

*Urban mission and overall strategy objectives: To promote sustainable cities and towns that fulfill the promise of development for their inhabitants—in particular, by improving the lives of the poor and promoting equity—while contributing to the progress of the entire country*

## ATTACHMENT 1 MATRIX OF STRATEGIC VISION AND ACTIONS TO SUPPORT SUSTAINABLE CITIES

Goals and objectives for sustainable cities	Components and preconditions	Enabling policy and institutional framework	Bank instruments and supporting action <sup>a</sup>
<b>LIVABILITY</b>			
<ul style="list-style-type: none"> <li>Decent quality of life for all, including basic living standard for the poor</li> <li>Low poverty and inequality</li> </ul>	<ul style="list-style-type: none"> <li>Households able to build up assets and reduce vulnerability to economic vagaries</li> <li>Secure tenure for all households, including those headed by women</li> </ul>	<ul style="list-style-type: none"> <li>Removal of barriers to access to housing, land, credit, and infrastructure</li> <li>Resident participation in service and program design, including through informal institutions</li> <li>Regulatory frameworks and service delivery systems that support informal sector employment</li> </ul>	<ul style="list-style-type: none"> <li>National urban strategies and action plans (L, P)</li> <li>Programs to provide services to poor communities, such as slum upgrading (L)</li> <li>City development strategies and action plans (L, P)</li> </ul>
<ul style="list-style-type: none"> <li>Healthful environment (clean air and water, safe waste disposal)</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure and social services, employment and training, and social safety nets available for all groups, designed with attention to gender-based and other differences in needs</li> </ul>	<ul style="list-style-type: none"> <li>Efficient national programs for targeted subsidies (housing, food, transport), unemployment insurance, and welfare programs</li> </ul>	<ul style="list-style-type: none"> <li>Urban and city-specific poverty assessments (L, P)</li> </ul>
<ul style="list-style-type: none"> <li>Safety and security (including low levels of crime, violence, and natural disasters)</li> </ul>	<ul style="list-style-type: none"> <li>Viable communities with strong social capital</li> </ul>	<ul style="list-style-type: none"> <li>Gender-sensitive employment policies (such as childcare)</li> </ul>	<ul style="list-style-type: none"> <li>Urban environmental management strategies action plans (L) and management and improvement projects (L, P)</li> </ul>
<ul style="list-style-type: none"> <li>Full integration of all groups in urban society, including women and minorities</li> </ul>	<ul style="list-style-type: none"> <li>Equitable political representation and opportunities for participation</li> </ul>	<ul style="list-style-type: none"> <li>Environmentally and socially balanced development of public transport</li> </ul>	<ul style="list-style-type: none"> <li>Disaster management and prevention programs and related assistance (L, P)</li> </ul>
<ul style="list-style-type: none"> <li>Preservation of cultural heritage of urban areas, for enjoyment by all residents</li> </ul>	<ul style="list-style-type: none"> <li>Mitigation and prevention of accidents and disasters</li> <li>Urban growth patterns that minimize negative impact on environment and congestion</li> </ul>	<ul style="list-style-type: none"> <li>Public justice system that is respected and applied fairly</li> </ul>	

- Urban form providing accessibility of jobs and housing in relatively compact, mixed-use developments that foster communities and have minimal adverse environmental impact
- Public green spaces, recreational amenities, and cultural heritage assets protected and accessible to all
- Public and private commitment to respecting and preserving public areas, rights-of-way, and cultural heritage, such as through participatory and market-friendly land use planning
- Homeless shelters and programs for street children
- Social and economic infrastructure reform and investment programs (including public transport and water and sanitation) (P)
- Microcredit to households and small firms (P)
- Policy advice on social protection policies and programs (P)

## COMPETITIVENESS

- Growth and increased productivity of city output, broad-based employment, investment, and trade in response to market opportunities
- Efficient factor markets (land, labor, capital), well integrated between rural and urban economies
- Efficient and demand-responsive markets for infrastructure
- Efficient local public administration that is business-friendly
- Healthy industry structures (with fluid entry and exit for firms of all sizes) that integrate informal sector firms
- Investment and industrial development corresponding to the comparative advantage of the city economy
- Legal and regulatory frameworks that support appropriate business incentives and impose minimal transactions costs
- Public-private partnerships to identify market opportunities and remove bottlenecks in developing land, infrastructure, and cultural heritage assets
- Land, real estate, and transport planning that supports spatially efficient land use and adequate supply of developed land for business and residential uses
- Rule of law and property rights protected
- National urban strategies and action plans (L, P)
- City development strategies and action plans (L, P)
- Housing and real estate development programs and housing finance reforms (L, P)
- Urban regulatory audits (land, housing, business, labor) (L, P)
- Infrastructure subsector investment and reform programs, including public-private infrastructure framework analysis (P)

