percentage of project proceeds devoted to technical assistance, capacity building and institutional development.
- ***MDP support for strengthening municipal finance often yielded successful results.*** The evaluation found overall impact in strengthening municipal finances to be strong and recommends expanded support for improvements to municipal financial management, automation of systems accounts and reporting, raising of municipal own revenues, and facilitating access of municipalities to local credit markets when appropriate conditions are present.
- ***Data collection and monitoring of all municipalities served under the project was highly recommended.*** Tracking of each municipality by name, population, MDP investment and other project specific performance criteria is vital to developing a better understanding of the scope of MDP results. Such efforts also support overall sector monitoring, benchmarking, establishing performance targets, and integrating contestable resources into project design.
- ***More frequent use of project economic analysis was recommended to help MDP municipal clients select the best investments and achieve outcomes efficiently.*** The IEG report found that only half of all MDPs carry out such analysis with the best coverage in the Africa Region.

¹⁰ Independent Evaluations Group.

¹¹ “Wholesale” MDPs are classified as those that serve seven or more municipalities.

- ***The report also notes the limited extent to which MDPs target poverty.*** Many MDPs were not seen as targeting poverty because the Project Development Objectives (PDOs) did not state poverty reduction as an explicit objective. The IEG report called for more effort to address poverty and also to articulate what is actually being done on poverty in the PDOs. While instruments designed to directly address poverty in urban areas are slum upgrading projects and other urban services for the poor interventions (comprising 20 percent of the urban lending portfolio and ranking second in volume of urban lending at just under US\$2.7 billion from 1999-2008), more effort will be needed to specifically target the urban poor through MDPs.

17. ***A review of the specific indicators from the 2000 Urban Strategy confirms that many targets have been met.*** In other areas, there is scope for improvement and retooling to address the challenges over the coming decade. Several building blocks were established under the 2000 Urban Strategy, including: (i) support for national urban strategies; (ii) launching of city development strategies (CDS); (iii) scaling up services to the poor; and (iv) enhancing capacity building. Within these broad groupings, there were also a number of specific activities identified under the prior strategy, some of which are briefly assessed below.

18. ***National Urban Strategies remain vital frameworks to guide urbanization and urban policy, but more technical support is needed to strengthen their analytical foundation and improve prospects for implementation.*** Several countries over the past decade have prepared or updated their national urban strategies, in some cases with World Bank support. The impact of these strategies and their quality vary greatly. The record of *implementing* National Urban Strategies also varies widely. This and other factors have likely contributed to the limited treatment of urban issues in Country Assistance Strategies. What has been clearly lacking is a more structured diagnostic framework that explores the “urbanization” phenomenon more broadly. Such a framework could be used systematically to diagnose key areas where city systems are facing urbanization challenges, offer cross-country comparisons that would enable countries to benchmark themselves against their comparators, and develop an action plan with sequenced policy reform and intervention measures. As proposed in the following section, a new Knowledge Product – the Urbanization Review – would be aimed at addressing this deficiency.

19. ***The City Development Strategy or CDS has now become a mainstreamed approach and product supported by Cities Alliance since its inception in 1999.*** Its broad endorsement and use make it the preferred instrument of many cities and local governments. A total of 103 CDSs have been implemented over the last decade, in 48 countries, of which 11 are multi-regional. Guidelines and methodological tools developed over recent years have helped give structure and guidance to cities and local governments who chose to implement the CDS. The main shortcoming of the CDS approach is that while the tool itself is widely accepted, recent reviews of the program indicate that investment financing to implement them has either lagged or not materialized. This is an important lesson learned and in instances where cities have actively devoted time and effort at the pre-investment stage to identifying potential sources of financing, the outcomes have been more successful. Over the coming decade, it is expected that demand will continue to remain robust for the CDS, but that more attention will need to be paid to formulating viable capital investment plans with sources of financing identified. This is clearly an area where the Bank can help.

20. ***The Bank’s last Urban Strategy correctly pointed to a growing gap between conventional knowledge and approaches to urban development and the evolving challenges that cities and local governments face on the ground.*** In response, the first in a series of Urban Research Symposia (URS) was launched in 2002 under the theme of “Urban Development for Poverty Reduction: Towards a Research Agenda.” Subsequent URS focused on land use and land policy issues, and the fifth URS in June 2009 in Marseille, France was devoted to the topic

of Cities and Climate Change and attracted over 700 participants. Over 29 different sponsors contributed to the 2009 URS with technical inputs and financial support, including several bilateral development agencies, government ministries and agencies, UN agencies, city associations and the private sector. Now in its fifth generation, the URS is widely recognized as the premier venue for urban development research devoted to the developing world. A unique feature of the URS is its aim to promote research mentoring for emerging researchers and institutions in the developing world. Many developing world researchers have been sponsored to participate in the URS, which has spawned the establishment of an Urban Research Network that is an ongoing vehicle for urban research collaboration with over 500 members in 70 countries worldwide.

21. ***Client & Development Partner Feedback.*** In addition to the findings of evaluations of Bank urban development work as noted above, which indicate specific areas for retooling, scaling up, as well as other adjustments and improvements, the process of preparing the Strategy enabled consultations with client governments, cities and development partners who pointed to areas where they would like to see the Bank's urban teams focus in the decade ahead. These findings are summarized in the Annex E, Table E-1.

URBANIZATION IN A NATIONAL CONTEXT: *A SYSTEM OF CITIES APPROACH*

22. ***A paradigm shift in thinking about urbanization.*** Urbanization in the developing world was once considered too fast and unmanageable, something to be resisted and controlled. Efforts by many national, state and local governments over the past several decades have been devoted – through various policies and interventions -- to curb or contain it. Indeed, this thinking represents the “old paradigm.” Increasingly, policy makers are recognizing that urbanization is not only inevitable, but also a powerful force in support of economic growth and poverty reduction. The emergence of this “new paradigm” is grounded in the notion that density -- and the urbanization that drives it -- is essential to achieve agglomeration economies and productivity gains. Function, and not size, is the metric by which a city’s performance should be measured, raising important questions about how to manage the process of urbanization and harness its potential for economic development.

23. ***What are the key principles for efficient and inclusive urbanization?*** The World Development Report 2009 entitled “Reshaping Economic Geography” identifies higher densities, shorter distances and lower divisions as the essential building blocks for economic success. Further, it points out that no country has grown to middle income status without industrializing and urbanizing. Building on these messages, the Urban Strategy is based on an approach that facilitates spatial efficiency in production while addressing concerns of congestion and internal divisions within urban areas. The focus is on harnessing the urbanization to deliver equitable and inclusive growth and poverty alleviation. Policy discussions should start with the contribution of institutions, and specific instruments identified on how they promote economic density and manage social and environmental externalities.

24. ***Rising concentration of people in towns and cities is the most visible spatial transformation.*** As countries develop and economies grow, some places “take off” with rising economic densities that attract people to live in or near towns and cities. The urban share of the population rises sharply—from about 10 percent to 50 percent—as countries grow from low income to lower-middle incomes of about \$3,500 (See Annex E, Figure E-1). Between 2000 and 2005, the average urban population growth for low income countries was 3 percent a year, more than twice the rate for middle-income countries and more than three times the rate for high-income countries.¹² This spatial transformation is closely related to the sectoral transformation of countries from agrarian to industrial and then post-industrial economies and is helped by a healthy farming sector. When agriculture is doing well, people who move are “pulled” by prospects of a better life in cities – not “pushed” from rural areas. Not only does this make them better off, it also improves conditions in the villages they leave and increases productivity of the cities where they settle.

25. ***Neither the magnitude of urbanization nor the size of mega-cities should motivate policymakers to implement restrictive policies.*** Restrictive policies constrain the mobility of people seeking economic opportunities, and misguided interventions often divert resources to locations that are not profitable for businesses. In many countries, these policies to restrict mobility have had severe negative consequences by leading to the growth of informal settlements where the poor who live there lack access to services. Targeted policies are tantamount to fighting the tide of development – they don’t succeed in most cases and often end up slowing down economic progress and worsening lives of the poor. *What are the policy priorities for successful urbanization?*

26. ***Most developing countries have a mix of urban settlements with incipient urbanization (urban shares of about 25 percent), intermediate urbanization (urban shares of 50 percent),***

¹² World Bank 2008e.

and advanced urbanization (with urban shares more than 75 percent). Figure E-2 in Annex E illustrates these three types of areas in Colombia as depicted in WDR 2009, each with a specific geography. As different parts of a country urbanize at different rates and the binding constraints to promote concentration differ by the stage of urbanization, policies should be formulated according to the stage of urbanization permitting both rural-urban and inter-urban linkages. At each stage, however, the objective of urbanization policies should be to facilitate economic density by improving the options available to people and to firms.

27. ***Urbanization policies should focus on increasing the efficiency of the transformation from a rural to an urban economy, and in the process balancing between agglomeration benefits and congestion costs from concentration.*** The most important market failures that need to be addressed are those associated with land markets. Increasing the spatial efficiency of production is inherently linked to how the same piece of land changes uses to accommodate economic density. For places with incipient urbanization, it becomes important that land is registered and property rights are allocated and protected. The national institutions responsible for administering land rights are spatially neutral – not distinguishing whether a place is rural or urban. In places with low urban shares, assigning property rights will provide incentives to farmers for specializing into either higher value crop production or making the land available for urban uses.

28. ***What are the approaches that countries should take to ensure a smooth process of urbanization and how can the Bank assist?*** A three-pronged approach is recommended as follows:

- ***First, design policies and institutions that anticipate urbanization to maximize its effect.*** At the national level, this would include macroeconomic policy frameworks that promote trade and capital flows, national frameworks for land and labor markets, and sound intergovernmental fiscal systems, which influence how cities manage their finances and development. At the city level, it will require effective land use planning, updated urban planning regulations and capacity to implement them, sound capital investment planning and sustainable sources of finance.
- ***Second, to inform policy making, ensure that appropriate mechanisms are in place to facilitate national, regional and local policy coordination and investment decision-making, grounded in sound data collection and analysis systems.*** This is an area where countries more successful in managing this transition have relied on Urban Commissions, Urban Forums and other such institutional arrangements that link all levels of government and policy makers with urban planning institutions, universities, NGOs and the private sector in collecting and analyzing data, and designing approaches that work.
- ***Third, an area where the Bank can help is in providing an analytical framework and diagnostic tool to assist countries in understanding and responding to the urbanization process.*** In that regard, the Bank is developing and will be piloting a new tool – *The Urbanization Review (UR)* – to assist client countries. The UR will have three modules – First, a data-collection tool (focusing on key indicators covering demographics, housing and land, and transport, among other infrastructure services). The second module will include analytical tools and metrics to interpret the data, and the third module will link the analysis to policy recommendations in the form of an action plan. Over time and with increasing application of the UR diagnostic tool, cross-country and cross-regional comparisons will be enabled that would help individual countries to compare and benchmark their performance.

THEMATIC AREA 1: FOCUSING ON THE CORE ELEMENTS OF THE CITY SYSTEM

29. ***A City System Approach to Urban Development.*** Understanding urban development through a city system approach represents a departure from previous strategies. Like all systems, a city system is fundamentally dependent on the smooth functioning of its constituent elements. For the purposes of this Urban Strategy we focus on what are the most essential, core elements of the city system – management, finance and governance – all of which fall within the domain of local governments. These three core elements need to function well in order for a city to deliver on its mandate. And when they don't the prospects for city residents, particularly the urban poor are worsened. Good management and information systems, coupled with good leadership are fairly ineffectual if not equipped with adequate financing. Similarly, a city without a commitment to good governance and accountability will have difficulty in mobilizing tax revenue from its citizens or financing from the market. While all thematic areas of this strategy are important to cities and urban development, the core elements of the city system remain the most basic and central focus in the decade ahead. In this section, the Strategy examines the three core elements of the city system: management and service delivery, governance, and finance.

The City System from a Management Perspective

30. ***If urbanization is to be harnessed for its potential to deliver growth and improved livelihoods for urban residents, cities and local governments will need to be positioned to exploit that potential.*** Yet, a recurring theme across most of the regions in the developing world is the ambiguity and confusion over the roles and mandates of national, state and local government actors in the delivery of services at the local level. Great strides have been made in recent years in devolving authority to the local governments, as many countries have increasingly pursued decentralization. Table E-2 in Annex E illustrates this trend of decentralized service delivery across several regions. For many, however, this process has been characterized by mixed signals, inconsistent legal and regulatory frameworks, and often marked by wide discrepancies between assigned and *de facto* responsibility for delivery of services. This is often the result of a mismatch between expenditure and revenue assignments, conflicting mandates between national, state and local actors, and unevenness in capacity across local governments. Getting the legal and regulatory framework right is a challenge and could benefit from deeper engagement by the Bank and client governments in this domain.

31. ***The complexity of the city system in a metropolitan setting is compounded when institutional arrangements are unclear.*** In major metropolitan areas such as Manila, Mumbai, Cairo, and Sao Paulo, no metropolitan-scale organization exists to take clear responsibility for prioritizing metro-area investments, mobilizing capital to finance investment, or implementing metro-wide financing strategies like development fees that would recover the cost of capital investments. Resolution of this discrepancy would help to address the plight of the urban poor, many of whom live in peri-urban, unserved areas. The mismatch between metropolitan-scale investment needs, on the one hand, and the lack of metropolitan-scale institutions to undertake strategic decisions and implement plans, on the other, points to a key weakness in many country urban strategies. This could be addressed by amalgamating municipalities into a single municipal government that covers the entire economic region (as Greater Amman and Greater Hyderabad Municipal Corporation did recently), or by creating special regional or metropolitan authorities, or, on the financial side, by establishing special regional investment funds into which designated revenues would flow that can be used to finance key regional investment projects.

32. ***Technology penetration at the city and local government level has been mixed and uneven, but holds great potential in improving city management.*** The advances of technology over the past decade have been utilized to great benefit by cities around the world. These

advances enable cities to use GIS technologies for infrastructure service planning, waste collection and sewage monitoring, and for poverty mapping; pre-paid digital metering systems to improve local revenue collection; automated municipal financial management information systems to strengthen budget reporting, billing collection, capital investment planning and increased accountability to citizens and national governments; road traffic management systems; and connected closed circuit television (CCTV) for police surveillance to reduce crime. Advances in green technologies as they penetrate the market are also beginning to pay dividends, using smart infrastructure design that is more cost-effective. Effective application and adaptation of such technologies in cities over the decade ahead will be a key element of the urban agenda.

33. ***The past decade has witnessed the emergence of mature and capable civil society organizations and NGOs with whom cities have forged important partnerships.*** The nature and relationship of local governments and NGOs over the past decade has evolved considerably. NGOs and community groups have grown in power, participation and sophistication. Today cities often boast about having achieved a reduction in crime, launching a new neighborhood revitalization effort, or extending social services to the poor through partnerships with NGOs or community based organizations within the city. Such partnerships are vital, particularly in addressing the needs of the poor. In a number of cities in sub-Saharan Africa, for example, community groups assisted in the establishment of a basic system of street addressing that helped improve service delivery and establish civic relations with local governments.¹³ In Kenya, community land trusts have been formed and in Thailand, cooperative housing schemes have been created as local, incremental solutions to housing needs, both with the encouragement of local governments.

34. ***Crime and violence can represent a serious drain on a city's resources, diverting them from important services and social programs.*** High levels of inequality, poverty, unemployment, lack of access to adequate health care, use of alcohol or drugs and political or ethno-conflicts are all contributing factors. The effects of crime and violence can be a critical constraint to economic growth. These constraints are manifested in increased costs to the judicial system, foregone earnings, costs of private security, loss of city competitiveness, as well as damage caused to physical capital, limitations on mobility and erosion of social capital. According to the World Bank's Enterprise Surveys—which are undertaken mainly in urban areas — 23 percent of the firms rated crime, theft, and disorder as major constraints to doing business.¹⁴ This problem is most acute in Latin America (34.5 percent of firms), and in Sub-Saharan Africa (27.9 percent of firms). Estimated costs of crime and violence in Brazil and El Salvador are 5 percent and 25 percent of GDP respectively. In Mexico, an estimated \$9.6 billion in lost sales, jobs and investments in 2007 is attributed to crime and violence.

Profile 1: Reducing crime and violence in Medellin, Colombia. Much has been achieved through targeting youth with personalized professional assistance programs, including training and income generation, enhancing access to cultural and recreational facilities, and long-term policies that improve access to public services.

35. ***Urbanization increases the complexity of city management and those cities that are succeeding have generally relied on robust data collection and analysis to underpin policy making.*** Many cities gather information and data. Yet no single standard or comprehensive system to measure and monitor city performance exists today. Standardized indicators enable cities to benchmark their performance against peers, measure improvements over time, and make evidence-based policy decisions.

¹³ Farvacque-Vitkovic, et. al., 2005.

¹⁴ This compares to 15.5 percent rating Business Licensing & Permits as major constraints, 18.3 percent for Transportation, 21.3 percent for skill levels, 31 percent for Access to Finance, 34.5 percent for Corruption, and 36.5 percent for Tax rates. <http://www.enterprisesurveys.org/>

36. ***Capacity building to improve management at the local government level is essential.*** However, such approaches need to go beyond the provision of training to include reforms that change the “rules of the game,” using incentives and rules-based policy frameworks. Providing resources to the local government tier on a performance basis can help instill a sense of competition for resources and potentially the incentive to reform. These reform measures can be in areas of financial management, accountability, local revenue collection effort, economic performance, and a host of other areas. Other methods that have proven successful are professional certification programs for municipal staff that help to elevate, professionalize and promote the development of the civil service profession. The key is to design a system that recognizes heterogeneity across the local government sector and provides an equitable basis for local governments of all sizes and capacities to participate. Block grants linked to performance criteria are one way of providing such assistance.

The City System from a Service Delivery Perspective

37. ***Urban transport infrastructure and services provide the backbone of an efficient city system.*** Rapidly growing urban populations and rising numbers of private vehicles are overwhelming the roads in many cities, resulting in increased congestion, low mobility, more accidents and poor air quality. Responses to these intra-urban challenges should include an emphasis on coordinating land use planning and transportation (transport-led development to ensure access and mobility to jobs for all city residents, including the urban poor), and promotion of affordable public transport with incentives for proper maintenance. An additional consideration is how urban transport systems can enhance mobility and access to work for the urban poor. Urban-rural and inter-regional linkages are also important considerations in enabling a city system to function beyond the core of the city through connective infrastructure.¹⁵

38. ***A critical issue in urban management is the inadequate or unequal provision of basic infrastructure—water, waste disposal, and power—to the urban poor.*** Over 50 percent of the urban population in South Asia and 40 percent of the urban population in Sub-Saharan Africa still lack access to sanitation services.¹⁶ An estimated 1.7 million deaths worldwide were attributed to unsafe water, sanitation and hygiene.¹⁷ This is particularly evident in densely populated urban and peri-urban areas where poor sanitation results from squalid living conditions. Statistical data at the national and even city scale mask large discrepancies in service levels by socio-economic status or area of the city. For example, over 80 percent of Africa’s urban population has access to an improved water source, but that statistic in some cities is less than 20 percent. These deficiencies have real economic consequences. In the case of Latin American cities, poor or missing infrastructure is estimated to have reduced urban economic output by 10 to 15 percent.¹⁸ The burden seems to be even higher on small firms and home-based enterprises, who cannot afford more reliable privately-sourced services, such as power generators and wells for water.

39. ***Institutional arrangements and policies regarding tariffs and pricing of services remain a critical area of focus for sustainable service delivery.*** Due to inefficiencies, water service providers in many cases generate revenue on only one-third of the water they produce. Service coverage is often not available in poor urban areas where tanker water for off-network users can cost several times as much. As rapid urbanization occurs, it is critical to expand access and improve the quality of water and sanitation services in urban areas, including better targeting of any subsidies to the poor, but to do so in sustainable ways by ensuring the use of efficient delivery mechanisms, including approaches that support public utilities and private sector

¹⁵ World Bank 2007b.

¹⁶ World Development Indicators, See Appendix B, Figure 4.

¹⁷ World Bank, 2004a.

¹⁸ Freire, Polese 2003.

providers, where appropriate, that include a focus on cost recovery and efficient water resource management. The private sector will also play an important role in mobilizing investment capital. Achievement of the Millennium Development Goal of reducing by half the proportion of people without sustainable access to safe drinking water and basic sanitation by year 2015 will require a doubling of annual investments from US\$15 billion to US\$30 billion. This financing cannot be covered by the public sector alone.¹⁹

40. ***At the household level it is often women who suffer most from weak urban service delivery.***

A lack of basic services and infrastructure can affect women more than men because women are the primary collectors, transporters, and managers of domestic water as well as the promoters of home and community sanitation activities. Women in cities depend more heavily on public transport than men and use transport in different ways, such as off-peak travel and trip chaining to multiple destinations. At the same time, women also

Profile 2: Gender perspectives in urban development and local governance. Women can be impacted more heavily than men by deficient public transport, inequitable land tenure, and a sidelining of the informal economy. Several projects highlight how gender perspectives can be incorporated into urban projects.

typically demonstrate greater interest in preserving new facilities and are more effective in mobilizing the community to carry out maintenance tasks, resulting in greater sustainability of project outcomes. In FY2008, the World Bank's Urban Sector had the highest number of projects among infrastructure sectors that include actions for reducing gender disparity. Globally, gender equality action featured in 37 percent of financial commitments of urban operations (nearly US\$577 million out of nearly US\$1.6 billion), and 7 projects out of 26. The aim is to continue this trend through inclusion of gender screening in the design of urban operations more systematically, underpinned by gender disaggregated data on beneficiaries.

41. ***Local governments operating in conflict-affected and fragile states face a unique set of circumstances, including ambiguous and undefined roles during transitional periods.***

But in most cases it is cities and local governments as the front line service providers that are relied upon to continue delivering services during conflict and in the immediate post-conflict reconstruction period. As people displaced by conflict return and resettle, they often relocate to cities, which can offer safer environments and better economic opportunities. As a result, the Urban Sector is responsible for delivering the greatest number of Emergency Recovery Operations in the Bank. Going forward, greater attention will be given to urban interventions in conflict-affected environments.

Profile 3: Post-conflict urban reconstruction in Cote d'Ivoire.

Investments in cities, particularly the government and rebel capitals, are a crucial part of demonstrating a peace dividend for both sides. This project highlights recent approaches to post-conflict reconstruction.

The City System from a Governance Perspective

42. ***The governance agenda is expanding in urban operations.*** A recent review of the urban portfolio indicated that over the last six years there has been a 60 percent increase in the volume of lending and capacity building assistance for urban governance. However, much of this support has been focused on supply-side dimensions, including improvements in systems and internal capacity, with less emphasis on demand-side governance, including participation in budgeting, investment planning and increasing voice of citizens on service delivery. A key finding of this evaluation also indicated that including participatory budgeting approaches in project design can often slow down implementation of investments. Such participatory approaches, which are vital to ensuring effectiveness and impact, should be introduced in the pre-

¹⁹ World Bank, 2004a

investment phase of the project cycle and would benefit from CDS and other upstream instruments that are designed to be participatory.

43. ***Responding to the Governance and Anticorruption (GAC) Agenda.*** Preliminary results from a recent benchmarking exercise of the three elements of the GAC Agenda – governance and political economy analysis, attention to fiduciary issues and use of demand side approaches -- indicate that urban operations and analytical work performed well in comparison to other infrastructure sectors. This is not surprising given the urban focus on local governments, which are the front line service providers to citizens and thus an important level of government in which to promote good governance practices. Collaboration between Urban Teams, WBI, Social Development Teams and PREM in recent years has raised this agenda to the forefront. This work has included implementation of the PREM-designed Subnational PEFA (Public Expenditure & Financial Accountability) Assessment Tool, portfolio reviews of urban governance, and case studies of good urban governance in land administration (Urban and SDV).

The City System from a Finance Perspective

44. ***National governments have increasingly devolved service delivery and expenditure responsibilities to the local level but have retained control over significant revenue sources.*** Central governments have tended to maintain decision-making power over which taxes can be levied locally, the tax rates that can be imposed, and the service fees that local authorities can charge for basic service delivery. It should be pointed out that local governments often do not tap the full range of local revenue sources available to them, and in developing countries collect only a proportion of the revenues legally due under the taxing arrangements that are in place. As a result most local governments have a narrow fiscal base, with sharply limited discretion over own source-revenues. Even when local authorities have the legal authority to mobilize own-source revenues, they have been reluctant to fully exercise this discretion.

45. ***The Decentralization Paradox.*** The resulting gap in local government budgets has been filled by transfers. This has produced what might be called the ‘decentralization paradox.’ Decentralization that is designed to increase the role of local governments in service delivery has increased their fiscal dependence on inter-governmental transfers. The Bank’s Independent Evaluation Group (IEG) examined 20 decentralization initiatives that Bank projects have supported. In 15 of the 20 countries, after decentralization local governments received more than 75 percent of their total revenue in the form of transfers. Even countries with longstanding decentralized fiscal systems have tended to move in the direction of greater reliance on transfers to finance local budgets. Moreover, all of the 20 country interventions involved a focus on local revenue mobilization. The results of this assistance were decidedly mixed. Only 5 of the 20 countries were judged to have achieved significant and sustainable increases in local revenue generation. In 7 of the 20 countries, local own source revenues actually declined during project implementation. In the remaining countries, own-source revenue gains were found to be marginal. Political resistance stemmed from central officials reluctant to relinquish control over revenue sources, from finance ministries convinced that revenue could be collected more efficiently as national-level taxes collected by national-level entities, and from local governments that preferred receiving transfers to raising local taxes and fees.

46. ***The track record of the past decade helps define the direction of a desirable urban strategy for subnational borrowing.*** Development of domestic credit markets should be given priority as a source of subnational finance. With the possible exception of the largest international cities, local governments generate their revenues in local currency. They should be encouraged to avoid incurring obligations in foreign exchange, which makes them vulnerable to exchange rate fluctuations and volatility. The local governments impacted most severely by the global financial crisis are those in Eastern Europe and Central Asia that face loan repayments in

foreign currency. Now that there are multiple, effective models of national regulatory frameworks, countries should promote local government borrowing only after putting in place a national framework that establishes debt limits and identifies appropriate borrowing procedures.

47. ***It is widely understood that financing of urban infrastructure investments cannot be accomplished by government alone.*** Attracting private capital and mobilizing capital markets either through direct private participation in urban infrastructure or through bonds or lending that allow subnational governments to tap private capital for financing infrastructure is essential. The global financial crisis has disrupted these flows of private capital (See Table E-3, Annex E), and it is therefore important to assess future prospects for attracting private capital into urban infrastructure investment and the policies that can support it. The Bank's Subnational Finance Program has provided new financing and facilities in recent years at the sub-sovereign level and would need to respond to an increasing demand from a number of countries to fill the gap left by constrained liquidity in local financial markets.

48. ***One of the lessons to emerge from the financial crisis is the advantage of having multiple channels of credit provision.*** Under the best of conditions, both commercial banks and specialized municipal banks can compete with capital markets (bonds) as local government lenders. If these different institutions operate on a level playing field, municipal borrowers benefit from the competition. A natural sorting out often has taken place in countries where this type of institutional competition occurs. Small cities and towns benefit from the assistance that specialized municipal banks can provide in project preparation and budget management. Large cities often find it cost-effective to go directly to the capital market, without bank intermediation. Commercial banks tend to occupy a middle ground, expanding or contracting their role as suppliers of capital based on their relative cost and duration of funds. When credit markets come under pressure, as in the present crisis, local governments benefit from having as many different channels as possible by which to access private savings.

49. ***The current squeeze on private credit markets also makes it appropriate to re-assess the role of publicly sponsored Municipal Development Funds and public financial intermediaries.*** As credit suppliers, these institutions can operate in a variety of ways. They can lend central or state government resources to local authorities. They can borrow from the private market based on their own creditworthiness, and on-lend to the local level at lower interest costs than many local borrowers could obtain on their own. They can on-lend donor funds targeted for local government investment. They can also blend government grants with market-rate private capital to reduce the cost of investment capital to local governments. However, their track record has been mixed and a strong regulatory framework and arms-length distance from government influence in credit decisions is essential.

World Bank Strategy for Strengthening the Core Elements of the City System

50. ***City Management, Finance and Governance taken together represent the core area of the Bank's five Urban Business Lines.*** Not only is it the largest in terms of number of projects and volume of lending, but all other business lines in one way or another depend on these core elements of the city system to function effectively. The main areas of focus are outlined below.

City Management

51. ***A key area of support identified in the Strategy is the need to update and rationalize the legal and regulatory frameworks governing local government affairs.*** Although it is not a priority in all countries, those countries seeking policy guidance in this area would receive support in the form of policy notes and technical assistance, as appropriate. For countries in the midst of decentralization processes, the Bank's advisory services would be provided through joint urban and PREM teams using, where appropriate, the Decentralization Performance Assessment

Framework recently developed by PREM. This approach is intended to harmonize the Bank's guidance and advisory support to countries and to avoid sending conflicting messages.

52. ***Helping cities to strengthen data collection and management systems will be a key focus of urban development support in the decade ahead.*** The new Global City Indicators Program (GCIP), which was established by the World Bank with a number of other development partners, is envisaged as a facility that will help in that regard. GCIP is a voluntary program driven by cities themselves and was launched with the assistance of a number of global development agencies,²⁰ who recognized the urgent need for a single system for measuring and monitoring city performance and quality of life. Its aim is to provide a standardized set of indicators that will enable cities to compare and benchmark their performance against their peers. Using a web-based platform, GCIP provides an enabling framework for cities to learn in their preferred mode of doing so, namely through their peer networks of other cities. Following the pilot phase implemented in 2008, GCIP is now rolling out to all regions, working through the Bank's regional urban hubs in Marseille and Singapore and with regional partners, such as the Amman Institute for Urban Development, which serve as facilitators for the program.

53. ***Building on successful local government and community-based organization partnerships documented over the past decade, the Bank will actively seek to support cities and local governments in this area by sharing good practice experience and promoting programs that improve community engagement in addressing urban poverty, crime and violence and related areas that can benefit from such partnerships.*** Regarding crime and violence, for instance, practical measures supported through investment projects could include improving street lighting and renovating dilapidated public buildings or facilities to assist in bringing down crime and violence. Beyond this, several different approaches and programs have been assessed and determined to be successful, and this learning can be integrated into the design of new operational interventions, including: (i) situational prevention – Crime Prevention Through Environmental Design (CPTED); (ii) integrated urban community-based prevention programs, such as the “Stay Alive” Program in Belo Horizonte or “My Safe Neighborhood” Program in the Dominican Republic, which achieved 65 percent and 68 percent reductions in homicide rates in 6 and 30 months respectively; (iii) alternative community dispute resolution mechanisms (Community Peace Centers in Cape Town, South Africa, reported 49 percent improvements in dispute resolution in a 6 month period); and (iv) data and evidence-based policy making (Diadema, Brazil achieved a 44 percent reduction in its homicide rate as a result of restriction of alcohol sales, leading to sustained political support and replication by other municipalities).

54. ***The Bank can play a critical role in exposing clients to the benefits of information and communication technology (ICT) advances and support judicious efforts to promote the use of new technologies by cities where there is demand.*** Advisory support in this domain can help cities to improve service delivery, enhance productivity, reduce costs, and increase local revenues. The Bank will support this effort by preparing an Urban ICT Toolkit that would outline key program and policy areas where ICT integration can support cities, coupled with practical profiles of good practice examples from around the world. Working in partnership with WBI, the Bank would disseminate the Urban ICT Toolkit through the Singapore and Marseille Urban Hubs and through policy dialogue and engagement at the specific country dialogue.

55. ***In countries where there are severe infrastructure service gaps and backlogs, the Bank will assist by supporting preparation of inventories of these backlogs, coupled with support to local governments in conducting solid investment project economic analysis and capital investment planning to strengthen the provision of service delivery.*** This support would be provided in the form of pre-investment planning within the CDS framework and help to develop

²⁰ Including the ICLEI, the Government of Canada, OECD, World Economic Forum, UNHabitat, and the World Bank

bankable investment projects with associated budgeting for operating and maintenance recurrent cost implications.

Urban Governance

56. ***The new strategy will emphasize a focus on expanding the use of demand-side governance approaches.*** These interventions will include provision of policy guidance and sharing good practice in the implementation of Service Delivery Surveys and Citizen Report Cards (working in collaboration with social development teams), in addition to documenting with WBI good urban governance practice examples for dissemination. Of critical importance will be the mainstreaming of these practices into the ways that cities and local governments routinely conduct their business, emphasizing a client-driven, end-user orientation in the provision of services.

Profile 4: City Service Delivery Surveys in the MNA Region promote Demand-Side Governance. A combination of focus group discussions and transect surveys revealed end-user perspectives on service quality, cost, and delivery mechanisms in cities across 5 MNA countries. End-users expressed concern about poor quality services, indicated willingness to pay more if quality was improved, and were in favor of privatization when they had prior experience with a private service provider.

Municipal Finance.

57. ***Bank Strategy for Intergovernmental Transfers.*** Clearly defined, untied revenue sharing between central and local governments can yield local government receipts that are transparent, legal entitlements. This will allow local governments to allocate the revenues received to expenditure priorities at their discretion and to share in the revenues of buoyant tax sources, like the VAT or income tax, that require uniform national administration, while retaining decision-making power over the uses of funds. The Bank has played a significant role in helping client governments in rationalizing intergovernmental transfer arrangements. In the IEG evaluation, clients ranked clarification of intergovernmental financing structures and improvement in transfer design as the Bank's most valuable contribution. Bank advisory support will continue to focus on two objectives: (i) greater use of untied revenue sharing, and (ii) introduction, where appropriate, of performance grants or municipal contracts that reward local governments for specifically defined improvements in local service delivery and management.

58. ***In the next few years, public institutions are likely to play an important role in filling the subnational credit gap, just as international institutions are helping to fill the national macro credit gap.*** This will create an opportunity for innovative design in using public institutions, like MDFs, to help channel private savings to the subnational market, without displacing private institutions already active in the market. The success of an urban credit strategy should be judged at a more macro level than has been common to date. The key question is whether the system is able to increase the absolute amount of private savings, as well as the share of private savings, being channeled to urban infrastructure investment. Participation of public credit institutions can contribute in fulfilling this goal, along with strategies that eliminate biases that favor public credit over private credit. In this regard, more effort is needed to structure and segment the municipal market into those who have capacity to access commercial credit and those that may need subsidies. In this area, Bank urban teams will work actively with their IFC colleagues in the Subnational Finance Program to develop instruments that enable market segmentation with the aim of removing subsidies provided to local governments that can access market-based finance, while at the same time providing needed technical assistance and support to those local governments that have not reached this stage as yet.

59. ***In cases where local governments have not yet reached credit-worthy status, using performance grants and municipal contracts can help by providing incentives for reform and capacity strengthening.*** Performance benchmarks may include

such items as timely preparation of budgets and financial reports, greater citizen participation in setting budget priorities, better maintenance of infrastructure assets, and measurable improvement in local service quality or coverage. Local governments that perform well or meet the contractual standard are rewarded with additional grant funds. Poor performers in principle should be penalized by a reduction in transfers. The reasoning behind performance grants is persuasive. However, there has not been extensive comparative analysis of the extent to which performance grants have achieved their objectives. Now that the Bank has a broad range of experience to examine, especially in Africa and parts of Asia, a systematic review of the ‘performance of performance grants’ is planned with the opportunity to share lessons learned with other developing countries.²¹

Profile 5: Municipal Contracts provide a formal framework to combine governance reforms with financing incentives to make wise choices about urban investments.

60. ***A flexible blend of financing instruments will be used to address a wide array of different circumstances.*** Wholesaling approaches will be applied when needed to expand reach and coverage to the growing populations in secondary cities. Intergovernmental transfers can serve as an on-granting mechanism to local governments that are not credit worthy within a specified reform program. Funds channeled through financial intermediaries should be based on market principles. Market-based financing to local governments can be extended through the Subnational Finance Program, accompanied by efforts to develop the market for private financial services, including removal of legal and regulatory obstacles, developing local currency instruments, and development of risk-sharing and guarantee instruments that facilitate local and international financial institution collaboration.

²¹ Detailed descriptions of the arrangements involved in municipal contracts and performance grants supported by the Bank are now available for Senegal and other West African countries (Farvacque-Vitkovic 2005, Farvacque-Vitkovic et al 2008) as well as Uganda, Tanzania, and Ethiopia and elsewhere, including the states of Andhra Pradesh, India and Punjab, Pakistan.

THEMATIC AREA 2: MAKING PRO-POOR POLICIES A CITY PRIORITY

Understanding the Dimensions of Urban Poverty

61. *Urban poverty is estimated to affect approximately one third of all urban residents, or one quarter of the total poor in the developing world.*²² The share of the poor as a proportion of all urban residents is highest in Sub Saharan Africa and South Asia, at an astounding 70 to 75 percent. In regions where urbanization is already significantly advanced, such as Latin America and the Caribbean and Eastern Europe and Central Asia, the proportion of urban poor relative to the total poor is greatest. Research suggests that over time poverty is urbanizing, as an increasing number of the poor now live in cities. This situation has been exacerbated most recently by the global food and financial crises, which have reversed many of the advances in poverty reduction, particularly in urban areas. Urban populations are typically hardest hit due to job losses and wage reductions in urban based industries, their heavy reliance on the cash economy, and the lack of ability to fall back on agricultural production.

62. *Millennium Development Goal Number 7 (Target 11) sets the objective for urban poverty alleviation by calling for the improvement of the lives of at least 100 million slum dwellers.* Estimates suggest that around one third of the urban populations in developing countries - nearly one billion people -- are living in slums.²³ Slums are generally characterized as informal settlements with poor quality housing, limited access to services, high densities, and often insecure land tenure. Insecurity of tenure puts the urban poor at constant risk of eviction, prevents them from building assets and accessing credit, inhibits using one's home for income generating activities, and does not allow for investments in service provision. Countries that are farthest from reaching the MDG target on slums are mainly in Sub-Saharan Africa where urbanization, due in part to rural-urban migration, is happening at a rapid pace and local governments do not have sufficient capacity to accommodate new residents.²⁴

63. *Though the urban poor are quite diverse across regions and countries, they tend to face a number of common deprivations which affect their day to day life.* These deprivations can be grouped into 6 main categories: i) limited access to income and employment, ii) inadequate and insecure living conditions, iii) poor infrastructure and services; iv) vulnerability to risks such as natural disasters, environmental hazards and health risks particularly associated with living in slums, v) spatial issues which inhibit mobility and transport; and vi) inequality closely linked to social-economic exclusion, as well as crime and violence.

64. *A key determinant of poverty, both urban and rural, is limited access to income and employment opportunities.* While the urban economy generates much employment, the urban poor face challenges in accessing that employment due to low skills. Most workers in the informal sector have low wages, a lack of social insurance and unsatisfactory working conditions. In some countries, the spatial location of slums, inadequate infrastructure, and negative stigma are also constraints to employment.

65. *Poor urban residents face many of the same challenges in daily life as the rural poor with the added burden of overcrowded and unsanitary living conditions.* They are required to spend a higher proportion of total consumption on housing, a result of the higher land values in cities. While access rates for basic services, such as water, sanitation and electricity are typically higher in urban areas than rural, these numbers mask what is happening for the urban poor where

²²Ravallion, Chen, and Sangraula, 2007. This estimate is based on the US\$2.15 day line; data are the most recent available, circa 2002.

²³ UN-HABITAT 2008.

²⁴ UN-Habitat, 2006.

access can be extremely low, unaffordable, and of inadequate quality. Governments, utilities, and service providers are often reluctant to operate in slums because of the informality and illegality of such settlements. Consequently, for the urban poor living in high density slum settlements there is higher exposure to a number of health, environmental and disaster-related risks associated with poor drainage and solid waste management, indoor air pollution and proximity to often environmentally unsafe areas.

66. *Income and other forms of inequality are particularly stark in cities, where modern cosmopolitan zones can be found within a short distance from slums*²⁵. In many countries, measures of inequality within urban areas are substantially higher than in rural areas where standards of living are more homogeneous. The highly visible disparities in wealth, services and opportunities, can create frustration, tension and a sense of exclusion for the poor. Protests, riots, property destruction and in some cases even death have been reported in cities as diverse as Port of Prince, Mexico City, and Paris.

67. *In cities where the poor live remotely in order to inhabit affordable space, they incur high travel costs and long travel times.*²⁶ Living in peripheral urban locations, particularly without adequate access to transport services, can mean exclusion from a range of urban facilities, services, and jobs, exacerbating problems of social exclusion which are discussed further below. In many areas, the issue of neighborhood stigma, which can negatively affect peoples' access to jobs and increases other types of discrimination, is also a major constraint for the poor.²⁷

Policies and Programs for Urban Poverty Reduction: What have we Learned?

68. *A study of 14 countries globally shows that those that did well in reducing poverty during the 1990s had sustained and rapid economic growth.* Policies promoting macroeconomic stability, defined property rights, a good investment climate, an attractive incentive framework, well-functioning factor markets, and broad access to infrastructure and education were identified as being critical.²⁸ Vietnam is an example that stands out for its success in growth and poverty reduction, in both urban and rural areas. The country invested heavily in infrastructure, prioritizing large infrastructure investments over rural infrastructure, targeted to regions with high numbers of poor people and high growth potential. The idea was to promote urban centers where capital and skills were more plentiful and to redistribute returns through public transfers to rural areas. The growth and poverty impact of this strategy has proven to be very successful.²⁹ Between 1992 and 2003, urban poverty in Vietnam was reduced by an impressive 11 percent per year (notwithstanding the reductions in rural poverty of 4.2 percent per year).

69. *National program and policy interventions are identified as being among the best ways to tackle urban poverty.* A review of urban issues in poverty reduction strategies (PRS) was carried out for ten countries.³⁰ The review found that urban issues in general and those relating to the urban poor typically had not been well covered. In countries where there was a strong analytical base on issues of urbanization and urban poverty, there was better coverage of these issues in the poverty dialogue. The inclusion of urban stakeholders in the PRS formulation was also seen as crucial for better coverage of urban issues in the PRSPs. These findings point to the need for investing in strong diagnostics and analysis on urban issues, and ensuring that this research is well disseminated and discussed with policy makers to better inform them in the policy process.

²⁵ See World Development Report, 2006, for a full discussion on inequality.

²⁶ World Bank 2002c.

²⁷ This has been best documented in Latin America.

²⁸ World Bank 2005b.

²⁹ Besley and Cord 2007.

³⁰ Baker and Reichardt 2007.

70. *Several countries that have undertaken national-scale approaches to slums have been noted for progress in reducing or stabilizing slum growth rates in the last 15 years.* In Brazil, Colombia, Mexico, South Africa, Thailand and Tunisia success is attributed to political commitment at the central government level to large-scale slum upgrading and service provision for the poor through implementation of legal and regulatory reform on land policy, regularization programs, and inclusive policies.³¹ Among the programs aimed at the urban poor, overall, slum upgrading is probably the most common. Slum upgrading programs have a relatively long history, becoming quite popular in the 1970s with a shift away in the mid-1980s. This shift away has been attributed to a change in donor's focus, particularly among the development Banks to housing finance, adjustment loans, and privatization of public services.³²

Profile 6: Baan Mankong Urban Upgrading Project in Thailand.

Large scale impacts have been achieved by supporting community driven processes: low income communities design and manage upgrades themselves using infrastructure and housing subsidies in the form of up-front lump sum payments from the Thai government.

71. *Local level initiatives have also been effective when linked to social programs and carried out in partnership with local community organizations.* For example, a program in Jamaica combines micro-finance, land tenure regularization, crime and violence prevention programs with local community groups, including physical upgrading to improve access to water, sewage, solid waste, electricity, roads, drainage and related community infrastructure. In Brazil, investments in social infrastructure for day care, youth training, and health care are combined with physical upgrading of slums. This work will require supporting local governments in taking integrated approaches, such as was done successfully in Brazil, Tanzania Indonesia, and recently in Yemen.

Profile 7: Moving from social safeguards to proactive social policies for the urban poor in Taiz, Yemen.

Resettlement of the poor in informal communities can present a daunting challenge. Under this project, a city learns the benefits of working with local community NGOs and gains insights about the poor in its midst that triggers the local council to adopt a city-wide poverty alleviation program.

72. *There is also an emerging role for the private sector in slum upgrading activities as businesses realize the potential purchasing power at the base of the economic pyramid.* Approaches such as Output-Based Aid, new guarantee instruments, or ensuring an enabling environment for small private service providers can help to facilitate private sector investments in slums. Microfinance has been demonstrated to be a powerful instrument for poverty reduction that enables the poor to build assets, increase incomes, and reduce their vulnerability to economic stress.³³ Specific schemes aimed at shelter finance have also shown positive impacts for the urban poor in countries such as India, Mexico and Brazil. Yet many of the urban poor do not have access to microfinance as banks have been reluctant to make loans to the poor in the absence of adequate collateral. This underscores the need for scaling up microfinance for the urban poor.

A Strategy for Urban Poverty Reduction for the World Bank

73. *Urban poverty reduction strategies will need to take a two-pronged approach.* First, they must include proactive policies that promote macroeconomic stability and growth, defined property rights, a good investment climate, an attractive incentive framework, well functioning factor markets, and investments in education and infrastructure. In many countries, urbanization has helped to foster this growth and thus can play an important role in reducing urban poverty

³¹ UN-HABITAT 2006.

³² Vilorio-Williams 2006.

³³ CGAP 2006.

over the long-term, providing new income opportunities for rural migrants³⁴, and through the second-round impact on those who stayed in rural areas.³⁵

74. ***A second, and equally vital, approach will involve working with countries to scale up slum upgrading and services for the poor interventions to a national scale.*** Programs aimed at improving living conditions in slums through extending affordable services to slum dwellers and investing in upgrading can have enormous benefits in health outcomes, help cities to adapt to the risks of climate change, reduce environmental and other risks, as well as in generate new employment opportunities. New and innovative approaches to improving service provision such as Output-Based Aid, offering pro-poor incentives to utilities and the private sector, or ensuring an enabling environment for small private service providers while ensuring quality and affordability for consumers offer much potential. Going forward, the Bank is partnering with Cities Alliance in exploring ways of scaling up to national level approaches. In this context, the Bank aims to develop more policy-based approaches, through DPOs and other instruments, which would tackle the difficult issues related to land and service delivery in informal settlements that are current deterrents to slum upgrading. This would pave the way for a more comprehensive approach to upgrading at the national level.

75. ***Increasing support for analytical and diagnostic work on urban poverty will help fill knowledge gaps and provide the basis for informing better designed programs and policies.*** While the past decade has generated substantial new information on the characteristics of urban poverty, there are still major knowledge gaps. Cities often do not have the tools to carry out a diagnostic of urban poverty and assess the extent to which their policies are pro-poor. Many cities lack even the most basic information on who the poor are, how many there are, and where they are located. Building this information base at the city, country, regional and global level, as well as the capacity to use the information, will contribute to better addressing the problem. New tools such as GIS and poverty mapping are very important instruments for urban poverty analysis. More recently, the Bank initiated a program of analytical work on urban poverty and urbanization issues carried out in 5 African countries. In each case the studies provided a solid basis for a pro-poor country level urban strategy, leading to discussion at the country level, inclusion of relevant policy issues in PRSPs, and the development of a new investment programs in support of cities.

76. ***As a means of enhancing the pro-poor focus of cities and national governments, the Bank is advancing with two new knowledge products to help identify and better target interventions on behalf of the urban poor.*** These are: (i) the Urban Risk Assessment and (ii) a Pro-poor Urban Policy Guide.

