

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

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	<p>competitiveness</p> <ul style="list-style-type: none"> • 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

<p>Urban Environment, Climate Change and Natural Disaster Management</p>	<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>	<p>Vietnam Indonesia China Philippines</p>	<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 	<p>Municipal wastewater, water supply, & sanitation</p> <p>Solid waste management projects</p> <p>Municipal Infrastructure development</p>	Municipal sector studies, e.g. Albania, Bosnia, FYR Macedonia, Turkey	<p>Georgia</p> <p>Bosnia and Herzegovina</p> <p>FYR Macedonia</p> <p>Romania</p> <p>Kyrgystan</p> <p>Turkey</p> <p>Tajikstan</p> <p>Ukraine</p>		<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 	<p>Land registration and cadastre projects</p> <p>Land management Projects</p> <p>Housing and communal</p>		<p>Multiple countries</p> <p>Albania</p> <p>Montenegro</p> <p>Russia</p>		<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 	<ul style="list-style-type: none"> • 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 Improved 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