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**ATTACHMENT 1 MATRIX OF STRATEGIC VISION AND ACTIONS TO SUPPORT SUSTAINABLE CITIES (continued)**

Goals and objectives for sustainable cities	Components and preconditions	Enabling policy and institutional framework	Bank instruments and supporting action <sup>a</sup>
	<ul style="list-style-type: none"> <li>• Modern communication and technology services</li> </ul>		<ul style="list-style-type: none"> <li>• Macroeconomic dialogue and Structural Adjustment Lending frameworks for stabilization and economic liberalization (P)</li> </ul>
<b>GOOD GOVERNANCE AND MANAGEMENT</b>			
<ul style="list-style-type: none"> <li>• Accountability, transparency, and integrity of local government</li> </ul>	<ul style="list-style-type: none"> <li>• Broad participation of all groups in urban governance, through both formal and informal channels and institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Clear frameworks for intra- and intergovernmental assignment and delegation of functions, responsibilities, revenues, and expenditures</li> </ul>	<ul style="list-style-type: none"> <li>• National urban strategies and action plans (L,P)</li> </ul>
<ul style="list-style-type: none"> <li>• Local government institutions sensitive to the needs of poor and disadvantaged residents and to gender differences in service requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Clear incentives for performance by all levels of government affecting urban development</li> </ul>	<ul style="list-style-type: none"> <li>• Mechanisms for objective, independent review of local government performance</li> </ul>	<ul style="list-style-type: none"> <li>• Self-standing advisory services (L, P)</li> </ul>
<ul style="list-style-type: none"> <li>• Cost-effective fulfillment of local government service obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Strong capacity to ensure the delivery of services through a variety of mechanisms</li> <li>• Strong public trust and trust of high levels of government in local government</li> <li>• Public access to information about local government decisionmaking and actions</li> </ul>	<ul style="list-style-type: none"> <li>• Good collaboration among local government agencies and informal institutions such as community-based organizations</li> <li>• Development and application of management tools and best practices</li> <li>• Professionalization and training of local government staff</li> </ul>	<ul style="list-style-type: none"> <li>• City development strategies and action plan (L, P)</li> <li>• Urban management projects (L)</li> </ul>

- Appropriate public-private partnership frameworks implemented
- Regular public consultation and oversight in budget and local government decisionmaking processes
- Incentive structures for public representatives and employees that encourage integrity and minimize corruption
- Support to associations of municipalities for sharing best practices, technical assistance, training, and city twinning (L, P)
- Identification and dissemination of best practices in urban management (L, P)
- City awards for managerial excellence (L, P)
- Municipal management and public integrity training (World Bank Institute) (P)
- Institutional reviews and anti-corruption surveys including local government (P)

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## BANKABILITY

- Sound financial management permitting fulfillment of service obligations
- Social compact with users for fee-for-services
- Creditworthy local governments able to access market-based credit
- Intergovernmental finance system that is predictable and promotes appropriate incentives
- Sustained tax effort relative to revenue base
- Transparent and efficient management of expenditures, revenues, and municipal assets, publicly disclosed and audited
- Financial management capacity and information systems in municipal governments
- Viable financial institutions willing and able to bear municipal credit risk
- Regulatory and institutional infrastructure for developing capital market instruments for municipalities (bonds)
- Municipal development fund projects (L)
- Municipal finance (expenditure, revenue, and investment) reviews (L)
- Self-standing municipal finance advisory services (L)

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**ATTACHMENT 1 MATRIX OF STRATEGIC VISION AND ACTIONS TO SUPPORT SUSTAINABLE CITIES** *(continued)*

Goals and objectives for sustainable cities	Components and preconditions	Enabling policy and institutional framework	Bank instruments and supporting action <sup>a</sup>
	<ul style="list-style-type: none"> <li>• Viable domestic municipal finance market</li> </ul>	<ul style="list-style-type: none"> <li>• Financial sector policies that foster development of domestic long-term savings instruments</li> </ul>	<ul style="list-style-type: none"> <li>• Subnational or municipal adjustment loans (L, P)</li> <li>• Policy dialogue and lending to support intergovernmental fiscal reform program (P)</li> <li>• Technical assistance and advisory work on capital market development (P)</li> <li>• Financing or guarantee of municipal public-private investments for credit enhancement and risk mitigation (P)</li> </ul>

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<sup>a</sup>The letters “L” and “P” indicate the Urban Development Unit acts as a leader or a partner in the activity. Items in bold are new emphases of the proposed strategy.