- The *Urban Risk Assessment* would be designed to survey and analyze the vulnerability of populations in urban areas based on the multiple deprivations reviewed earlier, as well as particular risks to climate change impacts due to their precarious locations in informal settlements. This will include a mapping of slums and vulnerable populations that would provide a basis for targeting assistance to the urban poor.
- The *Pro-Poor Urban Policy Guide* would provide a framework to help local and national governments benchmark their policy approaches and identify urban areas of priority for improvements. This Guide would complement the Urbanization Review and would

³⁴ UNFPA studied the impact of urbanization on poverty reduction in 25 countries and concluded that urbanization had a significant effect in this reduction. For example, 28.3 percent of poverty reduction from 1999-2005 in Bolivia is attributed to urbanization, and Brazil similarly experienced a 17 percent reduction from 1999-2004 due to urbanization. In China, the percentage of rural poor living in extreme poverty fell from 36% to 5% in the last 30 years. This was due to explosive urbanization during the same period. UNFPA (2007) p. 36.

³⁵ Urban poverty declines during the period 1993-2002 – the latest period for which global data are available – suggest such impacts.

cover the following key areas critical to reducing urban poverty: (i) ensuring provision of basic services; (ii) providing targeted infrastructure to the poor; (iii) promoting equity; (iv) addressing land and tenure issues for the urban poor; (v) strengthening capacity at the local level to address poverty challenges; and (vi) providing safety nets for vulnerable groups in cities.

77. ***Specifically designed social programs and safety nets for the urban poor need strengthening.*** Conditional Cash Transfers (CCTs) are particularly relevant in times of financial crisis when poor families may deem it necessary to withdraw children from school to seek employment. Workfare programs or labor intensive public works projects can also be very effective in urban areas to provide income support and employment, provide some on-the-job training for unskilled workers, and construct or rehabilitate needed public infrastructure. To maximize the impacts on the urban poor, works can be carried out in low income settlements, for example, hiring local residents for slum upgrading activities.

78. ***By working with other sectors, it is possible to ensure an urban lens on poverty reduction policies and programs.*** This calls for greater collaboration between teams within the World Bank. Some examples of this collaboration are: working with colleagues in the health sector to address the particular health risks in slum areas; designing infrastructure programs that incorporate alternative service delivery mechanisms for reaching the populations in urban slums; working with social protection teams in devising appropriate targeting schemes so that national level poverty programs reach those in slums who may not have formal property rights, as well as the homeless in cities; working with the education sector to provide preschools and childcare programs in urban slums which will enable mothers to enter the labor force; or collaborating on youth programs to address those youth that are particularly vulnerable to unemployment and social problems linked to social and economic exclusion.

THEMATIC AREA 3: ENABLING CITY ECONOMIES

A Macro-Perspective on Cities and Economic Growth

79. *With more than half of World GDP coming from cities, the economic future of most developing countries will be determined by the productivity of these burgeoning urban populations.* As the WDR 2009 points out, urbanization is necessary for growth but is not sufficient to assure it. The interdependency between macro-economic performance and urban welfare has been seen in the aftermath of macro-economic crises in Argentina, Brazil, East Asia, and Russia, where the poor have fallen farther than their middle class counterparts.³⁶ On a global basis about 70 percent of economic production takes place in cities. Developing countries are rapidly increasing the urban shares of their GDP, with most countries already surpassing the 60 percent level. But the results in this regard are highly conditioned on whether a country proactively plans for and enables urbanization while managing the downside risks. The benefits of agglomeration have been well-documented in East Asia where cities have been a major part of rapid economic growth in countries such as China, Japan, Korea, or Malaysia.³⁷ The case of China is perhaps most revealing, with 50 percent of GDP generated in coastal urban agglomerations accounting for only 20 percent of the territory. Many of the Bank's client countries have cities that would like to emulate China's experience and local economic development approaches are in high demand.

80. *One of the main insights from economic thinking on geography and economic development is that firms in many industrial and business service industries value agglomeration economies.* Evidence shows that firms prefer to concentrate in proximity to other firms engaged in the same or related product lines, as well as locations with good access to domestic and international markets. This concentration accelerates when countries liberalize and open up to trade. In India, liberalization in the early 1990s led to greater concentration of industry in port cities and metropolitan areas. Recent evidence suggests that just 20 cities -- with good market access -- accounted for some 60 percent of private manufacturing investment in India between 2000 and 2005.³⁸ Similarly, in China, foreign firms entering after the introduction of the "open door" policy in 1978 have preferred to locate in cities with a large industrial base and a history of foreign investment.³⁹

81. *What are the priorities for urbanization policies in cities and towns in intermediate and advanced stages of urbanization?* In addition to the challenge of facilitating density, it becomes important to ensure that urban settlements are well connected to each other to gain from complementarities in their production structures. While market towns facilitate scale economies in marketing and distributing agricultural produce, medium-size cities provide localization economies for manufacturing industries, and the largest cities provide urbanization economies, characterized by diverse facilities that foster innovation in business, government, and education services. As demand for land bids up prices in metropolises, investors make decisions on relocating businesses – weighing the costs of wages, rents and congestion with the benefits of

Profile 8: City Systems in China.
China's economic growth illustrates the power of agglomeration economies in action. China's government is now actively encouraging 'city clusters or systems' across the country.

³⁶ Morley 1998., Minujin and Anguita 2004.

³⁷ Yusuf and Nabeshima 2006.

³⁸ Lall and Chakravorty 2005.; Lall and others 2007.

³⁹ Head and Reis 1996.

agglomeration economies. While it is common for manufacturing activities to de-concentrate from city centers to their surrounding suburbs – this is not commonly observed for services.⁴⁰

Enabling Infrastructure for Cities and Metropolitan Regions

82. *Systems of Cities: Gains from specialization and connective infrastructure.* In Indonesia, many manufacturing firms moved out of Jakarta to the peripheral areas of the Greater Jakarta metropolitan region in the mid-1980s.⁴¹ These moves were facilitated by the construction of toll-ring roads around the city, which allowed firms to retain most of the agglomeration benefits of the region while minimizing the rising production costs associated with congestion and higher land rents. Aggregate transport costs per unit of sales revenue dropped because a larger market could be accessed by a better road network. Similarly in Brazil, there is evidence of specialization and de-concentration of manufacturing from the largest cities to medium sized towns.⁴² As the country ramped up its service sector share from 55 percent of employment in 1970 to 70 percent in 2000, there has been increasing concentration of service sector employment in bigger cities. And the manufacturing industry share in non-agricultural employment is highest in the medium size cities (30.2 percent in 2000).

83. *A good infrastructure backbone facilitating mobility and connectivity is vital to a healthy city economy.* The highest payoff for economic growth lies in infrastructure that functions at the scale of the urban or broader metropolitan region, or where urban infrastructure assets are key hubs in national or even international networks. Reviews of recent empirical work⁴³ demonstrate that the stock and quality of electricity networks, road and other transportation systems, and telecommunication systems matter most for national growth. In India, the quality of transport interconnectedness between cities is closely related to urban growth and urban productivity.⁴⁴ Further evidence shows that improving urban airport accessibility and size in countries such as Uzbekistan and Honduras can reduce total air transport costs by 10 percent.⁴⁵ Similarly, improving urban seaport efficiency, port infrastructure and handling can reduce shipping costs by more than 12 percent.⁴⁶ In international trade, this is equivalent to reducing the distance between origin and destination by 500 miles. These findings stand up in other sectors of economic infrastructure and in particular regions, like Sub-Saharan Africa, an analysis of the global competitiveness of Africa's manufacturing sector find that power failures in Tanzania account for the equivalent of a 10% sales loss for the median manufacturing firm.⁴⁷

84. *The scale at which urban and metropolitan regional economies now operate often do not coincide with their physical and administrative boundaries.* In many countries, there is no institutional entity that covers the economic footprint of the urban or metropolitan economy. Consequently, decisions on infrastructure investments at this scale and its financing are made through complex (and often inefficient) negotiations between central government, often multiple municipalities, regional or state authorities, and the private sector. A critical part of urban strategy involves filling this void, both in terms of infrastructure decision-making and financing.

⁴⁰ Glaeser and Kahn 2001.

⁴¹ Henderson, Kuncoro, and Nasution 1996.

⁴² Da Mata and others 2005.

⁴³ World Bank 2007, Straub 2007.

⁴⁴ Lall, Shalizi and Deichman 2004.

⁴⁵ Micco and Serebrisky 2006.

⁴⁶ Clark et al 2004.

⁴⁷ See Eifert, Gelb and Ramachandran 2005. Other examples may be found in Ter-Minassian 2008.

Asset-based Approaches to Growing a City Economy

85. *As city economies evolve from pre-industrial to industrialized to post-industrial structures, the nature of commercial activity changes and requires new strategies to attract investment and promote business retention.* An increasing number of developing country cities today are facing the transition from industrial to post-industrial economies. During this phase, the city experiences a “hollowing out” of manufacturing industries. When cities reach this stage various redevelopment options can play a vital role in transforming vacant or otherwise underutilized land and property assets into new uses. Redevelopment can take the form of transforming manufacturing properties to new housing or office space, brownfield redevelopment, or riverfront revitalization with improved amenities to attract and retain businesses. Depending on the nature of the project, environmental remediation, wastewater treatment solutions and other measures may be important pre-requisites to successful redevelopment that can also include tax incentives, rezoning measures and other policies that attract private investment.

86. *Cultural Heritage has proven to be an important asset-based approach to local economic development.* The preservation of key monuments –in either consolidated city cores or urban redevelopment zones -- raises property values in their neighboring areas thereby increasing the local revenue base while making available additional resources to support local institutions and public services. Many cultural heritage projects are also aimed at improving poor and neglected urban inner-city areas and have the co-benefit of being labor intensive, thus creating local temporary work opportunities. Over time, the Bank’s work in supporting cultural heritage resource management has evolved substantially: from initial projects that sought to ‘do no harm’ to investing in heritage properties, to a new generation of projects aimed at leveraging cultural assets to achieve economic and social development linked to the tourism sector.

A World Bank Strategy for Promoting City Economies

87. *At the national and regional level, policies will need to enable cities to function as gateways to international markets and as facilitating agents for domestic production and consumption markets.* This cannot be achieved by cities alone. National policy coordination is essential to ensure cities have good connectivity to port and other transport infrastructure and to ensure appropriate linkages and connectivity between cities and their hinterland to serve as markets for agricultural goods and production centers for agro-processing and marketing. The World Bank can assist by supporting regional planning and integration analysis and strategy formulation, as well as related inter-agency coordination efforts that facilitate such linkages.

88. *Improving the sub-national investment climate is often the first place to start in attracting investment to cities with a focus on reducing red-tape.* Over the past several years the World Bank has expanded the scope and coverage of subnational ICAs and Doing Business Surveys (See Annex F, Table F-5). These surveys provide critical information about a city’s ability to attract investment based on a private sector perspective. Because the methodology and indicators are standardized, cities can compare their performance to their peers and establish benchmarks for improvement. Such data has been used to define appropriate entry points for technical assistance and investments in improving a city’s economic prospects. Going forward, the Bank will seek to ensure appropriate linkages of sub-national ICA and Doing Business data with the design of the next generation of local economic development projects, where such data is available.

89. ***For post-industrial cities in transition, the Bank can assist by supporting urban regeneration and brownfield redevelopment approaches.*** While the Bank's engagement in these areas has been somewhat limited to date, growing demand, particularly in Eastern Europe, East Asia and the Middle East and North Africa, has signaled the need to expand engagement in both advisory services and investment lending in response. One effort that is now underway is to document good international practice, for instance in the area of riverfront or waterfront redevelopment approaches. Here the experience of OECD countries provides insights regarding approaches in dealing with real estate developers, environmental remediation for brownfield redevelopment, and district level redevelopment.

Profile 9: Brownfield redevelopment and urban regeneration in Central and Eastern Europe. Former industrial areas account for relatively high shares of urban land in Central and Eastern Europe. Brownfield redevelopment aims to return such land to beneficial use, through remediation followed by redevelopment. The Bank is currently developing a brownfield redevelopment toolkit and a range of advisory and investment services to support cities and countries undertaking such work.

90. ***City Development Strategies with a Local Economic Development (LED) focus will continue to provide opportunities to prepare locally-owned, strategic frameworks within which the Bank can provide financing for technical assistance and investments.*** Competitiveness analysis is one tool used to prepare CDSes and typically focuses on a combination of sector analyses -- services industries, tourism, manufacturing, as well as maritime, fisheries and port activities -- and city district level development or revitalization. In the latter case, a focus on Central Business Districts, industrial and small-scale manufacturing zones, or tourism villages generally characterize the approach. The CDS provides an operational framework for city visioning exercises, participatory consultations (with the private sector, NGOs, educational institutions, the media, and other stakeholders). Linkage of strategy formulation to masterplanning and capital investment planning is vital, but many CDSes lack well-prepared investment plans and the financing to implement them. This is an area where the Bank aims to support cities in the years ahead through the development of a Capital Investment Planning Module for the CDS that can assist in preparing bankable investments over a multi-year program that can attract needed financing.

Profile 10: Local Economic Development in Aden, Yemen. Small-scale investments in a local fish market and infrastructure for an industrial estate are being extended in a City Development Strategy that aims to improve the business environment, revitalize districts within the city, and set the stage for further investments of a large scale nature in the Aden Free Zone and Container Terminal.

91. ***More than a decade of experience in Cultural Heritage interventions linked to sustainable tourism development position the Bank to provide critical assistance in this area drawing on lessons learned.*** Since the 1970s, the Bank has provided financial resources for 241 projects having a direct investment component in heritage conservation and reuse with a total investment value of US\$4 billion. There are currently 117 projects under implementation with a direct investment value of US\$1.8 billion in cultural heritage components. In 2000, the Bank established a dedicated Trust Fund for Cultural Heritage, which is funded by Italy and has provided almost 30 grants for an overall amount of US\$5.74 million. The first round of funding supported 21 grants for vital technical assistance, capacity building, training, analytical work and pre-investment design studies that attracted additional financial support, leveraging approximately US\$185 million. The overall impact of this assistance has made cultural heritage preservation, its adaptive reuse, and sustainable tourism a fast growing area of support from the Bank and its development partners in their efforts to assist developing countries in promoting local economic development.

92. ***Market intelligence can help cities to attract investment in often overlooked innercity areas.*** The Urban Anchor has launched the development and piloting of a new tool called the Inner-City Market Assessment (IMA) in the cities of Bogota and Johannesburg. IMA utilizes data mining techniques to uncover underserved markets in urban areas as a means of attracting investment, broadening retail services, and creating jobs. Conventional market information analysis in the U.S., for example, is built around census data and developed at the aggregate level. However, due to the informality of living conditions and market opportunities in inner-city areas, there has been severe undercounting in terms of population and market potential. Initial indications have been positive in suggesting that there is potential scope for enhancing services and attracting investment (in addition to expanding the local tax base for both cities). In Johannesburg, partnership has been established with the Post Bank which aims to provide basic S&L services down market and is specifically targeting the Urban Development Zone (UDZ) within the city. Facilitating access to formal sources of finance and credit in informal, inner-city areas can assist residents and businesses in avoiding predatory lending practices that prevail in these underserved markets. In other cities, attraction of retail establishments has expanded the range of fresh produce available to local residents as an alternative to canned and packaged shelf products, thus contributing to improved health outcomes. IMAs can also be used to attract real estate developers as part of a broader redevelopment effort and to encourage private provision of housing to underserved markets in the inner city.

THEMATIC AREA 4: ENCOURAGING PROGRESSIVE URBAN LAND & HOUSING MARKETS

Enabling Markets with Appropriate Policies

93. *Starting in the early 1990s, many developing country governments and donors adopted an “enabling markets” approach to housing based on policies encouraged by the World Bank.*⁴⁸ This approach focused reforms on such issues as securing land property rights, providing access and cost recovery for infrastructure, and improving the balance sheets of housing institutions. World Bank and donor projects have helped to reform and expand mortgage credit with considerable success, spreading these systems worldwide. The hope has been that pushing this and other aspects of the formal sector housing systems “down market,” eventually would reach low- and moderate-income households.⁴⁹

94. *Despite some successes, affordability problems persist and informality in the housing and land sectors abounds.* By the mid-2000s, it became clear that the enabling markets approach was “far too sanguine” about the difficulties of creating well functioning housing markets where everyone is adequately housed at a reasonable share of income on residential land available at a reasonable price. The general principles of enabling markets are still valid, but must be combined with sensible policies and pragmatic approaches to urban planning and targeted subsidies for the urban poor. As one World Bank report put it, “Well-functioning housing and land markets are powerful but difficult to create and maintain and must frequently be supplemented with interventions’ to overcome large-scale market failures.”⁵⁰

Four Areas of Critical Importance – Lessons Learned

95. There are four key housing and land issues that consistently pose the greatest challenges in most urban areas – (i) planning for markets, (ii) public land management, (iii) property rights, and (iv) housing finance. Dealing with each set of challenges requires putting policies in place to push formal housing and land systems “down market,” while at the same time creating and sustaining more “bottom-up” approaches that serve the poorest. Each is addressed in more detail below.

Planning to Facilitate Markets

96. *By not adjusting urban planning regulations to allow for greater density in tandem with urbanization, many cities today face expanding informality at the urban fringe.* Data clearly show that the urban footprint in most of the world’s largest cities is expanding. The Bank’s Urban Growth Management Initiative (UGMI) has been tracking urban expansion (among other variables) for 120 metropolitan areas over the past two decades. All but a few are sprawling well beyond their physical boundaries of a decade ago. (See Annex E, Figures E-15 and E-16). In fact, on average, as population growth has doubled, land consumption has tripled. Partly, this outward expansion is driven by limits on density in the inner-city that push people outward in search of affordable housing. At the same time, in the urban periphery, stringent restrictions on land use conversion from rural to urban uses also produce shortages of affordable land, hurting migrants to a city. For this reason, the average ratio of the median house price to the median annual household income in many African and Asian cities is twice that in many large U.S. cities. Bangladesh has a per capita income of \$1,230, less than 3 percent of the U.S. per capita income

⁴⁸ Mayo and Angel 1993.

⁴⁹ Freire, Ferguson, Lima, Cira, and Kessides 2007.

⁵⁰ *Ibid.* 2007.

of \$44,070. But in Dhaka prime land prices are similar to those in New York City. As much as 20 percent of the city's inner area is underserved. Tracts of centrally located, publicly owned land remain idle and underdeveloped, while the rest is allocated for low value-added uses—a cantonment, public housing, and residential areas for government workers.

97. ***Some land shortages are the result of natural, physical limitations. However, scarcity is just as likely to result from ill-considered urban planning policies and regulations.*** Consider the case of Mumbai. The city imposed restrictions on building floor-area ratios (the amount of floor area that can be put on a lot). Imposed in many places in the world, FAR restrictions should “follow the market,” providing a way for city planners to ensure consistency in the physical character of neighborhoods. In Mumbai, however, the FAR policy was put in place in an effort to discourage both density and further in-migration to the city. Introduced in 1964, the FAR initially was set at 4.5. However, rather than raising the allowable FAR to accommodate urban growth and facilitate density over time, planners in Mumbai did the opposite by lowering the index to 1.3 in 1991. These regulations hold Mumbai's buildings to between a fifth and a tenth of the number of floors allowed in major cities in other countries. Space consumption averages 4 m² -- one-third the level in Shanghai and less than one-fifth of that in Moscow. The city's topography should exhibit a high-density pattern similar to other burgeoning metropolises, but it is instead mostly a low-rise city with densely packed “illegal” slums, land and housing costs beyond the reach of much of the population, coupled with highly contested land disputes.

98. ***For the very poorest residents of cities, subsidies will be required.*** Realistically, the private sector alone cannot house the cities' poorest. Nor can governments afford the type of mass public housing projects that have failed in the past. The fact is that it is very difficult to build affordable permanent housing in low-income countries. For example, a recent analysis of Nigeria showed that to construct a unit with minimum space of 5 square meters per person for a family with an income of less than \$2/day (30 percent of which would go to housing costs) means that housing would have to be provided for less than \$219 per year.⁵¹ Most developed countries do not house the poor with new construction. Rather, they rely on filtering old housing. As higher income people move into new houses, they leave their old, slightly depreciated, and therefore cheaper, houses behind. But very poor countries tend not to have much old housing (let alone new housing) in urban areas. Far too many of the slightly better off households out-compete those on the lower rungs of the economic ladder for used housing. Therefore, to serve those on the bottom rung, limited government resources are best spent providing serviced land and/or infrastructure –water, sewer, electricity, drainage and roads.

Public Land Management

99. ***However well-intentioned, direct public interventions in urban land markets often further distort them.*** Bank research has confirmed that when the public sector dominates the private sector in land development, land market outcomes in cities are on average less favorable in terms of housing affordability and access to land by firms. Cities that auction public land as well as those that do limited or no land banking also tend to have more affordable housing. These observed outcomes may be due to unfair competition that private developers face against large public land developers who sometimes carry both developmental and regulatory powers. It may also be partly explained by the high transactions costs and limited decentralization often associated with public land management as well as the non-strategic withholding of prime public land from the market.⁵²

⁵¹ Green 2009.

⁵² These findings and arguments are elaborated in Rajack, 2007.

Property Rights

100. ***Clarity of property rights underpin functional urban land markets.*** The Bank's systematic and regular monitoring of investment climate and doing business indicators over the last decade has reinforced the importance of property rights clarity and supporting institutions for encouraging investment. The MNA region has been particularly noteworthy for the hindrances that potential investors face on account of deficiencies related to these rights and systems. The rapid expansion of housing finance systems in the last decade, beyond the traditional North American and OECD markets also needs to be met by systematic improvements in registering and transferring property rights if it is not to lead to shelter price inflation. Clear and tradable property rights are also needed for the implementation of other urban policies such as urban renewal in ECA and transferable development rights (TDRs) as applied in Mumbai.

Financing

101. ***Mortgages remain an indispensable element of housing finance.*** A lack of access to finance is one cause of informal settlements, which in turn make service provision less efficient and more expensive. But large disparities exist within and across countries in accessing formal housing finance. In Thailand, 80 percent of households have access to housing finance, where as in Mexico, a country with GDP per capita three times higher than Thailand, only about 15 percent of the country has such access.⁵³ To the extent that formal housing finance systems can be pushed "down market" -- rather than just serve the wealthiest households -- private markets can create housing opportunities for households of more modest means. At the same time, subsidy systems need to be rationalized to better target households with relatively lower incomes. Such measures become all the more important in periods of financial crisis in which it may be even harder for households to access formal finance systems. In times of rising unemployment, caution among lenders may lead to stricter underwriting guidelines and a shift away of capital available for the construction and finance of housing and real estate. Even before recent events, there were limits on how far "down market" traditional finance systems could go -- median income or slightly above, but certainly not much below 40 percent.

102. ***In cities in the developing world where the majority of homes are built incrementally, many households cannot be reached by the traditional, formal sector.*** According to some estimates and depending on the country, incrementally-built housing accounts for up to 70 percent of the stock.⁵⁴ That is, a foundation is dug, walls are put up and rooms or separate stories are added as household resources permit. Sometimes incremental housing is built on usurious terms or without financing at all, in violation of zoning or building codes and on land not legally owned. This is in contrast to developed cities where most housing is provided by private developers in the form of completed units, and financed through private formal channels. Formal finance systems are not designed to accommodate incrementally built housing.

World Bank Strategy: Encouraging Progressive Urban Land & Housing Markets

103. ***A renewed urban housing and land agenda for cities should recognize that urbanization will continue to put pressure on already limited access to land and seek to eliminate regulations and policies that exacerbate this pressure.*** Urban regulations are indispensable for markets to function, but they should be assessed for their impacts on land and housing supply, affordability and city spatial structure. Urban spatial structures evolve slowly but often irreversibly through market responses to infrastructure investments, regulations and

⁵³ http://www.gyoder.org.tr/sunum/kf3s/Bertrand_Renaud.pdf

⁵⁴ Figure cited in Ferguson and Navarrete 2003. The UN Human Settlements Programs cites figures ranging from 43 to 70 percent depending on the region. See UNCHS 2003, p.13

taxation. The effects of ill-conceived policies therefore are difficult to undo. How, then should cities proceed? Experience suggests that only a few regulations are critical: (1) minimum plot sizes and minimum apartment sizes, (2) limitations on floor area ratios (3) zoning plans that limit the type of use and the intensity of use of urban land, and (4) land subdivision ratios of developable and salable land in new greenfield developments. “Urban Planning Audits” are essential tools that cities can use to determine which regulations should be changed to enable density and urban form to move in tandem with urbanization. The Bank will be developing a global knowledge product that cities and Bank task teams can use to more systematically assess urban planning regulations and guidelines and their potential distortionary effects.

104. ***Given the predictable rapid increase in city populations, a more proactive public role in preparing the peri-urban fringe to accommodate new settlement would in many cases be sensible.*** One approach would likely require governments and municipalities to acquire land for block-level infrastructure rights of way⁵⁵ around the peripheries of its rapidly growing cities. For some cities, former irrigation networks may be a useful starting point. This approach should be complimented by institutional measures to protect these rights of way from encroachment prior to the actual building of infrastructure, which should only occur after effective demand is confirmed and resources are available. Yet compulsory acquisition is administratively complex and lengthy to implement,⁵⁶ and courts in many countries are increasingly limiting such practices while insisting on higher levels of compensation.⁵⁷ Governments and the Bank will therefore need to explore a variety of policy options in addition to compulsory acquisition. One such option is land readjustment or land pooling, which generally refers to the process of combining small land parcels, often with multiple owners, into a larger land area for efficient subdivision and development. Once improvements are made – usually in the form of infrastructure or public spaces – smaller but more valuable reconfigured plots are returned to the owners. This approach has been extensively used in East Asia and in post-World War II Europe as well as in India through Town Planning Schemes in states such as Gujarat. Although the Bank has limited experience with land readjustment as a tool, it does have considerable experience in supporting initiatives to strengthen the facilitating conditions related to land market regulation, land tenure clarity, credit market function and public sector capacity.

105. ***Recent Bank work in providing technical assistance to governments on public land management is paying dividends and should be expanded to policy-based lending where appropriate.*** While not all governments are large land holders, those that do control a large stock in the public sector need to be strategic in the way they manage those assets, including in the way they are disposed. Bank advice in the domain of public land management has addressed issues of inventorying and accounting for public land assets, clarification of rules and decision making chains related to the use of these lands, and improving information systems related to these assets. Where appropriate, governments are advised on the design and execution of market-based auctions of some public land assets. In recent years, such auctions have raised massive sums of municipal finance in Cairo, Mumbai, Bangalore, Istanbul, Cape Town and Bogota among other places.⁵⁸ This approach would need to balance the risks of making municipal budgets too dependent on land-based finance, which can be a significant source of vulnerability during an economic downturn.

106. ***The deficit of affordable shelter supply and the dominant incremental construction patterns of the urban poor, suggest a continuing role for sites and services projects.*** Once the

⁵⁵ World Bank 2005.

⁵⁶ See Hazards of Nature, Risks to Development, World Bank 2006, Washington D.C. which found land acquisition projects to be among the most lengthy to implement, typically taking 7.3 years.

⁵⁷ Azuela 2007.

⁵⁸ Peterson 2009.

mainstay of the Bank's urban assistance, these projects are increasingly rare in the Bank's portfolio except in post-disaster reconstruction. However, for governments with large tracts of public land they sometimes offer a politically irresistible opportunity for direct intervention in urban shelter markets. Going forward, Bank support for such projects will aim to engage Governments in careful scrutiny of the proposed locations based on effective demand and transport connectivity to labor markets. Governments also need to be careful to adopt infrastructure servicing standards and design densities which would keep the plots affordable to the intended target group. Even then, the opportunity cost of these projects should be calculated up front without discounting the value of the underlying land simply because it is already owned. With such an approach, the next generation of sites and services projects would also benefit from the recent rapid expansion of housing finance systems, the rise in influence and engagement of NGOs and the growth of technologies that allow for cross-country learning.⁵⁹

107. ***The Bank can now finance compulsory acquisition of land when a direct role in land development is justifiable.*** Compulsory land acquisition is already commonplace in many Bank operations and in the urban sector may be justifiable for road or rail network improvements to increase inter- and intra-city mobility. It may be required for negotiated resettlement or relocations associated with informal settlement upgrading or inner city regeneration.⁶⁰ Approved in April 2004, the new Bank Financing Policy (OP/BP 6.00) provides for increased flexibility in the use of Bank funds, including for the purchase of land.⁶¹ Such acquisitions may be justifiable for rights of way for road or rail network improvements to increase inter and intra-city mobility. They may also be needed in order to bring trunk level infrastructure services within reach of existing informal settlements on the edge of the city or to provide adequate transport links between sites and services projects on the periphery and income earning opportunities in the heart of the city. They may also be required for negotiated resettlement or relocations associated with informal settlement upgrading or inner city regeneration.

108. ***The Bank's Land Administration Projects are likely to remain both relevant and responsive to client needs in the coming decade.*** The development agenda in cities requires governments to simultaneously pursue investment-led growth as well as urban welfare and poverty alleviation. Historically the Bank has a long and substantive experience with interventions aimed at clarifying and registering property rights through cadastre development and business reengineering interventions. In ECA for example, almost every country has a land administration project that is so focused. In almost every other region there are multiple projects of this nature. With the projected trends in globalization and housing finance growth, this product line is likely to retain strong demand in the coming decade. One drawback, however, has been the tendency for such projects to side-step the complexity associated with informally settled parts of the city notable for unresolved underlying property claims. While there is no straight-forward solution in such areas, the use of intermediate land tenure and administration tools (as discussed below) holds promise. Such tools can simultaneously reduce tenure insecurity and expand the functional reach of city administration without asking governments to prematurely forego their prerogative to later resettle some informal communities if this turns out to be in the city's best interest.

109. ***Prerequisites for a functioning primary mortgage market include land titling or at least a registry system, enforcement of contracts including foreclosure procedures, and fair and transparent underwriting guidelines.*** The World Bank has helped and will continue to assist countries develop primary mortgage markets. In Mexico, Brazil and Morocco for example, the Bank provided a series of housing development policy loans in excess of \$1 billion, as well as a

⁵⁹ Cohen 1988.

⁶⁰ See WB Operational Policy 4.12 on Involuntary Resettlement.

⁶¹ Details of the application of this policy to urban areas can be found in Rajack and Ford 2006.

technical assistance to promote the conditions needed to push formal finance “down market.” As part of this effort, the Bank helped rationalize the system of homeownership subsidies by targeting lower income households. Work on housing finance and subsidy reform is expected to continue in Egypt, India, Brazil and elsewhere as countries look to the formal housing sector as a source of economic stimulus in the current downturn. Likewise, where primary markets exist, it makes sense for countries to pursue a secondary market strategy as a source of long-term capital for financial institutions – as long as the lessons from the recent experience of lax underwriting and lack of oversight are incorporated.

110. ***Housing microfinance holds promise as a way to reach individuals or families who build incrementally or who are too poor to qualify for conventional loans.*** Most housing microfinance experts believe there is vast potential demand for their products.⁶² Moreover, in the past decade, important lessons have been learned about how to best implement these programs. So far, experience suggests that housing microfinance products have served the low-income salaried poor, and even those with irregular incomes, with encouraging results. Subsidies are not necessary as long as loan amounts are reasonable and terms are short. One of the most promising innovations in the field is the “hybrid value chains” concept in which private sector companies (such as cement or floor tile companies in Mexico) team up with microfinance providers and citizen groups to lower the cost of producing housing.⁶³ Here, the Bank can help promote, expand and evaluate existing and new microfinance efforts.

111. ***The financial fallout in homeownership markets provides an unexpected opportunity to focus on the often-neglected rental sector.*** In the past policymakers have had a bias against rental housing, in general, and landlords, in particular. Yet, rental housing is an important component of a balanced housing policy. Renting may be a better option for smaller households, newer households, and poorer households. Rental housing also allows workers to more easily move to jobs, which in turn is important to economic development. By the same token, high homeownership rates are not synonymous with high rates of development. Even in the developed world homeownership rates vary from 35 percent in Switzerland to 80 percent in Spain. Studies have shown there is no statistical relationship between the rate of homeownership in a country and the level of per capita income.⁶⁴ One reason is that renting frees up capital for other types of investments. Meanwhile, in developing countries, the demand for rental housing is substantial, accounting for between one-third and up to two thirds of the housing stock in many cities.⁶⁵ In a rapidly urbanizing world, the demand for rental housing will continue to grow.

112. ***Segmenting rental markets will lead to better-targeted policies to assist the sector.*** Some overall policies may make sense – sensible codes, balanced landlord-tenant relations, elimination of rent control, tax incentives. However, a more nuanced picture of local rental markets is needed to develop local policies. “Landlords” are not all one and the same. Surveys in such diverse places Indonesia, Nigeria, England and Russia – show the variation within each country of providers of rental housing.⁶⁶ Developers, small scale operators, those that share living quarters with tenants – all have different needs and motivations. Nor are tenants a monolithic group. Some are temporary, some permanent, some rent the building and land, some rent the unit, and others a room and shared facilities. Therefore, a variety of policies are needed to move market segments towards formality. For example, landlords in informal housing with live-in tenants might benefit from legal titling whereas small scale landlords may be mainstreamed with financing, while non-profit landlords might require public subsidies. To get

⁶² Cities Alliance 2003.

⁶³ Ferguson 2008.

⁶⁴ Lemer 1987.

⁶⁵ UNHCS 2003, p. 10.

⁶⁶ Allen and McDowell 2005. Or Dubel, Brzeski, Hamilton 2006.

there, the Bank is well positioned to provide research and technical assistance to cities seeking information on such issues as: the various ways rental properties come to market (conversions, constructions, constructed incrementally), how these properties are financed, how land pressures affect the operation of rental markets, how migration affects rents. The goal is to determine what incentives make sense for which segments of the market.

113. ***The Bank intends to help client countries expand the use of intermediate land tenure and administration tools such as Street Addressing in informal urban areas.*** During the last

decade, the Bank's Africa team has been implementing a relatively new product line to address the very large gap left by conventional land administration projects. Street addressing, now implemented in over 50 African cities, basically maps existing settlement patterns regardless of the land tenure or ownership complexity and translates that spatial information into a GIS that city administrators have been able to use for a wide variety of purposes ranging from postal delivery to

Profile 11: Street Addressing. A relatively simple intervention can make a significant difference for the delivery of urban services, by making it easier to locate residents, operate emergency services, and enforce collection for user-pay services, such as water and electricity.

epidemic monitoring. In the coming decade, the Bank will seek to expand use of this product in other regions where appropriate. It will also explore the possible use of other emerging incremental approaches to consolidating property claims including those that are linked to existing legally recognized forms of land tenure. The experience of Trinidad and Tobago with a progressive three-tiered system of consolidating informal land tenure is one such approach.⁶⁷ Rapid advances in the availability of spatial images, particularly through Google Earth, also offer potentially new and cost effective options for rapid coverage.

⁶⁷ Rajack and Barhate 2004.

THEMATIC AREA 5: PROMOTING A SAFE AND SUSTAINABLE URBAN ENVIRONMENT

114. *Promoting a safe and sustainable urban environment is a key priority of the Bank's Urban Strategy.* In this section we review key challenges, consider what innovative cities are doing today, and outline approaches that the World Bank will support over the coming decade under its Urban Environment, Climate Change and Disaster Management Business Line.

Urban Form & Climate Change

115. *The increased vulnerability of urban systems to climate change impacts poses numerous dilemmas for decision makers and stakeholders at the local, national, and regional level.* A majority of the world's cities are located on coasts or river flood plains, especially megacities like Mumbai, Tokyo, and São Paulo. 360 million people live in urban areas in coastal zones, thus increasing their vulnerability to climate change impacts considerably. These specific climate changes risks must be understood in a context of deteriorating environmental health conditions due to rising air pollution, GHG emissions and significant risks to urban water supply due to mismanagement of watersheds in many instances. Linking environmental health, energy efficiency and livability concerns, leading cities are now considering how to build sustainability into the way they plan for the future. This has important climate change co-benefits, since a greater emphasis on public transit, higher density, and encouragement of energy efficient buildings with better facilities management can contribute to these city development objectives while also reducing a city's GHG footprint. And, current and possible future financial flows being considered under the UNFCCC negotiations, such as those coming today from the Clean Development Mechanism, could support an acceleration of the needed investments.

116. *Cities can be efficient, but are not always designed that way.* Recent research suggests that of the 48 major metropolitan areas in the US, an "average household" generates up to 35 percent less GHG emissions when located in the city rather than in the corresponding suburb⁶⁸. Rapidly urbanizing cities in middle-income countries can determine for better or worse their efficiency levels in the choice of urban form and corresponding infrastructure investments, simply because such investments represent long-lived capital stock that can lock-in emissions for long periods. Such investments tend to be "lumpy" and can generate significant ancillary emissions. Taking into account this path dependency in the design of cities, it is important to bear in mind that consumers respond accordingly. That is, in cities where densities are low, consumers respond by locking into vehicle purchases, housing types, locations and access to employment that prevents them from responding to price signals and government-induced incentives to change behaviors. Good examples of cities that have addressed this challenge are Hong Kong and Tokyo, where they constrained individual car use and urban sprawl early on. Figure E-17 (Annex E) plots the relationship between GHG emissions and density gradients for a sample of cities, demonstrating a clear relationship between the two.

117. *Wise residential land use practices in urban areas can help make inroads in the fight against global warming.* Housing and transportation patterns literally define the landscapes of the world's cities, while the energy and environmental impacts are even more widely felt. Ninety percent of urban air pollution is generated by motor vehicles, which kill an estimated 800,000 people each year and contribute to CO₂ emission levels. Smart growth policies can address housing, transport and environmental concerns by promoting denser developments, as opposed to greenfields, when such density is desirable, and can support jobs, services and other amenities.

⁶⁸ Glaeser 2009.

Vulnerability of the Poor to Urban Environment & Climate Change Hazards

118. *In a growing number of developing countries the poorest households living in substandard units in precarious locations are the most likely to bear the brunt of climate-induced disasters.* Environmental problems affect the urban poor disproportionately because of the inadequacies in the provision of water, sanitation, drainage, health care and garbage collection, and low quality and overcrowded housing. The urban poor often live in environmentally unsafe areas, such as polluted sites near solid waste dumps, with open drains and sewers, and near industrial sites as these are the only lands available. The sites are typically more vulnerable to floods, landslides, and earthquakes, with substandard housing prone to fire, damage and collapse. This makes the urban poor extremely vulnerable to natural disasters and the growing impacts of climate change through sea level rises, warming temperatures, uncertain effects on ecosystems, and increased variability and volatility in weather patterns. Recovering from disasters is also particularly difficult for the poor as they do not have resources or adequate safety nets, and public policies often prioritize rebuilding in other parts of the city.⁶⁹

119. *Most global disaster hotspots are urban.*⁷⁰

Rapid urbanization has increased pressure to expand housing and commercial space resulting in increased vulnerability to multiple hazards. These urban conglomerations are particularly vulnerable to disruptions from natural and man-made hazards, especially in developing countries, where the combination of structural poverty, decaying and substandard infrastructure, high population densities and the concentration of economic assets and commercial and industrial activities magnify the problem.⁷¹ Urban hazard risks are complex and have characteristics which can amplify the impact of even a low intensity event. Rescue and relief efforts have exposed lack of professional city emergency management systems.

Profile 12: Disaster Risk Reduction in Istanbul, Turkey. A major earthquake in Istanbul could result in hundreds of thousands of casualties. With a loan of \$400 million from the Bank, Turkey is undertaking a major Disaster Risk Management initiative, focusing on emergency preparedness, mitigation for public facilities, and enforcement of building codes.

Promoting Energy Efficient Cities

120. *Cities face major barriers to implementing sustainable energy measures.* Even where there is a desire to improve their efficiency levels, cities often lack the requisite information, supportive national level policies, access to financing and other support. City managers and mayors are often not equipped with adequate information or resources to identify and prioritize energy actions and are left with more questions than answers. City leaders need help to remove barriers and to build capacity to acquire, adapt, and diffuse energy efficiency strategies and technologies. Many structurally sound, low-cost, low-tech green technologies exist in developing countries. For example, in India, some 6,000 units of low-income housing are being built using a new technology that has virtually eliminated the use of energy-intensive bricks. Aside from achieving substantial reductions in carbon emissions, the units are affordable and the technology transferable.

121. *Reducing energy use through efficiency measures and improved urban planning can reduce a city's dependence on imported fuels and reduce energy costs, freeing up resources for*

⁶⁹ Fay, Ghesquiere, and Solo 2003.

⁷⁰ Highest hazard prone areas have higher than average agriculture GDP density, population density, GDP, and infrastructure (Global Disaster Risk Analysis: Natural Disaster Hotspots (The World Bank, Columbia University 2005))

⁷¹ World Bank 2003a.

improved city services. It brings socioeconomic benefits, such as reduced commuting times, improved air quality and health, and more green and community space. And it improves competitiveness by lowering energy bills and operating costs. But there may be substantial barriers to energy efficiency. With respect to policy and regulations, there may be rigid procurement and budgeting policies, low energy prices, inadequate planning and design methods, and limitations on public financing. With respect to service providers, there may be limited technical and risk management skills, large project development costs, public repayment concerns, limited equity, and the need for new contractual mechanisms. With respect to public end-users, they may have limited incentives, unclear ownership of energy/cost savings, no discretionary upgrade budgets, and a general lack of awareness. And with respect to financiers, they may be faced with high transaction costs, high perceived risks, behavioral biases, and problems in adopting new technologies.

World Bank Strategy Approaches to Promote a Safe & Sustainable Urban Environment

122. An increased focus on climate change and its impact on developing country cities will require retooling of the approaches to Urban Environmental Management. The World Bank's approach will be informed by a five cluster analysis of key issues and constraints, as laid out below, and corresponding responses.

123. ***A Framework for Cities in Analyzing and Addressing Urban Environment Challenges.*** The framework below highlights 5 clusters of urban environmental challenges, each of which requires different responses:

- Cluster 1: Urban Household and Workplace Environmental Health Challenges are characterized by poor quality housing, cheap dirty fuel and inadequacies in provision of water, sanitation, and solid waste removal. This cluster also includes the environmental health aspects of occupational health and safety, such as biological pathogens, chemical pollutants, physical hazards, and health-damaging noise levels.
- Cluster 2: City System Environmental Challenges are comprised of air and water pollution, traffic accidents, and solid waste management issues.
- Cluster 3: City Eco-System Challenges are defined as those interactions between cities and their physical regions that include unsustainable use of freshwater resources, the erosion of protective eco-systems and poor watershed management, city expansion into hazardous sites, and the export of solid wastes, liquid wastes, and air pollution.
- Cluster 4: Disaster Risks to the City System are comprised of extreme events within and around the city, such as cyclones, storms, earthquakes, floods, and landslides.
- Cluster 5: Cities and Global Environmental Challenges are characterized by issues of resource availability and eco-system functioning at a global level, with rising greenhouse gas emissions being the most pressing issue.

124. ***Rather than tackling all clusters simultaneously, there are good reasons to prioritize different clusters over time and in accordance with a city's level of development.*** In low-income and middle-income nations, for instance, priority for the first cluster would be most appropriate. These challenges can and should be addressed through focusing on sound municipal management. For larger urban centers or centers of heavy industry (irrespective of national income), the second cluster must also be addressed. Larger and more successful urban centers need to give priority to the third cluster, while also having much to do to address the first two for their low-income population. The fourth cluster must be a priority for urban centers in locations where extreme weather events are already causing problems or are likely to do so in the near

future because of climate change. Since per capita greenhouse gas emissions of urban citizens in the developing world are usually one-twentieth to one-hundredth of those in high-income nations, cluster five may well be a lower priority for many cities. However, Carbon Financing and other incentive programs can make it worth a city's effort to contribute to the reduction of global GHG emissions. Many cities have taken initiatives on their own, and such innovations need to be shared across countries and regions to provide guidance for other cities wishing to emulate their success. (See Annex E, Table E-4)

125. *World Bank assistance in addressing Cluster 2 challenges includes policy reforms and investments to strengthen solid waste management and to mitigate air and water pollution.*

Policies promoted by the Bank include focusing on phasing out highly polluting vehicles, improving public transport, and monitoring air quality more intensively.⁷²

With regard to solid waste management, new sector policy-based approaches are being tried, such as the case in Morocco where the first Solid Waste Management Development Policy Operation was approved this year and focuses on establishing a sound policy framework to set collection and management standards, ensure cost recovery, and put in place accountability measures between municipalities and national oversight agencies.

More recently, working at the specific city level an investment project in the city of Amman, Jordan was attractive by the linkage to carbon financing and a green energy design feature that aims to capture methane gas at the city landfill and convert it to electricity to be fed back in the grid (See Profile).

Profile 13: Amman Solid Waste Management Project. Carbon Financing made a loan to the City of Amman, Jordan possible to strengthen its solid waste management system. In addition to overall efficiency improvements, the project will generate approximately \$15 million in emission reduction revenues and \$25 million worth of green electricity by 2019.

126. *In addressing Cluster 3 challenges dealing with Eco-System Management, a combination of specific interventions and holistic approaches are being tested and developed.*

These approaches include focusing on urban design issues, such as including appropriate infrastructure and basic services for pedestrians, cyclists and other non-motorized transport in city planning schemes, creating a variety of housing and transportation options that would minimize motorized vehicle transport for low-income groups in accessing city jobs, using policies such as, inclusionary zoning, shared-equity arrangements, tax incentives, among other measures to create affordable, mixed-income communities in transit corridors. Increasing areas of support also include a focus on watershed management and protection of city rivers and water bodies from illegal dumping of untreated wastewater effluent (supported in collaboration with the Bank's ARD and Environment Departments). Most recently, the Bank has developed a holistic approach to promoting ecological and economic cities, which is defined as the ECO² Cities Model that combines energy efficiency design with environmentally sound technologies (See Profile). This approach begins with an ECO² Cities audit that diagnoses potential efficiency gains and emission reductions as a basis for interventions that include retrofitting of infrastructure and buildings coupled with introducing new technologies. In greenfield situations, the ECO² Cities model or approach can be adopted from the outset. In each of these areas, cities have a role to play, but

Profile 14: Eco² Cities – Ecological Cities as Economic Cities. This new World Bank Program, initiated in East Asia, aims to help cities achieve both ecological and economic sustainability through holistic planning and long-term investment.

⁷² World Bank 2008b.

there is often a need to coordinate with national-level transport, water and environment agencies at the policy level.⁷³

127. ***In responding to Cluster 4 challenges, regarding disaster risks, the Bank supports both climate change-induced and other risks due to natural causes using ex-ante and ex-post approaches.*** *Ex-ante* interventions include: (i) risk assessments, (ii) mitigation measures, including zoning regulations, land use planning, building codes, disaster resilient construction of critical infrastructure, and iii) preparedness activities, including city level and sub-city level emergency plans. In the *ex-post* recovery phase the activities include the damage, loss and needs assessment, which forms the basis for the reconstruction and recovery plan. The strategic goal for the urban planner should be *mainstreaming* of the *ex-ante* and *ex-post* activities into the current and future policies of the city government. (See Annex G, Box 15)

128. ***To address Cluster 5 challenges concerning resource use efficiency and eco-system functioning at the global level a combination of energy efficiency measures, emissions monitoring and carbon financing approaches are recommended as outlined below:***

- In 2008, ESMAP⁷⁴ launched the Energy Efficient Cities Initiative (EECI) to help cities around the world meet their energy challenges in partnership with other organizations. The *Energy Efficient Cities Initiative* is a flexible, cross cutting, demand driven program that identifies innovative ways to improve energy efficiency in the delivery of city services and reduce the costs and environmental impacts of energy use. EECI will build upon existing work through broad consultation and would aim to leverage sustainable energy investments in cities through existing, and possibly new, financing instruments. Given the complex nature and the broad scope of this work, forging strong and strategic partnerships is critical for EECI to successfully respond to the needs of cities. EECI tools and support are comprised of: (i) analyzing city energy use, (ii) offering small grants to test new approaches, and (iii) sharing good practices and rewarding innovation.
- Introducing a *City-level Greenhouse Gas (GHG) Standard* consistent with the Global City Indicators Program. The aim of this demand-driven, voluntarily-applied standard is to enable cities that wish to monitor their emissions to do so with a standardized measurement tool that can enable benchmarking and monitoring activities within cities.
- Expanding the use of *climate finance instruments* targeting critical urban environment challenges, while achieving climate change co-benefits. Such forms of concessional financing can make it attractive for cities seriously consider investments that will address their immediate needs while responding to the climate change agenda.
- Within its own lending portfolio, the Bank's Urban Anchor is collaborating with the Environment Department and across other relevant sector units to track and identify urban investment projects and components that present opportunities to reduce carbon emissions and enhance energy efficiency in order to monitor the Bank's overall financing in urban operations devoted to reducing carbon emissions.

