

Systems of Cities

HARNESSING URBANIZATION FOR GROWTH AND POVERTY ALLEVIATION

The World Bank Urban and Local Government Strategy

Home to cities at the forefront of integration into the world economy, several East Asia and Pacific region countries have sought World Bank support in analyzing, diagnosing, and developing approaches to the challenges of urbanization. Piloting the Urbanization Review, the Bank's new knowledge product, has generated enthusiasm in China, Indonesia, and Vietnam.

Urban environmental management is the region's largest focus because of high lending demand from China and several other countries. Bank programs in China include water resource management, sewerage, solid waste, and wastewater treatment, and air and industrial pollution control. Drainage and flood control are priorities in Indonesia, the Philippines, and Vietnam. And the Bank is exploring ways to expand diagnostics, capacity building, and investment financing opportunities for the ECO² Cities (Ecological Cities as Economic Cities) business line within the broad framework of developing climate-resilient cities.

Interest in disaster risk management is growing as natural disasters increasingly affect the region. Bank lending focuses on sustainable recovery and reconstruction, institution strengthening, risk identification, risk reduction, and risk transfer.

With the number of urban poor in the region increasing dramatically over the last decade, high inequality and migration to urban areas continue to strain urban infrastructure. Demand is high in Indonesia and Vietnam—and potentially in Cambodia, Lao People's Democratic Republic, Mongolia, and the Philippines—for providing and improving basic services for the poor, enhancing secure land tenure, and providing affordable housing.

As East Asia and Pacific countries become more decentralized, local government responsibility increases. The Bank's municipal and infrastructure finance programs help local governments manage available resources, ensure functioning intergovernmental fiscal relationships, mobilize new resources, increase borrowing capacity, and attract private participation in local service delivery. Responding to increased demand to link infrastructure development to economic growth initiatives and financial market development, the region is promoting transparent intergovernmental fiscal relations and developing models and mechanisms for financing infrastructure. Four areas need new approaches and partnerships:

- Developing a framework for sustainable urban finance to support lending to small and medium-size cities.
- Improving infrastructure provision and periurban development of large and mega cities.
- Improving the business climate at the city level.
- Strengthening institutions for improved urban governance and management under decentralization.

Partnerships will be key for this broad agenda. The East Asia and Pacific region's urban hub in Singapore, a collaboration with the government, promotes knowledge sharing and capacity building for sustainable urban planning, development, and management. The region also partners with AUSAID, Cities Alliance, Energy Sector Management Assistance Program, infoCity, UN-HABITAT, UN International Strategy for Disaster Reduction, and the Water and Sanitation Program.

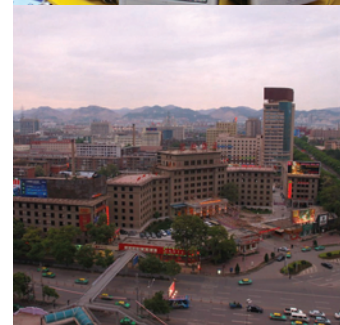


The New Urban Strategy realigns the World Bank's urban business with five business lines considered critical for cities and local governments in the decade ahead:

- Focusing on the core elements of the city system: city management, finance, and governance.
- Making pro-poor policies a city priority: reducing urban poverty and upgrading slums.
- Supporting city economies: cities and economic growth.
- Encouraging progressive urban land and housing markets: urban land, housing, and planning.
- Promoting a safe and sustainable urban environment: urban environment, climate change, and disaster management.

EAST ASIA AND PACIFIC

Priority areas	Lending	Research, sector work, and technical assistance
City Management, Finance, and Governance		
<i>City Management, Finance, and Governance</i>		<i>Focusing on the core elements of the city system</i>
<ul style="list-style-type: none"> • Increase finance for urban citywide infrastructure • Promote better municipal management and improved metropolitan regional relationships 	<ul style="list-style-type: none"> • Small town projects improving basic infrastructure services and urban-rural links • Wholesaling instruments including municipal development projects and funds on urban infrastructure • Citywide infrastructure projects on water utility restructuring and investment, solid waste management, basic urban service provision, and improvement of urban governance • Local government performance-based grants program • Local government and decentralization projects • Metropolitan transport projects 	<ul style="list-style-type: none"> • Public-private partnerships and infrastructure finance • Municipal financing (intergovernmental fiscal transfer, credit worthiness) • Metropolitan management study for several metropolitan cities • Financing solutions for urban water supply • Public expenditure review and strategy update for urban environmental sanitation • National urban development strategies • Developing subnational capital markets
Reducing Urban Poverty and Upgrading Slums		
<i>Reducing Urban Poverty and Upgrading Slums</i>		<i>Making pro-poor policies a city priority</i>
<ul style="list-style-type: none"> • Increase target of services for urban poor 	<ul style="list-style-type: none"> • National and city-level slum upgrading programs and projects • Output-based aid projects, including water supply • Community-driven development projects on service improvements for urban poor 	<ul style="list-style-type: none"> • Developing national target program for urban upgrading
Cities and Economic Growth		
<i>Cities and Economic Growth</i>		<i>Supporting city economies</i>
<ul style="list-style-type: none"> • Promote city competitiveness • Increase lending for cultural heritage and tourism 	<ul style="list-style-type: none"> • Doing Business survey at subnational level (International Finance Corporation) • Cultural heritage projects, including preservation of cultural assets and promotion of tourism • Regional development and city economic growth projects 	<ul style="list-style-type: none"> • Leading and lagging economic regions and urbanization impacts • Cluster-based planning and development, including cultural heritage and tourism development • Regional and urban growth, dynamics of urbanization, growth, and competitiveness
Urban Land, Housing, and Planning		
<i>Urban Land, Housing, and Planning</i>		<i>Encouraging progressive urban land and housing markets</i>
<ul style="list-style-type: none"> • Expand lending for citywide housing and land market policy 		<ul style="list-style-type: none"> • Resettlement policy • Low-income housing development, mortgage finance, and housing microfinance
Urban Environment, Climate Change, and Disaster Management		
<i>Urban Environment, Climate Change, and Disaster Management</i>		<i>Promoting a safe and sustainable urban environment</i>
<ul style="list-style-type: none"> • Continue work on climate-resilient cities • Promote environmentally and economically sustainable cities • Increase focus on disaster risk management and response 	<ul style="list-style-type: none"> • Water resource management projects • Disaster risk reduction and climate change adaptation projects • Solid waste management projects • Air and industrial pollution control projects • ECO2 Cities programs • Catastrophe deferred drawdown option 	<ul style="list-style-type: none"> • Practical sanitation solutions • Impacts of climate change on urban drainage systems in coastal cities • Application of cities and climate change adaptation in three cities • ECO2 Cities audits and building codes • Primer/resilience cities for climate change • Local government disaster management program • Rapid assessment audit



Sustainable Development Network
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