⁷³ These initiatives are in line with the Bank's Strategy on Climate Change reflected in Development and Climate Change: A Strategic Framework for the World Bank Group (2008).

⁷⁴ The Energy Sector Management Assistance Program (ESMAP) is a global knowledge and technical assistance partnership administered by the World Bank and sponsored by bilateral official donors since 1983. ESMAP's mission is to assist clients—low- and middle-income countries—in providing clean, reliable, and affordable energy services for poverty reduction and environmentally sustainable economic development.

OPERATIONALIZING THE URBAN STRATEGY

129. The previous sections of the strategy reviewed recent urban developments against five thematic areas that define the Bank's business lines and intervention strategies with respect to policy advice, analytical work and investment lending. Lessons learned over the past decade based on a review of urbanization trends, key challenges and performance issues for local governments, and operational interventions within the Bank's urban development portfolio will help shape the new urban agenda for the decade ahead.

130. An important consideration to bear in mind is that the Bank's total Urban Sector Board lending of about US\$40 billion since 1972 is rather insignificant in addressing all or even a substantial portion of the investment needs of cities and urban settlements. Indeed, the Bank's financing contribution could easily be absorbed by the balance sheet of a major city in a period of 4-5 years. It is therefore critical to understand the Bank's role in supporting urban development in client countries as one that is catalytic. As a catalyst, the Bank can help by sharing and disseminating knowledge and helping national and local governments put into practice key policies and institutions that will enable them to manage the urbanization process better in the years to come. Bank financing can be used to leverage financial resources from other development aid agencies, bilateral donors, global facilities, and, most importantly, the resources available within the countries where we are engaged, whether from the national, state or local governments in the public sector, or from the private sector.

131. Similarly, urban development knowledge and good practice experience is diffused and spread across regions and countries, public and private sector agencies, NGOs, and development partners. Within this context, the Bank views its role as that of a facilitator, a co-generator of knowledge, and, at times, a knowledge broker. This approach is consistent with the Knowledge Management Group's strategy for the Bank.

132. Drawing on the lessons learned over the past decade, this Urban Strategy aims to build on areas where important development outcomes are being achieved while refining approaches and instruments to expand impact. Table E-5 (Annex E) attempts to capture the results of the stocktaking by identifying key issues that the Strategy will need to respond to, combined with the Bank's action plan for the coming years. Each topic is then addressed with a more detailed description of the Bank's urban strategy approach within a framework of four building blocks: (i) Knowledge Product Development & Dissemination; (ii) Investment Strategies; (iii) Partnerships (both within and outside the Bank); and (iv) Results Management.

Providing strategic direction for the urban agenda.

133. ***A new approach to urbanization.*** As noted in the lessons learned section, urban issues and urbanization remain somewhat marginal in many CASs. They appear to take shape as secondary or tertiary considerations and often reflect a "residual" of sector strategies and investments rather than a strategic guiding focus for how sector strategies can be aligned around urbanization as a phenomenon that has and will continue to shape development in client countries. The main thrust of this Strategy is to focus squarely on the imperative of responding to client demand for guidance in managing urbanization, while putting "the urbanization challenge facing the developing world more centrally in the Bank's corporate agenda." (QAG/OED) The centerpiece of this effort is the proposed new Knowledge Product – The Urbanization Review.

- ***Urbanization Review (UR).*** As a natural follow-on to the policy guidance of WDR 2009, the Urbanization Review is being developed as a new analytical approach and methodological tool to assist countries interested in understanding and responding to the urbanization

challenge. Rather than looking at demographic changes, economic growth prospects, housing sector issues, land management challenges, and transport linkages in isolation, the UR tool would provide a holistic and collaborative framework for the Bank to leverage its comparative advantage of using its wide range of in-house sector expertise to help client countries understand and respond to urbanization challenges. The UR represents a new flagship knowledge product that the Bank would pilot in selected countries to assess the prospects for urbanization and response strategies to address current impacts and projected demographic growth dynamics. Developed in response to strong growing demand for such an instrument among developing countries, the UR would be client-driven and represent the Bank's first attempt with client countries and development partners to review urbanization within a strategic, cross-sectoral, integrated analytical framework. The tool would also help in understanding dimensions of poverty due to informality resulting from rapid urbanization and lack of access to essential services, affordable housing, and secure land tenure. The UR would offer the following benefits:

- Provide an analytical tool responding to increasing client demand
- Improve response time based on up-front development of the methodology and analytical framework
- Enable cross-country and regional comparisons based on a core set of standardized data and indicators
- Facilitate cross-sectoral collaboration within the Bank through the formation of an Multi-sectoral Urbanization Team

The UR would be implemented in a modular format focusing first on data collection and putting in place a sound institutional foundation for collaboration across national, state and local government agencies. The second module would focus on the analytics, drawing on the agglomeration index developed in the WDR 2009, and the OECD methodology followed in their Territorial Reviews, among other tools. The third module would focus on an action plan and would likely comprise the main element of a national urban strategy. The modular format will allow implementation to move at the pace of the client in terms of their state of readiness and availability of data.

Four Building Blocks for the Urban Strategy

134. Beyond the Urbanization Review, which cuts across all urban business lines and would be used at the highest strategic level, the Bank's Urban and Local Government Strategy would be implemented through a framework of the four buildings blocks noted above, which are briefly detailed below:

Building Block 1: Knowledge Programs, Product Development & Dissemination

1. Urban Knowledge Agenda. Rapid urbanization and its consequences for the urban poor has created new realities on the ground that need to be better understood, documented and analyzed. The urban knowledge agenda is structured around four activity areas: (i) the Annual Research Program of the World Bank's Urban Anchor; (ii) the new Scholar in Residence Program; (iii) the Urban Knowledge Network of Universities and Think-Tanks; and (iv) the bi-annual Urban Research Symposium. Each of these program areas serve to underpin the Bank's urban development work and its collaborative work with donor partners.

- The ***Scholar in Residence Program*** seeks to provide opportunities to leading edge scholars in various areas of urban development to spend a sabbatical year working with

Bank staff at the Urban Anchor in research and with the regions in operations to bring the vantage point of an external perspective and strong analytical skills.

- ***The Urban Knowledge Network of Universities and Think-Tanks*** is an existing network of researchers that would be expanded to include institutional affiliations built around the need to exchange views, organize topic-focused research teams, host workshops and enable collaborative approaches to learning and knowledge generation between the Bank and a variety of partner institutions. These partnerships can extend beyond direct or collaborative research initiatives themselves to include capacity building for research institutions in developing countries on critical areas of urban development. Partnership opportunities have already been identified with the University of Southern California, the Norwegian University of Science and Technology, and Massachusetts Institute of Technology with the aim of further expansion and roll out.
- The Bank's Urban Anchor also hosts a bi-annual ***Urban Research Symposium*** that involves a myriad of partnerships with donors, research institutions and sponsors around a topic of critical interest to cities and urban development researchers and policy makers. In FY09, the URS in its fifth generation, addressed the topic of Cities and Climate Change. The 2007 URS focused on Land Policy and Practice and the publication of its findings and results will be issued in FY10. (The URS for FY 11 will be on Harnessing Urbanization for Development – Fostering Smart Cities)

2. Knowledge Products & Programs. A range of Knowledge Products and Programs are considered in this strategy as a response to client demand and to address deficiencies identified in the stocktaking exercise. Some are new, while others have been in development and are now coming on line. The main activities and products are outlined in Annex C and are briefly summarized below: (i) Global City Indicators Program (GCIP) has been piloted and is now in its roll out phase and provides cities with an performance measurement framework to support cross-comparisons and benchmarking; (ii) The Greenhouse Gas (GHG) Index for Cities, proposed for development, will enable cities to measure their carbon footprint and can be a basis for attracting carbon financing; (iii) the Urban Planning Audit Tool builds on past practices but focuses in a more standardized way on assessing a city's urban regulations in terms of whether or not they are keeping pace with urbanization; (iv) Urban Risk Assessments will provide a basis for improving targeting of the poor and other vulnerable groups within cities due to exposure to climate change risks, inability to access services and other factors; (v) the Urban ICT Toolkit is intended to provide cities with knowledge about the latest application of information technology solutions for cities that can improve efficiency, management and accountability; and (vi) Development Marketplace – Innovative Cities Theme is under discussion with WBI as an event that would promote the profiling and exchange of innovative initiatives undertaken by cities that can be replicated in other emerging market cities.

Building Block 2: Financing Strategies. Financing strategies for urban development will need to address the financial circumstance of the local government, impact of the financial crisis, and quality and coverage of infrastructure services. The Urban Strategy response will include four different financing approaches addressing (i) short-term counter-cyclical financing needs; (ii) commercial-based lending through the Subnational Finance Program; (iii) wholesaling approaches involving Development Policy Lending and Municipal Development Projects/Funds; (iv) leveraging strategies to attract concessional finance from global facilities; and (v) increased use of Public-Private Partnerships (PPPs) and improved credit enhancement of urban investment, as further detailed below.

- *INFRA Platform & Short-Term Counter-Cyclical Financing Options.* Short-term measures will need to include consideration of countries that are facing economic and financial distress and where local governments and economies are facing dire consequences of the global economic and financial crisis. In such circumstances concerns about maintaining existing urban infrastructure assets is clearly warranted. Accordingly, the Bank has developed an Infrastructure Recovery and Assets (INFRA) Platform which includes diagnostic tools for urban infrastructure to address critical infrastructure backlogs, to ensure appropriate expenditures for operation and maintenance can be maintained, and to support existing PPP and other contractual arrangements with the private sector which may be in jeopardy because of the crisis. The INFRA Urban Diagnostic Tool helps countries and cities determine priority investments to (i) maintain the foundations for longer-term growth, (ii) prevent accelerated and premature asset depreciation, , and (iii) create short-term work opportunities and social safety nets for workers who have been displaced by the impacts of the crisis.
- *Sub-National Finance Program.* The Bank Group's Sub-National Finance Program (SNFP) is a three-year (FY07-09) pilot program, approved by the Bank and IFC Boards on August 6, 2006 and is currently under review. SNFP enables the Bank Group to invest and lend without sovereign guarantees for the first time to municipal and regional governments, their public utilities, development finance institutions, and selectively to national level public enterprises that provide essential infrastructure services. The initiative includes a financing window managed by a joint department, the Sub-National Finance Group (CSF), which books all investments on IFC's balance sheet. See Annex G, Profile 16 for further details.
- *Wholesaling Instruments.* Municipal Development Projects (MDP) remain the Bank's principle instrument for providing financing to countries seeking to support local governments. These instruments when used in a wholesaling approach have been performing well. Their aim generally is to provide financing for priority infrastructure, coupled with reform and performance incentives that in many cases aim at bringing local governments to market-based finance over time. Their efficacy is dependent on a well-defined reform program or set of performance measures often within a framework of a national strategy for local government reforms. Municipal Contracts and Performance-based Grants have been used effectively in some cases in securing national and local government agreements on *ex ante* and *ex post* reform and reward measures. Other wholesaling instruments include Development Policy Operations, which have been used effectively in the housing and land sectors, with solid waste developing as a new sector policy area.
- *Leveraging Global Facilities.* As part of its partnership strategy the Bank will seek to expand its ability to leverage global facilities with concessional finance for client countries. There are an increasing number of urban operations that have tapped into the Carbon Finance Facility (solid waste, air pollution, and urban transport sector), and likely a very large and growing unmet demand. GPOBA funds could be further mobilized in attracting private sector investment to extend services to the urban poor, and programs such as the Energy Efficient Cities Initiative of the Energy Anchor and ESMAP provide small grants to cities willing to try innovations in technologies and methods to reduce energy consumption and increase efficiency. Partnerships with Cities Alliance (CDS grants) and GFDRR for disaster risk reduction have expanded in recent years and provide important upstream, pre-investment technical assistance and institutional capacity building that can be leveraged by Bank investment financing.

- *Strategies for increased PPP and improved credit enhancement of urban investment:* The role of public private partnerships as a strategy to develop urban solutions can be further promoted through the use of the World Bank's credit enhancement instruments such as Policy Based Guarantees or Partial Risk Guarantees. These guarantee instruments may be a component of a supportive urban development policy framework for example when a government announces that such support is available before the tender for a light rail, or for compliant bus transport service providers. See Annex G, Profile 17, which profiles a World Bank Group (IDA/IFC) railway concession project in Kenya/Uganda.

Building Block 3: Partnerships. This Strategy recognizes that knowledge and learning takes place across a wide geographical space and a range of institutions. In this context, the Bank increasingly views itself as a “co-generator” of knowledge and a “knowledge broker,” with a global reach across the developing world that can facilitate the exchange, transmission and dissemination of urban development knowledge and good practice. To do so, the Urban Anchor in conjunction with Regional Urban Development Units and WBI, have forged partnerships with both north and south institutions and agencies and will expand on this foundation in the coming years through the Urban Strategy implementation phase. Partnerships are considered in both an internal and external dimension.

Internal Bank Partnerships: Modalities for Enhancing Cross-Sectoral Collaboration.

135. This Strategy outlines a number of areas where cross sector collaboration is already underway or envisaged. The recent consolidation of a number of sectors into the Sustainable Development Network (SDN) helps to facilitate engagement across Sectors and Departments, such that social and urban teams are collaborating on several new programs and initiatives (A Guidance Note on Social Analysis in the Urban Sector, Urban Governance Programs, Urban Poverty, Land and Governance issues). This collaboration extends across other sectors and thematic areas as well: Transport (urban transport projects, Freight transport Policy Toolkit, Urbanization Review); ARD (Urban Agriculture, Watershed Management, Local Development, Urban-Rural Linkages); Water (is perhaps the area of greatest collaboration given that all but one of the regional urban units are jointly structured with water and sanitation specialists); Energy (ESMP/Energy Anchor Energy Efficient Cities Initiative); Legal (Legal Frameworks governing the local government sector) and Environment (Climate Change project screening mechanism, City-level GHG Index).

136. Across other networks client demand is also fostering new collaborative efforts with PREM (subnational PEFA implementation, design of a new Decentralization Performance Assessment Tool, urban poverty analysis, and growth analytics), and HD (health delivery systems to the urban poor; education linkages to the urban growth agenda and specially targeted programs for the poor; and social protection, including conditional cash transfers and other social safety net interventions). A detailed matrix is presented in Annex E (Table E-6) that outlines the urban sector strategy linkages and intersection with other WBG sector units and strategies.

137. ***Using Thematic Groups to promote cross-sector collaboration.*** These partnerships are formally supported by the Urban Anchor through its five Thematic Groups, all of which are cross-cutting, multisectoral themes that draw members from across the WBG. The Urban Thematic Groups are: Urban Poverty; Urban Land and Housing; Urban Economics & Local Economic Development; Cultural Heritage; Urban Management, Finance & Governance; and Urban Environment and Climate Change. Typically Thematic Groups are communities of practice through which professionals with interest in different thematic areas attend presentations, lectures and events of a cross-cutting thematic nature. Examples include joint workshops with ARD (Urban Environment) and PREM (Decentralization, Subnational Finance).

138. ***Working with IFC/FIAS teams.*** Urban teams also work on cross-cutting issues with IFC and FIAS. Currently a subnational ICA study is being carried out in Latin America with joint sponsorship of IFC and the Urban Anchor. Subnational Doing Business and ICA Assessments are key WBG products that inform local economic development strategies implemented in client countries with the support of urban teams. The Subnational Finance Program markets its services to regions in part through urban teams.

139. ***World Bank Institute.*** WBI is in the process of formulating its new unit strategies following reorganization, and Urban is one of three key sub-thematic areas. Alignment of areas of business lines and activities have been discussed and agreed and joint work programs through regional Urban Hubs in Singapore, Marseille, among other venues are either agreed or in the process of being finalized. A joint Urban Governance Program is underway, as well as discussions to develop a Development Marketplace Program on Innovative Cities.

140. ***Global Facilities hosted at the Bank can play a key role in urban development but have not been fully exploited.*** Several global facilities offer knowledge products, technical assistance, financing and services that complement the work of the Urban Anchor and regional urban teams. These facilities for the most part have emerged over the last decade and provide a vital link to development partners who sit on governing committees and provide critical financing. They include the Private Participation in Infrastructure Advisory Facility (PPIAF), which features a special window for subnational governments and SOEs (Municipal Finance Technical Assistance –MFTA) that supports local governments in carrying out shadow credit ratings and strengthening financial management and planning capacity; the Global Program for Output-Based Aid (which offers concessional financing with explicit subsidies to private sector and other service delivery entities targeting the poor); the Global Facility for Disaster Risk Reduction (GFDRR), which provides vital technical assistance and financing to national governments and cities in preparing for and responding to disasters; and Cities Alliance, which is further detailed below. With the exception of Cities Alliance and GFDRR, greater focus will be needed in sharing information about the programs and support facilities of these Global Facilities with urban clients. This would be achieved through development of new urban development practice materials, following issuance of the Urban Strategy that profile the wide range of World Bank Group and Global Facility services.

141. ***Formation of a Multi-Sectoral Urbanization Team.*** Taking into account the broad-based nature of urbanization and expertise required to provide sound policy guidance, there is an evident need to create a formal mechanism to enable cross-sector collaboration within the Bank. The Urban Anchor has proposed the formation of a Multi-Sectoral Urbanization Team (MSUT) to support the design and preparation of its new Urbanization Review Diagnostic and to assist with the piloting stage. The team would comprise Bank expertise in areas such as fiscal policy, urban policy, transport, land-use planning, housing, and poverty among others. Over time, and if there is sufficient demand and a sound business case to do so, the MSUT could be mainstreamed as a Global Expert Team.

External Partnerships: Expanding the Frontiers of Partnership

142. Until recently, the Bank's external partnerships in the urban development arena were not particularly active at the apex level. Co-sponsorship of events took place but often as a one-off arrangement, such as sponsorship of the Urban Research Symposium, and without greater programmatic coordination. Beginning in 2008 in the context of launching preparations of the new urban strategy, several donors and development partners were consulted on the Bank's urban development work and areas for collaboration have been identified. Several partners have recommended establishing more structured, formalized dialogue on a programmatic basis and meeting at least annually to discuss such programs, both joint and in parallel, with the aim of

coordinating strategies and approaches. These partnerships have begun to take shape again with traditional partners (AFD/France, KFW and GTZ/Germany), as well as with new partners (Norway and Sweden, among others). One area in which these partnerships are moving forward is in the Marseille Urban Hub (see below). Partnerships will be developed to design and fund joint programs and activities, knowledge tools, and learning events with the aim of developing strong North-North, South-South, and South-North collaboration. They will also build upon ongoing collaboration with multilateral development banks, e.g. the Asian Development Bank, Inter-American Development Bank and the African Development Bank.

143. ***Cities Alliance (CA)*** is now in its 10th year of operation. Conceived as a vehicle for promoting deeper global development agency and city collaboration, it is now a mainstreamed organization assisting cities across the developing world. CA has supported over 100 city development strategies over the past decade in 48 countries, of which some 11 are multi-regional in nature. Several CDSs have been considered best practice, though some concern has been noted about linkages to follow up investments. WBI has launched a training program on slum upgrading and Cities Alliance has supported up to 91 upgrading programs through 2008, 83 of which were country specific and 8 multi-regional programs. The Bank's urban team is currently collaborating closely with CA on implementation of the UR pilots, developing national-scale approaches to urban slums, and mainstreaming urban environment in the CDSs.

144. ***United Cities and Local Governments (UCLG)***. Special mention is needed for UCLG, which represents the interests of local governments on the world stage. UCLG's mission is to be the united voice and world advocate of democratic local self-government, promoting its values, objectives and interest through cooperation between local governments and within the wider international community. As the collective voice of local governments globally, UCLG at the apex and regional levels offers an important vehicle for sounding out local governments on a variety of issues. Within the Bank work program agreement in discussion with UCLG, surveying and providing input from local governments on the Bank's urban strategy, programs and various knowledge products and learning tools represents an important expected contribution. Beyond this, joint events, activities and knowledge product development are envisaged.

Knowledge Partnership Platforms

- **World Bank-Singapore Urban Hub.** In January 2009, the Bank signed a Memorandum of Understanding with the Government of Singapore with the aim of bringing together Singapore's recognized expertise in urban development, city management, and public administration with the Bank's global development knowledge and operational experience. The mandate of the new Urban Hub is to help practitioners by providing state-of-the-art advice and technical assistance focusing on practical solutions to major urban challenges. In the first year, five areas of practice and collaboration will be established relating to city management, city financing, urban design and climate change, and training programs. The Urban Hub will begin with the creation of a virtual knowledge network and develop and pilot advisory products for urban practitioners. The main regional focus of the Hub initially will be on East Asian cities.
- **Marseille Urban Hub.** The Marseille Urban Hub was established with the explicit purpose of extending the reach of WBI's support for urban development to the MNA Region. A recent initiative has been aimed at reorienting the Hub and its work program around specific urban programs, expanding the partnership platform to include other development agencies. Two areas are led by the World Bank (Urban Development Strategies and Cities and Climate Change). Others are being led by partners, such as the French Development Agency (AFD) and other French Government Agencies, and the European Investment Bank (EIB). In addition, given the focus on the MNA region, the Arab Urban Development Institute (AUDI)

will be a key partner. Three year programs have been agreed that would support analysis and technical assistance in the areas of: (i) urban land management, territorial and regional planning, urban planning, and strategic management of urban growth; and (ii) urban vulnerability to climate change, climate resilient urban growth, energy efficiency in urban systems, and energy efficient buildings. All of these thematic areas resonate well with the themes and focus of the urban strategy.

Building Block 4: Results Management

145. A renewed focus on results will require several actions over the coming years. The planning timeframe is five years when a Mid-Cycle Review would take place of the implementation of this Strategy. Within that framework, several specific actions are planned to be implemented. These include: (i) refining and updating the urban thematic codes (to ensure better tracking and monitoring of portfolio activities); (ii) developing new tools to enhance economic analysis of urban operations and sub-projects; (iii) development of core urban sector indicators; (iv) developing an urban database (building on the existing UGMI); and (v) conducting in-depth portfolio reviews to enhance project monitoring. The approach and key elements are further detailed in Annex A.

Human Resource Strategies for Urban Development

146. As part of its mandate, the Urban Sector Board completed a review of strategic staffing issues as an input to the Urban Strategy. There are 125 staff in the Bank today that are mapped to the Urban Sector Board, having increased steadily from 97 in FY05. This trend is in keeping with the overall increase in lending and analytical work during the corresponding period. Overall, the urban staffing profile is mature, with the highest percentage of staff (24%) aged 55 and above of all sectors in the Bank. Within the next five years a total of 19 urban staff (15% of the current total) will have reached retirement age, and the urban sector has the lowest percentage of GF level staff (22%) in the SDN network. This points to the need for recruitment of new urban staff to fill vacancies created in the coming five years. It also suggests the need for appropriate training and mentoring of new urban staff as they enter the urban professional stream in the coming period. In terms of staffing profile, most fall within the Urban Specialist occupational group (43%), with a growing number of Urban Economists (9%). Largely underrepresented are Municipal Finance Specialists who currently make up only 2 percent of all urban staff. Going forward, three of the six regions are seeking to bolster their staffing with Municipal Finance Specialists. Urban Economists remain in high demand and are expected to work on both the spatial and growth dimensions of urbanization. With respect to the climate change agenda and growing demand for solid waste management expertise, Urban Environment Specialists were identified as an area in high demand for recruitment.

147. Beyond these recruitment needs and taking into account this Urban Strategy's focus on urbanization as a strategic corporate priority, several measures are being explored to enable the urban family to broaden its skills base, including: (i) exploring potential recruitment across professional streams, focusing in particular on the PREM and PSD families with the aim of expanding policy-based approaches to urban development and greater attention to the growth agenda within the Cities and Economic Growth business line; (ii) development of a core training program with WBI for incoming junior staff, coupled with field-based exposure visits to cities with solid urban planning and management good practice - partnerships with the city of Curitiba and Singapore are an example; (iii) formation of a Multi-Sectoral Urbanization Team and developing training and orientation programs for staff Bank-wide on topics of urbanization and spatial planning.

Budget Implications

148. The urban agenda set out above and related strategy framework will have budgetary implications. The first year of implementation will require modest additional resources to launch the strategy and ensure that it is effectively disseminated and communicated. This will underpin the earlier discussions with donors and help translate these into concrete joint programs of action. Initial indications have already been provided of interest in jointly designing, funding and implementing the *Urbanization Review* diagnostic tool and in supporting joint research and capacity building initiatives. Several bilateral donors have expressed interest in supporting specific programs with the launch of the new strategy, and there is a further aim of expanding the linkage with global partnerships in addressing the urban agenda, including such programs as the Energy-Efficient Cities initiative of ESMAP, the municipal finance technical assistance facility of PPIAF, and the Output-based Aid Program, in targeting the urban poor with infrastructure services. A multi-year program agreement is under discussion with Cities Alliance in the areas already agreed to be joint initiatives. The Bank is prepared to fully dedicate resources to upgrading its data collection efforts in support of the monitoring and evaluation systems necessary for improved results management.

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ANNEX A: RESULTS FRAMEWORK AND MONITORING & EVALUATION PLAN

Following international aid conferences in Paris and most recently in Accra, where the Agenda for Action (AAA) was adopted, increasing attention to aid effectiveness has given rise to a renewed results agenda across international development agencies, including the Bank. Sector strategies can set the tone for this agenda institutionally and at the sector level and thus several measures are identified in this strategy in response to this agenda.

At the apex level a new Results Platform has been developed to improve the Bank's ability to measure, monitor and report on results. The Results Platform expands ongoing successful initiatives and incorporates best features. The aim is to capture results across the Bank, from the corporate, sector, regional, country and global perspective levels. Specific measures being taken include development of an integrated, consistent framework for monitoring results, including tools, databases and good practice profiles.

Key elements of this Platform include the introduction of new *core sector indicators, results profiles* at the thematic and country level, and *impact evaluations (DIME Initiative)*; and *integrated operational data systems*, including *ISRs* (Implementation Supervision Reports) to facilitate collection and aggregation of results data across the investment project portfolio. Core indicators are being developed to enable better aggregation of results at the regional, sectoral and corporate levels. The initial focus will be on integrating core indicators into IDA-financed operations. Within this broader corporate agenda and platform, the Urban Sector has and will continue to contribute in the following ways:

Core Indicators: This work is being overseen at the Urban Sector Board level. The first area of focus is Urban Services for the Poor, in which the indicator has been defined, developed and confirmed by the Sector Board and by OPCS. Where there is intersection with other sectors (e.g. water), indicators for other sectors are being used to avoid double counting of results. These indicators are being applied in the preparation of urban operations in FY10 and beyond. The indicators will be applied as standard tools for measuring impact on urban poverty and will be consistently used across urban projects to allow client countries and the Bank to better aggregate results at the regional, sectoral, and corporate levels. In identifying these indicators, the Bank's urban sector aims to ensure consistency with other development agencies (e.g. UN).

Impact evaluation for slum upgrading: Under the DIME initiative, the Urban Sector has been working on a series of project level impact evaluations in a number of countries over the past three years. The baseline surveys have been collected for approximately 8 projects which are currently under implementation. Results from the follow up surveys and impact evaluations are anticipated in 2010-2011, depending on the project. Capturing impacts in urban upgrading projects is challenging. It is difficult to use randomization methodologies in the context of upgrading investments. There is typically a substantial time lag required to capture impacts, mobility in urban areas, particularly slums, can be high contributing to survey attrition, and spillover effects, both negative and positive, can be large making it difficult to isolate program impacts. Most of these issues have been incorporated into the design of the impact evaluations.

Building national and city level capacity to collect, analyze and monitor indicators. Beyond the project level focus on monitoring and evaluating performance, several new initiatives are being launched or expanded with this Urban Strategy to strengthen in-country data collection, analysis and monitoring at both the national and local levels. One such initiative is the Global City Indicators Program (GCIP) referred to earlier. GCIP provides a global platform for cities via a web-based interface to voluntarily participate by inputting specific city performance data (27 core indicators and 36 "supporting" indicators). Beyond this, the new Urbanization Review (UR) tool

will provide cities and national governments with a framework for collecting and analyzing data on key elements of urbanization. Core elements of the UR will include standardized data that can be monitored and tracked across countries and regions, enabling valuable evidence-based policy formulation at the national and city level. The UR will draw upon, among other sources of information, the existing Urban Growth Management Initiative (UGMI) data that monitors and tracks urban growth, among several other indicators for a stratified representative sample of 120 cities across the globe.

Training and capacity development in monitoring and evaluation for urban staff and clients.

A third area of focus is on Bank staff and client counterparts. Under the new urban strategy there will be a particular focus on developing training for staff on monitoring and evaluation and use of the core indicators. This will be delivered through short modules at headquarters and made available to country office staff. The urban anchor will also work jointly with WBI to develop a module to be delivered to local government agencies on project monitoring and evaluation through their learning programs.

The various elements of this Results Monitoring and Evaluation Agenda under the new urban strategy are captured in the appended Results Framework.

Table A-1: Timetable & Indicators for Monitoring Implementation of the New Strategy in the Bank

Priority Areas for Action	Key Actors	Timetable (Calendar Year)										Milestones for Assessing Bank Performance
		2010		2011		2012		2013		2014		
		1-6	7-12	1-6	7-12	1-6	7-12	1-6	7-12	1-6	7-12	
Bank-wide and external ownership secured through strategy	WB, DP, CC											Host or participate in workshops and conferences in all 6 regions, and meetings/consultations with development partners
Implementation of Strategy Building Blocks	WB											To be assessed against annual work program agreements of the Urban Anchor and Regional Urban Units.
Knowledge Platforms & Events												
Urban Research Symposium & Knowledge Network	WB, DP		▲			▲			▲			Urban Research Symposium; Agree Research Agenda with DEC; Urban Research University Network Established
Partnership Platforms: ■ Regional Hubs: Singapore & Marseille ■ Amman Institute (GHG Standard, Urban Planning Focus)	WB, DP	▲ ▲										Milestone: Regional Urban Hubs: Multiyear work programs agreed and under implementation thereafter. Milestone: Partnership Agreement agreed and in place with regional development partners and WBI.
Knowledge Products & Tools												
Urbanization Review	WB, CC, DP	▲	▲									First milestone: completion of the Urbanization Review Guide; second milestone: Completion of 2-3 country pilots, with mainstreaming in CAS thereafter.
Global City Indicators Program & City-Level GHG Index	GCIF, Cities		▲		▲		▲		▲		▲	Milestones represented by no. of cities in program: 80 (2010), 140 (2011), 280 (2012), 440 (2013), 540 (2014)
Urban Investment Project Economic Analysis Tools	WB, CC		▲									Milestone: Completion of Economic Analysis Tool, with mainstreaming thereafter.
Urban Risk Assessments	WB, DP	▲										Milestone: URA tool in place with mainstreaming in projects and participating cities thereafter
Urban Planning Regulation Audits	WB		▲									Milestone: design and produce urban planning audit tool and rollout thereafter.

Urban Governance Program	WB, DP											Work with WBI and SDV in developing urban demand-side governance knowledge/tools
Urban ICT Toolkit	WB, DP			▲								Milestone: produce and issue Toolkit
CDS: Capital Investment Planning Module	WB, CA		▲									Milestone: Module design complete, followed by pilot testing and mainstreaming
Internal Bank Urban Portfolio Review & Results Management												
Urban Theme Codes refined and updated	WB	▲										Milestone: New codes agreed and adopted by OPCS and under implementation thereafter.
Enhanced Communications & Dissemination Strategy	WB	▲										Milestone: New Urban Business Lines Materials produced and printed for dissemination thereafter.
Portfolio Quality Assurance	WB	▲		▲		▲		▲		▲		Quality Assurance Review carried out annually.
Urban Core Indicators	WB		▲		▲		▲		▲		▲	First Milestone: Assess pilot core indicators and data collection annually thereafter
External Client Survey	WB, DP				▲				▲			Milestone: Biannual client surveys carried out in conjunction with UCLG
Strategy Mid-Cycle Review Update	WB		▲								▲	Milestone: end-YR 1 Progress Report to Board. YR 5 Prepare and deliver MCR Report

WB: Refers to World Bank staff or, collectively, the entire institution
CC: Refers to Client Countries

DP: Refers to Development Partner(s)
▲: Symbol represents an intermediate or final milestone.

Table A-2: Urban Strategy Results Matrix (Global Dimensions)

<i>Global Dimensions</i>			
What results on the ground are important?		How are they being pursued?	
<i>Final Outcomes</i>	<i>Indicators</i>	<i>Priority Interventions</i>	<i>Indicators</i>
<i>City Management, Finance & Governance:</i> Improved city management capable of responding to urbanization pressures	<ul style="list-style-type: none"> Urban and local government data regularly collected and monitored Service coverage: % of urban households with network access to water, paved roads, sanitation, electricity and social services Mechanism in place to ensure national-local policy coordination Mechanism in place to ensure accountability to local citizens 	<i>Focusing on Core Elements of the City System</i> <ul style="list-style-type: none"> Clear and appropriate legal and regulatory framework governing local government affairs (expenditure and revenue assignments rationalized with adequate financing) National urban/urbanization policies adopted and under implementation (with support of Urbanization Review and GCIP) National Urban Database in place providing disaggregated data at the local government level National and city-level infrastructure investment programs adopted to address services backlogs & adequately maintained 	<ul style="list-style-type: none"> Updated legal and regulatory frameworks in place and under implementation Increased access to improved water, sanitation, roads, electricity, and solid waste management services Accountability measures institutionalized: e.g. public hearings, citizen report cards Adequacy of O&M budgeting (using standard 2% budget parameter)
<i>Urban Poverty & Slums:</i> Improved lives of at least 100 million slum dwellers (MDG Goal Number 7, Target 11)	<ul style="list-style-type: none"> No. of people in slums with access to improved water, sanitation, all-season roads, solid waste collection, and electricity No. of people in slums who believe that they will not be evicted from their present residence within 5 years No. of people in slums at risk of exposure to environmental hazards 	<i>Making Pro-Poor Policies a City Priority</i> <ul style="list-style-type: none"> National and city-level pro-poor policies and targeting strategies adopted (e.g. PRSPs with urban focus) National-scale slum upgrading programs Urban infrastructure backlogs identified in poor city areas with national/local investment programs 	<ul style="list-style-type: none"> % of poor households with service/housing deficiencies using Urban Risk Assessment (URA). Geographical areas of slum upgrading as share of total estimated slum areas country wide
<i>Urban Planning, Land & Housing:</i> Well functioning Urban Land and Housing Markets	<ul style="list-style-type: none"> % of urban population able to access formal housing markets % land related legal disputes in court 	<i>Encourage Progressive Land & Housing Markets</i> <ul style="list-style-type: none"> National Housing & Land Information Systems Housing Subsidy & Microfinance Programs that target the poor in cases of market failure Regular updating of urban planning regulations 	<ul style="list-style-type: none"> House Price-to-Income Ratio Rent-to-Income Ratio Floor Area Ratio per Person (m2) % Urban Land Titled and Legally Registered

<i>Cities & Economic Growth:</i> Improved Prospects for City Growth	<ul style="list-style-type: none"> • Sound investment climate at the city level • Share of employment in informal sector • City product per person • Increase in private investment at the city level • Increase in labor-force participation 	<i>Enabling City Economies</i> <ul style="list-style-type: none"> • Subnational investment policies adopted and mechanisms in place • Transparent mechanisms in place to release and provide services for land for commercial development • City asset management strategies adopted (based on comprehensive inventory, valuation over time, and disposal/use strategies) • Urban Redevelopment Programs (MICs) 	<ul style="list-style-type: none"> • Time, steps and cost of registering a new business at the city level • Increased access to serviced industrial/commercial land at the city level • Share of under/un-utilized land in urban areas
<i>Urban Environment, Climate Change & Disaster Management:</i> Improved Safety and Sustainability of the Urban Environment	<ul style="list-style-type: none"> • % households at risk due to natural disasters • Response time to disasters • % of solid waste appropriately disposed and wastewater treated at city level • Voluntary measurement of city level energy consumption & GHG emissions per capita 	<i>Promote Safe & Sustainable Urban Environment</i> <ul style="list-style-type: none"> • Disaster Risk Mitigation Plans in place • Emergency response strategies adopted at local level • Standards adopted for urban form and infrastructure investments to promote environmental sustainability 	<ul style="list-style-type: none"> • No. of accidental deaths/injuries and costs associated with loss of infrastructure, residential and business property due to natural disasters • No. of road accidents • City-wide GHG Emissions

Notes: The following areas outline the source data to be used in assessing the indicators. In some cases, data systems are already in place (varies by country), mechanisms are in place but not generating high coverage to date (GCIP), and in other cases data would become available with the implementation of new initiatives. For instance, the Urbanization Reviews will contribute to national level urban data collection efforts.

1. Priority area one: Use of data derived from citizen report cards at city level (governance), Urbanization Reviews (Urban Database), national accounts and census data disaggregated at the local government level.
2. Priority area two: PRSPs, city level collection of slum data using household surveys, vulnerability assessments, infrastructure network records, national census data, GIS databases.
3. Priority area three: Subnational ICA and Doing Business Survey Data, national investment authority data, labor force statistics, national account data.
4. Priority area four: Data derived from disaster reduction assessments and surveys; data available at the city-level and through national environmental and transport authorities; GCIP data; City GHG Index, ECO² Cities Audit.

Table A-3: Urban Strategy Results Matrix (Bank Contribution)

Bank Contribution			
<i>How does the Bank contribute to these results?</i>		<i>How will we know if we're on track?</i>	
Bank Strategy	Outputs	Process Indicator	Baseline and Targets
<p>Leverage WB Group strength through internal and external partnerships</p> <p><i>Establish viable mechanisms for Bank internal cross-sector collaboration on urban issues</i></p> <p><i>Facilitate access to finance at the subnational level.</i></p> <p><i>Expand partnerships, access to TA, and leveraging of funds from Global Facilities</i></p>	<ul style="list-style-type: none"> Establish Multi-sectoral Urbanization Team (MSUT)-- (Bank staff and external experts) Develop, pilot test, and implement Urbanization Review Diagnostic Tool (with OECD, Bank Staff and External experts, and support from donor partners) Joint implementation of Subnational PEFAs (PREM) Joint implementation (with PREM) of Decentralization Performance Management Tool Joint Action Plan agreed with Subnational Finance Program (IFC) Support piloting of Cities Alliance Land, Services and Citizenship (LSC) Initiative Expand coverage of CDS and enhance capital investment planning and bankable project outputs Promote Energy Efficient Cities Innovation Grants (ESMAP/Energy Anchor) Mobilize Municipal Finance Technical Assistance (PPIAF MFTA) 	<ul style="list-style-type: none"> MSUT in place by June 2010. 2-3 pilot URs completed in FY11; UR mainstreamed as analytical tool, 3-4 implemented in FY12 across all 6 Bank regions (including pilots) 4-5 implemented in MICs and LICs Action Plan agreed for selected pilot countries, including both MICs and LICs Action Plan agreed. 5 pilot LIC countries identified across 4 regions Support CA in developing capital investment planning tool to strengthen local government investment planning 10-15 Innovation Grant Program supported through WB TA/Lending Programs or CDSes Develop joint Action Plan with PPIAF MFTA and regional Urban 	<ul style="list-style-type: none"> New Coordination Mechanism: in place by June 2010. New Knowledge Product. UR referenced in 8-12 CASEs by end-FY13 2-3 implemented jointly on pilot basis. 4-5 implemented within Mid-Term Implementation Review Cycle. New initiative. 2-3 implemented in FY10. Action Plan would be new coordinating mechanism. Initial pilot coordination in Vietnam. One pilot collaboration completed by end-FY11. New Initiative: Capital Investment Planning Tool created by end-FY11. New Initiative: 4 EEC Grants linked to Bank Urban Operations by end-FY12 Baseline: 19 cities; Target: Increase MFTA by 100-150% over prior 5 year

	<ul style="list-style-type: none"> • Increase access to services for the urban poor through Output-based Aid (GPOBA) • Facilitate access to Carbon Finance (CFF) through Bank lending and TA • Develop Disaster Risk Mitigation (GFDRR) 	<ul style="list-style-type: none"> • Teams • Develop joint Action Plan with GPOBA targeting the urban poor across all 6 regions • Develop joint Action Plan with CFU • Develop joint Action Plan with GFDRR 	<ul style="list-style-type: none"> • period by Mid-cycle update • Increase by 30% over prior 5 year period by Mid-cycle update • Increase by 20% over prior 2 year period by Mid-cycle update • New Programmatic Approach
<p>Expand Wholesaling & Policy-based Instruments</p> <p><i>Expand knowledge and investment coverage to secondary cities through wholesaling instruments.</i></p> <p><i>Increase scale of slum interventions by expanding national slum programs.</i></p> <p><i>Expand programmatic and policy based lending through use of Development Policy Loan Instruments and proposed new programmatic results-based SIL.</i></p>	<ul style="list-style-type: none"> • Promote MDF/MDP wholesaling approaches across regional urban portfolios through Staff workshops and training/promotional materials • Activate Singapore and Marseille Urban Hubs with WBI to extend wholesaling approaches to knowledge activities • Expand policy-based lending approach on housing, land and urban poverty and slums • Carry out portfolio review, supported by IEG review of Housing DPOs and derive lessons learned for effective design of housing, solid waste and land DPOs. Explore options for applying new results-based programmatic lending instrument. 	<ul style="list-style-type: none"> • % urban portfolio devoted to wholesaling instruments • Finalize work program agreements with Marseille/Singapore Urban Hubs • % lending based on DPOs. • % of projects in the sector that use output-, outcome- or results-based disbursements mechanisms 	<ul style="list-style-type: none"> • Target TBD at regional level based on demand projections • Agreed multi-year work programs in place with activities under implementation • Expand DPO from 7% commitment amount average of Urban portfolio (FY00-09) to 20%, dependent on client demand • Target TBD at regional level based on demand projections
<p>Strengthen in-country policy formulation & systems</p> <p><i>Support evidence-based policy at the national and city level.</i></p>	<ul style="list-style-type: none"> • Urbanization Reviews: Designed to capture data enabling cross-country and regional comparisons 	<p>WB Urbanization Database to capture UR results and enable cross-country and regional comparisons</p>	<p>New initiative.</p>

	<ul style="list-style-type: none"> • GCIP: City-driven voluntary program generating city level data • City Asset Management Strategies: Strengthen city-level asset management and strategy through data collection • Municipal Contracts: Capture multi-city data through collection tools as part of wholesaling approach • Expanded coverage of Subnational ICAs and Doing Business Surveys 	<p>29 core and 36 supplemental City Indicators Collected</p> <p>No. of City Asset Management Strategies implemented</p> <p>Use of baseline and target data from urban audits and financial audits as baseline and monitoring indicators</p> <p>Adopt 7 indicators of Doing Business in the design of Local Economic Development Project Baseline Indicators</p>	<p>100 cities participating in GCIP; Target: 160 by Mid-cycle update</p> <p>New initiative</p> <p>New initiative aimed at capturing data at the aggregate level.</p> <p>Currently only 3 projects were identified that use such indicators as baseline. Target is to achieve 100% for all new LED designed operations.</p>
<p>Enhance Bank Urban M&E Program and Results Management</p> <p><i>Improve monitoring of impact of Bank-financed MDP subprojects</i></p> <p><i>Improve ability to report on results of urban operations</i></p> <p><i>Improve urban portfolio & business line monitoring</i></p>	<ul style="list-style-type: none"> • Expand ex ante and ex post economic analysis of Urban MDP-financed sub-projects. • Adoption of core urban poverty indicator for urban projects across and integrate sector indicators across five business lines, e.g. water. • Revise and update urban thematic codes 	<p>No. and percentage of urban MDPs with baseline and ICR level economic analysis</p> <p>Core indicator defined and measurement standard verified with OPCS</p> <p>New thematic codes adopted and confirmed by OPCS</p>	<p>Baseline: 30% average (1998-2008)⁷⁵ Target: 100% of MDPs with ex ante economic analysis through Midcycle Review in FY14.</p> <p>Core indicator used in all new poverty-focused Urban starting in FY10.</p> <p>Baseline: 4 Thematic Codes not in line with business lines; Target: New Thematic Codes in accordance with business lines.</p>

⁷⁵ IEG assessment of 190 MDPs implemented between 1998-2008, of which 24 were subjected to detailed field assessments.

ANNEX B: REGIONAL URBAN PROGRAM STRATEGIES

Sub-Saharan Africa

The Sub-Saharan Africa (SSA) region is experiencing rapid urbanization and most municipal governments have limited capacity to absorb this growth. Urbanization growth rates are the highest in the world at about 4.5% annually. Over the next 15 years, the SSA population will be more than 50% urban. Within this context, the major urban development areas of focus for the SSA region are to increase access to infrastructure and urban services, improve the financial viability of local governments, and improve governance and local government capacity building.

The SSA region is preparing national level urbanization studies for 12 countries focused on patterns of urbanization, state of decentralization, and public spending and investment needs. The national-level strategies are an important tool to identify priorities and provide recommendations to countries with varying levels of urbanization. These are also important potential entry points for the Bank to support such efforts through piloting of a new Global Knowledge Product under development called the Urbanization Review. This review will help to understand the process of urbanization and to assist national governments and cities to plan accordingly. In particular, such a strategic and proactive approach could help to avert increasing informality and slum formation due to inadequate planning, constraints to land supply and rising housing costs.

As it is today, seventy two percent of the SSA urban population is facing poor living and slum conditions. Based on current trends, the rate of slum growth substantially exceeds the impact of any attempts at urban upgrading. Over the next 25 years, there will be an additional 300 million urban residents in Africa, the vast majority of which will have no alternative but to move to the slums. Much of this housing is vulnerable to the impacts of natural hazards. A large portion of the housing stock in SSA is built through the informal sector, not meeting minimum standards for building safety. There is therefore an urgent need in the region to make urban settlements more resilient and to mainstream hazard risk management in existing land use planning policies and practices, which requires in particular that hazard zoning and mapping be integrated in the suggested land use of an area or region. Retrofitting of existing housing stock and ensuring building safety in new construction through a combination of incentives and regulatory framework must be addressed in the National Housing Policies to ensure sustainable housing.

To address the immediate needs of slum dwellers, SSA is gearing up to invest in critical urban services such as water and sanitation, solid waste treatment, electricity, and transportation infrastructure. Furthermore, it is urgent that urban service delivery is coupled with institutional capacity and improved municipal finance systems. Many countries in the SSA region are committed to scaling up slum upgrading programs and reducing the infrastructure gap by providing services to the urban poor.

SSA countries are in varying stages of the decentralization. But there is a severe mismatch in several countries between the powers and functions assigned to local governments on the one hand and the enabling fiscal and institutional frameworks on the other. Municipal governments seek to improve their financial viability and ability to deliver services. However, the legal and regulatory framework and process of decentralization itself has been incremental, ad hoc in some cases and without strategic direction. A priority of the SSA region is to support national governments that seek to rationalize and clarify the legal and regulatory frameworks that shape intergovernmental relations. One way of doing so is through the use of Municipal Contracts. In addition, the SSA region seeks to use PRSs to explicitly address poverty dimensions in urban development, building on recent successful experience.

Urban planning institutions are weak in many SSA municipalities. As a result, urban policy is often neglected and results in unmanaged population growth in unsuitable locations. There is a

demand in many SSA cities to strengthen urban planning institutions and to create and enforce urban plans to mitigate the financial implications of unplanned spatial expansion. Support will put greater emphasis on urban planning in smaller cities (with populations of 500,000 and below), and financing them through wholesaling instruments (MDPs, MDFs), as well as partnering with other development agencies and research institutions, such as WBI and the Norwegian Science and Technology University.

Economic growth is important for SSA cities, especially in attracting private investment. Special industrial or export promotion zones are one method of attracting new investment and increasing tax revenue. In order to advance on this agenda, SSA cities need to provide a favorable business climate, including a local government with means to mobilize revenue and deliver reliable services. Both of which are areas where the World Bank can help.

The SSA region will continue work in emergency and post-conflict reconstruction, addressing local economic development agenda, and utilization of carbon finance facilities. The SSA region is seeking expand collaboration with WB Urban Teams, Cities Alliance, World Bank Institute, and practitioner networks.

Sub-Saharan Africa						
Business Lines	Priority Areas	Products		Potential Country Clients	Partners	Indicators of Achievement
		Lending	Research, Sector Work and Technical Assistance			
City Management, Finance & Governance	<ul style="list-style-type: none"> National urbanization strategies & policies Expand financing of critical urban infrastructure backlog Improve financial viability of local governments Deepen decentralization process underway Promote good urban governance Increased collection of city-level data 	<ul style="list-style-type: none"> Municipal Development Projects with performance grants and Municipal Contracts Concessional finance through Global Facilities Local government capital development grant schemes 	<ul style="list-style-type: none"> Urbanization Reviews Global City-Indicators Program Decentralization Performance Information System (PREM) Research on local government revenue instruments and their impacts Research on municipal revenues, municipal borrowing, PPPs, and other strategies for leveraging in private sector investment Technical assistance to municipalities on PPP frameworks 	Multiple countries including Ethiopia, Kenya, Tanzania, Uganda, Mozambique Benin, Senegal, Republic of Congo, Nigeria	GPOBA WSP PPIAF CA	<ul style="list-style-type: none"> Adoption of strategies and policies related to urban opportunities and challenges Share of local governments with locally elected leadership Reliability of intergovernmental transfers Local government own source revenue as a share of total revenue Credit rating Increased public disclosure
Cities & Economic Growth	<ul style="list-style-type: none"> Enhance city competitiveness 	<ul style="list-style-type: none"> City economic zone development 	<ul style="list-style-type: none"> Doing Business & Subnational ICAs 	Multiple countries	IFC	<ul style="list-style-type: none"> Increased private investment in cities Increased employment
Urban Poverty & Slums	<ul style="list-style-type: none"> Improve targeting of urban services to the poor 	<ul style="list-style-type: none"> National Slum Programs (Policy & Investment Instruments) 	<ul style="list-style-type: none"> Urban Poverty Assessments 	Multiple countries, including Tanzania, Kenya, Nigeria.	CA UNHABI TAT	<ul style="list-style-type: none"> Share of urban population with basic services

Urban Planning, Land & Housing	<ul style="list-style-type: none"> Strengthen urban planning, land management, & housing policy 	<ul style="list-style-type: none"> Land Administration and Street Numbering Projects 	<ul style="list-style-type: none"> Capacity Building for Planners (WBI) & University Research Institutions Research on spatial development and housing policy issues City Development Strategies 	Multiple countries including Mozambique Kenya, Tanzania, Cameroon, Guinea, Mali, Niger, South Africa	NSTU CSIR HSRC Cities Alliance PPIAF	<ul style="list-style-type: none"> House price/income ratio Existence of municipal plan
Urban Environment, Climate Change & Natural Disaster Management	<ul style="list-style-type: none"> Reduce vulnerability of urban populations to disaster risks Promote city energy efficiency Strengthen environmental management 	<ul style="list-style-type: none"> Solid Waste Management Projects with Carbon Credit Financing Natural Disaster Management Projects 	<ul style="list-style-type: none"> Energy Efficient Cities Grants GFDRR TA 	Multiple countries, including Uganda, Central African Republic, Benin, Burkina Faso, Ghana	GFDRR CFF ESMAP	<ul style="list-style-type: none"> Number of residents living in areas prone to natural disasters Number of successful projects using carbon finance

Notes; CSIR=Council for Scientific and Industrial Research, HSRC= Human Sciences Research Council.

East Asia & Pacific

The East Asia and Pacific Region (EAP) includes cities that are at the forefront of integration into the world economy. As urbanization continues and cities expand, many of the region's countries recognize that their economic success depends largely on cities. Harnessing the potential of urbanization, however, can be a challenge and several regional countries have sought Bank support in analyzing, diagnosing and developing approaches to such challenges. In that regard, piloting of the new Bank Knowledge Product -- the Urbanization Review -- has generated interest in countries such as Vietnam and the Philippines.

EAP has 4 major focus areas: Urban Environmental Management, Hazard Risk Management, Municipal/Infrastructure Finance, and Urban Poverty Reduction. In addition, there is increasing interest in investment projects supporting city economic growth strategies.

Urban environmental management is EAP's largest focus area due to a high level of demand for lending from China, among several other regional countries. Programs in China include water resource management, sewerage, wastewater treatment, solid waste, and air and industrial pollution control. Drainage and flood control is a more immediate priority in Indonesia, Vietnam and the Philippines. The ECO² Cities (Ecological Cities as Economic Cities) Business Line was conceived in EAP and opportunities for expanding into ECO² Cities diagnostics/capacity building and investment financing opportunities are being explored.

Disaster risk management is a growing area as increased occurrences of natural disasters impact the region. Lending focuses on sustainable recovery and reconstruction, institutional strengthening, risk identification, risk reduction, and risk transfer. GFDRR and its donors have allocated \$13 million to support disaster risk reduction and recovery activities at the regional level in Cambodia, Fiji, Indonesia, Kiribati, Marshall Islands, Papua New Guinea, the Philippines, Solomon Islands, Vanuatu and Vietnam for increased disaster resilience in investments, mainstreaming DRM into climate change, adaptation, catastrophic risk financing frameworks, and strengthening institutions and the legal and regulatory framework for DRM. The Primer on Resiliency and Climate Change focuses on the climate change adaptation strategy and measures.

While there was a dramatic decrease in the number of urban poor in EAP over the last decade, there remains high inequality and continued migration to urban areas impacting existing infrastructure. There is high demand in Indonesia and Vietnam and potentially in Philippines, Mongolia, Cambodia, and Laos for providing and improving basic services to the poor, enhancing secure land tenure, and providing affordable housing.

As EAP countries become more decentralized, the responsibility of local government increases. Municipal and infrastructure finance programs in EAP seek to assist local governments in managing available resources, functioning intergovernmental fiscal relationships, mobilizing new resources, increasing borrowing capacity, and attracting private participation in local service delivery. There is an increased demand to link infrastructure development to economic growth initiatives and financial market development. The EAP region is focused on promoting transparency in inter-governmental fiscal relations and developing models and mechanisms for financing infrastructure.

The EAP region identifies four areas where new approaches are needed and where its partners will need to collaborate:

- Developing a framework for sustainable urban finance to support lending to small and medium sized cities
- Improving infrastructure provision and peri-urban development of large and mega cities.

- Improving the business climate at the city level
- Strengthening institutions for improved urban governance and management under decentralization

EAP currently has key partnerships with AUSAID, Cities Alliance, UN HABITAT, UN ISDR, ESMAP, infoCity, and the water and sanitation program (WSP). EAP set up an Urban Hub in Singapore in collaboration with the Government of Singapore to promote the knowledge sharing and capacity building for sustainable urban planning, development, and management.

East Asia & Pacific						
Business Lines	Priority Areas	Products		Potential Country Clients	Potential Partners	Indicators of Achievement
		Lending	Research, Sector Work and Technical Assistance			
City Management, Finance and Governance	<ul style="list-style-type: none"> • Increase finance for urban citywide infrastructure • Promote better municipal management and improved metropolitan regional relationships 	<p>Small town projects improving basic infrastructure services and urban-rural linkages</p> <p>Wholesaling instruments including Mun. Dev. Projects/ Funds on urban infrastructure</p> <p>City-wide infrastructure projects on water utility restructuring and investment, solid waste management, basic urban service provision, and improvement of urban governance</p> <p>Local Government Performance Based Grants Program</p> <p>Local government & decentralization projects</p> <p>Metropolitan Transport Projects</p>	<p>TA on PPP and Infrastructure Finance</p> <p>TA on Municipal Financing (inter-governmental fiscal transfer; credit worthiness)</p> <p>Metropolitan Management study for several metropolitan cities</p> <p>AAA on financing solutions for urban water supply</p> <p>Public Expenditure Review and Strategy Update for urban environmental sanitation</p> <p>National Urban Development Strategies</p> <p>TA developing subnational capital markets</p>	Vietnam China Indonesia Philippines	AUSAID PPIAF IFC PHRD Netherlands WSP IFC	<ul style="list-style-type: none"> • Reliability of intergovernmental transfers • Local government debt-service ratio • Credit rating
Cities &	<ul style="list-style-type: none"> • Promote city 	Doing Business Survey at	AAA on leading and	Vietnam	OECD	<ul style="list-style-type: none"> • Increased share of

Economic Growth	<ul style="list-style-type: none"> competitiveness • Increase lending for cultural heritage and tourism 	<p>sub-national level (IFC)</p> <p>Cultural heritage projects including preservation of cultural assets and promotion of tourism</p> <p>Regional development and city economic growth projects</p>	<p>lagging economic regions and urbanization impacts</p> <p>TA on cluster based planning and development including cultural heritage and tourism development</p> <p>AAA on regional and urban growth, dynamics of urbanization, growth & competitiveness</p>	China Philippines	AUSAID Italian Trust Fund IFC CA	<p>tourists</p> <ul style="list-style-type: none"> • Increased private investment
Urban Poverty & Slums	<ul style="list-style-type: none"> • Increase target of services for urban poor 	<p>National and city level slum upgrading programs and projects</p> <p>OBA projects including water supply</p> <p>CDD projects on service improvements for urban poor</p>	TA on developing national target program for urban upgrading	Philippines Vietnam Indonesia	CA GPOBA AUSAID CA	<ul style="list-style-type: none"> • Share of urban population with basic services • Household incomes
Urban Planning, Land & Housing	<ul style="list-style-type: none"> • Expand lending for city-wide housing and land market policy 		<p>AAA on Resettlement Policy</p> <p>TA on low income housing development, mortgage finance, and housing micro-finance</p>	Indonesia Vietnam Philippines	AUSAID CA	<ul style="list-style-type: none"> • House price/income ratio • Share of urban population with regular land tenure arrangements • Mean travel time to work • Increased equity in access to land & housing

Urban Environment, Climate Change and Natural Disaster Management	<ul style="list-style-type: none"> Continuing work on climate resilient cities Promote environmentally and economically sustainable cities Increase focus on disaster risk management and response 	<p>Water Resource Management Projects</p> <p>Disaster Risk Reduction and Climate Change Adaptation Projects</p> <p>Solid waste Management Projects</p> <p>Air and industrial pollution control projects</p> <p>ECO² Cities Programs</p> <p>Catastrophe deferred draw down option</p>	<p>AAA on Practical Sanitation Solutions</p> <p>AAA on impacts of climate change on urban drainage systems in coastal cities</p> <p>TA application of cities and climate change adaptation in three cities</p> <p>ECO² Cities Audits</p> <p>Primer/Resilience Cities for Climate Change</p> <p>AAA on practical sanitation solutions</p> <p>GFDRR Local Government Disaster Management Program</p> <p>ESMAP Rapid Assessment Audit</p> <p>CA/ESMAP Building Codes for ECO²</p>	Vietnam Indonesia China Philippines	<p>Aus Aid Singapore GEF GPOBA GFDRR FASEP WSP Netherlands ESMAP ISDR Habitat</p> <p>Multi-Donor Fund</p>	<ul style="list-style-type: none"> Ambient air pollution in cities Share of treated wastewater Disaster mortality Effectiveness of disaster response
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Europe & Central Asia

For decades, the Europe and Central Asia (ECA) region's urbanization process was largely driven by planned industrial development. Today the process of urbanization is slowing down while the challenges of managing cities and towns remains, as municipalities gain new responsibilities in a context of increasing decentralization coupled with adjustments to new market conditions. Almost all of the countries in ECA have been transitioning to market economies during the past 20 years, and many of them still have a considerable way to go to meet persistent challenges of decaying and outmoded urban infrastructure, urban blight, and urban poverty. Relations with the European Union are also an important factor in the development and reform processes of many of the economies, including Turkey (the only non-transition economy in the Region).

Immediately after the transition to a market economy, housing policy reforms and land registration were top priorities in ECA countries and cities, as housing became extensively privatized. Land registration programs and cadastres have matured but ensuring the maintenance and communal services to multi-family housing, and promotion of a robust rental housing market, remain key challenges and priority areas for many cities.

Reducing urban poverty remains a key challenge for the ECA region. Many elements of the safety net, such as housing and public services provided by government and formerly provided by state enterprises have sharply deteriorated, resulting in deprivation in terms of non-income aspects of well-being. A growing inadequacy of infrastructure services raises residents' vulnerability and reduces their sense of security. The effects of these phenomena on the urban population have been particularly stark – resulting in more dramatic rates of urban poverty in ECA than in other low or middle-income countries.

Improving urban management in the ECA region will entail strengthening local tax and revenue mobilization, providing more sustainable environmental services including water and sanitation, solid waste management and municipal energy efficiency, land use planning, and improvements to municipal land and property markets. The Bank supported a series of Municipal Development and Decentralization Projects in Georgia that, in addition to supporting municipal reform, provided finance to creditworthy municipalities to implement priority infrastructure projects. This model is being adapted throughout the region, notably in Macedonia, Albania, and Bosnia and Herzegovina.

Local governments are also beginning to recognize the potential of improved land and property asset management as a local economic growth tool. As cities transition from industrial to post-industrial economies, urban regeneration, including brownfield redevelopment, could become a new business line within the Bank to respond to the needs of ECA cities. Such an approach, drawing lessons from other regions, could help adapt urban revitalization approaches and transform unproductive land and properties assets into new economic opportunities through redevelopment. The Bank has provided cross-sectoral assistance both through intermediation arrangements reaching multiple municipalities in the country, and through large projects to single large cities such as Istanbul.

The ECA region's economy is largely tied to Western economies, especially the EU, and is greatly affected by the recent economic downturn. A key priority at this time is to focus on stabilizing the financial sector and providing budget support through development policy loans. The region is exploring opportunities to generate employment in urban areas through infrastructure investments that will position the economies to exploit growth opportunities, while addressing infrastructure backlogs. There are several ongoing and planned operations targeting improved fiscal decentralization, legal and regulatory framework reform, enhance municipal performance, and gradual access to market-based finance.

Disaster risk management is a growing area of interest in ECA and demand is increasing for regional programs such as regional disaster insurance pools. Many ECA countries and cities are leading the way in taking more proactive approaches to disaster risk mitigation and reduction.

The ECA countries also present many opportunities for tourism. Preserving cultural heritage and establishing the institutions required to build a successful tourism market are a powerful economic development tool for ECA cities. Following successful examples across Europe and elsewhere, cultural tourism can be focused on preserving the historic core of cities and towns, while modernizing infrastructure and improving the functioning of central business districts.

Europe & Central Asia						
Business Lines	Priority Areas	Products		Potential Country Clients	Partners*	Indicators of Achievement
		Lending	Research, Sector Work and Technical Assistance			
City Management, Finance & Governance	<ul style="list-style-type: none"> Increase focus on municipal development and finance 	Municipal wastewater, water supply, & sanitation Solid waste management projects Municipal Infrastructure development	Municipal sector studies, e.g. Albania, Bosnia, FYR Macedonia, Turkey	Georgia Bosnia and Herzegovina FYR Macedonia Romania Kyrgystan Turkey Tajikstan Ukraine		<ul style="list-style-type: none"> Reliability of intergovernmental transfers/ share of unconditional transfers to local governments Local government debt-service ratio Credit ratings/increased credit worthiness Increased share of local revenues Improved cost recovery ratio in service delivery
Cities & Economic Growth	<ul style="list-style-type: none"> Encourage financing for urban regeneration Promote tourism through cultural heritage preservation 	Sustainable tourism development	Brownfield redevelopment guidance note	St. Petersburg (Russia)		<ul style="list-style-type: none"> Increased revenues generated from sustainable tourism Increased private investment in cities Increased share of urban land made available for economic reuse
Urban Poverty	<ul style="list-style-type: none"> Develop policy recommendations to reduce vulnerability of poor 	Services in poor urban neighborhoods	City Development Strategies	Tirana (Albani) Tblisi (Georgia) Kyrgystan	Cities Alliance	<ul style="list-style-type: none"> Share of urban population with improved basic services (including quality and reliability) Household incomes
Urban Planning, Land & Housing	<ul style="list-style-type: none"> Promote efficient land and property markets Strengthen land management 	Land registration and cadastre projects Land management Projects Housing and communal		Multiple countries Albania Montenegro Russia		<ul style="list-style-type: none"> House price/income ratio Share of urban population with regular land tenure arrangements Mean travel time to work

		services				
Urban Environment, Climate Change and Natural Disaster Management	<ul style="list-style-type: none"> • Expand financing for solid waste management • Promote municipal energy efficiency • Encourage disaster risk management 	Pollution management Disaster risk management	Solid waste management sector work	Bulgaria, Romania and Croatia Istanbul (Turkey) Baku (Azerbaijan) Albania		<ul style="list-style-type: none"> • Share of urban households with regular solid waste collection • Share of waste disposed in sanitary landfills • % of deaths due to natural disaster

*With the exception of SIDA in Albania and an EC trust fund in Georgia, there is almost no formal cofinancing of individual Bank-funded projects; however, the Millennium Challenge Fund, EU, EIB, EBRD, KfW, and many bilateral donors support similar activities in parallel to those of the Bank.

Latin America & Caribbean

The Latin America and Caribbean (LAC) region is the most highly urbanized in the developing world with over 75 percent of the population living in urban areas. Due to the high levels of urbanization, urban issues are viewed as being of critical importance on the national agenda in many countries. The region absorbs the largest share of Bank lending and its countries are generally the most advanced in terms of decentralization. The LAC Urban Team is focused on six regional priority areas: disaster risk management, improving infrastructure and urban environment, promoting local economic development and tourism, expanding access to housing and land, upgrading slums and preventing crime and violence, and enhancing urban management.

The LAC region has a high level of inequality and, as a result, a high degree of social tensions often manifested in urban areas. Crime and violence is a growing issue in LAC cities. Approaches to prevent crime and violence include both environmental design for safer spaces and social prevention including youth training, family support and conflict resolution. Several central American countries recently initiated new analytical work on crime and violence prevention at a strategic level with the World Bank Urban Team and the PREM Network. The World Bank Institute is developing a municipal capacity-building program on crime and violence including toolkits, online courses, workshops and a pilot on school-based violence prevention methodology.

The LAC region is home to 17 of the world's 50 hotspots that are vulnerable to adverse natural events. Hazard risk management is in high demand in the LAC region and includes vulnerability reduction, financing risk mitigation, and emergency reconstruction. The World Bank is providing technical assistance in partnership with GFDRR on risk modeling and mapping, adaptation to climate change, and disaster legislation.

Cities are increasingly competing globally in the LAC region and there is therefore an increasing demand for lending to promote economic growth. LAC clients are demanding work similar to recent analytical work at the national level in Brazil on city competitiveness. Cultural Heritage and Tourism Development is an important tool for local economic growth in the LAC region. The region is home to a number of cultural heritage assets and tourist destinations. Interest in local economic development is increasing and LAC cities are seeking to integrate tourism as part of this agenda.

LAC has a strong portfolio on slum upgrading. An estimated one-third of the urban residents in LAC live in slums. As a result, access to urban services for the poor services such as solid waste are a large part of the LAC portfolio. Approaches to scaling up narrow interventions in specific areas of slums to city-wide and national-level approaches are under exploration and a Cities Alliance and Bank partnership to encourage such approaches could advance this agenda where there is client demand.

Expanding access to housing and land development are targeted as areas of expansion for the LAC region. The World Bank funded a number of national-level housing development policy loans over the past decade conducting a detailed analysis of the housing sector including subsidy systems, housing finance schemes, regulatory reform, and land regularization. Clients are currently seeking to convert this work into investment operations. An increased emphasis is placed on housing finance and countries such as Mexico and Colombia are seeking to widen access to housing finance.

The LAC region is actively developing new approaches and interventions to tackle issues involving climate change, territorial development, land development and municipal finance. In addition to operations, the region plans to scale up AAA activities, and integrate outreach to cities using upstream technical assistance. The region expects a solid pipeline and strong client demand in urban development over the next decade.

Latin America & Caribbean						
Business Lines	Priority Areas	Products		Potential Country Clients	Partners	Indicators of Achievement
		Lending	Research, Sector Work and Technical Assistance			
City Management, Finance & Governance	<ul style="list-style-type: none"> • Increase focus on municipal finance • Improve municipal management capacity 	<ul style="list-style-type: none"> • Regional and state level Policy Oriented DPLs or SWAPs 	<ul style="list-style-type: none"> • Urbanization Review • Strengthen Project Economic Analysis • TA to strengthen planning capacity 	Brazil, Colombia, Peru, Bolivia, Argentina	Municipal associations	<ul style="list-style-type: none"> • Improved access to municipal services • Local government debt-service ratio • Credit ratings
Cities & Economic Growth	<ul style="list-style-type: none"> • Promote city competitiveness through tourism • Encourage private investment 	<ul style="list-style-type: none"> • Cultural Heritage & Tourism Development Projects • Regional Development Projects 	<ul style="list-style-type: none"> • National and Regional City competitiveness AAA 	Bolivia, Brazil, Jamaica and other Caribbean countries, Panama	IDB, Italian	<ul style="list-style-type: none"> • Increased tourism receipts • Increased private investment • Increased jobs in affected areas
Urban Poverty & Slums	<ul style="list-style-type: none"> • Scale up slum upgrading • Apply new approaches to crime & violence prevention 	<ul style="list-style-type: none"> • National and regional slum upgrading programs 	<ul style="list-style-type: none"> • Municipal Capacity program in Crime & Violence Prevention • Partnership with CA on Land, Services, Citizenship 	Brazil, Belize, Argentina, Central America, Haiti, Honduras, Jamaica	CA WBI, DFID	<ul style="list-style-type: none"> • Share of urban poor with access to basic services
Urban Planning, Land & Housing	<ul style="list-style-type: none"> • Support down-market housing finance & better targeted subsidies to the poor • Promote enabling land development 	<ul style="list-style-type: none"> • Housing reform DPLs • SILs for mortgage lending 	<ul style="list-style-type: none"> • AAA and TA in supporting work with real estate developers 	Mexico, Colombia, Brazil	IDB	<ul style="list-style-type: none"> • House price/income ratio • Share of urban population with secure land tenure • Share of urban population with access to mortgages • Increased equity in access to land & housing

Urban Environment, Climate Change and Natural Disaster Management	<ul style="list-style-type: none"> • Promote city-level actions for climate change • Develop disaster risk management financing 	<ul style="list-style-type: none"> • Emergency reconstruction & Vulnerability reduction • Disaster risk financing • CAT DDO 	<ul style="list-style-type: none"> • GHG Index • Energy Efficient Cities Grants • ECO²Cities Pilot Audit • Probabilistic Disaster Risk Assessments 	Argentina, Brazil, Mexico, Caribbean, Central America, Bolivia, Peru	GFDRR Energy Anchor CTF, GEF	<ul style="list-style-type: none"> • Share of urban households with regular solid waste collection • % of deaths due to natural disaster • Ambient air pollution in cities
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Middle East & North Africa

The MNA Region is composed mainly of Middle Income Countries (MICs) with the exceptions of Yemen and Djibouti, and approaches to urban development in the region have largely reflected this composition. Many countries in the region face similar challenges, including rapid population growth, regional conflict and political instability, the emergence of a “youth bulge,” low levels of Foreign Direct Investment (FDI), and high levels of unemployment. Urban areas are where many of these dynamics interface, particularly as the region’s countries rapidly urbanize. From 1980 to 2005 the urban share of population grew from 48 to just under 60 percent of the population and projections suggest that this urbanization trend will continue.

Decentralization in the region has been slow, but making progress with the reinstatement of local elections or the initiation of new electoral processes in several countries over the past decade (such as in Jordan, Lebanon, West Bank & Gaza, and Yemen). Most such initiatives, however, have involved elements of political or administrative decentralization with fiscal decentralization lagging. This has placed local governments in the precarious position of facing greater public expectation for improved service delivery without always having the necessary resources to fulfill their mandates. In addition, the process of decentralization has been largely one of piecemeal, incremental changes meaning that legal and regulatory frameworks have not in all cases been reviewed and updated to reflect the changing nature of intergovernmental relations as intended by those leading the reform process. Several countries in the region have sought assistance from the Bank in helping to manage this decentralization process. The requests for assistance are likely to continue as local service delivery is gaining significant ground as a theme throughout the region on the back of political reform.

For the most part, countries in the region have embraced the notion of the need to empower cities and see their development as the opportunity to stimulate economic growth and diversify their economies. Several have initiated City Development Strategies (CDSs) with World Bank and Cities Alliance support, among other partners, such as the Arab Urban Development Institute (AUDI). Examples include cities in Egypt, Jordan, Lebanon, and Yemen with the prospects for further advancement in Morocco, Syria and Tunisia. Going forward, demand for urban and regional growth and regeneration projects that enhance the competitiveness of cities is likely to continue.

Cultural Heritage is a tremendous resource endowment in MNA, as the region is host to 76 sites listed on UNESCO’s World Heritage List (19 of which are cities or urban districts). Consequently, MNA is one of the leading regions in the Bank’s Cultural Heritage & Tourism Development practice area in terms of length of engagement, volume of lending and range of different countries involved. Ongoing activities in Jordan and Lebanon build on prior successful experience in both countries. Yemen and possibly Morocco are two candidate countries for expansion, as well as Syria and Iran (which have tremendous endowments) and Libya where the Bank is engaging most likely through Reimbursable Technical Assistance.

With increasing urbanization, so too is poverty urbanizing. Informal settlements, slums, and sub-standard housing in Egypt and Morocco in particular present daunting challenges for cities, as formal housing products are not affordable to the majority of the population. Both countries present opportunities to scale up to national level approaches in slum upgrading, and provision of urban services to the poor. Ongoing support to the region in the areas of land and housing policy reforms will continue to be vital in the coming years and should provide a strategic basis to improve access to affordable housing in the region. In some cases, Partial Credit Guarantees are being explored for capital market financing.

The region has also been out in front in terms of applying new approaches to Urban Environmental Management initiatives at both the national and sub-national level. Tapping into

the global carbon finance facility is making loans to cities more attractive, enabling cities to reduce carbon emissions, while securing carbon credits, as in the case of the Amman Solid Waste Management Project. The first Solid Waste Sector DPL was also recently agreed with Morocco and intends to support municipalities in strengthening solid waste management, while reducing environmental degradation and improving cost recovery. Similar operations are expected in Jordan and Egypt to help develop an integrated blend of policy reforms and investments under a national solid waste management program. Bank financial support for Disaster Risk Reduction and Recovery has been enabled in recent years with co-financing and TA from GFDRR. Early engagements have resulted in upstream mitigation measures, coupled with aftermath reconstruction and recovery.

Middle East & North Africa						
Business Lines	Priority Areas	Products		Potential Country Clients	Partners	Indicators of Achievement
		Lending	Research, Sector Work and Technical Assistance			
City Management, Finance & Governance	<ul style="list-style-type: none"> Update inter-governmental legal and regulatory frameworks Improve local revenue mobilization & rationalize fiscal transfer systems Improve urban infrastructure service operations and maintenance 	<ul style="list-style-type: none"> Municipal Development Projects Performance-based Grants/Municipal Contracts Subnational Finance Policy-based lending 	<ul style="list-style-type: none"> Urbanization Review Global City Indicators Program Shadow Credit Ratings TA for Decentralization 	Lebanon Tunisia Yemen Morocco Iran Jordan Egypt WB&G	AFD KFW GTZ PPIAF GPOBA IFC PREM	<ul style="list-style-type: none"> Clarified legal and regulatory frameworks Increased accountability/ transparency in Local Government finance Improved service delivery and local resource mobilization Improved O&M
Cities & Economic Growth	<ul style="list-style-type: none"> Enhancing cities' capacity to attract investment and create jobs Preserve Cultural Heritage and promote Tourism Development 	<ul style="list-style-type: none"> Regional Development Projects Cultural Heritage Projects Economic Zone Development 	<ul style="list-style-type: none"> CDSs supporting Local Economic Development Reimbursable TA 	Egypt Morocco Yemen Jordan Tunisia Lebanon Syria Iran Libya	AFD CA GTZ AUDI IFC	<ul style="list-style-type: none"> Enabling environment created to attract private investment in cities Increased tourism revenues
Urban Poverty & Slums	<ul style="list-style-type: none"> Scaling up localized slum upgrading interventions to national level approaches 	<ul style="list-style-type: none"> National Slum Upgrading Programs 	<ul style="list-style-type: none"> Urban Risk Assessments TA on National Slum Upgrading Approaches Reimbursable TA 	Djibouti Morocco Yemen Egypt	CA UNHabit at GTZ	<ul style="list-style-type: none"> Increased access to services for the poor Increased community participation
Urban Planning, Land &	<ul style="list-style-type: none"> Improving Public Land Management and 	<ul style="list-style-type: none"> Housing Sector DPL Guarantee 	<ul style="list-style-type: none"> TA for Land Policy Reforms 	Egypt Yemen	UNHabit at	<ul style="list-style-type: none"> Increased affordability of

Housing	Land Registration linked to Housing Policy Reforms	Instruments		Jordan	USAID	<ul style="list-style-type: none"> housing information management in the housing sector
Urban Environment, Climate Change and Natural Disaster Management	<ul style="list-style-type: none"> Reducing the vulnerability of urban areas to natural disasters Enhancing solid waste management, cost recovery 	<ul style="list-style-type: none"> Disaster Mitigation & Flood Protection Projects Solid Waste Management Projects Carbon Finance Reimbursable Technical Assistance 	<ul style="list-style-type: none"> GHG Index ESMAP: Energy Efficient Cities Grants TA for Disaster Reduction & Recovery CAT-DDO Regional insurance schemes PSIA in Solid Waste Management TA for Improved Private Sector Participation in Solid Waste Management 	Morocco Tunisia Yemen Jordan Egypt Syria Lebanon WBG Djibouti Kuwait Abu Dhabi	CFF GFDRR PIAFF Belgian Trust Fund	<ul style="list-style-type: none"> Share of urban households with regular solid waste collection % of deaths due to natural disaster Ambient air pollution in cities

South Asia

The South Asia Region (SAR) is poised for a major urban demographic transition. By far the least urbanized region in the world (27 percent urban), South Asia is experiencing fast urbanization: an additional half billion new residents are expected to be absorbed by cities and towns by 2030. By the same year, over 800 million people will be living in South Asian urban areas. Five of the 21 largest mega-cities in the world are in South Asia: Mumbai, Kolkata, Delhi, Karachi and Dhaka. The demographic transition had led to an unparalleled fast economic transformation. Most South Asian countries have already witnessed an important shift in the location of production from rural to urban areas: two thirds of the Indian GDP is now generated by urban-based services and industries. Maintaining strong economic growth in SAR largely depends on how well cities function and take advantage of the benefits of agglomeration economies.

The South Asia region is however far from reaping the full economic benefits of urbanization. Un-managed urbanization has resulted in massive urban infrastructure backlogs, deep pockets of urban poverty, growing slum settlements and haphazard urban sprawl. About half of the urban population in Mumbai is for example estimated to live in slums. The challenges posed by urbanization are compounded by an unfinished decentralization agenda, which is preventing cities from developing adequate capacity to respond strategically to population growth. These challenges can only be met if all levels of government, from central to local government, are fully engaged in moving the urban agenda forward: managing the urban transition in the South Asia context requires a coherent national-level urban strategy and vision, province-level coordination and resilient cities.

The World Bank Urban Unit is supporting South Asia client countries through a combination of policy dialogue, lending and analytical and advisory services in the five priority areas described below. The core lending product is shifting from Sector Investment Loans (SILs) to Programmatic SILs at the State- and Provincial level. Lending is complemented by a program of analytical and advisory services on urban-rural spatial transformation, decentralization, local governance and city management.

Decentralization and local governance: The inter-governmental transfer systems in many South Asia countries are inadequate to meet the challenges of urbanization: a mismatch often exists between expenditure and revenues, in addition to lack of transparency and predictability in resource transfers. Weak local governance is a major obstacle to the effective planning and delivery of services. This is especially the case in South Asian cities and metropolitan areas. South Asian countries are increasingly interested in partnering with the World Bank to support decentralization efforts, strengthen institutions for local governance and enhance the role of local governments in state building in conflict areas.

Urban service delivery: Urban service delivery is weak in many South Asian cities and can often be attributed to lack of accountability, fragmented institutional responsibilities, and inefficient or inadequate financing of infrastructure. The emphasis of Bank's intervention is to strengthen the institutions that are responsible for service delivery rather than to finance direct sector investments. The objective is to reinforce governance systems and create accountable institutions that can lead to sustainable models of service delivery (PPPs, autonomous municipal agencies, regional utilities).

Urban poverty: Poverty takes many dimensions in urban areas. While slum settlements are the most evident expression of urban poverty, urban poverty also means lack of informal and formal safety nets, limited access to income-generating opportunities, vulnerability to urban crime and violence. Client countries have expressed interest in partnering with the World Bank to address

the challenges of urban poverty through a number of instruments, including traditional slum upgrading projects, urban livelihood programs, urban safety nets and welfare systems.

Urban planning, land and housing: SAR suffers from land and housing market constraints that have led to a proliferation of slums. These constraints can be attributed to poorly-applied and outdated urban planning regulations, a high share of public sector land ownership, and weak land registration and property rights systems. Demand for both analytical and operational lending in housing reform and land development is growing significantly in South Asian countries.

Urban environment and disaster management: Increasing concerns about environmentally sound and sustainable cities have generated interest in rethinking the role of cities, in particular in the context of global climate change. In parallel, there is growing interest from client countries to expand and apply disaster prevention interventions to the urban context.

The SAR Urban program is based on close collaboration across World Bank sectors and strong partnerships with the donor community. This includes a regional partnership with AusAID in the areas of decentralization reforms, megacity management and urban investment needs.

South Asia						
Business Lines	Priority Areas	Products		Potential Country Clients	Partners	Indicators of Achievement
		Lending	Research, Sector Work and Technical Assistance			
City Management, Finance & Governance	<ul style="list-style-type: none"> • Support decentralization reforms • Strengthen institutions in urban service delivery and local governance • Enhance local governments' role in state building in conflict areas • Strengthen citizen participation in local governance • Develop municipal finance systems for infrastructure investment 	<ul style="list-style-type: none"> • Urban reform & service delivery programs (programmatic SIL) • Local government support programs 	<ul style="list-style-type: none"> • Urban Studies (Urbanization Reviews) • Local government capacity building • Metropolitan Management Advisory Services • Municipal Finance TA • Decentralization Performance Information Systems (PREM) • Sector public expenditure reviews • Sector reviews of governance, institutional and financial arrangements for service delivery 	IND, BAN, SRL, NEP, BHU, AFG, PAK	AUSAID, DFID	<ul style="list-style-type: none"> • Greater autonomy and accountability of cities and towns to manage urbanization • Share of urban population with access to reliable basic services • Reduced travel time • Predictable and transparent fiscal transfer system • Share of capital investment financed and executed by cities • Citizen participation in local decision-making • Integrated planning and management of metro areas
Cities & Economic Growth	<ul style="list-style-type: none"> • Promote an enabling policy environment in cities to attract investment and generate growth • Enhance delivery of serviced land for industrial and manufacturing industries • Leverage cultural heritage assets for sustainable tourism 	<ul style="list-style-type: none"> • Municipal Development Zones • Cultural Heritage Projects • Urban Regeneration Investment Projects 	<ul style="list-style-type: none"> • City Growth Analytics • City Development Strategies • Subnational ICAs 	IND, BAN, SRL, NEP, BHU, AFG, PAK	CA, WSP, IFC	<ul style="list-style-type: none"> • Increased urban private investment • Job creation • Expansion in available serviced land in urban areas • Improved Subnational investment climate

Urban Poverty	<ul style="list-style-type: none"> • Support slum upgrading • Promote sustainable urban livelihood interventions • Develop safety net programs in urban context 	<ul style="list-style-type: none"> • Slum upgrading programs • Urban livelihood programs • Urban safety net programs (HD/urban) 	<ul style="list-style-type: none"> • Urban Poverty Assessments (PREM/urban) • Urban poverty reduction strategies (PREM/urban) 	IND, BAN, AFG	CA, DFID	<ul style="list-style-type: none"> • Increased integration of the urban poor into municipal systems • Access to basic services in slum areas • Urban poor's expenditure share for basic services • Share of urban poor with access to credit • Coverage of urban safety nets among the urban poor
Urban Planning, Land & Housing	<ul style="list-style-type: none"> • Support policies and institutions for effective land and housing markets • Rationalize housing subsidies and improve targeting to the poor 	<ul style="list-style-type: none"> • National Housing Programs (DPL) • Land registration programs 	<ul style="list-style-type: none"> • Urban Planning Audits • Land and housing TA • Urban Planning Training (WBI) 	IND, BAN, SRL, NEP, BHU, AFG, PAK	UN-HABITAT	<ul style="list-style-type: none"> • Share of urban population with regular land tenure arrangements • Increased equity in access to land & housing
Urban Environment, Climate Change and Disaster Management	<ul style="list-style-type: none"> • Encourage climate change adaptation in cities • Reduce environmental footprint of South Asian cities • Promote disaster risk reduction measures 	<ul style="list-style-type: none"> • Disaster management programs • Solid waste management programs 	<ul style="list-style-type: none"> • ECO² Cities Audits • Access Energy Efficient Cities Grants • Disaster Risk Assessments 	IND, PAK, AFG, NEP	ESMAP, GFDRR	<ul style="list-style-type: none"> • Share of urban households with regular solid waste collection • Mainstreaming of disaster risk reduction systems • Number of historic sites preserved/restored

ANNEX C: KNOWLEDGE PRODUCTS

1. *Global City Indicators Program.* GCIP was announced as a pilot initiative at the World Urban Forum in Vancouver in 2006 and with support from a myriad of donors and development partners was launched at the World Urban Forum in Nanjing, November 2008. No single standard or comprehensive system for measuring and monitoring city performance and urban quality of life exists at the present time. GCIP is intended to fill this important gap, driven by cities themselves. Through the collection and analysis of city data in a comparative format and data domain, elected officials, city managers and the public will be able to monitor the performance of cities over time based on a core set of indicators. Incentives for participating in the program include access to a MetroMatch exchange program that would enable cities to partner with and learn from other cities in areas where they seek guidance and peer experience. Over time, as the comparative data framework develops, GCIP indicators could be used to structure policy-based lending instruments, with progress on key indicators triggering the release of financing tranches based on specific policy reforms. Interest has been expressed to explore third party verification mechanisms through an ISO standardization process.

2. *Development Marketplace: Innovative Cities Program.* Recent survey work has shown what we have discovered in practice, namely that cities learn most from their peers and through exchange of experience. In view of this, the Urban Anchor is exploring a partnership with the World Bank Institute (WBI) to organize and launch a new Development Marketplace Program focused on innovations at the city level. Development Marketplace was launched by the Bank several years ago as a means of identifying and sharing good practice experience with and among developing countries; through a competitive award format, promoting innovation and learning across countries and regions; and bringing focus to issues and topics of importance to the development community. To date, no such focus has been devoted to cities and innovations. Little has been done to profile achievements, learn from new initiatives, and recognize solution-based approaches that have worked at the city level, with a sub-theme focus on public-private partnerships, City-NGO collaboration, Information Technology applications at the city level, among other areas.

3. *Greenhouse Gas (GHG) Index for Cities.* The GHG Index, which follows existing protocols of groups like ICLEI, IPCC and WRI, could provide the first analytical basis for cities to calculate and report their GHG emissions in a comparative format. There is an urgent need for a standardized methodology to enable cities to calculate their GHG emissions. Working with ICLEI, UN-Habitat, UNEP, C40, among other partners, the aim is to cover 400 of the largest cities, including OECD cities. The GHG Index would serve as the emissions baseline for the Urban Carbon methodology being developed by the World Bank Carbon Finance Unit to enable cities to support city emissions trading programs. The initiative was launched at the Carbon Expo in May 2009.

4. *Urban Risk Assessments.* The World Bank is developing a city-based urban risk assessment which would provide a rapid assessment of access to basic services, concentrations and locations of urban poverty, institutional and governance structures, financial capacity, levels of infrastructure, and potential risks to disasters. These assessments are designed to evaluate the vulnerability of target cities to climate change and geophysical impacts. Similar to existing natural disasters, initial indications suggest that the urban poor, particularly those in slums, will be the hardest hit by climate change impacts due to their locations in poor quality houses on sloping land and other areas not deemed developable by the formal market. Working in cooperation with UN-Habitat and other partners, including the Global Facility for Disaster Risk Reduction (GFDRR), several pilots will be undertaken to test the methodology and approach with the aim of expanding the Assessments to 400 cities in parallel with the GHG Index.

5. Urban Planning Audit Tool. This tool would draw upon existing practices used by the Bank and other urban planning professionals in assessing urban planning regulations, key planning documents, their implementation status and their relevance in the context of urbanization. They will focus on, among other issues, whether cities are proactively reviewing their regulations to enable density and avoid informality that is often caused by outdated or inappropriately applied planning regulations. As a global knowledge product, the users would include client cities, national planning institutions, development partners and Bank staff.

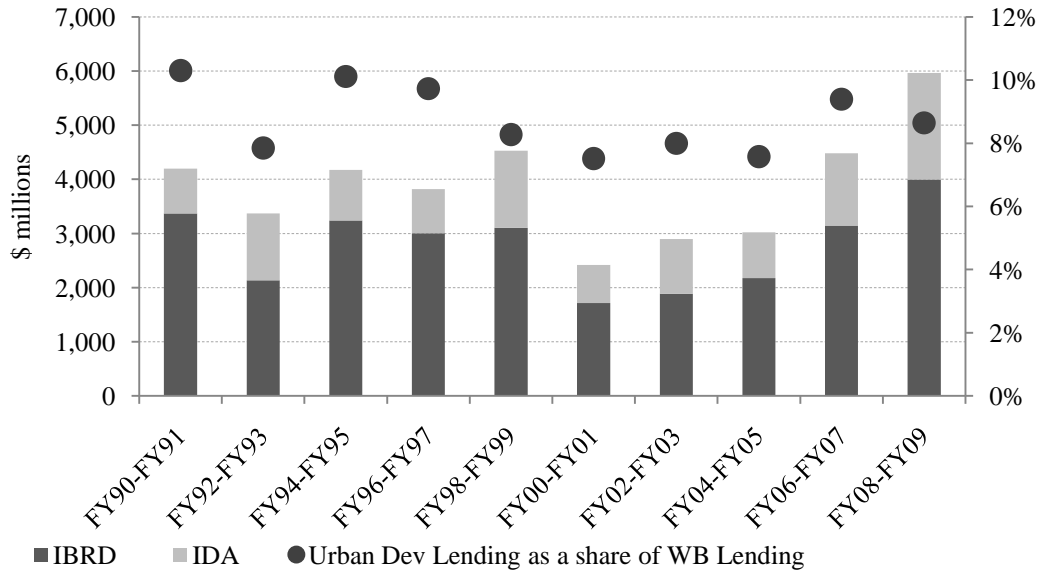
6. Urban Food Security. The World Bank views urban food security as a priority area where its role could be increased. In this context, a work program has been developed which focuses on exploring Urban Agriculture as a sustainable solution to addressing the food crisis in the short and medium term, its role in poverty reduction, household nutrition, and income generation, and as a mechanism to help urban communities adapt to climate change in the longer term. This work will begin with a few case studies (one city in AFR, LAC, and SAR) to assess the existing and potential role of urban agriculture, opportunities and challenges for sustainability, as well as a series of knowledge briefs and a toolkit to help city government to integrate urban agriculture into urban planning. It is also anticipated that this work will feed into potential components in new Bank operations where relevant. The work is structured within a global partnership with other interested stakeholders such as FAO, RUAF and FAO. This work will be developed in coordination with the Bank's ARD team.

7. Urban Governance Program. This new program is aimed at improving the Bank's ability to engage cities on the Governance Agenda. A recent review of the urban portfolio indicated that over the last six years there has been a 60 percent increase in the volume of lending and capacity building assistance through urban governance project or components of projects. However, much of the urban support to governance has been focused on supply-side support to cities, with improvements on systems and internal capacity, but have neglected demand-side governance, including ways and methods of encouraging participation in budgeting, investment planning and service delivery. A major dilemma in the past that task teams have faced concerns the coupling of participatory budgeting approaches and investment financing, such that the latter tends to compromise participatory processes. Recognizing this sequencing and packaging problem, the UGP would be devoted to developing a series of tools and approaches, including good practice examples, to encourage demand-side governance measures at the city level. Provision of technical assistance and support in an upstream, pre-investment stage would help to develop well-vetted and prepared city investment programs supported by participatory processes.

8. Urban ICT Toolkit. ICT penetration has been uneven across the globe. Those cities that have taken advantage of it have reaped tremendous benefits in terms of improving efficiency, strengthening management, increasing accountability and public disclosure, and improving budget reporting and management. Recent applications have included advances as well in improving city security systems, utility service monitoring and enhancing overall competitiveness of a city. This toolkit would draw together the wealth of this experience and translate it into useful guidance and tools for other cities to exploit the full potential of ICT as appropriate.

ANNEX D: URBAN PORTFOLIO CHARTS & TABLES

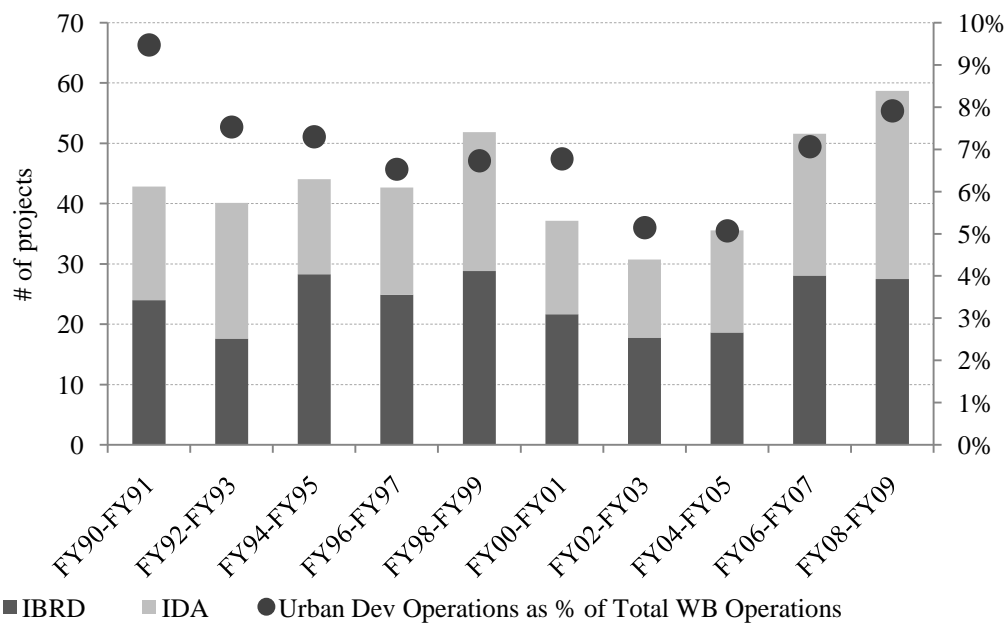
Figure D-1: World Bank Urban Development Lending and Share of Total IBRD/IDA Lending



Note: Adjusted using constant dollars, 2007 = 1

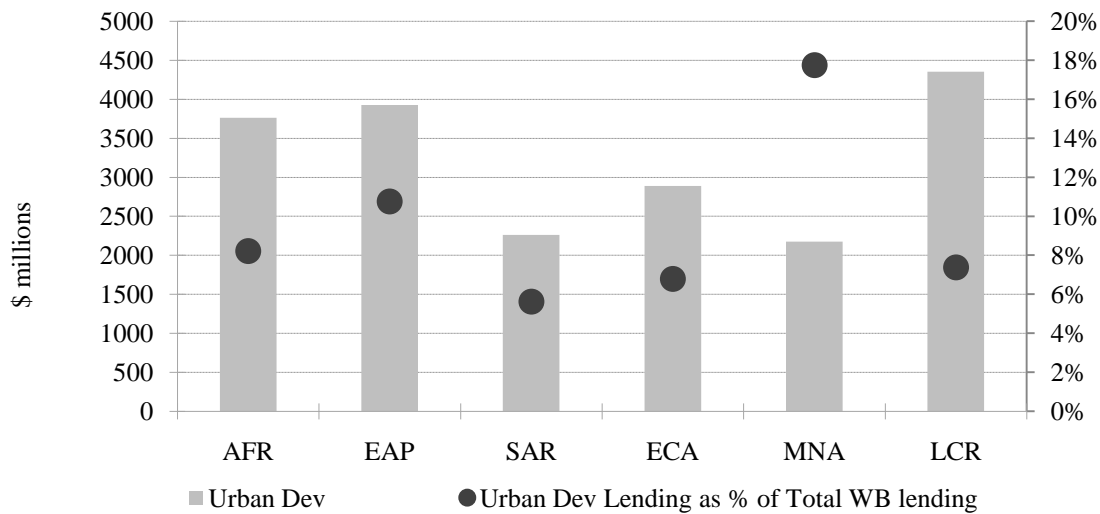
Source: Data is based on Urban Development Thematic Codes and only includes IBRD and IDA lending, Extracted from World Bank Business Warehouse System, 2009

Figure D-2: Number of World Bank Urban Development Operations and Share of Total IBRD/IDA Operations



Source: Data is based on Urban Development Thematic Codes and only includes IBRD and IDA projects, Extracted from World Bank Business Warehouse System, 2009

Figure D-3: Urban Development Lending by Region FY00 – FY09 and Regional Share of Total World Bank Lending



Note: Adjusted using constant dollars, 2007 = 1

Source: Data is based on Urban Development Thematic Codes, Extracted from World Bank Business Warehouse System, 2009

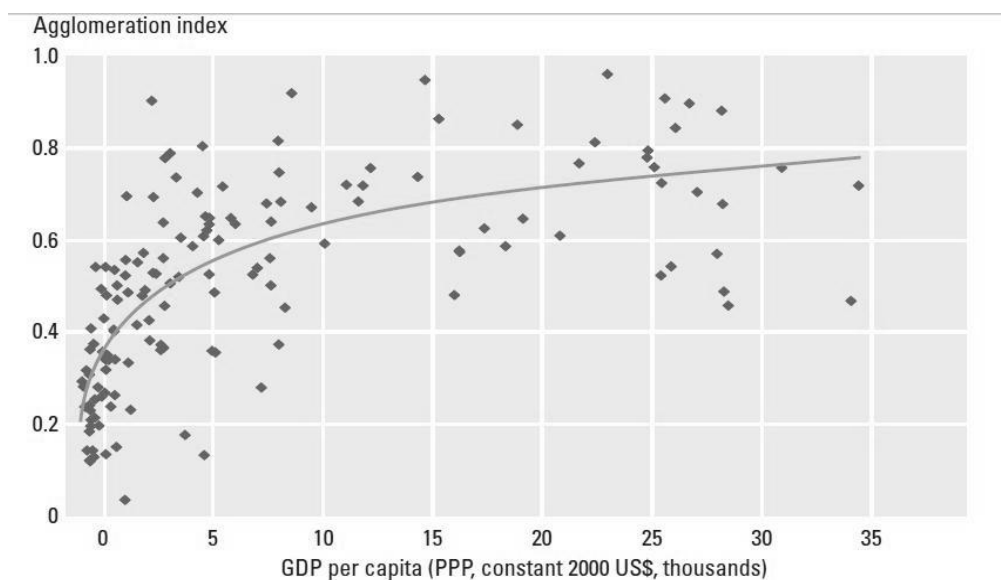
Figure D-4: Urban Sector Lending by Main Business Line, FY00 - FY09

Business Line	No.	USD (millions)	% No.	%USD	Rank
City Management, Finance, & Governance	69	4,727	36%	33%	1
Urban Environment, Climate Change, & Disaster Management	45	3,721	23%	26%	2
Urban Poverty & Slums	38	2,756	20%	19%	3
Cities & Economic Growth	23	1,429	12%	10%	4
Other	9	995	5%	7%	5
Urban Planning, Land, & Housing	9	856	5%	6%	6

Source: Projects reporting to Urban Sector Board, Extracted from World Bank Business Warehouse System, 2009

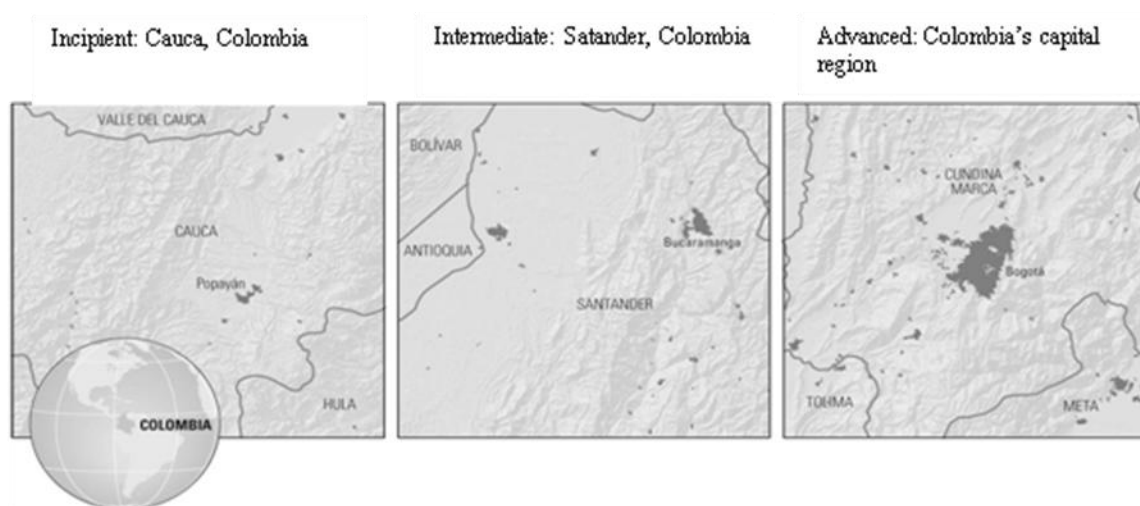
ANNEX E: REFERENCED ANALYTICAL FIGURES, CHARTS & TABLES

Figure E-1: Urban Agglomerations by GDP Per Capita



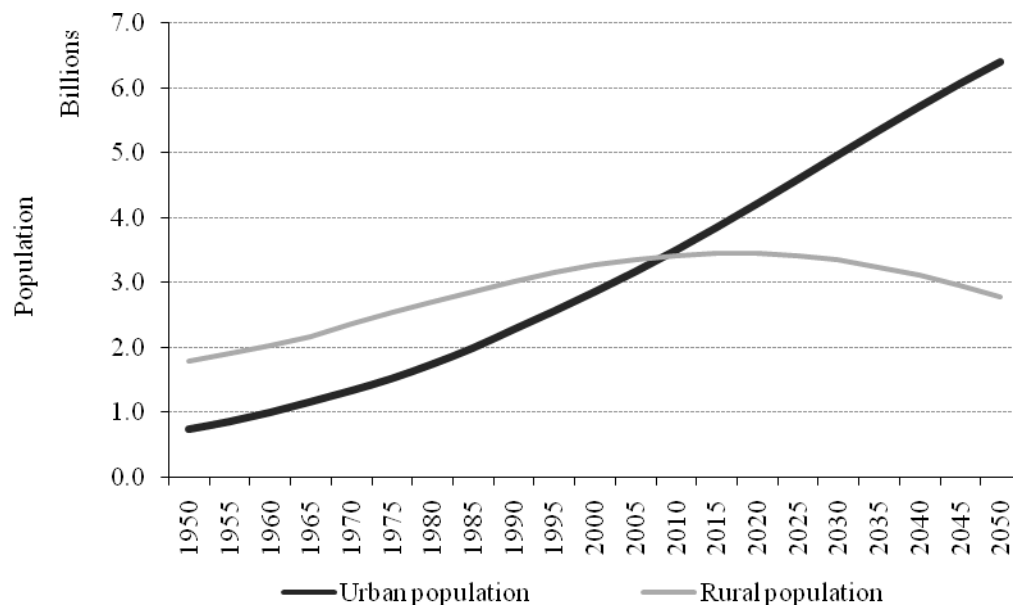
Source: WDR 2009

Figure E-2: Phases of Urbanization in Colombian Cities



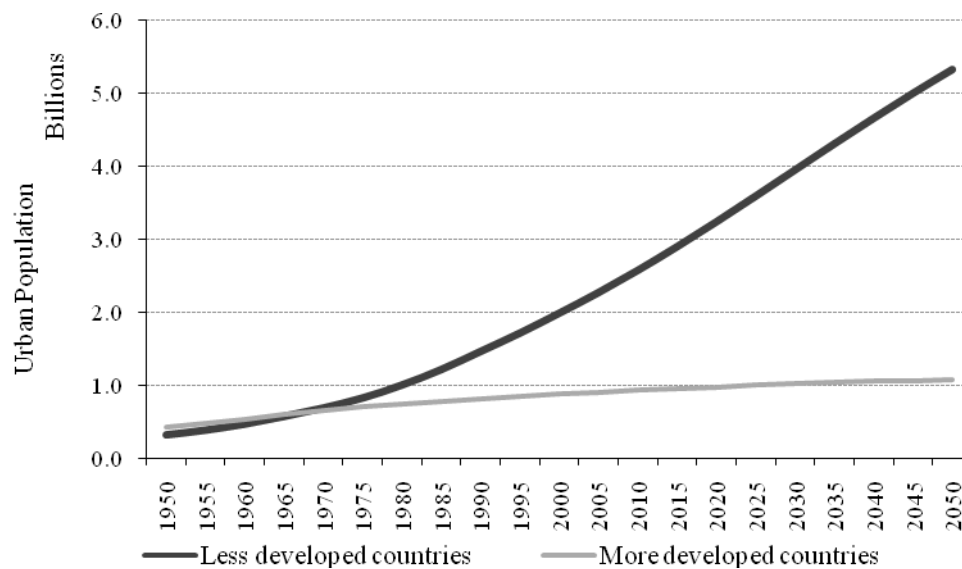
Source: World Development Report 2009 (World Bank 2008.)

Figure E-3: Urban and Rural Population Growth



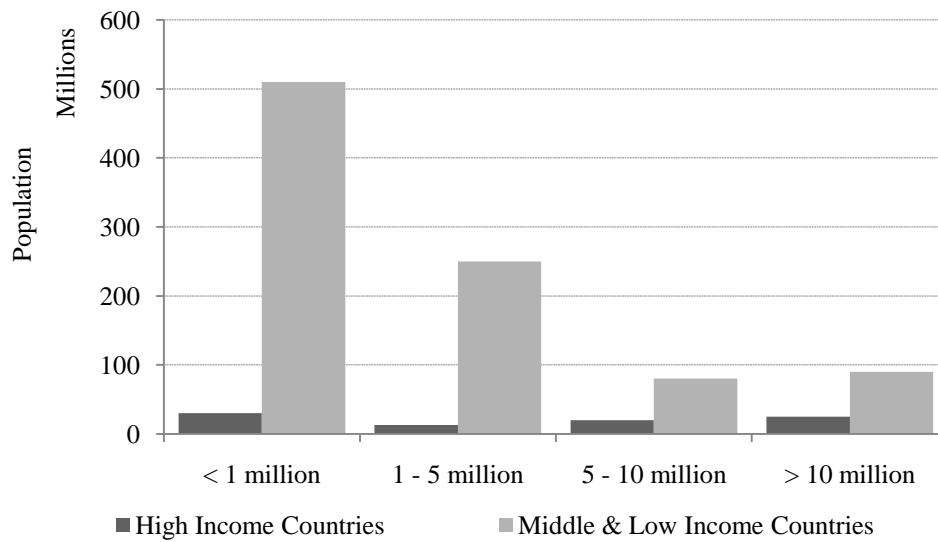
Source: UN World Population Prospects, 2007 Revision

Figure E-4: Urban Population Growth



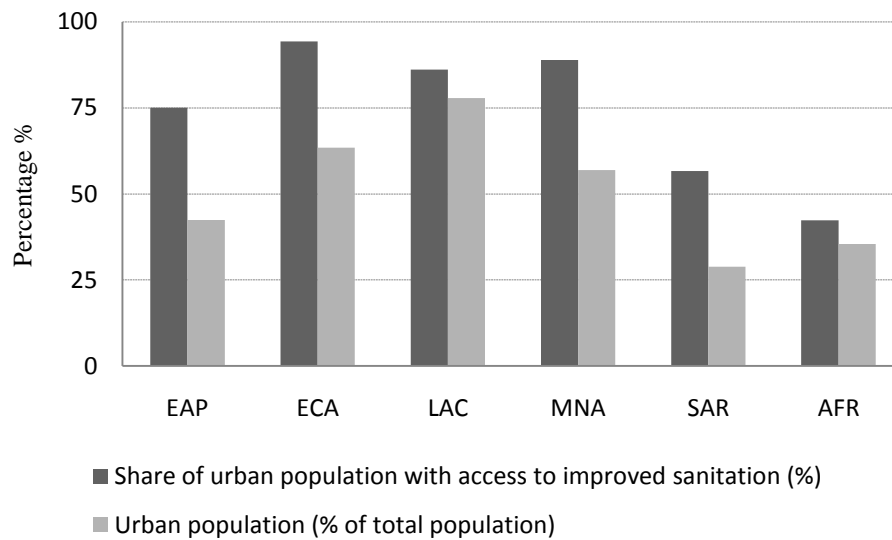
Source: UN World Population Prospects, 2007 Revision

Figure E-5: Projected Population Growth between 2000 and 2015 by City Size



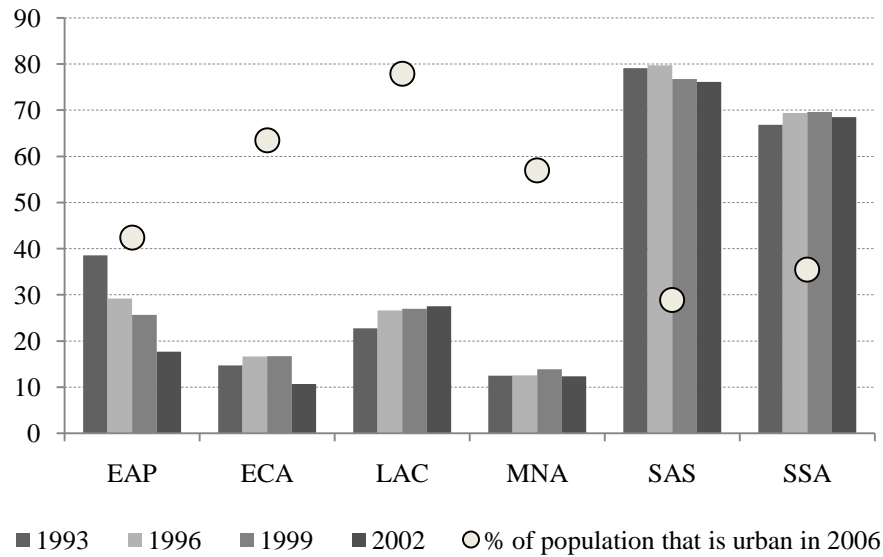
Source: UN World Population Prospects, 2007 Revision

Figure E-6: Urban Population Access to Improved Sanitation



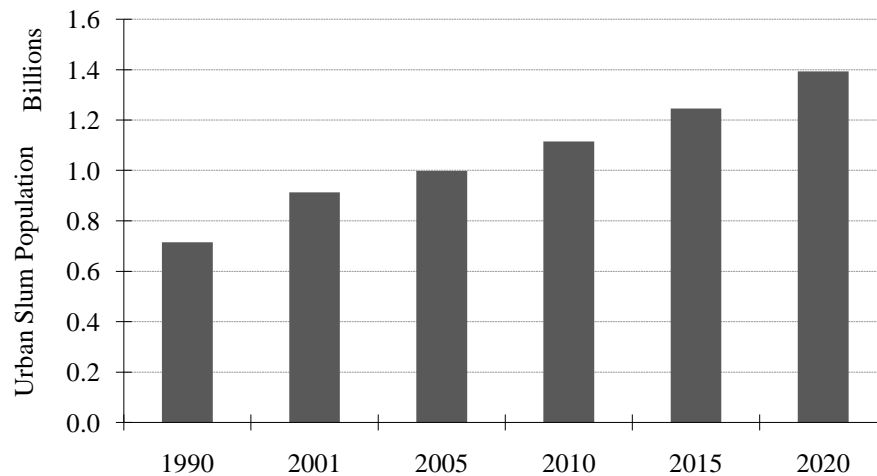
Source: World Bank World Development Indicators

Figure E-7: Headcount Index (%) in Urban Areas Using a \$2/Day Poverty Line Compared to % of Population that is Urban



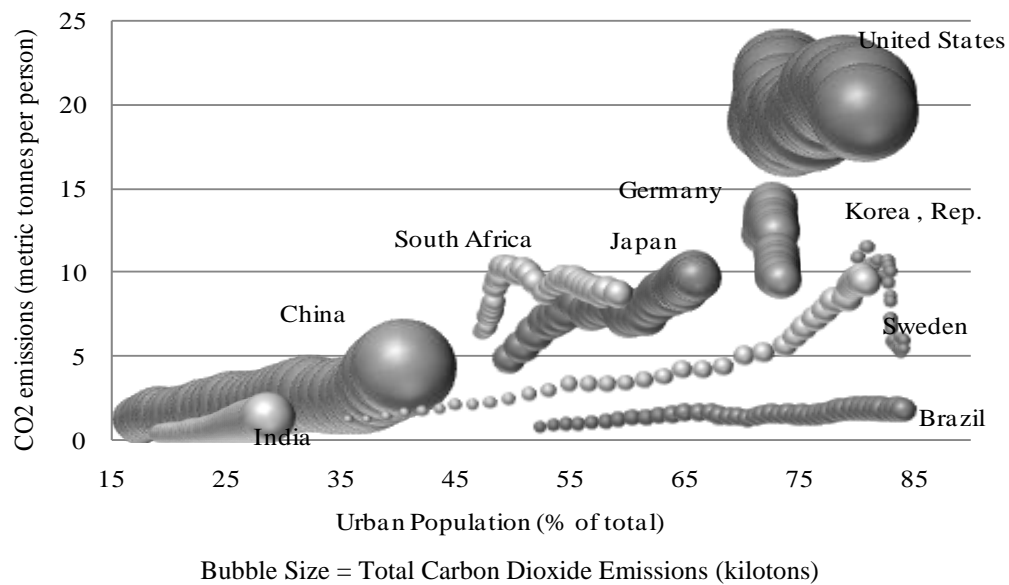
Source: Ravallion, Chen, and Sangraula, 2008 and World Bank World Development Indicators

Figure E-8: Urban Slum Population



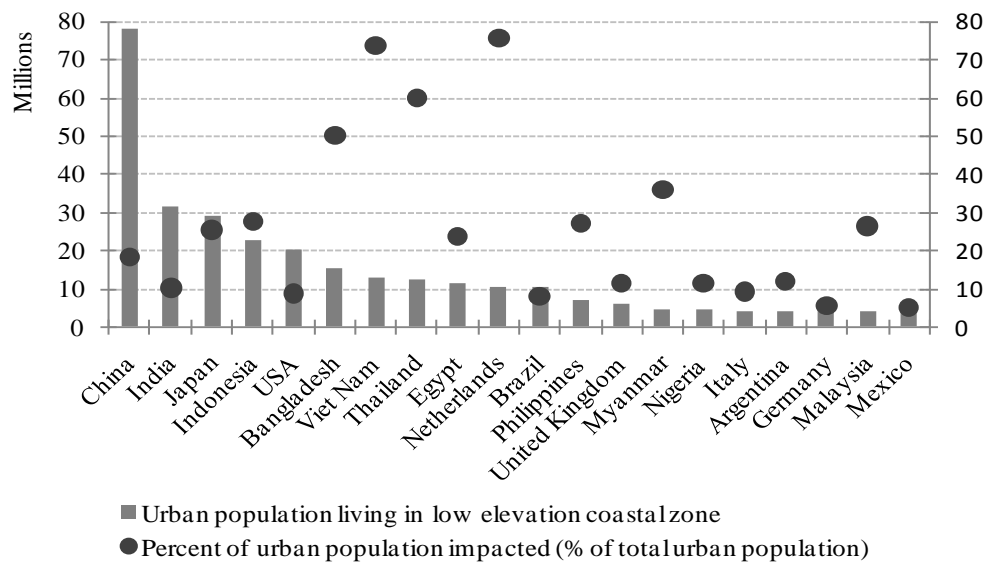
Source: UN World Population Prospects, 2007 Revision

Figure E-9: Carbon Dioxide Emissions Compared with urban Population from 1967 – 2005



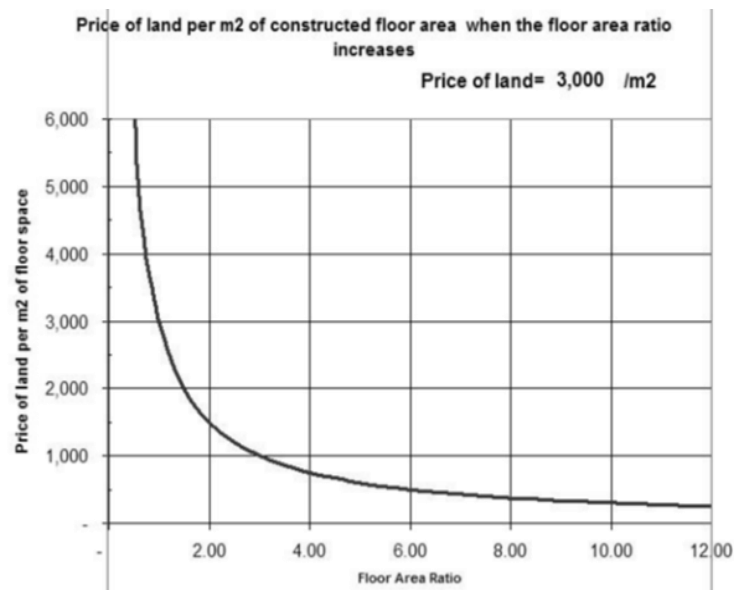
Source: World Bank World Development Indicators

Figure E-10: Countries with Most Urban Populations Living in Low Elevation Coastal Zone



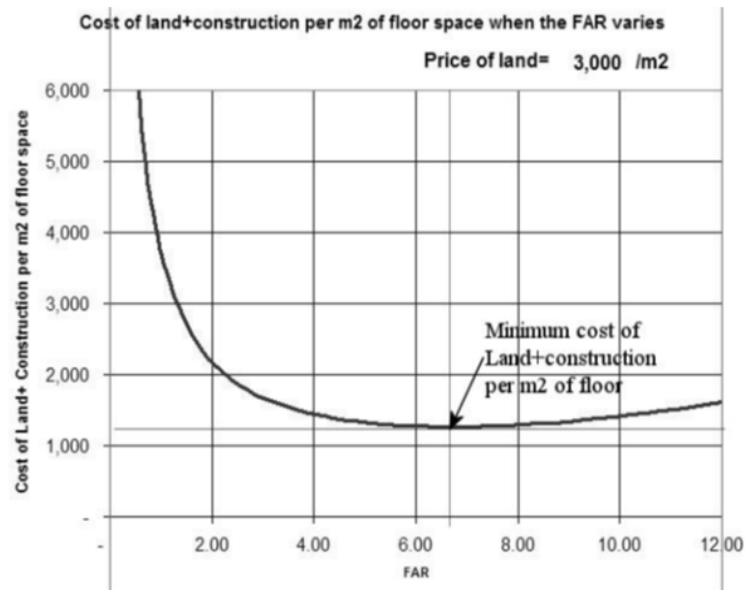
Source: CIESIN, 2007

Figure E-11: Price of Land Compared to Floor Area Ratio in a City in China



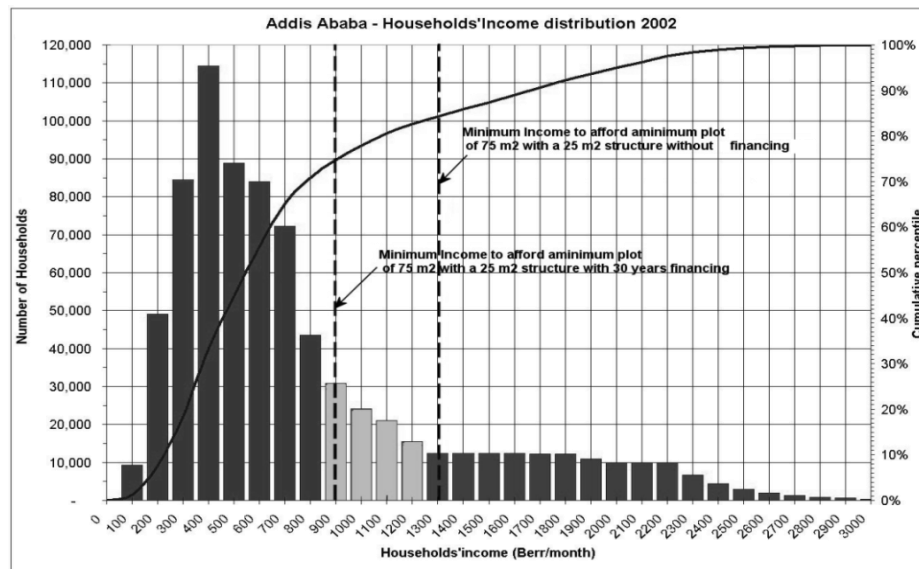
Source: Urban Land Use Background Paper for Urban Strategy, 2009

Figure E-12: Land and Construction Cost Compared to Floor Area Ratio in a City in China



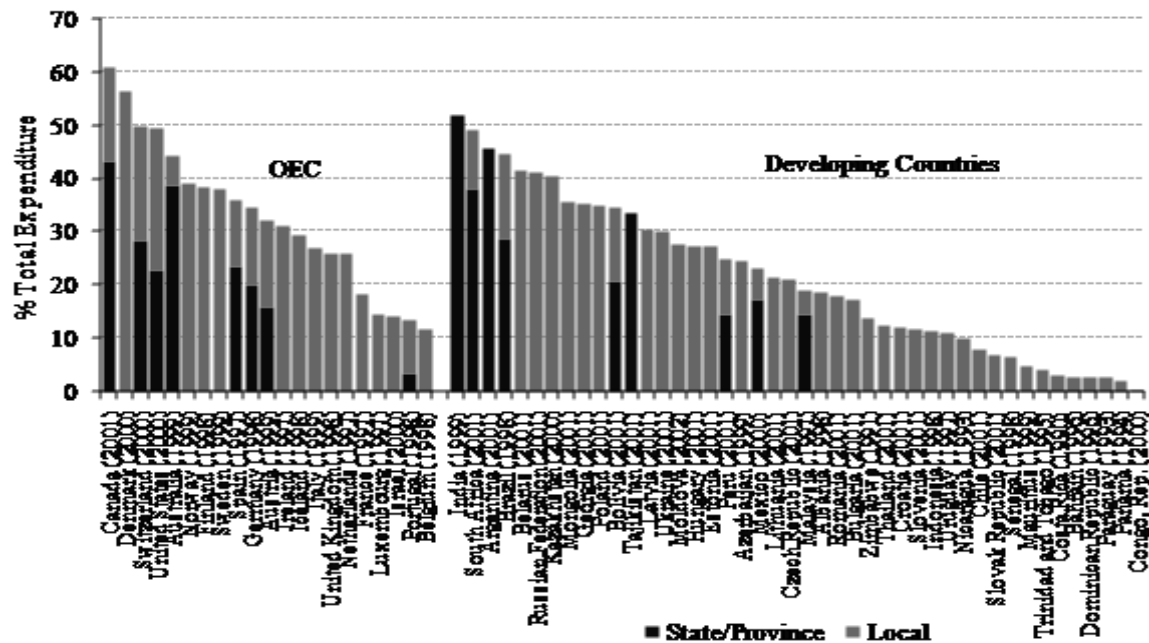
Source: Urban Land Use Background Paper for Urban Strategy, 2009

Figure E-13: Household Income Distribution and Housing Affordability in Addis Ababa, Ethiopia



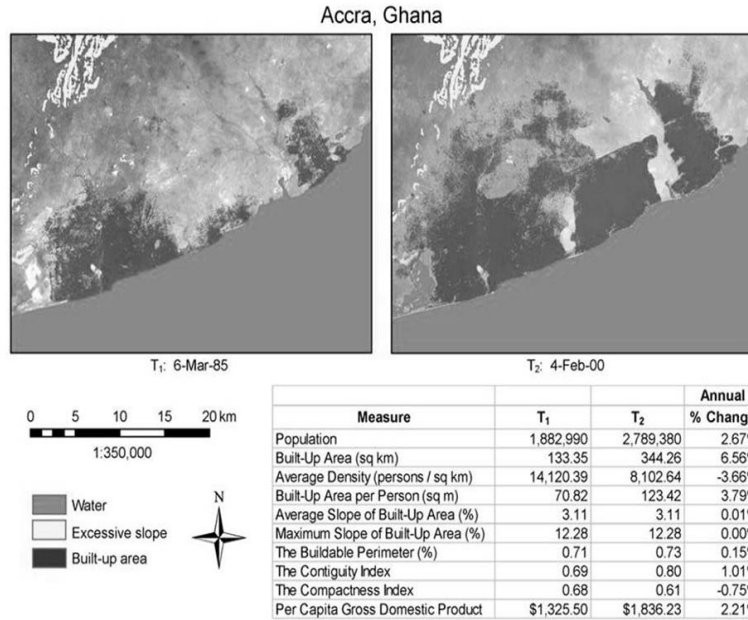
Source: Urban Land Use Background Paper for Urban Strategy, 2009

Figure E-14: Sub-National Expenditures (% of Total)



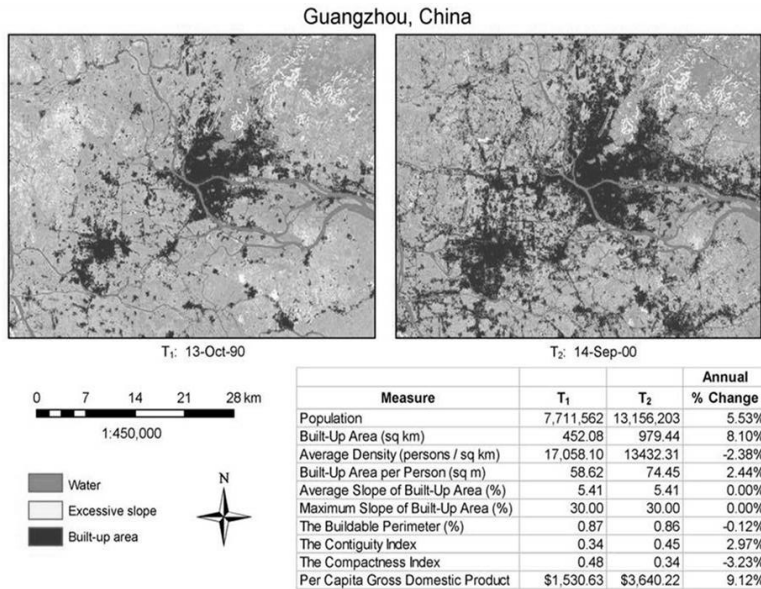
Source: IMF GFS

Figure E-15: Map of Population Density in Accra, Ghana



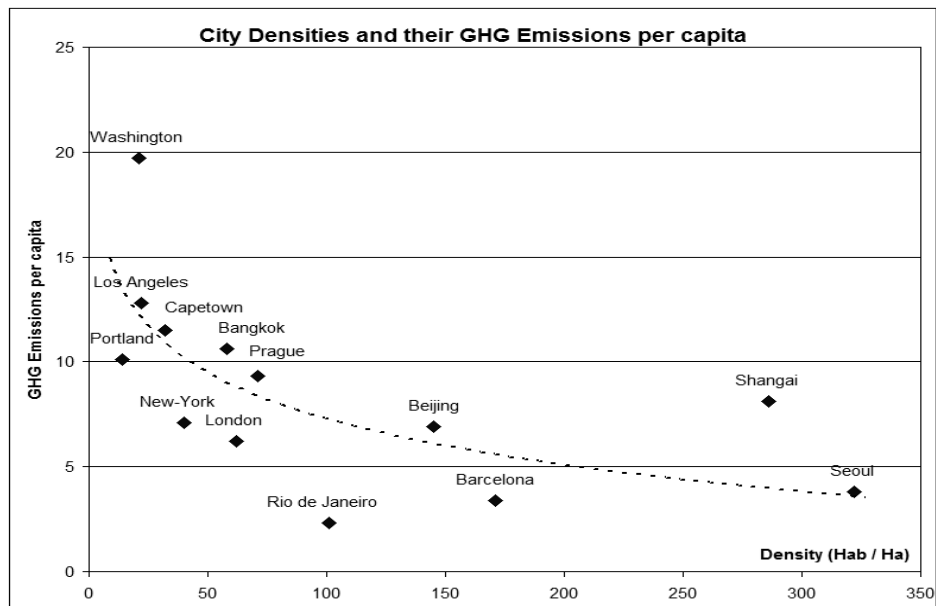
Source: Urban Growth Management Initiative

Figure E-16: Map of Population Density in Guangzhou, China



Source: Urban Growth Management Initiative

Figure E-17: City Densities and GHG Emissions per capita



Source: A. Bertaud, World Bank Urban Strategy Background Paper: Land Use Planning, 2009

Table E-1: Feedback from Client National and Local Governments and Development Partners

Feedback Provider	Identified Areas of Focus
<p><u>Client National and Local Governments</u> (General feedback that came through consultations across the Bank's regional departments)</p>	<ul style="list-style-type: none"> • Provide more strategic guidance on how to manage urbanization • Establish better linkages between advisory services/technical assistance and lending • Decrease response time taking into account the short-tenure of local elected officials • Expand local government access to direct Bank financing, coupled with Municipal Finance TA • Expand advisory services beyond research to include practical tools and operational guides to improve project impacts and effectiveness • Increase sharing of best practice experience and support city-to-city exchanges to facilitate learning
<p><u>Development Partners</u> Indicative List: Norway, Sweden, UCLG, Cities Alliance, Germany (BMZ, KFW, GTZ) France/AFD, International CSOs)</p>	<ul style="list-style-type: none"> • Develop structured programs and dialogue with development partners within a multi-year framework with continued follow-up and monitoring • Expand support for networks of urban practitioners, academicians, researchers and operational specialists • Support harmonization of donor assistance by engaging with non-financing agencies on pre-investment activities in support of cities • Align the Urban Strategy and the Bank's urban programs with the priorities of the international development aid agenda • Actively promote civil society participation in urban development by mainstreaming participatory processes (e.g. participatory budgeting), the use of NGOs as service providers, and as a demand agents (e.g. citizen report cards)

Table E-2: Local Government Responsibility for Service Delivery

Number of countries where local government is formally assigned responsibility/ total number of developing countries in sample

Region	Water Supply and Solid Waste	Basic Education	Public Transport and Roads	Urban Planning & Economic Development
Africa	20 of 21	19 of 21	16 of 21	20 of 21
East Asia	8 of 8	6 of 8	6 of 8	8 of 8
Latin America	18 of 18	9 of 18	17 of 18	16 of 18
Central Asia	12 of 12	9 of 11	12 of 12	12 of 12

Source: Compiled from United Cities and Local Governments, 2008

Table E-3: Capital Flows to Emerging Market Countries

Period	Annual Capital Flow (\$USD)
1980s	Essentially Flat
1990-96	\$124 billion
1997-2002	\$86 billion
2003-2007	\$346 billion
2007	\$920 billion
2009 (projected)	\$165 billion

Source: Institute of International Finance

Table E-4: Innovative City Initiatives that Promote Sustainable Urban Environment

City	Policy Intervention Area & Program	Impacts
Belo Horizonte, Brazil	<u>Sanitation Services</u> : 140 km of watercourses integrated into landscape, flood control and resettlement <u>Slum Upgrading</u> : New road, sewage and drainage system, water supply and 1,091 new homes	Clean and restore 73 polluted streams benefitting 49% of the city population Improved housing for 480,000 people in informal settlements
China, Various Cities	<u>Urban Policies & Regulations</u> : New Building Codes covering insulation in walls and roof, double glazed window frames in certain climates, and low energy lighting energy limits	Reduced energy consumption by 50% in targeted buildings, improved indoor air quality
Curitiba, Colombia	<u>Urban Transport</u> : Car free public square, launch of BRT:	Public square build with broad public support, anchoring new transit system
Dar el Salaam, Tanzania	<u>Coastal Waterfront Management</u> : Established a coastal and marine conservation project that included planting of mangrove trees along the coast	Prevents beach erosion; Mangroves sequester carbon; Protects city from storm surges; Maintains healthy coastal ecosystem
Johannesburg, S. Africa	<u>Green Energy</u> : Solar power generation. Solar panels installed in 170 houses	Reduced electricity consumption by between 10-30 percent
Lviv, Ukraine	<u>Energy Efficiency</u> : City Energy Efficiency Program	Reduces energy consumption of buildings; Reduces energy costs; Enables buildings and occupants to withstand extremes in temperature and precipitation
Makati City, Philippines	<u>Urban Environment</u> : Major citywide tree-planting program (3,000 trees planted each year)	Sequesters approx. 25,000 kg of CO ₂ e/year in GHG emissions; Reduces atmospheric pollution; Reduced urban heat island effect
Nagpur, India	<u>Green Energy</u> : Solar power generation	Derive 10% of energy from renewable sources
Ouagadougou, Burkina Faso	Solid Waste Management: Established the “Green Brigade” of 1200 women to clean streets and public places	Steady jobs created and recyclables used in local fabrication
Seoul, Korea	<u>Environmental Management</u> : Rainwater management and harvesting	In 2007, about 41,000m ³ of rainwater supplied and about 44 MWh of energy saved.

Table E-5: Overview of Bank Urban Strategy Response to Key Challenges

Priority Areas for Strengthening/Adjustment	Bank Urban Strategy Response
<p><u>Urbanization:</u> Increasing client demand for assistance in managing urbanization; limited coverage of urban/urbanization issues in the CAS (IEG/QAG); urban not high on the Bank's corporate agenda.</p>	<p>Development of new Knowledge Product: <i>Urbanization Review Diagnostic Framework</i> (Tools & Teams). The methodology is under development and pilots are expected to commence in FY10.</p>
<p><u>Secondary Cities:</u> 51% of urban growth in the next 20 years will take place in secondary cities.</p>	<p><i>Expand Wholesale Lending Approaches.</i> Increase share of wholesale MDPs/MDFs in urban portfolio with programmatic focus. Expand on successful experiences with Sector DPLs (Housing) and monitor with the potential of replicating new sector DPLs (Solid Waste).</p>
<p><u>Dysfunctional Land & Housing Markets:</u> Identified as core urban constraints to managing urbanization</p>	<p><i>Urban Planning Audit Tool</i> to be developed to assess implementation status and appropriateness of urban planning regulations and guidelines at the city level (Are they moving in tandem with urbanization reflecting needed changes in urban form to accommodate density requirements?); <i>Housing Indicators Tool</i> would revive the indicators developed in the 1990s and would be revised to assess housing market trends and affordability.</p>
<p><u>Information Scarcity:</u> Due in part to lack of disaggregated census and other national statistics data, and the uneven basis on which cities measure and monitor their performance against different standards.</p>	<p><i>GCIP</i> would be rolled out following a successful pilot phase to include increasing numbers of cities in collecting and monitoring standardized performance data for benchmarking purposes; <i>City-level GHG Index</i> would enable city-level monitoring of emissions against a common standard; <i>Innercity Market Assessment Tool</i> would help cities to gather market intelligence using data mining techniques to attract private investment in inner city areas.</p>
<p><u>Technology Advances:</u> Uneven penetration and uptake of ICT technology advances that can help improve municipal efficiency, governance, and accountability</p>	<p><i>Urban ICT Toolkit</i> would provide information about city-level ICT applications for infrastructure service delivery, street addressing, land administration, crime prevention, financial management and budgeting, public disclosure, governance and would include good practice profiles</p>

Priority Areas for Strengthening/Adjustment	Bank Urban Strategy Response
<p><u>Reorienting and strengthening the urban business lines:</u> Building on the framework of the Urban Strategy detailed descriptions of each business line and related knowledge products, advisory services and investment financing need to be developed</p>	<p><i>Urban Development Info Package</i> would comprise materials and detailed descriptions of the Bank's urban development practice covering the 5 business lines, including complementary programs with other sectors of the Bank (e.g. ESMAP, Subnational Finance Program, Carbon Fund), Global Facilities, and their applications at the city level.</p>
<p><u>Local capacity development:</u> In line with the development aid/effectiveness agenda, efforts to support capacity development in client countries</p>	<p><i>Regional WB Urban Hubs</i> in Singapore and Marseille (WBI and partners) and regional counterpart hubs, e.g. Amman Institute for Urban Development, GDN (India), provide a global platform for disseminating and sharing knowledge and expanding reach to client cities.</p>
<p><u>The Results Agenda:</u> A global and Bank-wide renewal of the refocusing on the results agenda will require an urban sector response.</p>	<p><i>Urban Strategy Results Framework, Portfolio Review, Development of Core Urban Project Indicators, Urban Database, Clinics and Training</i> comprise the range of tools and approaches being taken.</p>
<p><u>Knowledge Management & Dissemination:</u> In addition to developing new knowledge products, knowledge exchange and dissemination will play a key role in ensuring impact.</p>	<p><i>Innovative Cities/Development Marketplace</i> (under discussion with WBI as a means of enhancing South-South and South-North exchange of ideas and innovative city initiatives); <i>Scholar in Residence Program</i> (to be launched in early FY10 with Urban Planner joining Urban Anchor from Singapore); Recasting of the Urban Anchor knowledge function as a Knowledge Resource Center- FY10.</p>

Table E-6: Urban & Local Government Strategy in a Cross-Sector Framework

Sector & Key Documents	What the Urban & Local Government Strategy covers	What the counterpart unit/strategy covers
<i>PREM</i>	Municipal finance; Local government capacity building for decentralization; National Urban Strategies; Urban poverty assessments (and inputs into national assessments); Urban governance; Local government reform programs Joint: decentralization program analysis and policy advice	Macro-policy frameworks addressing fiscal space and sustainability; debt and borrowing; Fiscal decentralization. Growth policies; Poverty Assessments; National level Governance & Accountability Programs; National-level Public Sector Reform Programs
<i>Water</i> Strategy (FY04)	Urban water and sanitation service delivery and coverage; Cost-recovery for water services managed by local governments	Water and sanitation sector policies, utilities and pricing
<i>Transport</i> Business Strategy (FY08)	Transport-led urban planning; Inner-city roads, rehabilitation and investment planning	National transport policies and strategies, transport planning, traffic management, demand management
<i>Energy</i> Strategy (FY11)	Energy efficiency through urban planning and densification	Impact of urbanization on energy use and access; Energy Efficient Cities (TA and small grants program)
<i>Environment</i> “Development and Climate Change: A Strategic Framework for the World Bank Group” (FY09), Strategy (FY11)	Urban planning promoting sound environmental design; Joint: City-level GHG Index; Brownfield redevelopment	National level environmental policy and capacity building; Carbon screening of Bank operations; Safeguards
<i>Agriculture and Rural Development</i> Strategy (FY03)	Urban planning and design to protect watersheds; Urban local governments and municipalities; Urban land administration; Urban agriculture from a planning and resource perspective; Joint: Urban-rural transition analysis and policy advice	Watershed protection and management policies; Rural local governments; Rural land administration; Local development in rural areas; Technical aspects of urban agriculture
<i>Social Development</i> Strategy (FY05)	Urban poverty analysis; Joint/Coordinated: Political economy of land issues; decentralization; crime and violence research and programs	Safeguards; Political economy analysis; Poverty and social impact analysis (PSIA)
<i>Financial and private sector development</i>	Housing sector policy reforms and housing for the poor; Infrastructure finance for urban enterprise or redevelopment zones	Housing finance policy; National policy frameworks promoting PPPs; Policy and institutional strengthening concerning urban investment zones
<i>IFC/MIGA</i>	Municipal Development Projects and Lines of Credit; Joint: Subnational investment	Sub-sovereign finance of local governments; Guarantee instruments;

	promotion agencies, Business enabling environment capacity building	Private dimension of Public-Private Partnerships; Doing Business and Sub-national ICA Surveys
<i>DEC</i>	Joint: 3 Year Urban Research Program with DEC under development, coupled with formation of a joint research group	Conducts and sponsors global economic policy research
<i>Health Strategy (FY07)</i>	Access to health services in urban areas	Health policy concerning HIV/AIDS All other health sector issues
<i>Education</i>	Integrating education programs and measures in urban operations, including linkages to higher education institutions to support growth	All other education sector issues
<i>Social Protection</i>	Integrating social protection programs (e.g. conditional case transfers) and measures in urban operations	National policies, institutions and programs supporting social protection

ANNEX F: DATA TABLES

Table F-1: Urban Population by Country

	GNI per capita (current US\$) ^a		Total Population (thousands)		Urban Population (thousands)		% of Total Population in Urban Areas		% Urban Population Annual Growth	% of Total Population in Urban Agglomerations of 1 million or more	% of Urban Population in the Largest City
COUNTRY	1997	2007	1997	2007	1997	2007	1997	2007	2007	2005	2005
East Asia & Pacific											
Upper-middle income											
American Samoa	..	..	..	60	..	55	87	92	1.36	..	..
Fiji	2,570	3,800	783	838	365	435	47	52	1.59	..	..
Palau	..	8,210	..	20	..	16	71	79	1.92	..	..
Malaysia	4,600	6,540	21,668	26,550	12,615	18,436	58	69	2.99	5	8
Lower-middle income											
China	750	2,360	1,230,075	1,319,983	407,893	557,033	33	42	2.78	18	3
Indonesia	1,120	1,650	198,163	225,630	75,619	113,582	38	50	3.40	12	12
Kiribati	1,150	1,170	83	102	33	45	39	44	1.82	..	..
Philippines	1,230	1,620	71,579	87,892	39,941	56,409	56	64	3.03	14	20
Mongolia	510	1,290	2,331	2,612	1,322	1,490	57	57	1.34	..	60
Marshall Islands	..	3,070	51	67	34	47	67	71	2.22	..	..
Micronesia, Fed. Sts.	2,090	2,470	108	111	26	25	24	22	0.67	..	..
Samoa	1,340	2,430	172	187	37	43	22	23	1.63	..	..
Thailand	2,800	3,400	58,830	63,832	18,014	21,052	31	33	1.65	10	32
Timor-Leste	..	1,510	773	1,066	179	287	23	27	5.00	..	..
Tonga	1,840	2,320	98	101	23	25	23	25	1.85	..	..
Vanuatu	1,280	1,840	179	226	37	55	21	24	4.04	..	..
Low income											
Cambodia	300	540	11,989	14,446	1,832	3,025	15	21	4.75	10	50
Korea, Dem. Rep.	..	..	22,269	23,783	13,259	14,821	60	62	0.90	19	23
Lao PDR	380	580	4,919	5,860	946	1,742	19	30	5.71	..	..
Myanmar	..	..	44,288	48,783	11,896	15,571	27	32	2.92	9	28
Papua New Guinea	930	850	4,970	6,324	683	794	14	13	1.80	..	..
Solomon Islands	980	730	383	495	58	87	15	18	4.15	..	..
Vietnam	340	790	75,460	85,140	17,386	23,294	23	27	2.99	13	23
Europe & Central Asia											
Upper-middle income											
Bulgaria	1,200	4,590	8,312	7,642	5,672	5,411	68	71	-0.23	14	20
Belarus	1,530	4,220	10,117	9,702	6,950	7,086	69	73	0.26	18	25
Croatia	4,600	10,460	4,570	4,438	2,522	2,531	55	57	0.39	..	..
Kazakhstan	1,390	5,060	15,334	15,481	8,596	8,926	56	58	1.61	8	13
Latvia	2,510	9,930	2,450	2,276	1,679	1,550	69	68	-0.46	..	..
Lithuania	2,510	9,920	3,580	3,376	2,405	2,256	67	67	-0.37	..	..
Montenegro	..	5,180	648	600	359	363	55	61	-0.69	..	..
Poland	4,180	9,840	38,650	38,061	23,801	23,362	62	61	-0.28	4	7
Romania	1,520	6,150	22,554	21,547	12,134	11,648	54	54	0.14	9	17
Russian Federation	2,660	7,560	147,304	141,636	108,121	103,196	73	73	-0.64	19	10
Serbia	..	4,730	7,650	7,386	3,900	3,830	51	52	0.00	..	..
Turkey	4,250	8,020	64,015	73,888	40,419	50,406	63	68	1.92	26	20
Lower-middle income											
Albania	800	3,290	3,101	3,181	1,241	1,466	40	46	1.69	..	..
Armenia	560	2,640	3,143	3,001	2,069	1,919	66	64	-0.41	37	57
Azerbaijan	450	2,550	7,838	8,571	4,060	4,438	52	52	1.29	22	43
Bosnia and Herzegovina	1,110	3,790	3,472	3,773	1,456	1,768	42	47	1.14	..	..
Georgia	730	2,120	4,887	4,396	2,610	2,315	53	53	-0.69	23	45
Macedonia, FYR	2,120	3,460	1,983	2,037	1,217	1,353	61	66	0.79	..	..
Moldova	500	1,260	4,305	3,792	1,964	1,594	46	42	-1.73	..	..
Turkmenistan	530	..	4,334	4,963	1,972	2,391	46	48	2.21	..	..
Ukraine	890	2,550	50,594	46,383	33,918	31,503	67	68	-0.78	13	8
Low income											
Kyrgyz Republic	390	590	4,725	5,243	1,698	1,894	36	36	1.42	..	43
Tajikistan	170	460	5,937	6,740	1,659	1,782	28	26	1.57	..	..
Uzbekistan	610	730	23,667	26,868	8,984	9,882	38	37	1.54	8	23

Latin America & Caribbean

Upper-middle income

Argentina	8,140	6,050	35,689	39,503	31,856	36,264	89	92	1.16	39	35
Belize	2,790	3,800	230	304	110	156	48	51	3.11	..	..
Brazil	5,060	5,910	166,566	191,601	131,854	163,091	79	85	1.74	37	12
Chile	5,390	8,350	14,828	16,595	12,604	14,630	85	88	1.30	35	40
Costa Rica	3,420	5,560	3,655	4,462	2,086	2,800	57	63	2.26	28	46
Cuba	..	..	11,026	11,257	8,250	8,515	75	76	-0.06	19	26
Dominica	3,110	4,250	72	73	50	54	70	74	1.01	..	..
Grenada	2,930	4,670	100	108	31	33	31	31	0.23	..	..
Jamaica	2,540	3,710	2,534	2,677	1,294	1,422	51	53	0.75	..	..
Mexico	3,720	8,340	93,926	105,281	69,430	80,961	74	77	1.40	35	25
Panama	3,320	5,510	2,781	3,341	1,733	2,419	62	72	2.71	38	53
St. Kitts and Nevis	6,130	9,630	41	49	14	16	33	32	0.94	..	..
St. Lucia	3,730	5,530	150	168	43	47	29	28	1.46	..	..
St. Vincent and the Grenadines	2,610	4,210	114	120	50	56	44	47	1.28	..	..
Suriname	2,020	4,730	424	458	301	341	71	75	0.99	..	..
Uruguay	6,460	6,380	3,256	3,319	2,957	3,060	91	92	0.23	38	42
Venezuela, RB	3,370	7,320	22,959	27,467	20,195	25,539	88	93	2.00	37	12

Lower-middle income

Bolivia	970	1,260	7,813	9,518	4,716	6,198	60	65	2.44	31	26
Colombia	2,530	3,250	39,633	46,117	28,195	34,219	71	74	1.62	36	23
Dominican Republic	1,730	3,550	8,305	9,752	4,953	6,659	60	68	2.51	21	32
Ecuador	1,840	3,080	11,786	13,340	6,930	8,660	59	65	2.06	30	29
El Salvador	1,810	2,850	5,862	6,853	3,268	4,139	56	60	1.83	23	38
Guatemala	1,580	2,440	10,471	13,348	4,597	6,423	44	48	3.38	..	16
Guyana	910	1,300	738	739	213	209	29	28	0.14	..	..
Honduras	720	1,600	5,825	7,091	2,513	3,363	43	47	2.72	..	29
Nicaragua	660	980	4,855	5,605	2,621	3,164	54	56	1.79	21	38
Paraguay	1,760	1,670	5,018	6,120	2,679	3,654	53	60	2.73	31	54
Peru	2,360	3,450	24,613	27,898	17,342	19,891	70	71	1.26	26	37

Low income

Haiti	390	560	8,131	9,612	2,748	4,369	34	45	4.82	23	54
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Middle East & North Africa

Upper-middle income

Lebanon	4,030	5,770	3,631	4,097	3,097	3,558	85	87	1.16	44	51
Libya	..	9,010	5,030	6,156	3,831	4,763	76	77	2.17	54	46

Lower-middle income

Algeria	1,530	3,620	29,216	33,853	16,805	21,862	58	65	2.49	10	15
Djibouti	760	1,090	663	833	538	724	81	87	2.22	..	..
Egypt, Arab Rep.	1,160	1,580	62,941	75,467	26,888	32,209	43	43	1.83	20	36
Iran, Islamic Rep.	1,770	3,470	60,801	71,021	37,575	48,252	62	68	2.08	23	16
Iraq	..	..	23,013	..	15,741	..	68	67	..	..	..
Jordan	1,580	2,850	4,459	5,719	3,489	4,482	78	78	3.27	24	30
Morocco	1,250	2,250	27,282	30,861	14,279	17,183	52	56	1.80	16	19
Syrian Arab Republic	840	1,760	15,342	19,891	7,778	10,717	51	54	3.09	25	25
Tunisia	2,080	3,200	9,215	10,248	5,737	6,774	62	66	1.79	..	..
West Bank and Gaza	1,640	..	2,628	3,869	1,862	2,778	71	72	2.61	..	..

Low income	325	578	1,035,065	1,295,737	286,708	410,539	28	32	3.64	12	27
Yemen, Rep.	330	870	16,635	22,383	4,125	6,728	25	30	4.90	9	30

South Asia

Lower-middle income

Bhutan	630	1,770	517	657	116	219	22	33	4.87	..	..
India	420	950	965,428	1,123,319	261,052	328,683	27	29	2.17	12	6
Sri Lanka	790	1,540	18,567	19,945	2,993	3,012	16	15	0.29	..	..

Low income

Afghanistan	..	..	..	..	..	..	20	24	..	..	..
Bangladesh	340	470	131,524	158,572	29,540	42,275	22	27	3.46	12	32
Maldives	1,840	3,200	259	305	68	112	26	37	5.35	..	..
Nepal	220	340	22,767	28,108	2,709	4,711	12	17	4.58	..	19
Pakistan	500	870	128,457	162,389	41,569	58,038	32	36	3.29	18	21

Sub-Saharan Africa

Upper-middle income

Botswana	3,200	5,840	1,638	1,881	830	1,107	51	59	2.54	..	..
Gabon	4,400	6,670	1,109	1,330	857	1,125	77	85	2.04	..	..
Mauritius	3,790	5,450	1,148	1,263	494	536	43	42	0.88	..	..
Mayotte	..	..	..	194	..	..	..	..	..	..	..
Seychelles	7,330	8,960	77	85	39	46	50	54	1.40	..	..
South Africa	3,680	5,760	40,926	47,588	22,698	28,676	55	60	1.21	30	12

Lower-middle income

Angola	470	2,560	12,953	17,019	5,958	9,497	46	56	4.38	17	32
Cameroon	630	1,050	14,774	18,533	6,964	10,367	47	56	3.43	18	18
Cape Verde	1,240	2,430	420	530	213	312	51	59	3.50	..	..
Congo, Rep.	570	1,540	2,955	3,767	1,689	2,296	57	61	2.70	32	54
Lesotho	780	1,000	1,788	2,006	325	496	18	25	3.50	..	..
Namibia	2,160	3,360	1,752	2,074	540	752	31	36	2.93	..	..
Sudan	290	960	31,044	38,556	10,313	16,409	33	43	4.31	12	30
Swaziland	1,650	2,580	960	1,145	222	282	23	25	1.75	..	..

Low income

Benin	340	570	6,607	9,025	2,471	3,682	37	41	3.97	..	..
Burkina Faso	250	430	10,876	14,777	1,708	2,828	16	19	5.09	..	36
Burundi	140	110	6,378	8,496	487	858	8	10	6.89	..	..
Central African Republic	300	380	3,625	4,343	1,354	1,669	37	38	2.24	..	..
Chad	210	540	7,633	10,764	1,718	2,822	23	26	4.55	..	35
Comoros	460	680	507	626	143	175	28	28	2.19	..	..
Congo, Dem. Rep.	110	140	47,532	62,399	13,765	20,804	29	33	4.73	16	32
Cote d'Ivoire	740	910	15,856	19,268	6,697	9,272	42	48	3.23	19	41
Eritrea	210	230	3,341	4,842	571	982	17	20	5.33	..	..
Ethiopia	150	220	60,125	79,087	8,598	13,208	14	17	4.29	4	24
Gambia, The	330	320	1,247	1,707	573	949	46	56	4.12	..	..
Ghana	370	590	18,790	23,462	7,828	11,562	42	49	3.46	16	18
Guinea	500	400	7,722	9,380	2,324	3,186	30	34	3.57	16	48
Guinea-Bissau	220	200	1,261	1,695	375	504	30	30	3.21	..	..
Kenya	390	680	28,914	37,531	5,575	7,994	19	21	4.06	8	38
Liberia	110	150	2,476	3,753	1,281	2,232	52	59	5.90	..	47
Madagascar	240	320	14,809	19,670	3,898	5,740	26	29	3.80	9	30
Malawi	200	250	10,607	13,920	1,491	2,547	14	18	5.31	..	..
Mali	280	500	9,211	12,334	2,437	3,900	26	32	4.80	12	39
Mauritania	610	840	2,354	3,121	939	1,273	40	41	3.00	..	..
Mozambique	180	320	16,878	21,372	4,726	7,707	28	36	4.08	6	19
Niger	200	280	9,981	14,195	1,593	2,337	16	16	3.77	..	39
Nigeria	280	930	115,193	147,983	46,469	70,499	40	48	3.75	13	17
Rwanda	270	320	6,363	9,736	668	1,758	11	18	4.39	..	48
Sao Tome and Principe	..	870	133	158	67	94	51	60	3.23	..	..
Senegal	520	820	9,548	12,411	3,831	5,228	40	42	3.39	18	44
Sierra Leone	190	260	4,216	5,848	1,464	2,190	35	37	2.68	..	39
Somalia	..	..	6,433	8,696	2,066	3,137	32	36	4.15	16	46
Tanzania	210	400	31,492	40,432	6,683	10,140	21	25	4.21	7	29
Togo	330	360	4,846	6,581	1,673	2,718	35	41	4.33	21	54
Uganda	290	340	22,576	30,930	2,678	3,965	12	13	4.65	5	36
Zambia	360	800	9,742	11,920	3,525	4,205	36	35	2.29	11	31
Zimbabwe	660	..	12,195	13,403	3,968	4,940	33	37	2.62	12	32

High Income OECD

Australia	21,500	35,960	18,517	21,017	16,025	18,613	87	89	1.72	60	24
Austria	28,920	42,700	7,971	8,315	5,245	5,566	66	67	0.73	27	41
Belgium	27,920	40,710	10,181	10,626	9,867	10,343	97	97	0.75	10	10
Canada	20,690	39,420	29,987	32,976	23,516	26,480	78	80	1.12	44	21
Czech Republic	5,650	14,450	10,304	10,334	7,662	7,596	74	74	0.63	11	16
Denmark	34,670	54,910	5,284	5,460	4,494	4,719	85	86	0.74	20	23
Finland	25,780	44,400	5,140	5,289	3,150	3,332	61	63	0.90	21	33
France	26,270	38,500	58,208	61,707	43,807	47,601	75	77	0.86	22	21
Germany	29,280	38,860	82,071	82,268	60,092	60,517	73	74	-0.02	8	6
Greece	15,380	29,630	10,777	11,193	6,408	6,806	59	61	0.73	29	48
Hungary	4,320	11,570	10,290	10,056	6,685	6,747	65	67	0.44	17	25
Iceland	27,590	54,100	272	311	250	287	92	92	2.37	..	..
Ireland	20,070	48,140	3,674	4,366	2,145	2,666	58	61	2.90	25	41
Italy	21,320	33,540	56,894	59,375	38,130	40,327	67	68	0.97	17	8
Japan	38,610	37,670	126,091	127,771	81,757	84,738	65	66	0.25	48	42
Korea, Rep.	12,190	19,690	45,954	48,530	36,193	39,426	79	81	0.50	51	25
Luxembourg	47,740	75,880	422	480	351	396	83	83	2.42	..	..
Netherlands	27,720	45,820	15,607	16,381	11,612	13,315	74	81	0.88	14	9
New Zealand	16,520	28,780	3,781	4,228	3,232	3,655	85	86	1.18	28	32
Norway	37,190	76,450	4,404	4,709	3,291	3,646	75	77	1.11	..	22
Portugal	11,730	18,950	10,089	10,608	5,289	6,242	52	59	1.29	39	45
Slovak Republic	4,150	11,730	5,383	5,396	3,037	3,046	56	56	0.32	..	..
Spain	15,580	29,450	39,582	44,879	30,106	34,548	76	77	1.90	24	17
Sweden	29,280	46,060	8,849	9,148	7,423	7,726	84	84	0.84	19	22
Switzerland	44,440	59,880	7,088	7,550	5,208	5,543	73	73	0.96	15	21
United Kingdom	21,700	42,740	58,317	61,034	51,995	54,845	89	90	0.81	26	16
United States	29,910	46,040	272,657	301,621	212,727	245,519	78	81	1.11	43	8

Other High Income

Andorra	..	..	..	67	..	60	93	89	-0.07	..	..
Antigua and Barbuda	7,690	11,520	72	85	24	26	33	31	0.59	..	..
Aruba	..	..	..	101	..	47	48	47	-0.17	..	..
Bahamas, The	12,880	..	290	331	236	277	81	84	1.41	..	..
Bahrain	10,100	19,350 ^c	608	753	537	666	88	88	1.91	..	..
Barbados	7,350	..	283	294	100	116	35	39	1.57	..	..
Bermuda	35,990	..	62	64	62	64	100	100	0.31	..	..
Brunei Darussalam	16,310	26,930 ^b	310	389	216	290	70	74	2.49	..	..
Cayman Islands	..	..	..	47	..	47	100	100	1.72	..	..
Channel Islands	..	..	145	149	44	46	31	31	0.63	..	..
Cyprus	13,680	24,940	671	787	458	548	68	70	2.09	..	..
Equatorial Guinea	900	12,860	401	508	156	199	39	39	2.78	..	..
Estonia	3,530	13,200	1,400	1,342	977	932	70	69	-0.11	..	..
Faeroe Islands	..	..	..	48	..	20	33	41	1.54	..	..
French Polynesia	17,470	..	224	263	119	136	53	52	1.25	..	..
Greenland	..	..	56	57	45	47	81	83	0.26	..	..
Guam	..	..	149	173	138	161	93	93	1.30	..	..
Hong Kong, China	25,940	31,610	6,489	6,926	6,489	6,926	100	100	1.00	103	103
Isle of Man	26,770	..	71	77	37	39	52	51	0.68	..	..
Israel	17,050	21,900	5,836	7,172	5,317	6,573	91	92	1.76	44	47
Kuwait	18,560	31,640 ^c	1,980	2,663	1,943	2,619	98	98	2.43	71	73
Liechtenstein	..	..	..	35	..	5	16	14	0.44	..	..
Macao, China	16,600	..	424	480	423	480	100	100	0.54	..	..
Malta	9,140	15,310 ^b	383	409	350	385	92	94	1.00	..	..
Monaco	..	..	..	33	..	33	100	100	0.31	..	..
Netherlands Antilles	..	..	186	191	166	177	89	92	1.59	..	..
New Caledonia	17,790	..	202	242	123	156	61	64	2.18	..	..
Northern Mariana Islands	..	..	..	84	..	76	90	91	2.16	..	..
Oman	6,720	11,120 ^c	2,281	2,600	1,635	1,861	72	72	2.12	..	..
Puerto Rico	8,560	..	3,734	3,943	3,364	3,868	90	98	0.64	67	68
Qatar	..	..	553	836	522	799	94	96	1.87	..	..
San Marino	..	..	..	29	..	27	92	94	1.09	..	..
Saudi Arabia	8,410	15,440	19,444	24,196	15,388	19,705	79	81	2.43	36	22
Singapore	27,160	32,470	3,796	4,589	3,796	4,589	100	100	4.17	101	101
Slovenia	10,880	20,960	1,986	2,018	1,006	987	51	49	-0.05	..	..
Taiwan, China	13,950	17,930	21,670	22,917	..	..	..	..	..	..	..
Trinidad and Tobago	4,240	14,100	1,284	1,333	129	172	10	13	3.02	..	..
United Arab Emirates	20,690	..	2,652	4,365	2,073	3,397	78	78	2.78	32	42
Virgin Islands (U.S.)	..	..	107	108	98	103	91	95	0.09	..	..

Source: World Bank World Development Indicators, 2008

a. Calculated using the World Bank Atlas method

b. GNI per Capita is 2006 data

c. GNI per Capita is 2005 data

Note: Urban agglomeration is defined as the built-up or densely populated area containing the city proper; suburbs and continuously settled commuter areas.

Table F-2: Urban Poverty & Slums

COUNTRY	Urban Population (thousands)	GNI per capita (current US\$)	Slum Population in Urban Areas (thousands) ^a			Slum Annual Growth Rate (%)	Slum Population as % of Urban Population	# of Years Slum Population will Double	% Urban Population with Access to Improved Sanitation	% Urban Population with Access to Improved Water
	2007	2007	1990	2005	2020	1990 - 2001	2001	2001	2006	2006
East Asia & Pacific										
<i>Upper-middle income</i>										
American Samoa	55	..	..	..	..	..	1	..	..	..
Fiji	435	3,800	..	..	..	2.88	68	24	87	43
Palau	16	8,210	..	..	..	..	..	..	96	79
Malaysia	18,436	6,540	177	302	515	3.56	2	20	95	100
<i>Lower-middle income</i>										
China	557,033	2,360	137,929	195,682	277,616	2.33	38	30	74	98
Indonesia	113,582	1,650	17,964	22,049	27,064	1.37	23	51	67	89
Kiribati	45	1,170	..	..	..	2.24	56	31	46	77
Philippines	56,409	1,620	16,346	21,792	29,053	1.92	44	36	81	96
Mongolia	1,490	1,290	866	969	1,084	0.75	65	..	64	90
Marshall Islands	47	3,070	..	..	..	1.45	2	48	..	..
Micronesia, Fed. Sts.	25	2,470	..	..	..	..	..	..	61	95
Samoa	43	2,430	..	..	..	0.26	10	263	100	90
Thailand	21,052	3,400	1,998	119	7	-18.79	2	..	95	99
Timor-Leste	287	1,510	1	13	140	16.00	12	4	64	77
Tonga	25	2,320	..	..	..	0.87	1	80	98	100
Vanuatu	55	1,840	..	..	..	4.31	37	16	..	..
<i>Low income</i>										
Cambodia	3,025	540	870	2,162	5,375	6.07	72	11	62	80
Korea, Dem. Rep.	14,821	..	..	..	..	..	..	..	..	100
Lao PDR	1,742	580	422	850	1,711	..	66	..	87	86
Myanmar	15,571	..	3,105	3,794	4,635	1.34	26	52	85	80
Papua New Guinea	794	850	..	..	..	3.92	19	18	67	88
Solomon Islands	87	730	..	..	..	..	..	..	98	94
Vietnam	23,294	790	8,100	9,632	11,453	1.15	47	60	88	98
Europe & Central Asia										
<i>Upper-middle income</i>										
Bulgaria	5,411	4,590	..	..	..	..	..	..	100	100
Belarus	7,086	4,220	..	..	..	0.34	6	202	91	100
Croatia	2,531	10,460	..	..	..	..	..	..	99	100
Kazakhstan	8,926	5,060	..	..	..	-0.57	30	..	97	99
Latvia	1,550	9,930	..	..	..	..	..	..	82	100
Lithuania	2,256	9,920	..	..	..	..	..	..	..	..
Montenegro	363	5,180	..	..	..	..	..	..	96	100
Poland	23,362	9,840	..	..	..	..	..	..	..	100
Romania	11,648	6,150	..	..	..	..	..	..	88	99
Russian Federation	103,196	7,560	..	..	..	-0.27	6	..	93	100
Serbia	3,830	4,730	..	..	..	..	..	..	96	99
Turkey	50,406	8,020	7,997	8,016	8,035	0.02	18	4,470	96	98
<i>Lower-middle income</i>										
Albania	1,466	3,290	..	..	..	..	..	..	98	97
Armenia	1,919	2,640	..	..	..	0.61	2	114	96	99
Azerbaijan	4,438	2,550	..	..	..	0.74	7	94	90	95
Bosnia and Herzegovina	1,768	3,790	..	..	..	..	..	..	99	100
Georgia	2,315	2,120	..	..	..	-7.21	9	..	94	100
Macedonia, FYR	1,353	3,460	..	..	..	..	..	..	92	100
Moldova	1,594	1,260	..	..	..	..	..	..	85	96
Turkmenistan	2,391	..	..	..	..	2.49	2	28	..	..
Ukraine	31,503	2,550	..	..	..	-0.35	6	..	97	97
<i>Low income</i>										
Kyrgyz Republic	1,894	590	..	..	..	..	..	..	94	99
Tajikistan	1,782	460	..	..	..	0.09	56	804	95	93
Uzbekistan	9,882	730	..	..	..	1.07	51	65	97	98

COUNTRY	Urban Population (thousands)	GNI per capita (current US\$)	Slum Population in Urban Areas (thousands) ^d			Slum Annual Growth Rate (%)	Slum Population as % of Urban Population	# of Years Slum Population will Double	% Urban Population with Access to Improved Sanitation	% Urban Population with Access to Improved Water
	2007	2007	1990	2005	2020	1990 - 2001	2001	2001	2006	2006

Latin America & Caribbean

Upper-middle income

Argentina	36,264	6,050	8,597	11,978	16,690	2.21	33	31	92	98
Belize	156	3,800	48	78	127	3.23	62	22	..	100
Brazil	163,091	5,910	49,806	52,374	55,074	0.34	37	207	84	97
Chile	14,630	8,350	432	1,628	6,136	8.85	9	8	97	98
Costa Rica	2,800	5,560	195	372	710	4.31	13	16	96	99
Cuba	8,515	..	156	174	194	0.73	2	95	99	95
Dominica	54	4,250	8	7	6	-1.17	14	..	..	100
Grenada	33	4,670	2	3	3	1.36	7	51	96	97
Jamaica	1,422	3,710	356	604	1,026	3.53	36	20	82	97
Mexico	80,961	8,340	13,923	14,983	16,123	0.49	20	142	91	98
Panama	2,419	5,510	397	552	766	2.19	31	32	78	96
St. Kitts and Nevis	16	9,630	1	1	1	-0.67	5	..	96	99
St. Lucia	47	5,530	6	7	9	1.37	12	50	..	98
St. Vincent and the Grenadine	56	4,210	2	4	6	3.62	5	19	..	..
Suriname	341	4,730	18	23	29	1.58	7	44	89	97
Uruguay	3,060	6,380	191	41	9	-10.27	2	..	100	100
Venezuela, RB	25,539	7,320	6,664	9,642	13,952	2.46	41	28	..	..

Lower-middle income

Bolivia	6,198	1,260	2,555	3,597	5,064	2.28	61	30	54	96
Colombia	34,219	3,250	6,239	7,381	8,732	1.12	22	62	85	99
Dominican Republic	6,659	3,550	2,327	2,038	1,785	-0.88	38	..	81	97
Ecuador	8,660	3,080	1,588	2,317	3,382	2.52	26	28	91	98
El Salvador	4,139	2,850	1,126	1,495	1,986	1.89	35	37	90	94
Guatemala	6,423	2,440	2,192	3,186	4,632	2.49	62	28	90	99
Guyana	209	1,300	12	15	18	1.29	5	54	85	98
Honduras	3,363	1,600	488	703	1,012	2.43	18	29	78	95
Nicaragua	3,164	980	1,638	2,730	4,550	3.41	81	20	57	90
Paraguay	3,654	1,670	756	812	873	0.48	25	144	89	94
Peru	19,891	3,450	8,979	14,862	24,601	3.36	68	21	85	92

Low income

Haiti	4,369	560	1,728	2,976	5,128	3.63	86	19	29	70
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Middle East & North Africa

Upper-middle income

Lebanon	3,558	5,770	1,142	1,811	2,872	3.07	50	23	100	100
Libya	4,763	9,010	1,242	1,867	2,806	2.72	35	26	97	..

Lower-middle income

Algeria	21,862	3,620	1,508	2,370	3,725	3.02	12	23	98	87
Djibouti	724	1,090	..	..	..	..	..	..	76	98
Egypt, Arab Rep.	32,209	1,580	14,087	11,015	8,613	-1.64	40	..	85	99
Iran, Islamic Rep.	48,252	3,470	..	..	..	..	..	..	..	99
Iraq	..	..	6,825	9,992	14,630	2.54	57	27	80	88
Jordan	4,482	2,850	388	741	1,416	4.32	16	16	88	99
Morocco	17,183	2,250	4,457	6,054	8,223	2.04	33	34	85	100
Syrian Arab Republic	10,717	1,760	629	1,012	1,630	3.18	10	22	96	95
Tunisia	6,774	3,200	425	188	84	-5.43	4	..	96	99
West Bank and Gaza	2,778	84	90

Low income

Yemen, Rep.	6,728	870	1,787	3,803	8,092	5.03	65	14	88	68
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South Asia

Lower-middle income

Bhutan	219	1,770	61	73	88	1.22	44	57	71	98
India	328,683	950	131,174	169,671	219,466	1.72	56	40	52	96
Sri Lanka	3,012	1,540	899	515	295	-3.72	14	..	89	98

Low income

Afghanistan	..	..	2,458	6,375	16,536	6.35	99	11	45	37
Bangladesh	42,275	470	18,988	36,079	68,553	4.28	85	16	48	85
Maldives	112	3,200	..	..	..	..	..	..	100	98
Nepal	4,711	340	1,574	3,213	6,562	4.76	92	15	45	94
Pakistan	58,038	870	26,416	39,722	59,730	2.72	74	26	90	95

	Urban Population (thousands)	GNI per capita (current US\$)	Slum Population in Urban Areas (thousands) ^d			Slum Annual Growth Rate (%)	Slum Population as % of Urban Population	# of Years Slum Population will Double	% Urban Population with Access to Improved Sanitation	% Urban Population with Access to Improved Water
COUNTRY	2007	2007	1990	2005	2020	1990 - 2001	2001	2001	2006	2006
Sub-Saharan Africa										
Upper-middle income										
Botswana	1,107	5,840	311	540	939	3.69	61	19	60	100
Gabon	1,125	6,670	357	872	2,129	5.95	66	12	37	95
Mauritius	536	5,450	..	..	..	..	..	..	95	100
Mayotte	..	..	..	..	..	..	..	..	..	..
Seychelles	46	8,960	..	..	..	..	2	..	..	100
South Africa	28,676	5,760	8,207	8,439	8,677	0.19	33	373	66	100
Lower-middle income										
Angola	9,497	2,560	2,193	4,839	10,677	5.28	83	13	79	62
Cameroon	10,367	1,050	2,906	6,197	13,217	5.05	67	14	58	88
Cape Verde	312	2,430	106	240	540	5.42	70	13	..	..
Congo, Rep.	2,296	1,540	1,050	2,276	4,930	5.15	90	14	19	95
Lesotho	496	1,000	168	434	1,121	6.32	57	11	43	93
Namibia	752	3,360	155	239	368	2.88	38	24	66	99
Sudan	16,409	960	5,708	12,441	27,118	5.19	86	13	50	78
Swaziland	282	2,580	..	..	..	..	..	..	64	87
Low income										
Benin	3,682	570	1,288	2,870	6,394	5.34	84	13	59	78
Burkina Faso	2,828	430	987	1,791	3,250	3.97	77	18	41	97
Burundi	858	110	294	438	653	2.66	65	26	44	84
Central African Republic	1,669	380	1,038	1,646	2,610	3.07	92	23	40	90
Chad	2,822	540	1,218	2,308	4,373	4.26	99	16	23	71
Comoros	175	680	91	181	361	4.61	61	15	49	91
Congo, Dem. Rep.	20,804	140	5,366	9,227	15,865	3.61	50	19	42	82
Cote d'Ivoire	9,272	910	2,532	6,203	15,194	..	68	..	38	98
Eritrea	982	230	342	590	1,016	3.62	70	19	14	74
Ethiopia	13,208	220	5,984	12,315	25,347	4.81	99	14	27	96
Gambia, The	949	320	155	348	781	5.39	67	13	50	91
Ghana	11,562	590	4,083	5,372	7,067	1.83	70	38	15	90
Guinea	3,186	400	1,145	1,918	3,213	3.44	72	20	33	91
Guinea-Bissau	504	200	210	456	990	5.17	93	13	48	82
Kenya	7,994	680	3,985	9,620	23,223	5.88	71	12	19	85
Liberia	2,232	150	632	853	1,153	2.00	56	35	49	72
Madagascar	5,740	320	2,562	5,696	12,664	5.33	93	13	18	76
Malawi	2,547	250	1,033	1,860	3,348	3.92	91	18	51	96
Mali	3,900	500	1,968	4,083	8,474	4.87	93	14	59	86
Mauritania	1,273	840	827	1,915	4,437	5.60	94	12	44	70
Mozambique	7,707	320	2,722	7,710	21,842	6.94	94	10	53	71
Niger	2,337	280	1,191	2,882	6,972	5.89	96	12	27	91
Nigeria	70,499	930	24,096	46,272	76,749	4.96	79	14	35	65
Rwanda	1,758	320	296	504	857	3.55	88	20	34	82
Sao Tome and Principe	94	870	..	..	..	..	..	..	29	88
Senegal	5,228	820	2,276	4,181	7,679	4.05	76	17	54	93
Sierra Leone	2,190	260	1,107	1,895	3,243	3.58	96	19	20	83
Somalia	3,137	..	1,670	2,867	4,923	3.60	97	19	51	63
Tanzania	10,140	400	5,601	14,113	35,561	6.16	92	11	31	81
Togo	2,718	360	796	1,510	2,866	4.27	81	16	24	86
Uganda	3,965	340	1,806	4,010	8,904	5.32	93	13	29	90
Zambia	4,205	800	2,284	3,519	5,423	2.88	74	24	55	90
Zimbabwe	4,940	..	116	176	266	2.76	3	25	63	98
High Income OECD										
Australia	18,613	35,960	..	..	..	..	..	..	100	100
Austria	5,566	42,700	..	..	..	..	..	..	100	100
Belgium	10,343	40,710	..	..	..	..	..	..	..	100
Canada	26,480	39,420	..	..	..	..	..	..	100	100
Czech Republic	7,596	14,450	..	..	..	..	..	..	100	100
Denmark	4,719	54,910	..	..	..	..	..	..	100	100
Finland	3,332	44,400	..	..	..	..	..	..	100	100
France	47,601	38,500	..	..	..	..	..	..	..	100
Germany	60,517	38,860	..	..	..	..	..	..	100	100
Greece	6,806	29,630	..	..	..	..	..	..	99	100
Hungary	6,747	11,570	..	..	..	..	..	..	100	100

COUNTRY	Urban Population (thousands)	GNI per capita (current US\$)	Slum Population in Urban Areas (thousands) ^d			Slum Annual Growth Rate (%)	Slum Population as % of Urban Population	# of Years Slum Population will Double	% Urban Population with Access to Improved Sanitation	% Urban Population with Access to Improved Water
	2007	2007	1990	2005	2020	1990 - 2001	2001	2001	2006	2006
Iceland	287	54,100	..	..	..	..	..	..	100	100
Ireland	2,666	48,140	..	..	..	..	..	..	..	100
Italy	40,327	33,540	..	..	..	..	..	..	..	100
Japan	84,738	37,670	..	..	..	..	..	..	100	100
Korea, Rep.	39,426	19,690	..	..	..	..	..	..	..	97
Luxembourg	396	75,880	..	..	..	..	..	..	100	100
Netherlands	13,315	45,820	..	..	..	..	..	..	100	100
New Zealand	3,655	28,780	..	..	..	..	..	..	..	100
Norway	3,646	76,450	..	..	..	..	..	..	..	100
Portugal	6,242	18,950	..	..	..	..	..	..	99	99
Slovak Republic	3,046	11,730	..	..	..	..	..	..	100	100
Spain	34,548	29,450	..	..	..	..	..	..	100	100
Sweden	7,726	46,060	..	..	..	..	..	..	100	100
Switzerland	5,543	59,880	..	..	..	..	..	..	100	100
United Kingdom	54,845	42,740	..	..	..	..	..	..	..	100
United States	245,519	46,040	..	..	..	..	..	..	100	100
Other High Income										
Andorra	60	..	..	..	..	..	..	..	100	100
Antigua and Barbuda	26	11,520	2	2	2	0.79	7	88	98	95
Aruba	47	..	1	1	2	4.31	2	16	..	100
Bahamas, The	277	..	..	..	..	..	..	..	100	98
Bahrain	666	19,350 ^c	0	..	..	..	2	..	100	100
Barbados	116	..	1	1	2	1.52	1	45.5	99	100
Bermuda	64	..	..	..	..	..	..	..	..	..
Brunei Darussalam	290	26,930 ^b	3	6	9	3.34	2	20.8	..	..
Cayman Islands	47	..	1	1	2	3.92	2	18	..	..
Channel Islands	46	..	..	..	..	..	..	..	..	..
Cyprus	548	24,940	..	..	..	..	..	..	100	100
Equatorial Guinea	199	12,860	112	248	547	5.28	87	13	60	45
Estonia	932	13,200	..	..	..	..	..	..	96	100
Faeroe Islands	20	..	..	..	..	..	..	..	..	..
French Polynesia	136	..	..	..	..	-5.14	1	..	99	100
Greenland	47	..	8	9	9	0.40	19	172	..	..
Guam	161	..	..	..	..	1.92	2	36	99	100
Hong Kong, China	6,926	31,610	..	..	..	..	..	..	..	..
Isle of Man	39	..	..	..	..	..	..	..	..	..
Israel	6,573	21,900	81	127	199	3.00	2	23	100	100
Kuwait	2,619	31,640 ^c	60	55	50	-0.65	3	..	..	..
Liechtenstein	5	..	..	..	..	..	..	..	..	..
Macao, China	480	..	..	..	..	..	..	..	..	..
Malta	385	15,310 ^b	..	..	..	..	..	..	100	100
Monaco	33	..	..	..	..	..	..	..	100	100
Netherlands Antilles	177	..	1	2	2	1.50	1	46	..	..
New Caledonia	156	..	..	..	..	4.49	2	15.5	..	..
Northern Mariana Islands	76	..	..	..	..	5.03	2	14	94	98
Oman	1,861	11,120 ^c	671	1506	3379	5.39	60.5	12.9	97	..
Puerto Rico	3,868	..	50	63	80	1.56	2	44.4	..	..
Qatar	799	..	8	12	17	2.47	2	28	100	100
San Marino	27	..	..	..	..	..	..	..	..	..
Saudi Arabia	19,705	15,440	2,385	4,196	7,382	3.77	20	18	100	97
Singapore	4,589	32,470	..	..	..	..	..	..	100	100
Slovenia	987	20,960	..	..	..	..	..	..	..	..
Taiwan, China	..	17,930	..	..	..	..	..	..	..	..
Trinidad and Tobago	172	14,100	292	317	344	0.55	32	126	92	97
United Arab Emirates	3,397	..	32	52	86	3.27	2	21.2	98	100
Virgin Islands (U.S.)	103	..	..	..	..	..	..	..	..	..

Source: UNHABITAT and World Bank World Development Indicators, 2008

a. Calculated using the World Bank Atlas method

b. GNI per Capita is 2006 data

c. GNI per Capita is 2005 data

d. A slum household is defined here as a group of individuals living under the same roof lacking one or more of the following conditions: access to improved water, access to improved sanitation, sufficient living area, durability of housing

Table F-3: Urban Environment, Climate Change, & Disaster Management

						Urban Population living in Low Elevation Coastal Zones
COUNTRY	% of Population in Urban Areas	CO2 Emissions (metric tonnes per person)	Concentration of PM10, country level (micrograms per cubic meter)		Vehicles (per 1,000 people)	
	2007	2004	2000	2005	2005	ca.2000
East Asia & Pacific						
Upper-middle income						
American Samoa	92	..	..	..	..	3,356
Fiji	52	1	34	23	..	90,894
Palau	79	12	..	..	..	7,198
Malaysia	69	7	27	25	..	3,687,052
Lower-middle income						
China	42	4	85	75	21	78,277,824
Indonesia	50	2	120	96	..	22,720,666
Kiribati	44	0	..	..	..	..
Philippines	64	1	48	26	..	6,807,578
Mongolia	57	3	74	64	..	0
Marshall Islands	71	..	..	..	..	16,265
Micronesia, Fed. Sts.	22	..	..	..	..	3,414
Samoa	23	1	..	..	..	..
Thailand	33	4	79	77	..	12,471,874
Timor-Leste	27	0	..	..	..	1,369
Tonga	25	1	..	..	..	24,496
Vanuatu	24	0	27	20	..	0
Low income						
Cambodia	21	0	70	62	..	281,944
Korea, Dem. Rep.	62	3	93	73	..	889,655
Lao PDR	30	0	51	47	..	0
Myanmar	32	0	76	63	..	4,512,823
Papua New Guinea	13	0	33	24	..	47,545
Solomon Islands	18	0	34	35	..	36,930
Vietnam	27	1	70	61	..	12,862,429
Europe & Central Asia						
Upper-middle income						
Bulgaria	71	5	70	60	360	107,696
Belarus	73	7	10	7	..	0
Croatia	57	5	34	31	337	54,511
Kazakhstan	58	13	27	19	100	0
Latvia	68	3	18	15	348	692,340
Lithuania	67	4	22	19	421	153,664
Montenegro	61	..	..	..	..	..
Poland	61	8	40	37	386	707,985
Romania	54	4	21	14	185	538,861
Russian Federation	73	11	28	19	..	2,467,776
Serbia	52	..	..	..	..	..
Turkey	68	3	56	43	108	1,876,239
Lower-middle income						
Albania	46	1	57	50	85	132,665
Armenia	64	1	91	68	..	0
Azerbaijan	52	4	98	59	66	0
Bosnia and Herzegovina	47	4	22	19	..	0
Georgia	53	1	66	51	..	230,982
Macedonia, FYR	66	5	25	20	..	0
Moldova	42	2	42	38	87	..
Turkmenistan	48	9	81	56	..	0
Ukraine	68	7	31	23	125	858,826
Low income						
Kyrgyz Republic	36	1	29	24	..	0
Tajikistan	26	1	51	52	..	0
Uzbekistan	37	5	81	61	..	0

Latin America & Caribbean

Upper-middle income

Argentina	92	4	70	76	..	3,713,759
Belize	51	3	21	17	..	59,775
Brazil	85	2	33	26	170	10,092,283
Chile	88	4	63	53	..	260,455
Costa Rica	63	2	34	37	198	38,975
Cuba	76	2	21	17	..	1,064,365
Dominica	74	1	34	29	..	1,642
Grenada	31	2	24	19	..	2,424
Jamaica	53	4	44	38	..	130,781
Mexico	77	4	45	40	200	3,402,804
Panama	72	2	52	35	..	136,857
St. Kitts and Nevis	32	3	22	18	..	4,629
St. Lucia	28	2	38	30	..	3,915
St. Vincent and the Grenadines	47	2	39	33	..	0
Suriname	75	5	45	32	238	290,579
Uruguay	92	2	166	161	..	313,308
Venezuela, RB	93	7	12	11	..	1,403,273

Lower-middle income

Bolivia	65	1	106	97	49	0
Colombia	74	1	27	23	..	1,154,025
Dominican Republic	68	2	36	23	110	132,437
Ecuador	65	2	31	26	55	1,258,784
El Salvador	60	1	42	35	..	16,761
Guatemala	48	1	78	62	..	23,910
Guyana	28	2	43	35	..	249,064
Honduras	47	1	46	46	..	150,277
Nicaragua	56	1	37	30	46	28,085
Paraguay	60	1	91	84	..	0
Peru	71	1	79	61	47	215,855

Low income

Haiti	45	0	45	39	..	424,445
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Middle East & North Africa

Upper-middle income

Lebanon	87	4	47	40	..	418,036
Libya	77	10	98	94	..	776,467

Lower-middle income

Algeria	65	6	85	71	89	991,576
Djibouti	87	0	48	44	..	274,199
Egypt, Arab Rep.	43	2	129	128	..	11,261,582
Iran, Islamic Rep.	68	6	81	55	..	723,556
Iraq	67	..	153	126	..	1,638,975
Jordan	78	3	67	52	106	831
Morocco	56	1	28	22	..	2,055,410
Syrian Arab Republic	54	4	112	79	36	79,389
Tunisia	66	2	50	32	95	1,181,789
West Bank and Gaza	72	35	139,095

Low income

Yemen, Rep.	30	1	98	82	..	318,073
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South Asia

Lower-middle income

Bhutan	33	1	36	27	..	0
India	29	1	93	68	..	31,515,286
Sri Lanka	15	1	97	94	..	961,977

Low income

Afghanistan	24	..	50	44	..	0
Bangladesh	27	0	162	140	..	15,428,668
Maldives	37	2	33	35	12	6,421
Nepal	17	0	49	36	..	0
Pakistan	36	1	182	120	14	2,227,119

Sub-Saharan Africa

Upper-middle income

Botswana	59	2	79	68	105	0
Gabon	85	1	8	7	..	66,823
Mauritius	42	3	18	17	130	93,984
Mayotte	..	..	..	..	..	10,875
Seychelles	54	7	..	..	..	6,858
South Africa	60	9	26	22	136	421,042

Lower-middle income

Angola	56	1	121	80	..	472,272
Cameroon	56	0	92	65	..	364,061
Cape Verde	59	1	..	..	..	24,378
Congo, Rep.	61	1	85	91	..	90,255
Lesotho	25	..	58	42	..	0
Namibia	36	1	45	42	..	41,380
Sudan	43	0	201	173	..	35,552
Swaziland	25	1	36	31	..	0

Low income

Benin	41	0	47	41	..	1,123,378
Burkina Faso	19	0	107	94	..	0
Burundi	10	0	40	30	..	0
Central African Republic	38	0	53	49	..	0
Chad	26	0	162	123	..	0
Comoros	28	0	53	36	..	30,245
Congo, Dem. Rep.	33	0	66	50	..	6,764
Cote d'Ivoire	48	0	55	48	..	934,513
Eritrea	20	0	83	61	..	15,703
Ethiopia	17	0	92	74	..	0
Gambia, The	56	0	96	95	7	330,109
Ghana	49	0	41	34	..	476,413
Guinea	34	0	76	77	..	494,185
Guinea-Bissau	30	0	87	80	..	126,767
Kenya	21	0	51	38	18	48,094
Liberia	59	0	47	45	..	291,147
Madagascar	29	0	47	35	..	331,625
Malawi	18	0	47	34	..	0
Mali	32	0	207	171	..	0
Mauritania	41	1	117	104	..	207,132
Mozambique	36	0	43	28	..	980,193
Niger	16	0	171	149	5	0
Nigeria	48	1	86	62	..	4,173,411
Rwanda	18	0	37	28	..	0
Sao Tome and Principe	60	1	58	49	..	27,934
Senegal	42	0	108	95	..	2,353,021
Sierra Leone	37	0	66	57	..	162,021
Somalia	36	..	44	32	..	98,913
Tanzania	25	0	42	24	..	382,493
Togo	41	0	47	36	..	601,657
Uganda	13	0	17	12	..	0
Zambia	35	0	63	44	..	0
Zimbabwe	37	1	31	27	..	0

High Income OECD

Australia	89	16	19	15	653	2,084,330
Austria	67	9	37	34	599	0
Belgium	97	10	28	23	529	2,260,400
Canada	80	20	21	19	..	1,106,720
Czech Republic	74	11	27	22	..	0
Denmark	86	10	23	19	430	1,062,977
Finland	63	13	20	18	515	151,559
France	77	6	15	14	595	2,163,819
Germany	74	10	23	19	580	3,704,811
Greece	61	9	45	36	476	666,491
Hungary	67	6	25	18	..	0

Iceland	92	8	21	17	685	25,499
Ireland	61	10	22	17	..	284,882
Italy	68	8	33	28	..	3,982,610
Japan	66	10	34	31	586	29,022,184
Korea, Rep.	81	10	47	37	311	2,034,832
Luxembourg	83	25	18	15	729	0
Netherlands	81	9	39	35	..	10,125,864
New Zealand	86	8	18	15	701	462,219
Norway	77	19	20	20	535	228,391
Portugal	59	6	31	28	..	419,003
Slovak Republic	56	7	19	16	256	0
Spain	77	8	41	34	..	2,745,070
Sweden	84	6	13	12	508	516,177
Switzerland	73	5	29	25	559	0
United Kingdom	90	10	18	16	510	5,809,959
United States	81	21	24	22	808	20,282,334

Other High Income

Andorra	89	..	130	..	..	0
Antigua and Barbuda	31	5	15	12	..	14,248
Aruba	47	22	..	..	..	28,153
Bahamas, The	84	6	39	..	..	213,783
Bahrain	88	24	65	88	..	450,169
Barbados	39	4	40	34	375	7,082
Bermuda	100	9	..	..	..	33,811
Brunei Darussalam	74	24	54	46	..	24,965
Cayman Islands	100	7	21	..	..	31,733
Channel Islands	31	..	..	..	..	..
Cyprus	70	9	61	..	553	54,211
Equatorial Guinea	39	11	12	8	..	14,244
Estonia	69	14	18	14	459	126,737
Faeroe Islands	41	14	43	..	..	1,352
French Polynesia	52	3	..	..	..	9,154
Greenland	83	10	..	..	..	12,717
Guam	93	..	..	..	..	10,579
Hong Kong, China	100	6	..	..	72	811,925
Isle of Man	51	..	..	..	..	3,961
Israel	92	10	52	31	288	300,676
Kuwait	98	40	120	101	422	160,960
Liechtenstein	14	..	185	..	..	0
Macao, China	100	5	..	..	147	163,216
Malta	94	6	..	..	636	38,511
Monaco	100	..	..	..	..	22,758
Netherlands Antilles	92	22	31	..	445	9,890
New Caledonia	64	11	93	66	..	41,081
Northern Mariana Islands	91	..	..	..	..	27,344
Oman	72	12	117	132	..	431,417
Puerto Rico	98	..	20	21	..	632,689
Qatar	96	69	49	54	..	165,321
San Marino	94	..	19	10	..	0
Saudi Arabia	81	14	152	120	..	2,622,088
Singapore	100	13	44	40	134	550,057
Slovenia	49	8	32	31	505	25,466
Taiwan, China	..	11	..	..	..	3,022,216
Trinidad and Tobago	13	25	133	107	..	122,971
United Arab Emirates	78	38	144	135	..	538,318
Virgin Islands (U.S.)	95	..	41	..	..	..

Sources: World Bank World Development Indicators (downloaded 4/7/2009); Center for International Earth Science Information Network (CIESIN), Columbia University., Global Rural-Urban Mapping Project (GRUMP), Alpha Version. Palisades, NY: Socioeconomic Data and Applications Center (SEDAC), Columbia University. (downloaded 4/7/2009).

Notes: CO2 Emissions, Vehicles per 1000 ppl, and concentration of PM10 are all countrywide data. There is little data at the city-level on these topics, the intention here is to display the % urban population to indicate that CO2 concentration levels per capita are very high in urban areas. PM10 concentrations are mostly in urban areas bc it is where the concentration of people live.

Table F-4: Urban Land Markets & Housing

Country	City	Percentage Change in Built-up Area	Percentage Change in Density	Percentage Change in Built Area per person	Is there an agency empowered to prepare zoning and transportation plans (Yes/No)?	Is there a zoning and transportation plan for the metropolitan area (Yes/No)?	In what year was the master plan created or last officially revised (Year)?	Estimated percent of land parcels with proper land registration (%)	Typical time it takes to obtain all permits to convert land from rural to urban use (months)
Ghana	Accra	157%	-43%	74%	YES	YES	1995	80	3
Ethiopia	Addis Ababa	45%	5%	-5%	YES	YES	2003	40	5
Iran	Ahvaz	45%	-1%	1%	YES	YES	1988	90	25
Japan	Akashi	88%	-46%	85%	YES	YES	2004	100	1.25
Egypt	Alexandria	66%	-33%	49%	YES	YES	2005	31	8
Algeria	Algiers	64%	-17%	21%	NO	YES	1995	85	36
China	Anqing	45%	-27%	38%	YES	YES	2002	95	1
Korea, Republic of	Ansan	85%	-5%	5%	YES	YES	1997	100	1
Russia	Astrakhan	4%	-6%	2%	YES	YES	1986	75	2
Egypt	Aswan	25%	10%	-9%	YES	YES	1999	23	9
Philippines	Bacolod	145%	-55%	122%	YES	YES	2002	..	..
Azerbaijan	Baku	38%	-18%	22%	YES	YES	1987	80	2.5
Mali	Bamako	91%	-22%	28%	YES	YES	..	..	..
Indonesia	Bandung	67%	-26%	36%	YES	YES	2004	0	..
Thailand	Bangkok	50%	-21%	27%	YES	YES	1996	100	60
Gambia, The	Banjul	58%	20%	-17%	NO	NO	N/A	80	2
China	Beijing	26%	-71%	241%	YES	YES	1995	95	1
Hungary	Budapest	20%	-20%	25%	YES	YES	2005	100	7
Argentina	Buenos Aires	13%	-5%	5%	NO	NO	N/A	80	24
Egypt	Cairo	55%	-17%	21%	YES	YES	1997	0	15
Venezuela	Caracas	31%	-19%	23%	YES	YES	..	100	0
Morocco	Casablanca	41%	-7%	8%	YES	YES	1991	..	0
Spain	Castellon	297%	-67%	206%	NO	NO	..	100	3
Philippines	Cebu	21%	12%	-11%	YES	YES	..	..	4.5
China	Changzhi	58%	-27%	36%	YES	YES	2001	98	6
United States	Chicago	14%	0%	0%	YES	YES	2003	100	12
Korea, Republic of	Chinju	60%	-35%	55%	YES	YES	1995	..	1
Korea, Republic of	Ch'onan	149%	-48%	92%	YES	YES	2001	..	1
United States	Cincinnati	30%	-19%	24%	YES	YES	2004	93	6
India	Coimbatore	58%	-29%	42%	YES	YES	1994	100	10
Bangladesh	Dhaka	70%	-17%	20%	YES	YES	1997	100	3
Japan	Fukuoka	36%	-20%	24%	YES	YES	2001	100	24
Iran	Gorgan	54%	-18%	23%	YES	YES	1996	90	25
Mexico	Guadalajara	31%	-7%	7%	YES	YES	2005	98	..
China	Guanzhou	117%	-21%	27%	YES	YES	2001	95	2
Brazil	Guaruja	18%	6%	-6%	YES	YES	1992	20	..
Guatemala	Guatemala City	30%	-4%	5%	NO	YES	2004	..	3
Zimbabwe	Harare	47%	-28%	39%	YES	YES	2005	70	12
Vietnam	Ho Chi Minh City	145%	-51%	104%	YES	YES	2002	75	60
China	Hong Kong	30%	-15%	18%	YES	YES	..	100	2
United States	Houston	27%	-5%	5%	YES	YES	2004	100	6
India	Hyderabad	81%	-35%	55%	YES	YES	2002	100	4
Nigeria	Ibadan	43%	8%	-7%	YES	YES	1990	75	2

Brazil	Ilheus	73%	-43%	75%	NO	NO	N/A	70	1
Turkey	Istanbul	90%	-20%	24%	YES	YES	..	30	..
India	Jaipur	140%	-45%	83%	YES	YES	1998	..	9
India	Jalna	121%	-43%	77%	YES	YES	1989	85	5
Brazil	Jequie	100%	-49%	96%	NO	NO	N/A	70	1
Uganda	Kampala	53%	-12%	14%	YES	YES	1994	65	1
India	Kanpur	78%	-28%	38%	YES	YES	2003	80	12
Rwanda	Kigali	304%	-70%	238%	NO	YES	2000	40	1
India	Kolkota	68%	-30%	42%	YES	YES	2000	50	3
Kuwait City	Kuwait City	23%	-13%	15%	YES	YES	2003	..	4
Germany	Leipzig	116%	-57%	130%	..	YES	2004	100	24
China	Leshan	96%	-44%	78%	YES	YES	2003	95	4
United States	Los Angeles	11%	15%	-13%	YES	YES	..	90	4.5
Spain	Madrid	34%	-17%	21%	YES	YES	..	100	96
Turkey	Malatya	51%	-19%	24%	YES	YES	1986	66	12
Philippines	Manila	48%	-17%	20%	YES	YES	2000	..	3
Morocco	Marrakesh	35%	-4%	5%	YES	YES	..	..	..
Indonesia	Medan	47%	-21%	26%	NO	YES	2005	75	..
Mexico	Mexico City	36%	-12%	14%	YES	YES	2004	..	24
Italy	Milan	18%	-17%	20%	NO	YES	..	100	4
United States	Minneapolis	32%	-16%	19%	YES	YES	2004	90	4
United States	Modesto	35%	-15%	17%	YES	YES	1995	95	37.5
Uruguay	Montevideo	41%	-24%	31%	NO	YES	2005	90	24
Russia	Moscow	45%	-28%	38%	YES	YES	2005	100	6
India	Mumbai	31%	-8%	9%	YES	YES	1979	70	6
Zambia	Ndola	42%	-34%	52%	YES	YES	2000	50	3
Russia	Oktyabrsky	30%	-22%	28%	YES	YES	1997	70	1
Indonesia	Palembang	158%	-48%	93%	NO	YES	2004	..	9
Italy	Palermo	11%	-9%	10%	NO	NO	N/A	100	5
United States	Philadelphia	23%	-16%	20%	YES	NO	N/A	..	6
United States	Pittsburgh	13%	-14%	17%	YES	YES	..	30	..
Sudan	Port Sudan	52%	-12%	14%	YES	YES	1984	..	4
South Africa	Pretoria	13%	36%	-26%	NO	YES	2007	100	9
India	Pune	107%	-44%	79%	YES	YES	1977	90	2
Korea, Republic of	Pusan	33%	-34%	50%	YES	YES	2004	..	1
Bangladesh	Rajshahi	87%	-34%	53%	YES	YES	2004	100	2
Brazil	Ribeirao Preto	18%	6%	-5%	NO	YES	1998	90	4.5
Bangladesh	Saidpur	80%	-35%	54%	YES	YES	1983	100	1
El Salvador	San Salvador	31%	-3%	3%	YES	YES	1997	85	2.5
Yemen	Sana'a	44%	6%	-6%	YES	YES	2000	95	..
Chile	Santiago	30%	-12%	13%	YES	YES	2005	100	18
Brazil	Sao Paolo	23%	-1%	1%	YES	YES	2005	..	..
Korea, Republic of	Seoul	38%	-22%	29%	YES	YES	2002	..	..
China	Shanghai	81%	-27%	37%	YES	YES	2000	98	6
United Kingdom	Sheffield	11%	-10%	11%	YES	YES	2004	100	2
Kazakhstan	Shimkent	18%	-19%	23%	YES	YES	2003	90	3
Singapore	Singapore	33%	8%	-7%	YES	YES	2003	100	1

Thailand	Songkhla	37%	-19%	24%	YES	YES	2000	80	..
United States	Springfield	85%	-40%	68%	YES	NO	N/A	..	2.5
Canada	St Catharines	21%	-15%	18%	YES	YES	2005	100	..
Australia	Sydney	19%	-12%	13%	YES	YES	..	100	24
United States	Tacoma	29%	-8%	8%	YES	YES	2004	0	..
Algeria	Tebessa	48%	-1%	1%	YES	YES	1995	80	12
Iran	Teheran	39%	-3%	3%	YES	YES	1993	90	25
Greece	Thessaloniki	38%	-19%	24%	YES	YES	2007	60	..
Mexico	Tijuana	71%	6%	-5%	YES	YES	2003	50	3.5
Japan	Tokyo	11%	-2%	2%	YES	YES	2005	100	6
Mongolia	Ulan Bator	38%	-11%	12%	YES	YES	2002	25	3
Colombia	Valledupar	0%	23%	-19%	NO	NO	N/A	60	..
Canada	Victoria	30%	-18%	22%	NO	YES	2003	100	5.5
India	Vijayawada	55%	-26%	36%	YES	YES	1988	95	4
Poland	Warsaw	34%	-24%	32%	NO	..	..	99	5
Armenia	Yerevan	28%	-25%	34%	YES	YES	2005	20	4
China	Yiyang	103%	-50%	99%	YES	YES	1995	98	1
China	Yulin	54%	-49%	98%	YES	YES	2005	95	3
China	Zhengzhou	79%	-23%	30%	YES	YES	2000	95	6
Georgia	Zugdidi	68%	-20%	25%	YES	NO	N/A	100	..

Note: Available data generally covers a 10 year period from years 1990 to 2000. Outliers exist where available data covers a period within 1984 to 2002 that may be up to a 15 year. See Urban Growth Management Initiative report for more information. Yes/no questions referring to municipal plans are sometimes based on a city's administrative municipal boundaries only based on available data.

Table F-5: Economic Growth: Doing Business, Sub-national

Location	Starting a Business				Registering Property		
	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid in Min. Capital (% of GNI per capita)	Procedures (number)	Time (days)	Cost (% of property value)
China, 2007							
Beijing	14	37	3%	200%	10	59	3%
Changchun	14	37	9%	225%	8	55	4%
Changsha	14	42	15%	289%	10	53	7%
Chengdu	13	35	19%	354%	11	39	4%
Chongqing	14	39	10%	273%	7	28	7%
Fuzhou	12	40	7%	200%	7	37	4%
Guangzhou	13	28	6%	200%	8	35	4%
Guiyang	14	50	27%	605%	9	77	13%
Haikou	13	38	12%	273%	10	76	5%
Hangzhou	12	31	6%	200%	8	50	4%
Harbin	14	42	12%	208%	8	55	6%
Hefei	14	42	19%	349%	10	46	6%
Hohhot	14	48	8%	200%	11	47	5%
Jinan	13	33	6%	200%	8	39	4%
Kunming	14	42	14%	383%	9	66	5%
Lanzhou	14	47	14%	409%	10	78	8%
Nanchang	14	40	15%	318%	10	50	6%
Nanjing	12	31	6%	200%	7	31	5%
Nanning	14	46	17%	342%	12	66	7%
Shanghai	14	35	5%	200%	4	29	4%
Shenyang	14	41	6%	200%	12	51	3%
Shijiazhuang	14	42	10%	203%	10	58	5%
Taiyuan	14	55	9%	244%	10	62	5%
Tianjin	14	41	4%	200%	5	42	4%
Urumqi	13	44	9%	230%	11	45	4%
Wuhan	13	36	14%	301%	9	60	6%
Xi'an	14	43	15%	305%	8	50	5%
Xining	14	51	12%	299%	8	69	5%
Yinchuan	14	55	12%	336%	10	59	4%
Zhengzhou	13	41	12%	267%	11	60	5%
Nigeria, 2007							
Aba	9	37	42%	0%	12	229	13%
Abuja	5	22	37%	0%	10	60	9%
Onitsha	9	46	49%	0%	12	213	15%
Bauchi	9	38	49%	0%	10	89	11%
Calabar	9	57	62%	0%	12	63	24%
Enugu	9	44	49%	0%	12	104	12%
Kaduna	9	34	46%	0%	12	130	14%
Kano	9	36	61%	0%	12	38	12%
Lagos	9	34	57%	0%	14	82	22%
Abeokuta	9	41	61%	0%	19	174	17%
Sokoto	9	31	61%	0%	12	102	15%
Phillipines, 2007							
Caloocan	16	28	35%	7%	8	33	5%
Cebu	16	32	24%	7%	8	32	3%
Davao	23	42	21%	7%	8	33	5%
Lapu-Lapu	16	33	17%	7%	8	41	4%
Las Piñas	19	33	45%	7%	8	25	5%
Makati	18	32	37%	7%	8	33	5%
Malabon	19	31	31%	7%	8	32	5%
Mandaluyong	18	29	23%	7%	8	21	4%
Mandaue	17	34	21%	7%	8	43	3%
Manila	15	52	33%	7%	8	33	4%
Marikina	15	28	27%	7%	8	32	5%
Muntinlupa	18	40	25%	7%	8	26	4%
Navotas	20	33	22%	7%	8	31	4%
Parañaque	17	33	25%	7%	8	27	4%
Pasay	17	35	35%	7%	8	32	5%
Pasig	22	35	28%	7%	8	30	4%
Quezon City	17	37	22%	7%	8	39	5%
San Juan	21	39	28%	7%	8	26	4%
Taguig	15	27	23%	7%	8	32	4%
Tanauan	22	36	18%	7%	8	32	3%
Valenzuela	22	37	21%	7%	8	30	4%

	Starting a Business				Registering Property		
Location	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid in Min. Capital (% of GNI per capita)	Procedures (number)	Time (days)	Cost (% of property value)
Albania, 2007							
Shkodra	6	7	26%	0%	6	24	3%
Tirana	7	8	24%	0%	6	42	3%
Vlora	6	7	34%	0%	6	37	3%
Bosnia and Herzegovina, 2007							
Banja Luka	11	51	33%	43%	11	190	3%
Mostar	12	61	41%	43%	8	145	5%
Sarajevo	12	54	30%	43%	7	331	5%
Croatia, 2007							
Osijek	9	34	12%	18%	6	63	5%
Sibenik	9	31	12%	18%	6	153	5%
Varazdin	9	39	12%	18%	6	41	5%
Zagreb	8	40	12%	18%	5	174	5%
Kosovo, 2007							
Pristina	12	22	78%	0%	7	38	1%
Prizren	12	18	79%	0%	7	36	1%
Macedonia, FYR, 2007							
Bitola	8	10	4%	0%	6	22	3%
Skopje	8	12	5%	0%	6	98	3%
Montenegro, 2007							
Niksic	15	20	6%	0%	7	36	3%
Pljevlje	14	16	4%	0%	7	17	3%
Podgorica	15	20	6%	0%	8	86	3%
Serbia, 2007							
Belgrade	11	23	9%	8%	6	111	3%
Krusevac	11	29	9%	8%	6	74	3%
Uzice	11	25	9%	8%	6	104	3%
Vranje	11	28	9%	8%	6	84	3%
Zrenjanin	11	37	9%	8%	6	100	3%
Egypt, 2007							
Alexandria	8	15	29%	13%	7	159	1%
Assiut	8	14	29%	13%	7	33	1%
Cairo	7	9	29%	13%	7	193	1%
Mexico, 2009							
Aguascalientes	9	13	11%	11%	5	16	1%
Tijuana	9	29	25%	11%	8	26	4%
La Paz	8	19	15%	11%	8	68	3%
Campeche	9	18	7%	11%	4	22	3%
Tuxtla Gutiérrez	8	17	11%	11%	5	20	2%
Ciudad Juárez	8	17	26%	11%	5	27	3%
Torreón	8	12	21%	11%	6	42	4%
Colima	9	57	16%	11%	5	63	3%
Mexico City	9	28	13%	11%	5	74	5%
Durango	9	26	24%	11%	9	33	5%
Tlalnepantla	8	30	23%	11%	8	49	3%
Celaya	8	12	9%	11%	7	19	2%
Acapulco	8	40	17%	11%	10	30	3%
Pachuca	9	26	16%	11%	4	36	5%
Guadalajara	9	32	8%	11%	8	75	5%
Morelia	8	14	10%	11%	6	15	4%
Cuernavaca	8	16	11%	11%	8	17	6%
Tepic	9	27	24%	11%	7	38	4%
Monterrey	7	19	16%	11%	6	28	3%
Salina Cruz	9	33	13%	11%	5	43	5%
Puebla	8	12	9%	11%	7	51	3%
Querétaro	9	16	11%	11%	6	30	4%
Cancún (Benito Juárez)	8	50	12%	11%	8	104	4%
San Luis Potosí	8	19	10%	11%	6	36	3%
Culiacán	7	16	21%	11%	5	22	4%
Hermosillo	9	26	10%	11%	6	23	3%
Villahermosa (Centro)	8	20	17%	11%	5	43	5%
Matamoros (Reynosa in 2007)	9	24	16%	11%	9	56	3%
Tlaxcala	8	31	11%	11%	5	34	5%
Coatzacoalcos	10	31	10%	11%	6	28	2%
Mérida	9	22	9%	11%	10	27	3%
Zacatecas	9	24	10%	11%	6	15	3%

	Starting a Business				Registering Property		
Location	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid in Min. Capital (% of GNI per capita)	Procedures (number)	Time (days)	Cost (% of property value)
Colombia, 2007							
Barranquilla	14	46	20%	0%	14	26	4%
Bogota	11	42	19%	0%	9	23	2%
Bucaramanga	13	43	25%	0%	12	21	2%
Cali	14	33	21%	0%	12	23	2%
Cartagena	13	60	23%	0%	13	32	3%
Cúcuta	13	47	17%	0%	12	26	3%
Manizales	13	46	19%	0%	11	20	2%
Medellín	13	48	22%	0%	12	23	3%
Neiva	19	32	38%	0%	13	24	3%
Pereira	12	33	13%	0%	12	29	2%
Popayán	17	63	18%	0%	12	30	2%
Santa Marta	16	40	13%	0%	11	24	3%
Villavicencio	11	22	22%	0%	11	35	3%
Brazil, 2006							
Amazonas	15	68	10%	..	14	40	4%
Bahia	17	25	33%	..	14	88	2%
Ceará	19	44	31%	..	14	63	4%
Federal District	15	49	5%	..	14	57	2%
Maranhao	18	47	49%	..	14	27	5%
Mato Grosso	15	41	12%	..	14	43	3%
Mato Grosso do Sul	16	41	11%	..	14	83	5%
Minas Gerais	10	19	10%	..	14	58	3%
Rio de Janeiro	15	68	11%	..	14	75	3%
Rio Grande do Sul	15	35	6%	..	14	81	4%
Rondonia	17	30	20%	..	14	69	5%
Santa Catarina	18	44	10%	..	14	51	2%
Sao Paulo	17	152	10%	..	14	47	4%
Morocco, 2008							
Agadir	8	9	22%	60%	..	..	..
Casablanca	6	12	12%	60%	..	..	..
Kenitra	8	11	13%	60%	..	..	..
Marrakech	8	9	20%	60%	..	..	..
Meknes	8	11	18%	60%	..	..	..
L'Oriental	8	12	20%	60%	..	..	..
Settat	8	10	14%	60%	..	..	..
Tangier	8	13	21%	60%	..	..	..
Bangladesh, 2007							
Bogra	8	30	62%	0%	7	391	10%
Chittagong	8	37	62%	0%	7	391	10%
Dhaka	8	37	88%	0%	8	425	11%
Khulna	8	30	62%	0%	7	373	10%
India, 2007							
Bangalore, Karnataka	11	45	56%	0%	6	35	11%
Bhubaneswar, Orissa	11	52	41%	0%	7	123	14%
Calcutta, West Bengal	11	51	49%	0%	5	155	12%
Chandigarh, Punjab	10	45	49%	0%	6	132	10%
Chennai, Tamil Nadu	11	41	44%	0%	8	63	11%
Hyderabad, Andhra Pradesh	12	43	44%	0%	5	35	11%
Jaipur, Rajasthan	10	42	50%	0%	5	56	10%
Lucknow, Uttar Pradesh	11	42	44%	0%	5	43	12%
Mumbai, Maharashtra	11	35	74%	0%	6	62	8%
New Dehli, Dehli	11	52	44%	0%	6	138	10%
Patna, Bihar	11	41	44%	0%	5	119	13%
Ranchi, Jharkhand	11	46	59%	0%	6	86	6%
Pakistan, 2007							
Faisalabad, Punjab	10	23	16%	0%	9	38	4%
Karachi, Sindh	11	24	21%	0%	6	50	4%
Lahore, Punjab	10	23	16%	0%	8	41	4%
Peshawar, NWFP	10	23	16%	0%	9	46	6%
Quetta, Baluchistan	11	25	17%	0%	12	93	8%
Sialkot, Punjab	10	23	16%	0%	7	43	4%

Source: World Bank, 2009 Doing Business

Table F-6: Cities and Urban Areas Ranked by Population

Rank	City/Urban area	Country	Population in 2006 (millions)
1	Tokyo	Japan	35.53
2	Mexico City	Mexico	19.24
3	Mumbai (Bombay)	India	18.84
4	New York	USA	18.65
5	São Paulo	Brazil	18.61
6	Delhi	India	16.00
7	Calcutta	India	14.57
8	Jakarta	Indonesia	13.67
9	Buenos Aires	Argentina	13.52
10	Dhaka	Bangladesh	13.09
11	Shanghai	China	12.63
12	Los Angeles	USA	12.22
13	Karachi	Pakistan	12.20
14	Lagos	Nigeria	11.70
15	Rio de Janeiro	Brazil	11.62
16	Osaka, Kobe	Japan	11.32
17	Cairo	Egypt	11.29
18	Beijing	China	10.85
19	Moscow	Russia	10.82
20	Metro Manila	Philippines	10.80
21	Istanbul	Turkey	10.00
22	Paris	France	9.89
23	Seoul	South Korea	9.52
24	Tianjin	China	9.39
25	Chicago	USA	8.80
26	Lima	Peru	8.35
27	Bogotá	Colombia	7.80
28	London	UK	7.61
29	Tehran	Iran	7.42
30	Hong Kong	China	7.28
31	Chennai (Madras)	India	7.04
32	Bangalore	India	6.75
33	Bangkok	Thailand	6.65
34	Dortmund, Bochum	Germany	6.57
35	Lahore	Pakistan	6.57
36	Hyderabad	India	6.34
37	Wuhan	China	6.18
38	Baghdad	Iraq	6.06
39	Kinshasa	Congo	5.89
40	Riyadh	Saudi Arabia	5.76
41	Santiago	Chile	5.70
42	Miami	USA	5.48
43	Belo Horizonte	Brazil	5.45
44	Philadelphia	USA	5.36
45	St Petersburg	Russia	5.35
46	Ahmadabad	India	5.34
47	Madrid	Spain	5.17
48	Toronto	Canada	5.16
49	Ho Chi Minh City	Vietnam	5.10
50	Chongqing	China	5.06

Rank	City/Urban area	Country	Population in 2006
51	Shenyang	China	4.94
52	Dallas, Fort Worth	USA	4.72
53	Pune (Poona)	India	4.67
54	Khartoum	Sudan	4.63
55	Singapore	Singapore	4.47
56	Atlanta	USA	4.47
57	Sydney	Australia	4.45
58	Barcelona	Spain	4.43
59	Houston	USA	4.39
60	Chittagong	Bangladesh	4.37
61	Boston	USA	4.37
62	Washington DC	USA	4.25
63	Hanoi	Vietnam	4.22
64	Yangon	Myanmar	4.18
65	Bandung	Indonesia	4.15
66	Detroit	USA	3.99
67	Jidda	Saudi Arabia	3.96
68	Milan	Italy	3.96
69	Guadalajara	Mexico	3.95
70	Surat	India	3.90
71	Guangzhou	China	3.88
72	Pôrto Alegre	Brazil	3.86
73	Casablanca	Morocco	3.83
74	Alexandria	Egypt	3.81
75	Frankfurt, Wiesbaden	Germany	3.73
76	Melbourne	Australia	3.71
77	Ankara	Turkey	3.69
78	Abidjan	Côte d'Ivoire	3.62
79	Recife	Brazil	3.59
80	Monterrey	Mexico	3.58
81	Montréal	Canada	3.53
82	Chengdu	China	3.52
83	Phoenix, Mesa	USA	3.51
84	Pusan	Republic of Korea	3.49
85	Brasília	Brazil	3.48
86	Johannesburg	South Africa	3.44
87	Kabul	Afghanistan	3.43
88	Salvador	Brazil	3.41
89	Algiers	Algeria	3.37
90	San Francisco, Oakland	USA	3.36
91	Düsseldorf, Essen	Germany	3.35
92	Fortaleza	Brazil	3.35
93	Medellín	Colombia	3.33
94	Berlin	Germany	3.33
95	Pyongyang	North Korea	3.33
96	Caracas	Venezuela	3.30
97	Xian	China	3.28
98	Athens	Greece	3.25
99	East Rand (Ekurhuleni)	South Africa	3.23
100	Cape Town	South Africa	3.21

Source: Citymayors.com, 2006

Note: Data collected between 2000 and 2005 from national censuses and adjusted by citymayors.com for average annual

ANNEX G: URBAN THEMATIC & PROJECT PROFILE BOXES

1. REDUCING CRIME AND VIOLENCE THROUGH INCLUSIONARY APPROACHES TO YOUTH, IN MEDELLIN, COLOMBIA

Medellin is the second largest city in Colombia, with a population of approximately 2.4 million. The city was noted in the late 1980s and 1990s for its extreme levels of crime and violence, perpetrated by adolescent hit-killers (*'sicarios'*) and led by the guerrilla groups, para-military groups, drug cartels, and capo Pablo Escobar. Security and justice institutions were failing.

Medellin has achieved much in twenty years. The illicit drugs economy is still prospering, but homicides have steadily and significantly decreased, from 6,349 murders in 1991 to 1,044 in 2008. Other forms of crime have also decreased. Alonso Salazar – the author of the iconic study *No nacimos pa'semilla: La cultura de las bandas juveniles de Medellín* is now Mayor of Medellin. The city is internationally lauded for its innovative urban policies and practices, and recently won the prestigious 'Barcelona Cities to Cities' Award for its city development strategy—*Medellin: la Mas Educada*—led by former Mayor Sergio Fajardo (2004-2007).

Becoming successful has taken its time, and has resulted from a number of initiatives. Civil society, rather than local government, led many of these initiatives, with the support of academia, the private sector, Medellin's Chamber of Commerce, human rights and religious organizations. For example, the *Paisa Joven* program, supported by German bilateral aid, laid the groundwork for an **inclusive approach towards at-risk youth, including strategies to promote juvenile employment**. Another critical city-wide effort was a **Strategic Planning exercise** inspired by Barcelona. In 1991, Colombia **decentralized its governance structures**, and this also benefited Medellin. Furthermore, Bogota's radical urban renovation, under mayors Antanas Mockus (1995-1997; 2001-2003) and Enrique Peñalosa (1998-2000), underlined the potential for **strong local leadership and locally led reform programs**. Finally, President Alvaro Uribe (2002-2006; 2006-2010) has significantly **strengthened Colombia's quantity and quality of security forces**, and meanwhile strengthened—although less so—the **justice administration**. Medellin's policies towards juveniles and violence **combine long, middle and short term components**, and are **integrated with national government policies and programs**.

- **Long-term policies focus on guaranteeing equal access to quality public services**, with a strong focus on improving coverage and quality of education (from pre-K to tertiary), taking advantage of the fact that public education accounts for 80 percent of the city's students—much more than in most other Colombian cities.
- **Medium-term policies focus on facilitating and enhancing access to cultural development**—including sports, parks, public space, libraries, and museums—by creating new facilities, focused programming, free access and other incentives. These programs are notable because the new libraries, schools, cultural development centers, and other new services are of extremely high quality, and are built in historically neglected parts of the city.
- **Shorter-term approaches consist of a whole range of preventive policies and programs, particularly those working directly with at-risk juveniles**. First, in the context of national DDR policies, the city has reintegrated nearly 5,000 demobilized paramilitary and guerrilla fighters since 2004. Second, a municipal program works with current- and former-prisoners (particularly youngsters) and their families, even though the penitentiaries are all national government institutions in Colombia. Third, since 2008, the city has created a program that

identifies and engages with juveniles at high risk of entering a criminal career and/or joining illegal armed groups. About 3,600 of these youngsters have been identified, and approximately one-third are now participating in this program. All three of these programs—DDR, prisoners, and high-risk juveniles—focus on social and economic reintegration, through personalized professional assistance. This assistance includes eight components: education and training, psychosocial assistance, income generation, work with receptor communities, legal support, institutional strengthening, humanitarian aid, and related research. Constant monitoring and evaluation are core factors in these programs' effectiveness. Two critically important approaches complement this work: (i) victims are the focus of a range of tailored programs, led by Medellín's *Programa de Atención a Víctimas*; (ii) youngsters of poor backgrounds can apply to a variety of grant programs, as the *Delinquir no Paga* (Crime Does Not Pay) program.

Challenges remain. First, **the breadth of the approaches makes it difficult to monitor and evaluate overall effectiveness.** Some institutional reorganization is underway in an effort to redefine institutional responsibilities. Secondly, Medellín's school system—as in most other Colombian towns—uses the “*dobles jornadas*” (double shift), with the effect that at any moment **a significant amount of school age youngsters are to be found in the street.** Changing to a full-day program for all students would be costly, and priority has been given to improving quality of education for all. Third, in addition to the continued presence of organized crime, Medellín, like Naples and Bari in Italy, and more so than other large Colombian cities, has various **gray economic sectors that generate complex forms of crime, including juvenile crime:** the local market for illicit drug consumption, with many *plazas de vicio*; a growing casino and gambling sector, without clear regulation; loan sharking among informal, small and mid-sized commerce; wide spread racketeering in popular and commercial neighborhoods; private security and protection arrangements. Regulating these gray markets better requires national legislation, which Colombia's lawmakers do not yet seem seriously to be considering.

Contributed by Gerard Martin, author of books on transformation processes in Bogotá and Medellín, and Former Director of Colombia Program at Georgetown University's Center for Latin American Studies.

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2. GENDER PERSPECTIVES IN URBAN DEVELOPMENT AND LOCAL GOVERNANCE

In the Financial Year 2008, the World Bank's urban sector has the highest number of projects and financial commitment that include actions for reducing gender disparity. Globally, gender equality action featured in 37 percent of financial commitments (nearly US\$ 577 million out of nearly US\$ 1.6 billion), and 7 projects out of 26. These projects were in Benin, Ethiopia, Uganda, Indonesia, Vietnam, Bolivia, and Djibouti. Six of those projects used gender-inclusive consultation; four of those conducted a gender analysis; and two of those used gender-informed monitoring and evaluation. Since most of the urban portfolio includes household and community level service delivery, it is easier to recognize gender-based concerns

and disparity, and to make the case for attention to them with a multi-sectoral, community-driven approach.

However, there remains much work to do, and there exists a compelling rationale for increasing the role of gender perspectives in urban development. In general, women's priorities are rarely taken into account in urban policy, settlement planning, or the design of urban programs; and there are often few women in local government. This absence of gender perspectives has real repercussions. Women in cities depend more heavily on public transport than men and use transport in different ways, such as off-peak travel and trip chaining to multiple destinations. A lack of basic services and infrastructure can affect women more than men because women are the primary collectors, transporters and managers of domestic water as well as the promoters of home and community sanitation activities. In many countries women predominate in the informal urban economy, but their needs may not be addressed. Women may remain in abusive relationships when they have no rights to land or property except through their husband—having been excluded from secure tenure due to inequities in cultural norms, legislation, and policy.

In several contexts where women have become involved, they have brought a major impact in curbing local violence and corruption. Women show higher interest in preserving new facilities and are more effective in mobilizing the community to carry out maintenance tasks, resulting in greater sustainability of project outcomes. Women's commitment to solve problems in their communities makes them ideal agents to catalyze urban development project activities. **As the following case shows, the participation of women contributes to cost savings through better use of materials and staff time, resulting in more efficient, higher quality work.**

- **Caracas Slum Upgrading Project (CAMEBA) (1998-2006).** This project aimed to improve the living conditions of people living in the *barrios* in Caracas through community driven infrastructure improvement. There was broad outreach to promote women's widespread participation. Women residents made up the majority of the people attending CAMEBA meetings, initiating proposals for infrastructure projects and serving on project-related activities. Women's participation enhanced the project by improving the quality of public works through their supervision, guaranteeing the maintenance of these works, increasing the efficiency of field staff work and enhancing project effectiveness. Women's participation has helped build institutional capacity in the slums and to increase receptivity to government programs. This participation has also improved household livelihoods and well-being through employment generation for women. Women's have a more equal voice in household decision-making as a result of these activities.
- **Bolivia: Urban Infrastructure Project (FY 2006-2010).** The project aims to achieve sustainable improvements in the urban infrastructure and living standards in the poorest neighborhoods of La Paz through comprehensive urban upgrading. It aims to enhance mobility in the city of El Alto, removing infrastructure bottlenecks and introducing measures to modernize public transport services and urban transport management, and to expand sewerage coverage in poor areas of Santa Cruz de la Sierra. Women's needs have been incorporated into every step of this project, from design and job creation to empowering women through titling and community organization. Due to improved lighting and sanitation, women are safer and have fewer reasons to make trips outside in the dark; the building of childcare facilities and community centers has enabled women to improve their income generating capabilities; and including women's names on the land titles has given

them access to credit, employment and enterprise opportunities that were previously closed to them.

Contributed by Nilufar Ahmad, Senior Gender Specialist, World Bank

Sources:

Ruiz-Abril, Maria Elena (2002), 'Gender in Urban Infrastructure Projects: the Case of the Caracas Slum-Upgrading Project', Washington DC: World Bank.

Personal communication with Miguel Vargas-Ramirez, TTL for Bolivia Urban Infrastructure Project.

Other sources available on request from Nilufar Ahmad.

3. POST-CONFLICT RECONSTRUCTION IN CÔTE D'IVOIRE

Amongst a number of World Bank programs in Cote d'Ivoire, with a total value over \$500 million since 2008 alone, an IDA Grant is funding the 'Emergency Urban Infrastructure Project'. This project makes major investments in urban infrastructure and services in Abidjan and Bouaké.

It is designed to support the Ivorian Government's efforts to demonstrate visible and tangible improvements in its citizens' lives—a critical step for sustaining social and political stability and economic recovery in the country. The location of these investments—in the country's major cities—reflects the symbolic importance of both of these cities during the civil war (Bouaké was the 'capital' city of the rebel forces), and the tangible importance of the two largest cities in the country, which have been enlarged further by population displacements during the war.

The project will include five main components, as follows:

- **Urban Water Supply (US\$28 million).** Access, availability and quality will be improved through: the provision of **subsidized service connections and standposts** to selected urban areas in Abidjan and Bouaké including informal neighborhoods, and for 225 school classes and eight health centers; the **expansion of water production capacity** in Abidjan; and the **reinforcement and expansion of water distribution networks** in Abidjan and Bouaké. This will provide access to safe water for an additional 330,000 people in Abidjan, and 40,000 in Bouaké.
- **Sanitation/Sewerage (US\$15.2 million).** Access to, and functioning of, the sewer network will be increased, and discharge of raw wastewater in the Abidjan lagoon will be reduced by 40,000m³ per day, through: the **rehabilitation of main pumping stations and treatment plant** feeding the ocean outfall; the **rehabilitation of neighborhood pumping stations**; and the **connection of secondary sewers** to the main interceptor for approximately 100,000 people.
- **Solid Waste Management (US\$12 million).** Collection, removal, and disposal of household solid waste in the city of Abidjan will be improved through: **eliminating the main unregulated dump sites** in the city through removal of 500,000 tons of solid waste to a municipal landfill site; supporting the establishment of an **efficient system of solid waste pre-collection, collection, transfer, and disposal**, relying primarily on the local private sector; improving the **routing of waste transfer vehicles** through the rehabilitation of the

Williamsville transfer station; implementing an **outreach campaign on hygiene/sanitation, including an HIV/AIDS component**; and **improving living conditions for those living close to the Akouédo landfill site**.

- **Urban Road Rehabilitation (US\$28 million).** Urban mobility and transportation access will be improved through: **restoration of public transportation services** in underprivileged neighborhoods, which had ceased due to poor road conditions; **measures to address congestion and runoff management** at critical locations; **connection of secondary streets to the main network** to ease access from new neighborhoods that generate significant traffic; and refurbishment of **horizontal and vertical signage** to improve road safety.
- **Municipal Contracts (US\$7 million).** This element aims to re-energize municipal functions that have largely been taken over by the central government during the crisis, while addressing the medium and long-term problems of cities. Activities under this component will: draw up **an inventory of needs and a priority municipal program (i.e. ‘Municipal Contracts’)** for an initial group of 10 cities, based on an urban audit and a financial and organizational audit; and support measures **enabling local governments to reassume a portion of their mandate** with a view to normalization and stability.

Source:

World Bank (2008), ‘Emergency Urban Infrastructure Project’, Emergency Project Paper (EPP), P110020, Washington DC: World Bank.

4. CITY SERVICE DELIVERY SURVEYS IN THE MNA REGION

Five field-based teams of the World Bank worked in conjunction with the Norwegian Social Science Research Institute (FAFO) in 2005-06, to design and implement a Service Delivery Survey (SDS) in the Middle East and North Africa region. **The aim of the exercise was to provide an end-user perspective on potential ways of improving service quality, cost and outreach outcomes.** First, it surveyed end-users to assess their **perception of the quality and coverage of services, improvements that they have noted, and the deficiencies that still exist.** Second, it gauged their **understanding of the service delivery mechanism**, i.e. whether the users feel private sector providers, local governments, central government agencies or other providers are the preferred provider; if so, why; and whether there are general principles that can be derived from the user feedback. Third, it also considered the **costs of provision under alternative arrangements, efficiency gains and inherent subsidies or losses that could be potentially averted under alternative institutional arrangements.**

The purpose of the SDS was to expose central government officials and city-level representatives and staff to cost-effective tools and techniques in consulting their constituents on key service delivery issues. Two methodologies were employed -- focus group discussions complemented by Transect surveys – which, together, provide a window to the overall nature of service delivery in the selected Middle East countries.

The rich and very relevant feedback that was gained through the SDS cannot be appreciated fully without reviewing the

- **Price-conscious consumers.** Price figured prominently as a key concern for a large number of service users. But most consumers indicated a stronger willingness to pay for services than might have been expected—as long as price increases correspond with service delivery improvements. Network losses due to theft or poor maintenance and other “free rider”

problems also figured prominently in responses, signaling questions about fairness and uneven enforcement or none at all, which ultimately undermines the entire system.

- ***Good coverage but poor quality.*** The survey indicated high rates of access to services, but lower standards of availability and reliability. In particular, there is a significant gap between having a physical network connection and actually receiving services. And the quality of the service varies: concerns were also expressed about seepage of foreign elements into the water supply, poor road maintenance, erratic solid waste collection, etc. **The clear need for setting service standards emerged in these discussions.**
- ***Service providers complain about insufficient revenues to sustain and expand service provision.*** The root problem here is a misalignment of revenue and expenditure assignments within the intergovernmental system. It is worsened by inherent subsidies in system design, an inadequate revenue base, weak revenue collection efforts, and, at times, a sense of entitlement as reflected in both end-user feedback and an analysis of agency collection performance.
- ***Inter-agency policy and planning coordination poses a particular challenge.*** There is a lack of effective coordination between various levels of government and different agencies. Two key reasons for this are the lack of technical and managerial capacities, and the fact that some agencies work at cross-purposes. The duplication of agency remits often translates into multiple interventions in the same location for electricity, water and other under-surface service provision that disrupts and damages roads and other surface infrastructure.
- ***Response to privatization is mixed and guarded.*** Respondents had an appreciation for efficiency and customer responsiveness that comes with private provision, albeit balanced with concerns of job redundancies and tariff hikes. Generally, end-users with greater exposure to private providers had the most favorable response to increasing privatization, as outcomes were generally perceived to be better than the alternative of publicly provided services. Thus it would be desirable to foster a demonstration effect by raising public awareness of private provision options and pilot activities.
- ***Local governments matter, at least to citizens.*** Local governments are still seen by citizens as the principal interlocutors when it comes to service delivery. In most cases, respondents wanted their service provider to be proximate to them, but also to be sufficiently resourced and technically equipped to provide services.
- ***Inadequate planning cited as a major area in need of reform.*** Long-term planning and investment prioritization is lacking in most service delivery entities. This hinders capacity expansions as well as routine maintenance works. Many cities and towns lack updated masterplans; and in many cases, those plans that exist are prepared at the central level, leaving local stakeholders out of the consultation process. Respondents also cited major deficiencies in the application and enforcement of rules, building codes and planning guidelines.
- ***Incremental Reforms are Preferred over Wholesale Changes to the System.*** Despite the general perception among end users that service delivery is systemically flawed, end-users prefer to be selective about the changes they would like to see introduced. This may reflect either an endorsement of gradual change—which is the approach adopted by many of the governments in the region—or alternatively respondents’ belief that radical change cannot occur in their country in any case.
- ***The Free-Rider problem.*** Service problems are caused by irresponsible consumer behavior—including payment defaults, illegal connections, vandalism and lack of awareness. Too often, end-users viewed services as an entitlement rather than an accountability

relationship between the provider and end-user. Payment defaults were seen to be encouraged by weak enforcement measures against those gaining illegal access to services.

- **Accountability issues.** Mechanisms to hold providers accountable and systems for public information dissemination are still embryonic. In some cities (Amman and Aden, for instance) new efforts to reach out to citizens through 24-hour service hotlines and timely remedies are generally exceptions the absence of accountability mechanisms.

Source:

World Bank (2007), *Municipal management & local governance: a service delivery perspective. Giving voice to end-user perspectives on public service provision*, Washington DC: World Bank Sustainable Development Department.

5. MUNICIPAL CONTRACTS: ALIGNING CENTRAL AND LOCAL GOVERNMENTS WITH INCENTIVES TO MAKE WISE URBAN INVESTMENTS

Over the next twenty years, Africa's urban areas are forecast to accumulate an *extra* 290 million residents—in effect doubling Africa's urban population. That means Africa's municipal governments face the challenge not only of retroactively building urban infrastructure and services for existing residents, but also of providing for new residents. Most of that growth will be concentrated in cities of 500,000 inhabitants or less, where municipal governance capacities are often especially weak. So, what governance models are available to ensure efficient urban investments are made?

Municipal Contracts have been pioneered by the World Bank's teams dealing with urban projects in West and Central Africa. A Municipal Contract is a contractual agreement between municipalities and central government, which typically includes a three-pronged program: a *Priority Investment Program* (PIP), a *Priority Maintenance Program* (PEP), and a *Municipal Adjustment Program* (MAP). **In essence, they provide a framework of incentives in which urban investments will be made wisely and consistently—through the use of standardized needs assessments, clearly codified governance responsibilities, and independent public monitoring.** This model was developed in Tunisia, which itself had seen the model at work in Europe. The World Bank has since sought to incorporate the Municipal Contracting model in most of the projects it funds in West and Central Africa, and by 2009, Municipal Contracts had been signed in around 170 municipalities in Guinea, Niger, Mali, Senegal, Benin, Rwanda, Burundi, Cote d'Ivoire, Ghana and elsewhere. Such contracts have accounted for around \$800 million of spending, and have been formed with support from the World Bank, AFD, the EU, and several other agencies. Each project has sought to learn lessons from prior Municipal Contracts, **and the model is now mature enough to be used as a 'global product' rather than simply a 'good practice' story.**

A Municipal Contract is signed by central and local governments, and **links the continuing disbursement of funds in a particular city to the fulfillment of governance obligations.** These obligations are relatively simple reforms, such as the simplification of local taxation regimes, the decentralization of authority, and the building of local capacity—all of which can have profound impacts on the effectiveness by which investments are actually used. Those obligations are measured by a series of indicators, monitored by a third party—often a local organization, such as the Municipal Development Agency in Senegal. The power of this simple mechanism has been demonstrated in many cases. For example, in Nouadhibou, Mauritania, once the local media began publicizing the story that the municipal government was falling short

of its obligations and therefore endangering continued funding of physical investments, there was a public outcry and the local government was jolted back into shape. And in Guinea, the contracting approach seems even to be providing continuity through a period of central government instability. In Senegal, municipalities were able to reduce the payroll share of their current revenues from 37 percent in 2001 to 28 percent in 2003; capital investment as a share of current revenues increase from 10 percent in 2001 to 17 percent in 2003; priorities among investments were made explicit for the first time; and 95 percent of municipal loans are being repaid.

Municipal Contracts are formed as follows. First, two audits are conducted. An **‘Urban Audit’ gathers baseline information on existing services and infrastructure, patterns of urbanization, and pockets of poverty**: what are the gaps in physical infrastructure and services; how would it cost to bridge them; where are the most impoverished areas of the municipality; what are the priority needs; what are the constraints on economic activity; and what existing community representation exists? In short, what are the city’s needs and priorities, and how should an investment program be formulated for that local context? The second audit—a **‘Financial and Organizational Audit’—assesses the financial health of municipal government, its management structure, and its capacity to receive investments**. This audit is used to identify a set of pragmatic adjustment measures the municipality is willing to take to improve its management and finances—through the mobilization of local resources and increased capacity (which can include steps as simple as increasing the number of staff members). Both audits are performed by use of a standardized list of questions and data tables; but much of the data itself is generated through participation of local stakeholders. In practice that the audits are typically performed by local consultants working with local government departments and private actors and stakeholders.

Using these two audits, a three-fold program is devised, to which the central and local government agree to abide for an initial four-year term. Its three components are:

- (i) **Investment Program** (based on the Urban Audit). This component is essentially the identification of a priority infrastructure investment program, subject to a number of environmental and social assessments, and sized according to local capacities as identified in the ‘Financial and Organizational Audit’.
- (ii) **Maintenance Program** for municipal assets. This component codifies exactly what maintenance procedures will be undertaken, and likewise is monitored with respect to specific quantifiable indicators.
- (iii) **Adjustment Program** (based on the Financial and Organizational Audit). This component includes very specific actions that the local government and central government are required to undertake, to improve their financial and organizational regimes. It is monitored against very specific quantified indicators, which are agreed upon during the audit.

The ‘Municipal Contract’ consists of these three programs combined—‘Investment’, ‘Maintenance’, and ‘Adjustment’. Each of these three programs is divided into annual stages, with funding for next year’s investment program contingent on satisfactory municipal reforms during this year’s program. After this initial four-year term is completed, the program can subsequently be expanded, through repeating the audit and contracting process for a second or third generation of investments. **Thus even if the Programs begin with relatively modest reforms, they establish an institutional foundation which can be built more ambitiously over time, in successive auditing and contracting processes.**

The parties to the Contract are typically the Minister of Finance (for the central government), and the City Mayor (for the local government). For larger cities, the head of the metropolitan governing body is also included if one exists; but in any case each administrative entity in the metropolitan area will already be included. It is crucial to involve these main actors—at different scales of government—and have them all commit to the same menu of actions, and thus generate a coincidence of interests in furthering the same agenda. In other words, local, regional, and national investments and strategies should become harmonized in this framework, since all parties have agreed to the same Contract. **Clear rules of the game and precise contractual agreements are essential: everyone must know what their responsibilities will be, and the fulfillment of obligations must be monitored by a third party who reports its results publicly. Thus, if obligations are not met, and funds are withheld, everyone will know with whom the fault lies—thus providing a clear incentive to correct it.**

Finally, one of the key benefits of the Contracting approach is that it provides a clear platform for other donors to invest—even those who aren't typically involved in 'urban' work. Where the World Bank has fostered Municipal Contracts in Africa, other parties have in many cases provided core or parallel financing within the Municipal Contracting framework.

In the next generation of Municipal Contracts, the Bank hopes to strengthen the strategic vision of each city within the Urban Audit, to add an analysis of each city's spatial expansion, and to render more sophisticated the analysis of local economic activities and industries—all three of which can inform better strategic choices about Infrastructure across municipal boundaries.

Sources:

Farvacque-Vitkovic, Catherine (2009). Personal communication.

World Bank (2005), IEG evaluation of Senegal Urban Development & Decentralization Project (UUDP), Washington DC: World Bank Independent Evaluation Group.

World Bank Institute (2007), 'Decentralization and Municipal Development: the Municipal Contract Approach', Washington DC: World Bank.

World Bank (forthcoming), *Decentralization and Municipal Development: the Municipal Contract*, Washington DC: World Bank.

6. BAAN MANKONG URBAN UPGRADING PROJECT IN THAILAND

Thailand's cities in 2003 were facing substantial problems. There were 8.25 million people living in poor-quality housing in 300 cities. Two-thirds of those settlements had insecure tenure, of which 30 percent of households were squatters and 70 percent rented land but without secure long-term contracts. 70 to 80 percent of these 'slum' residents could not afford conventional housing, either through the market or through the conventional government housing programmes. Thailand's economic success was bringing little benefit to the poorest groups, and often actually worsened their housing conditions, by putting them at greater risk of eviction as land prices and demand for central city sites increased.

The Baan Mankong programme—which was launched by the Thai government in January 2003—shows how large-scale impacts can be achieved by supporting local community-driven processes. When added together, these achieve city and national scale. Its target was to improve housing, living and tenure security for 300,000 households in 2,000 poor communities in 200 cities within five years—i.e. half the urban poor in the entire country. This was to be achieved by providing infrastructure subsidies and housing loans from the government directly to poor communities, which plan and carry out improvements to their housing environment and to

basic services. **Crucially the low-income communities were to design and manage these upgrades themselves—through community organizations and local networks;** the government would simply provide the (relatively modest) funds.

The infrastructure subsidies are \$715 per household when upgrading in situ, and \$1,000 per household when re-blocking or relocating (going up to \$1,285 per household for more expensive sites). The housing loans subsidies are provided as a lump-sum payment by the government's Community Organizations Development Institute (CODI). Lastly, there is a grant equal to 5 percent of the total infrastructure subsidy to help fund the management costs for each local organization or network; and a grant of around \$50 to \$150 per unit to support exchange visits, seminars, meetings, costs of coordination with city plans, on-the-job training activities, and salaries.

There are some key differences between this and conventional slum-upgrading approaches:

- **The key actors are urban poor community organizations and their networks:** they control the funding and the management. They (rather than contractors) also undertake most of the building, which makes funding go much further and encourages local innovations.
- **It is 'demand-driven by communities',** as it supports communities who are ready to implement improvement projects and allows a great variety of responses, tailored to each community's needs, priorities and possibilities (for instance, communities choose how to use the infrastructure subsidy).
- **It does not specify physical outputs,** but provides flexible finance to allow community organizations and local partnerships to plan, implement and manage directly. These initiatives are coordinated with city-wide development through integrating community-constructed infrastructure into larger utility grids, and through some input from local academics and the municipalities.
- **Secure tenure is negotiated in each instance,** through a variety of means such as cooperative land purchase, long-term lease contracts, land swaps, or user rights. In all cases, the emphasis is on communal (rather than individual) tenure.
- **Collective efforts were strongly encouraged,** by favoring collective (not individual) land tenure, requiring collective planning and implementation of upgrading work, and issuing housing loans to the community cooperative rather than to individuals. Working together as a group is never easy, but it gives the poor, who usually have no power at all, the strength and confidence to do all kinds of things they could never hope to do individually. Doing things collectively also creates an important balancing and proactive mechanism between community members and various outside forces.
- **It promotes more than physical upgrading.** As communities design and manage their own physical improvements, this helps stimulate deeper but less tangible changes in social structures, managerial systems and confidence among poor communities. It also changes their relationships with local government and other key actors. ***This aspect distinguishes Baan Mankong most markedly from many other slum upgrading projects, including the Kampung Improvement Project in Indonesia and other lauded examples which concentrate on tenure, physical upgrading and infrastructure alone.*** In the words of CODI's Director, Somsook Boonyabancha, "if a whole group of people starts believing in their own power, energy and ability – this is upgrading."

The five-year target was tremendously ambitious, and though it was not fully reached, excellent progress has been made. By the end of the first five years of the programme, 53,976 households

had been reached, in 1,010 communities in 226 cities, through 512 projects. Of these projects, 64 percent had involved on-site upgrading, reblocking or reconstruction, 14 percent involved relocation within 5 kilometres, and 22 percent involved relocation beyond 5 kilometres. Tenure security involved cooperative land ownership for 44 percent of projects, long-term leases to community cooperatives in 39 percent of projects, short-term (less than 5 years) leases to community cooperatives in 8 percent of projects, and simply the permission to use land in 9 percent of projects.

A key factor in the success of scaling-up was the prudent choice of **pilot projects**. They were organized in as many cities as possible, to get things going, to generate excitement, and to demonstrate that community-driven upgrading can work. When an upgrading process is launched or a project inaugurated, people from neighboring cities are invited to see what is happening and what is possible, turning each city's milestone into a mass learning opportunity. Crucially these pilot projects are not the most difficult sites, which often become bogged down in complex tenure problems and do not generate momentum in the rest of the city. Those can be tackled once momentum has been built. And, most importantly of all, they are being undertaken not by outsiders but by people who are also poor. **Other poor communities can really believe that if they can do it, so can we.**

Sources:

Boonyabancha, Somsook (2005), 'Baan Mankong: going to scale with 'slum' and squatter upgrading in Thailand, *Environment & Urbanization*, 17 (1), April 2005.

CODI (2008), *CODI Update 5*, March 2008.

http://www.codi.or.th/index.php?option=com_content&task=view&id=1861&Itemid=52

7. MOVING FROM SOCIAL SAFEGUARDS TO PROACTIVE SOCIAL POLICIES FOR THE URBAN POOR IN TAIZ, YEMEN

The Taiz Municipal Development and Flood Protection Project demonstrates how the challenges of urban growth—including the growth of slums and decreases in public health—can be mollified creating more inclusive, cohesive and accountable institutions and societies. **Based on the project's success, the government decided to scale up this single operation—firstly to a citywide strategy, and then to a national strategy that is focused on urban poverty.**

The Taiz Municipal Development and Flood Project was initially designed to alleviate the negative effects of seasonal flooding in the city (which causes damage to homes and businesses and generates significant financial losses). It also aimed to build the local government's capacity for development planning thereby advancing Yemen's process of decentralization. By the end of the project, new flood channels were benefiting an estimated 10,000 households and 1,000 businesses in the city by improving safety and access within the city and greatly reducing the loss of lives and property due to flash floods. However, **the project also unexpectedly succeeded in making significant progress in the social realm.** Indeed, while the Project Appraisal Document did not even contain the word "social", the project integrated social components so successfully that it ultimately transformed the city's approach to social policy.

These social benefits stemmed from a social assessment conducted during the preparation stage, which highlighted that 245 families (around 1,500 people) living in informal settlements would be displaced by the project's construction activities. They were members of the Al-Akhdam caste, which is among the most marginalized and poorest segments of Yemeni

society. Members of the Al-Akhdam community were very marginalized, distrustful of the government and outside development organizations, and not accustomed to having direct personal contacts with political leaders in the city. For its part, the local government was skeptical about working directly with members of the community and doubted that the formation of a productive partnership would even be possible.

The success of the resettlement process came about as a result of close collaboration between a wide range of stakeholders including Al-Takaful (a local non-governmental organization that was responsible for facilitating the community's transition from the flood affected area to the resettlement community), the local council and the private sector. **In order to build Al-Takaful's capacity to work collaboratively, the project sponsored a study tour to India for Al-Takaful's staff, plus Al-Akhdam community members and local government officials.** Members of the local government initially exhibited resistance to taking community members on the trip, but the experience proved to be a transformative experience for government officials and community members alike. The inclusion of community members on the trip increased trust by demonstrating to the community that they could be participants in the resettlement process and active citizens in the town in which they live. Moreover, the inclusion of members of this very marginalized group in the same study tour as high-status government officials demonstrated new possibilities for both sides. Finally, in the course of meetings with SPARC, an Indian NGO with extensive experience implementing community development and providing affordable housing for slum dwellers, participants were able go through shared experiences which helped them generate a number of ideas and strategies to more effectively facilitate the resettlement process.

The initial product of this collaboration was a resettlement village with infrastructure and other amenities, including secure land tenure, access to municipal services, health and education infrastructure, livelihoods training, and safe recreation areas. These initiatives have helped **improve the resettled population's livelihoods markedly since they were resettled.** But the project also used the resettlement process as a vehicle to **empower a previously marginalized population to participate in the development process.** For example, Al-Takaful recruited 'catalysts' and other volunteers from within the community to help organize the community and enhance their capacity for collective mobilization. The community has continued to interact with local government officials even after the resettlement process concluded, and the government invited community members to the launch of the Country Social analysis, where they had the opportunity to raise concerns about how the plan addressed the needs of marginalized populations. Furthermore, the project also ensured that land titles were jointly issued in the name of both spouses. Given that women are not typically included on land titles in Yemen, the joint titling represented a major step forward on gender issues within the community. In fact, it was the first time that joint titling for men and women had occurred in Yemen.

By the time that the President of Yemen attended the ceremony celebrating the inauguration of the resettlement village, the project's poverty focused approach had generated significant interest among government officials and the public in general. The resettlement village had **come to embody the local council's vision for the future of the city and its aspirations in terms of dealing with poverty issue, informality and excluded groups.** The city of Taiz then partnered with the project to conduct two important activities to promote pro-poor development within the city. **First, the local council adopted poverty alleviation as its main priority and requested assistance in preparing an Urban Poverty Alleviation Strategy (UPAS).** This included a detailed diagnostic of poverty and current poverty indicators, a detailed analysis of how the actions planned would impact poverty and recommendations on how to enhance their impact, specific poverty alleviation programs, and a detailed monitoring and evaluation plan. The process of formulating the UPAS was conducted using a participatory approach to ensure that

they were consistent with local citizens' development needs and priorities. **Second, the new city Master Plan focused explicitly on identifying and upgrading under-served areas where large concentrations of poor people lived.** In partnership with Taiz University the local council conducted a household survey of people living in squatter/informal settlements about their living conditions and priorities. The results of the survey provided the local council with an unprecedented snapshot of poverty dynamics within the city, which subsequently informed the council's strategy on this issue. Researchers also conducted a second household survey throughout Taiz City which was used to inform the development of a comprehensive upgrading strategy and action plan. Based on the close relationship that stakeholders developed throughout this process, the local council subsequently allocated funding to a newly formed think tank at the University which focuses on issues related to urban poverty.

What lessons can be learned from this project? **First, close collaboration between urban and social specialists is critical.** In addition to providing advice on resettlement, social specialists also ensured that other social themes such as community participation and developing linkages between communities and local government were effectively addressed. This greatly strengthened the project's overall effectiveness. **Second, small successes can have a big impact on policy.** Though the resettlement process only impacted 245 families, it became a symbol of what the city could aspire to accomplish through urban upgrading activities. As a result, the local government integrated a poverty focus, which was informed by household surveys on poverty issues, into its Master Plan. **Third, an important part of promoting inclusion is to bridge gaps between different stakeholder groups.** The project took proactive measures to ensure effective coordination between stakeholder groups and to address distrust between the resettled community and local government. From the joint study tour to the community empowerment and advocacy activities conducted by Al-Takaful, the project generated important linkages which ultimately allowed the project to succeed. Arguably, these relationships have provided a template for broader social transformations by showing it is possible for the most marginalized and excluded people to be treated as citizens. **Fourth, resettlement provides an opportunity to do good.** Instead of simply 'doing no harm' the project adopted a 'doing good' approach to the issue of resettlement (see the Box Profile in this document on *Social Analysis in the Urban Sector* for more details). As a result, the project-affected community was much better off after the project was completed than they were initially. Indeed, since they were resettled, the community has been empowered to participate in guiding the development process and experienced improvements in their livelihoods.

Contributed by David Post, PhD Candidate, Georgetown University.

8. CITY SYSTEMS IN CHINA

From 1980 onwards, China sought to “*control* the size of large cities; develop medium cities *reasonably*; and develop small cities *actively*”. In 1989 this guideline was modified to “*strictly control* the size of large cities, and develop medium and small cities *actively*.” By 2001, China was recognising more explicitly the way that differently sized cities work together, and encouraged the *synergetic development* of large, medium, and small cities and towns in its 10th Five-Year Plan (2001-2005). Since 2006, as stated by China's current 11th Five-Year Plan (2006-2010), ‘city clusters’ will be the “main form of urbanization” to be encouraged in China. These clusters entail the grouping of large cities with medium and small cities, each forming a ‘city system’.

China's encouragement of these city systems is motivated by the development paths of its two economic powerhouse regions: the Pearl River Delta and Yangtze River Delta. The Yangtze River Delta encompasses Shanghai, Suzhou, Hangzhou, Nanjing and other cities, has only 6.7 percent of China's total population, but accounts for fully 15.7 percent of China's GDP. The Pearl River Delta encompasses Guangzhou, Shenzhen, Dongguan, Foshan, and other cities, has only 2.2 percent of China's total population, but accounts for fully 10.3 percent of China's GDP (even before accounting for Hong Kong & Macau). Much of this success is built on the same types of scale economies, localization economies, and urbanization economies reviewed by the opening chapter to this strategy, and by the WDR 2009. In the words of the CEO of one of the Pearl River Delta's largest electronics manufacturers, *"The materials and components that we use in our 49 production lines today arrive daily from suppliers in the zone by a route that generally takes not more than one hour. In practice, altogether we are a single vast factory scattered across the territory. The existence in a relatively small area of everything we need to make the whole range of audio products is the region's strong point. In other places the cost of labour may actually be lower, but around their factory there is nothing else."*

China is now building the institutions and infrastructure by which it hopes to grow several other city clusters. For example, in the Hunan Province, the cities of Changsha, Zhuzhou and Xiangtan are cooperating to build expressways and railways between them, and out towards their hinterland of smaller cities and towns. A regional cooperation plan between the three cities specifies that market prices will allocate land for different uses, and promotes land intensification in central city areas.

Sources:

GDP statistics are for 2006 (most recent available year at publication), and are calculated from *China Statistical Yearbook 2007, Guangdong Statistical Yearbook 2007, Jiangsu Statistical Yearbook 2007, Shanghai Statistical Yearbook 2007, Zhejiang Statistical Yearbook 2007*. All published by China Statistical Press. Population figures do not account for unregistered migrants, and thus may be significantly understated.

Government of China (2006), 11th Five-Year Plan. Chapter 21, section 2.

Gutierrez & Portefaix (2006). 'Made in Hong Kong no more: long life! Made in China', UrbanChina magazine #07, 15th March 2006, p. 120.

World Bank (2008), *World Development Report 2009: Reshaping Economic Geography*, Washington DC: World Bank, p. 222.

Yang, Chen (2008), 'China: a case study of 1D-2D-3D areas', Background Note for WDR 2009.

9. BROWNFIELD REDEVELOPMENT AND URBAN REGENERATION IN CENTRAL AND EASTERN EUROPE

Brownfield sites are those that are affected by former uses of the site and surrounding land, are derelict and underused, and may have real or perceived contamination problems. Such sites are relatively widespread in Central and Eastern Europe, where industrial land accounts for as much as 13 percent of the built-up area in Prague, 15 percent in Warsaw, 27 percent in Sofia, 27 percent in Ljubljana, and 28 percent in Krakow. **Such sites are often also close to land in high commercial demand, have potentially high economic and fiscal values, and can reduce demand for new 'green field' development. Thus the objective of brownfield redevelopment is to bring such sites back to beneficial use.** This will usually involve (i) **remediation**—i.e. environmental assessment and technological response, and (ii) **redevelopment**—i.e. visioning and realizing market opportunities with both public and private benefits. These processes will

typically involve a plethora of disciplines, including property owners, lawyers, environmental consultants, real estate brokers and professionals, economic development specialists, insurance representatives, lenders, law makers and regulators.

These are not easy tasks. Ownership may be unclear, there may not be any immediate development interest, remediation work on waste removal and decontamination may be complicated, and investments have to be matched realistically with future demand. Hence brownfields can be classified into three major types:

- **‘A’ sites are economically attractive enough for remediation efforts to be undertaken through a sole private effort** (such as the Semanatoarea Plant in Bucharest, which is becoming a business and retail park, with conference center and 1,200 residential apartments);
- **‘B’ sites will need public-private partnerships because of uncertain future profitability owing to unknown contamination, ownership, or real estate markets** (such as the Skoda Plzen rehabilitation of a 180 hectare site, pursued jointly by the Czech government and private investors);
- **‘C’ sites are hardcore cases that can be redeveloped only through a concerted public effort** (such as the Emscher Park in Germany’s Ruhr Valley, where \$1.5 billion has been invested to redevelop the abandoned steel works and coal mining operations with housing, landscape parks, industrial museums, and 131 other projects).

The World Bank is currently formulating an AAA work program during the fiscal year 2009-2010 to build a foundation for assistance with each type of brownfield site, through knowledge sharing, technical assistance, and financing of public investments. It aims also to build a toolkit for brownfield redevelopment, using case studies and good practices from around the world.

Source:

Kessides, Christine, Marcel Ionescu-Heroiu & Wolfhart Pohl (2008), ‘Brownfield redevelopment and urban regeneration with a focus on cities in East and Central Europe: a proposed work program’, presented at *Seminar on Re-engineering the City: approaches to urban regeneration in the post-industrial city*, 8th October 2008, Washington DC: World Bank.

10. LOCAL ECONOMIC DEVELOPMENT IN ADEN, YEMEN

One of the economic challenges facing Yemen is to reduce its dependence on rapidly-depleting oil reserves and turn to promising non-oil sectors by attracting private investment. The World Bank supported Yemen’s Port Cities Development Program (PCDP) to help three of Yemen’s cities—Aden, Hodeidah, and Mukalla—position themselves to serve as economic growth poles. The PCDP is taking the form of a three-phase Adaptable Program Loan (APL) of \$96 million from the World Bank to develop Yemen’s coastal cities over a period of 12 years. This Program is being devised and implemented in a very challenging economic environment, which includes high unemployment, low foreign investment, and high poverty rates.

The PCDP began with small-scale infrastructure investments, such as improving facilities at a local fish market and infrastructure services for small manufacturing operations at an industrial estate. In the fish market on Aden’s seafont, buildings were renovated and roofed, a new auction area was installed, the market area was expanded, and new drainage and sanitation

services were installed. There has been a profound transformation in the area, with such pride in the new facilities that they are cleaned two times a day; the market is much more attractive to Aden's residents, and has become a destination in itself, as part of Aden's resurgent shoreline. As an indicator of success, there are now 120 fish sellers (compared to 40 before the project). A Fishermen's Association now manages the market and leases out stalls to small-scale fishermen; and the local government earns \$25,000 annually from a fee paid by this Association.

In coordination with the PCDP, Aden has meanwhile also formulated a City Development Strategy. **The Strategy aims to achieve a sustained rate of economic growth by facilitating the activities of its private sector, attracting regional and international investment, and increasing the share of regional and global air and sea shipping activity.** It also aims to increase its employment rate (with a particular focus on women and on marginalized socioeconomic groups), and to increase its worker productivity and average wage. Finally it aims to increase Aden's contribution to the national economy, specifically by making Aden Yemen's economic capital and primary growth pole.

The Strategy has made a number of achievements. It provides analytical foundations for the city's economic competitiveness, and has **introduced participatory planning approaches to urban planning**—including workshops and bilateral consultations with key stakeholders. This approach is notable in a context where all Yemen's prior Master Plan had been formulated in the capital city Sana'a and handed down to cities. The CDS proposed policies to develop the Port, Airport and Free Zone (the 'Core'); **to multiply economic value from the Core to the city economy through supply chain linkages**; to grow the scope and scale of the city economy outside the Core; **to create an enabling business environment for new and existing investment** (by streamlining regulatory procedures, and providing efficient private sector support institutions); to encourage micro and small enterprises and women in the economy; to market Aden to national, regional, and international investors; **to develop a competitive labor pool and responsive skills development**; and to create **liveable and well-served urban environments**.

At time of project evaluation, some challenges were being presented by project implementation—in particular the unclear role and responsibilities of the Local Economic Development department. But results have generally been promising, and have inspired local businessmen to contribute funds themselves, including over \$350,000 to build a training center and initiate training programs.

Source:

GHK (2005), 'Final Evaluation Report: Qualitative Analysis of Outputs and Results. Aden Medium to Long-term City Development Strategy for Local Economic Development.'

Karam, Stephen (2004), 'Yemen Port Cities Development Program & Aden City Development Strategy: overview of Sira Bay & Fish Market', Washington DC: World Bank.

11. STREET ADDRESSING

Street addressing is a relatively simple intervention that can make a substantial difference for civic identity, for the delivery of urban services, for tax collection, and for economic development.

As urban populations rise, many informal settlements are created without street names and numbered buildings. The absence of street addresses renders it difficult: (a) for residents to locate

each others' homes unless they already know the location; (b) for government to institute an effective tax collection system if it cannot catalog the location of homes and businesses; (c) for urban services such as ambulances, fire trucks, or taxis to quickly reach their destinations; (d) for utility concessionaires such as water companies and electrical companies to enforce collection for user-pay services; (e) for businesses to advertise their own locations and to know the locations of their customers.

A sample of street addressing operations in African cities between 1989 and 2003 showed the average cost to be US\$ 0.6 per capita and US\$ 5.7 per addressed doorway. What steps are required to implement street addressing?

- 1) **Codification** establishes principles for the identification of streets and the numbering of buildings. Should streets be numbered or named? It is recommended to number all streets, and they can be given names over time beginning with the most important streets.
- 2) **Numbering Streets.** To make it easier to establish local points of reference, the city can be divided into address zones, each of which can be given an identifying number or letter. Street addresses will start with this identifier followed by consecutive numbering. Thus "Street 2.34" or "Street B.34" or "Medina Street 34" would be three ways of numbering the 34th street in Zone 2, Zone B, or the Medina District.
- 3) **Mapping.** This task consists of establishing an address map and its accompanying street index. The address map shows the boundaries of address zones, the names or codes for streets, the starting point ("point zero") and end points of streets, a coordinates grid, and major facilities. Commercial software does exist for computerizing a relational database, such as the 'Urbadresse' package.
- 4) **Numbering Doorways,** the longest phase in establishing the address system, is performed while road signs are being installed. Each street is visited, and a number is assigned to all doors and entrances. It is best to use a metric system numbering system, where doorways are assigned a number according to their distance from point zero. Odd numbers are located on the left side of the street, even on the right, rising as they move away from zero. House numbering will involve a meeting between the occupant and the numbering team (working under an official municipal mandate), during which information can be gathered that will serve as the basis for the directory and a possible database for the city. There may be some political difficulties with this process in squatter neighborhoods, since the assigning of numbers and addresses can sometimes be taken as implicit recognition of residency rights.
- 5) A **Computerized Address Directory** is compiled on the basis of information gathered during the doorway numbering exercise and will serve as reference for government agencies and utility concessionaires.

To keep costs low, it can be recommended that: (i) street signs be placed at only one corner of an intersection, or at every second intersection, if numbering is continuous; (ii) durable materials be used for signs for named streets (materials for numbering streets can be of lower quality); and (iii) sponsors for the operation be identified—including the utility concessionaires who benefit from addressing, but also other commercial providers of goods and services.

These implementation tasks are generally undertaken by municipal administrations, which may set up a special unit to manage the addressing operation. Subsequently, that same unit may be mainstreamed into conventional roads & works departments, but there must be clear responsibilities about whom is to keep addresses and the directory continuously updated. Meanwhile, a successful implementation also depends on sensitizing the local population through radio, television, and the press; that message will probably be best-received if it emphasizes how

useful the system will be for delivery of public services (ambulances, fire trucks) rather than calling attention to the potential for easier tax collection.

A review of practices in 13 African countries, and a comprehensive street addressing manual, is contained in the World Bank publication *Street Addressing and the Management of Cities*.

Sources:

Farvacque-Vitkovic, Catherine, Lucien Godin, Hugues Leroux, Florence Verdet, and Roberto Chavez (2005), *Street Addressing and the Management of Cities*, Washington DC: World Bank.

MIT Urban Upgrading resources (1999-2001), 'Urban Street Addressing', summarized from Farvacque-Vitkovic & Godin (1998) *The Future of African Cities*, World Bank. <http://web.mit.edu/urbanupgrading/upgrading/issues-tools/tools/street-addressing.html>

12. DISASTER RISK REDUCTION IN ACTION: THE CASES OF ISTANBUL AND SANA'A

Turkey has begun a project to mitigate earthquake risks in Istanbul, with a US\$400 million loan from the World Bank. Specifically the project improves the city's preparedness by enhancing its institutional and technical capacity for disaster management and emergency response, strengthening critical public facilities for earthquake resistance, and supporting measures for better enforcement of building codes and land use plans.

The need for such a project is demonstrated by the impact of past earthquakes in Turkey. In the 1999 Marmara earthquakes, the death toll reached over 17,000 with a direct economic impact estimated at about US\$5 billion, or around 2.5 percent of GNP. According to recent assessments carried out by JICA (Japan International Cooperation Agency), the probability of a major earthquake affecting Istanbul in the next 30 years is 62% \pm 12%. **If that earthquake is of the same magnitude as in 1999, it could result in up to 87,000 fatalities, 135,000 injuries and heavy damage to 350,000 public and private buildings, with an economic impact more than US\$20 billion.**

The project in Istanbul has three main components:

- **Component A: Enhancing Emergency Preparedness.** This component focuses on improving emergency communications systems, establishing an emergency management information system, upgrading emergency response capacity, and increasing public awareness and training.
- **Component B: Seismic Risk Mitigation for Public Facilities.** This component focuses on retrofitting/reconstruction of priority public facilities such as hospitals, schools, administrative buildings and infrastructure; performing risk assessments for vital infrastructure, and risk assessments for cultural heritage buildings.
- **Component C: Enforcement of Building Codes.** This component supports *public awareness* of the importance of compliance with building codes and land use plans, *better enforcement* of building codes and land use plans, the *retrofitting or demolishing of unsafe buildings*, *voluntary certification* of engineering professionals in accordance with international standards, *streamlining the issuance of building permits*, and introducing *transparency measures* in issuance of building and settlement permits.

Meanwhile, the municipality of Sana'a in Yemen, with the support of the Global Facility for Disaster Risk and Reduction (GFDRR), has embarked on preparing a risk assessment as the basis for a larger Disaster Risk Management (DRM) strategy and implementation

action plan. These initiatives take place as part of the city's objective of mainstreaming DRM within the CDS process and the subsequent planned revision of the city's land use/master plan. Sana'a has already endured major losses of life, property and business because of flash floods and landslides, exacerbated by the rapid pace of informal/squatter settlement in risk-prone areas. Its cultural heritage assets—including the old historic center, a UNESCO world heritage site—are also at risk.

The GFDRR funding of \$230,000 in Sana'a, and \$708,000 nationally, supports:

- the preparation of feasibility and design studies for the overall **municipal flood protection system and selected flood protection works** in key priority areas, as well as a **Resettlement Policy Framework** to govern the resettlement and fair compensation of affected and at-risk population living in risk-prone areas (as defined by the DRM Plan and CDS);
- the development of an institutional **national strategy for mainstreaming DRM** within the municipal institutional structure (using Sana'a as a pilot) and **coordinating local authorities' interventions in risk reduction and mitigation** (e.g. land use planning, land management, urban upgrading, etc) and post-disaster intervention.

The project is sponsored by the Ministry of Planning and International Cooperation and under the technical supervision of the Ministry of Public Works and Highways, and is carried-out in close consultation with the EEU (Environmental Emergencies Unit), NDMU (National Disaster Management Unit), and the Sana'a CDS Implementation Unit.

Sources:

GFDRR (2009), 'Note on Seismic Risk Mitigation Project, P078359', mimeo.

GFDRR (2009), 'Note on Disaster Risk Reduction Institutional Mainstreaming Strategy and Priority Intervention Areas in Sana'a', mimeo.

13. AMMAN SOLID WASTE MANAGEMENT PROJECT – ATTRACTS CARBON FINANCING

With a flow of 2,400 tons of waste per day, Greater Amman Municipality (GAM) accounts for approximately 50 percent of Jordan's total municipal solid waste. GAM's solid waste management is remarkable in several respects. First, GAM collects MSW on a daily basis from almost 100 percent of its residents and disposes of it in a semi-controlled landfill located 25 km from the city. Second, **through automatic charges levied on electricity bills, and the inclusion of commercial solid waste fees as part of business licensing, it has one of the best solid waste cost recovery rates in the Middle East and North Africa (MENA).**

However, there are serious inefficiencies in GAM's solid waste management, and the costs of providing services are quite high. The municipality has been working to increase revenues related to SWM, but it needs to improve its efficiency in terms of collection, transfer, and disposal, including generating revenues from recoverable materials and landfill gas (LFG) recovery. In order to address these issues, GAM requested the financial and technical support of the Bank. The Amman Solid Waste Management Project was approved in 2008 for the amount of US \$40.5 million, as a subnational loan to GAM with a sovereign guarantee.

The project systematically addresses municipal solid waste management issues and initiates steps towards making the system more integrated and efficient, while mitigating negative environmental effects at both the local and global level. Specifically, the project will: (i) environmentally upgrade and expand the existing municipal solid waste landfill **to meet Amman**

City's disposal needs and generate green electricity while mitigating Green House Gases; (ii) **improve cost effectiveness** of the existing municipal solid waste collection and transport systems and **improve overall cost recovery**. The project also finances the construction of two new transfer stations; and an expansion in capacity of the existing disposal facilities. Technical assistance and institutional support will be provided to the Greater Amman Municipality, focusing on performance and evaluation of solid waste services. In addition, the project includes engineering services to enhance the environmental and operational performance of existing disposal facilities.

Attached to this lending operation, the World Bank has entered into an agreement with GAM for the development and implementation of a Clean Development Project operation, and to purchase part of the Certified Emission Reductions (CERs) resulting from this project. These amount to 0.9 to 0.95 million tons of CO₂ equivalent from 2009 to 2014, **creating revenues estimated at US\$15 million by 2014. The project will also generate green electricity (about 160,000 MWh by 2014), with revenues estimated at US\$25 million to 2019.** The project will thus generate net revenues of US\$16.9 million at present values, following an incremental investment of US\$23.5 million.

Source:

Friaa, Jaafar (2008), 'Brief on Amman Solid Waste Management Project & the attached Carbon Finance Operation', mimeo.

World Bank (2008), 'Amman Solid Waste Management Project', Project Appraisal Document, PID104960.

14. Eco² CITIES: ECOLOGICAL CITIES AS ECONOMIC CITIES

Eco² Cities is a new World Bank urban development program, which aims to help cities in client countries achieve greater ecological and economic sustainability. As the name implies, an Eco² City builds on the synergy and interdependence of ecological and economic sustainability. **Innovative cities in both the developed and the developing world have shown it is possible to generate the same value from a smaller and renewable resource base, while simultaneously decreasing harmful pollution and unnecessary waste.** By doing so, they have improved the quality of life of their citizens, enhanced their economic competitiveness and resilience, strengthened their fiscal capacity, and created an enduring 'culture' of sustainability. At the same time, many of their interventions have also provided significant benefits to the poor. Urban sustainability of this kind is a powerful and enduring investment that will pay compounding dividends. In a fast-paced and uncertain global economy, cities that adopt such an integrated approach are more likely to survive shocks, attract businesses, manage costs and prosper.

The Eco² Cities program carries a number of benefits. First, it provides cities with a comprehensive analytical and operational framework for cities to adopt the Eco² approach as part of city planning, development and management. Second, it facilitates cities in developing countries to access the financial resources needed for strategic urban infrastructure investments. Third, it embodies the kind of bottom-up approach which has been manifested in many of the most innovative best-practice cities around the world, which have managed to pursue ecological and economic progress together. For example:

- Yokohama, Japan's second largest city, has demonstrated how an integrated approach to waste management, combined with stakeholder engagement, could reduce solid waste by 39

percent during a period when population actually grew by 170,000. This significant waste reduction allowed Yokohama to save US\$1.1 billion required for the renewal of two incinerators, as well as saving US\$6 million in annual operation and maintenance costs.

- Vancouver, Canada has demonstrated how a set of basic land use planning principles, combined with independent thinking at the local level, can help to create a highly livable region and to combat the market forces that lead to urban sprawl. As a consequence, the metropolitan area is much more compact than other metropolitan city of same population. The downtown core is home to a large population including families, has no freeway access, and is consistently ranked number one or two amongst cities worldwide in terms of livability.

The Eco² analytical and operational framework is rooted in four key principles:

- 1) **A City-Based Approach**, which enables local governments to lead a development process that takes into account their specific circumstances, including their local ecology.
- 2) **An expanded platform for collaborative design and decision-making, that accomplishes sustained synergy by coordinating and aligning the actions of key stakeholders.** A city can lead a collaborative process on at least three tiers. At the first tier, projects may be completely within the realm of control of the **city administration** itself, and will entail a city getting its own house in order—an energy efficiency upgrade for all municipally-owned buildings for example, or a ride-share program for employees, or peak load management. The second tier engages the city in its capacity as a **provider of services** (transit, water, waste management), and as an authority with planning, regulatory and decision making powers. At this level, greater collaboration is warranted with other stakeholders who can help to define and contribute to success outcomes. The third tier is where the city can influence **projects that directly impact the entire urban area**—like the development of new land, economic planning, and metropolitan management—and may necessarily involve senior governments, key private sector partners and civil society. The third tier requires that the city take the lead in providing an effective process for collaboration, with scheduled meetings and reporting. By creating a common vision and reaching consensus on best strategies, triple tier collaboration gets everyone rowing in the same direction.
- 3) **A one-system approach, which enables cities to realize the benefits of integration by planning, designing, and managing the whole urban system together.** This can mean enhancing the efficiency of resource ‘flows’ in an urban area through integrated infrastructure system design and management. For example, the looping and cascading of energy or water through a hierarchy of uses can satisfy many demands with the same unit of supply. The One System Approach also includes integrating urban ‘form’ with urban ‘flows’ by coordinating spatial development (land use, urban design, and density) with the planning of infrastructure systems. For instance, new development can be directed to those locations with a surplus of water, energy, and transit.
- 4) **An investment framework that values sustainability and resiliency by incorporating and accounting for life cycle cost-benefit analysis, the value of all capital assets (manufactured, natural, human, and social), and a broader scope of risk assessments in decision making.** Policies, plans, and projects tend to be assessed on their short term financial returns, or on an economic valuation based upon narrowly-structured cost benefit analysis, from the perspective of a single stakeholder or project objective. Decisions are dominated by immediate capital costs, despite the fact that often over 90 percent of lifecycle costs for typical infrastructure are expended during operational maintenance and rehabilitation. Few cities worldwide have a real knowledge of the impact of new development on their long-term fiscal condition. Lifecycle costs are often back-loaded,

which means that future generations will have a massive infrastructure deficit, as they face costs for repair and replacement of infrastructure without any prior capitalization. At the same time, ecological assets, the services they provide, and the economic and social consequences of their depletion and destruction are not accounted for in most government budgets. Since these assets are not measured, they are treated as zero value – and their services go unaccounted for. **A reformed framework for making policy and investment decisions would involve adopting a new range of indicators and benchmarks for assessing and rewarding performance of all stakeholders; longer time horizons; life-cycle cost-benefit analysis to understand the full implications of policies and investment options.** All four categories of capital assets (manufactured, natural, human, and social) and the services they provide must be appropriately valued or priced.

Cities are encouraged to operationalize these core elements into a series of concrete action items, called ‘Stepping Stones,’ that take into account of local conditions, and follow a logical sequence. Together these stepping stones enable a city to develop its own unique Eco² action plan, called an Eco² Pathway. In this context, an Eco² City is a city which formally accepts the four key principles, applies the Analytical and Operational Framework to its particular context, and by doing so develops and begins to implement its own Eco² Pathway.

The Eco² Program provides the foundation for long-term partnerships and a new business model for helping cities in developing countries achieve greater ecological and economic sustainability. The World Bank intends to collaborate with cities in developing countries, their national governments, the international community, global best practice cities, multilateral and bilateral development agencies, academia, private sectors and NGOs.

Source:

World Bank (2009), ‘Eco² Cities: Ecological Cities as Economic Cities’ brochure, Washington DC: World Bank.

For more information, see <http://www.worldbank.org/eco2>

15. MAINSTREAMING DISASTER RISK REDUCTION STRATEGIES AT THE CITY LEVEL

- Strengthen building codes and take measures for effective enforcement, including capacity building of city officials and other stakeholders such as builders, and enhanced awareness and information flow to the public.
- Improve land use planning and zoning to exclude the riskiest areas from formal development; strengthen enforcement to prevent informal development of such zones, so new housing can develop on less hazard-prone land.
- Make land and housing markets more transparent and provide detailed information in order to price disaster risk into land and housing values.
- Improve information flow on risks in cities, which will create scale for developing market based insurance mechanisms - ensure to insure
- Invest in risk mitigation where the payoffs are highest (a very small proportion of a city may account for a very large share of expected losses).

16. SUB-NATIONAL FINANCE PROGRAM (SNFP)

Portfolio commitments for the SNFP since FY07 amount to \$641 million for a total of eight transactions. These include financing for: (i) the Istanbul Metro Project (\$65 million); (ii) the Bogota Streets Project (\$45 million); (iii) the Energy Development Corporation (EDC) commitment in the Philippines (\$82 million); and (iv) the Panama Canal Project (\$300 million). The broader project pipeline suggests strong business momentum and development impact potential.

Future Outlook. The current active pipeline amounts to \$515 million in 13 transactions, with over half of the dollar commitment volume accounted for by SOE utility projects. Three of these thirteen transactions have been approved by the Board, and all but one are past the concept stage and are either under appraisal or appraised. The pipeline builds substantially on the breadth and depth of the portfolio: water utilities in Brazil, gas distribution in India, gas distribution, district heating and railway rolling stock in Russia, a port in Vietnam and street lighting in Dakar, Senegal.

Despite this progress, many obstacles remain. This is a difficult market segment, often subject to significant legal and regulatory obstacles, prohibitions of borrowing from foreign lenders even in local currency, client capacity constraints and slow client decision making processes, as well as shifting domestic market conditions. Current countries of focus include Russia, Colombia, India, Brazil, Peru, the Philippines and Morocco, each with varying degrees of openness to Sub-National entity and SOE utility borrowing on a non-sovereign basis. Experience to date suggests that while the pure municipal market in Middle Income Countries (MICs) is a sound market proposition that will continue to offer substantial development and financing opportunities, development of these opportunities is a long-term business and will take time. By contrast, the large SOE utility market segment represented typically by autonomous corporations with distinct balance sheets could move forward much faster. The need for financial innovation, development of local currency instruments and collaboration with local financial institutions has been addressed, most notably through development and use of various forms of risk-sharing and guarantee instruments with local financial institutions.

17. JOINT RAILWAY CONCESSION PROJECT, KENYA/UGANDA

The Kenya-Uganda Railway Concession Project (KRC) consists of a joint concession of the railway systems of Uganda and Kenya, for which an IDA Partial Risk Guarantee (PRG) for Kenya (US\$ 45 million), and an IDA Partial Risk Guarantee (PRG) for Uganda (US\$ 10 million), were provided in support of the concession. The railway concession is a critical component of a regional operation, the East Africa Trade and Transport Facilitation Project (EATTFP) which also included IDA credits of US\$ 120.62 million to Kenya and US\$ 26.4 million to Uganda. The Rift Valley Railways Consortium (RVRC) is the holding company which has set up a subsidiary company in each country (KRC and URC) to undertake the respective concessions. The joint concession is structured legally as two separate 25 year concessions, which will be supported for their entire terms by two separate IDA PRGs in support of the respective concession companies. The concession companies will be responsible for the rehabilitation and maintenance of all assets to specified standards and for the achievement of minimum investment levels and traffic growth targets stipulated in the concession agreements. IFC and KFW have committed financing to the company through A and C loans for RVRC's investments.

The PRGs will backstop political and government-related risks and could only be triggered as a result of a termination due to a breach of the concession agreements by the Government of Kenya or the Government of Uganda. The availability of the two PRGs was considered critical by RVRC to its ability to catalyze long term debt and equity investments and played a crucial role throughout the concession process in maintaining investor's interest during the bidding process, enhancing the bid value, and bringing the concession to financial closure. The project was approved by the Bank's Board of Executive Directors in January 2006 and awarded "Africa Infrastructure Deal of the year" in 2007 by Euromoney. However, the effectiveness of the respective guarantees is still pending because of some project issues relating to the RVRC consortium which has not paid the necessary guarantee fees to IDA to make the PRGs effective. The project is currently being restructured with the assistance of IFC.

18. SELECTED PROFILES OF OUTPUT BASED AID APPROACHES FOR URBAN UPGRADING

Output-based aid (OBA) is a mechanism to improve delivery of basic infrastructure and social services to the poor. The concept was introduced in the World Bank Group in 2002 through the Private Sector Development Strategy and more formally in January 2003, when the Global Partnership on Output-Based Aid (GPOBA) was launched as a World Bank-administered pilot program to test the approach with a view to mainstreaming it within IDA and with other development partners.

Unlike traditional approaches, OBA links the payment of aid to the delivery of specific services or "outputs." These can include connection of poor households to electricity grids or water and sanitation systems, installation of solar heating systems, or delivery of basic healthcare services. Under an OBA scheme, service delivery is contracted out to a third party, usually a private firm, which receives a subsidy to complement or replace the user fees. The service provider is responsible for "pre-financing" the project until output delivery and the subsidy is performance-based, meaning that most of it is paid only after the services or outputs have been delivered and verified by an independent agent. This increases accountability by shifting performance risk to the provider.

The upgrading of slums using OBA has been recognized as an effective tool in response to the financial crisis under the World Bank's Infrastructure Recovery and Assets (INFRA) Platform. Such schemes can create jobs, encourage reform of inefficient public utilities, and at the same time improve access to basic services for the urban poor. OBA is already being used to improve access to basic services for the urban poor in countries such as India, Indonesia, Morocco, the Philippines, and Uganda, and the focus now is on scaling up pilot projects into national schemes.

The following are examples of OBA schemes that can be included in broader slum upgrading programs.

Philippines: Manila Water Supply

This project seeks to provide affordable piped potable water to poor households in the East Zone of Manila through the Tubig Para Sa Barangay ("TPSB") or Water for the Community program administered by the Manila Water Company (MWC). GPOBA has provided a grant of US\$1.05 million for the scheme which is expected to benefit approximately 20,000 poor households or 120,000 people. The subsidized outputs in this project are households with an individual water service connection, after-the-meter piping and two faucets, and a water closet. The success of the Manila Water OBA pilot scheme has led to discussions with the National Economic and

Development Authority (NEDA) on scaling up through the creation of a national OBA water facility.

Morocco: Extending Water Services to the Poor in Urban Areas

Morocco is a middle-income country with good water infrastructure that provides access to safe drinking water and sanitation to the majority of the urban population. In 2005, Morocco made it a priority to extend service to poor peri-urban settlements, and encouraged operators and local governments to reduce connection fees for their inhabitants. These connection fees had been priced at a cost that represented a major obstacle for poor populations to connect to piped service. The government and the operators of water utilities in Casablanca, Meknès, and Tangiers consequently requested a grant from GPOBA to pilot the introduction of performance-based subsidies to encourage service expansion under an OBA approach. Launched in 2007, Morocco's urban OBA pilots aim to connect 11,300 households to piped water and sanitation service in poor peri-urban neighborhoods of these three cities. The pilots are funded through a US\$7 million grant from GPOBA and are implemented by the incumbent service providers in each city (private and public). The Government of Morocco also plays an oversight and monitoring role.

To date 17,000 poor people have benefitted from the program. Initial results show that this approach is helping to refocus service provision on household demand, which has increased accountability, strengthened partnerships between local authorities and operators, and made monitoring of service delivery a priority. The Government of Morocco has expressed interest in replicating the OBA approach on a citywide or nationwide scale, adapting it as necessary. As part of GPOBA-supported supervision of the pilots, the World Bank is working with the government to plan a scale-up program that would address the needs of several large municipalities.

Uganda: Water Connections for the Poor in Kampala

This OBA scheme aims to provide water services to poor households previously not served in slum and peri-urban areas of Kampala, Uganda by providing a one-off connection subsidy to partially fund the cost of new domestic metered connections. The utility, the National Water and Sewerage Corporation (NWSC), expects to reach an estimated 408,000 people through the installation of over 19,000 yard taps and 1,000 public water points. The connections will be pre-financed on an output-basis by NWSC, which will receive payment only after the outputs have been independently verified. The project will also continue the recent piloting of pre-paid meters, and conduct an impact evaluation to determine the effectiveness of this approach compared to conventional metering. About 1,700 connections (yard taps and public stand-posts) have been made and independently verified so far, serving about 30,000 low-income urban dwellers. GPOBA is supporting the project through a US\$2.5 million grant.

India: Improved Electricity Access for Slum Dwellers in Mumbai

The city of Mumbai has over 6 million slum dwellers, a large number of whom do not have access to legal electricity service. The utility serving the area – Reliance Energy – has a customer base of 5 million in Mumbai, Delhi and Orissa. It is working in cooperation with the US Agency for International Development (USAID) to increase the uptake of legal and safe electricity connections in slum areas of Mumbai.

In May 2009, GPOBA provided a US\$1.65 million grant to subsidize part of the costs of electricity connection and wiring for inhabitants of the Shivajinagar slum in Mumbai. Up to 26,000 slum households or approximately 104,000 slum dwellers are expected to benefit from the scheme, either through new electricity connections or regularization of existing connections. The project aims to demonstrate how an OBA approach can make a significant difference to the level of access to safe and adequate electricity supply in the Indian slum context. Successful

demonstration will lead to substantial potential for scale-up in slum communities in Mumbai, across India, and in other large urban slum environments around the world.

Indonesia: Expansion of Water Services in Low-income Areas of Jakarta

The city of Jakarta has one of Asia's more efficient water utility systems, but network growth is too slow to make a significant impact on the low access rates among the poor. Low-income communities in Jakarta often consume contaminated ground water from shallow wells or pay exorbitant fees to informal water carriers. It has been estimated that the poorest, unconnected households spend 15 percent or more of their household income on water. GPOBA has provided a US\$2.6 million grant for a project to test an output-based approach that would connect a selected low-income urban area of Jakarta. This project will bring water services to an estimated 11,630 poor households.