## ATTACHMENT 2 ILLUSTRATIVE INDICATORS FOR MONITORING URBAN AND LOCAL GOVERNMENT PERFORMANCE UNDER THE NEW STRATEGY

### Outcome indicators

#### LIVABILITY

- Urban poverty rates, especially for female-headed households
- Income inequality (ratio of fifth quintile to first quintile)
- Public health—rates of waterborne disease
- Ambient air and water quality
- Infant or child mortality
- Child nutritional status
- Murder rate
- Satisfaction with quality of life expressed by urban residents in representative surveys or social assessments

### Output indicators

- Percentage of households with access to piped water, sanitation, power, heating, and social services
- Percentage of income spent by low-income households on housing, water, energy, transport, food, and social services
- Percentage of households with secure tenure
- Crowding (floor space per person)
- Percentage of households in informal housing or slum neighborhoods
- Housing affordability (ratio of housing prices to incomes)
- Rental market turnover
- Availability and use of public transport
- Percentage of solid waste adequately disposed
- Percentage of wastewater treated
- School dropout rates
- Response time to disasters

### Input indicators

- Investment and system efficiency improvements to expand coverage and quality of water, sanitation, power, heating, and social services
- Percentage of slum neighborhoods upgraded
- Reform of building codes and land development requirements to speed housing supply
- Reform of land and property rights and cadastres
- Availability of mortgage financing and targeted housing subsidies
- Availability of microcredit for self-help and informal sector home improvement
- Improved management of solid waste collection and disposal (for example, by contracting out collection)
- Improved management of public transport (for example, by promoting private commercial operations)
- Traffic safety improvements
- Disaster mitigation planning

#### COMPETITIVENESS

- Growth and diversity of urban employment
- Growth of median urban incomes
- Share of urban employment in informal sector
- Growth and structure of investment in urban areas
- Growth of foreign direct investment in urban areas
- City product per person (“city GDP”)
- Trends in infrastructure service quality and efficiency (telephone call completion rates, power and water service interruptions)
- Functioning land markets (with land use reflecting market value)
- Mean travel time to work
- Investment, management, and maintenance improvements in infrastructure, including through private financing and operation as appropriate
- Streamlining of business and real estate regulations

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## ATTACHMENT 2 ILLUSTRATIVE INDICATORS FOR MONITORING URBAN AND LOCAL GOVERNMENT PERFORMANCE UNDER THE NEW STRATEGY *(continued)*

Outcome indicators	Output indicators	Input indicators
<ul style="list-style-type: none"> <li>Satisfaction with business climate expressed by firms of different types and sizes (including informal sector firms )</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory delays for real estate transactions and for approval of business licenses</li> <li>Availability of microcredit</li> <li>Access of firms to information technology and financial services</li> </ul>	<ul style="list-style-type: none"> <li>Streamlining of city information for potential investors (for example, public notice of real estate transactions)</li> <li>Technical assistance, and microcredit provided to small and informal sector firms</li> <li>Collaboration among the business sector, local government, research community, and other civil society organizations in promoting a positive business climate for broad job growth</li> </ul>

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### GOOD GOVERNANCE AND MANAGEMENT

<ul style="list-style-type: none"> <li>Accountable and honest local government that is responsive to the needs of the poor</li> <li>Efficiency and competency of local government in fulfilling essential responsibilities</li> <li>Extent of trust and satisfaction with local government performance expressed by citizens and other stakeholders in representative surveys</li> </ul>	<ul style="list-style-type: none"> <li>Extent of strategic intent or vision developed in partnership with stakeholders that guides local government activities</li> <li>Extent of regular public consultation in local government's budgeting and investment selection process</li> <li>Percentage of local government staff with professional qualification</li> <li>Percentage of local government services that are subjected to competition with the private sector to assure efficient and effective service delivery</li> <li>Public access to information about local government decisions (e.g., policy and regulatory, contract awards, procurement service delivery and budgetary performance, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Clear frameworks for intergovernmental assignment of responsibilities</li> <li>Extent of devolution of functions and corresponding authority to local government</li> <li>Extent of citizen participation or representation in local government (direct election of mayor and council, active involvement of community organizations in planning functions)</li> <li>Clear institutional framework for private sector participation in local public services</li> <li>Training of local government staff</li> <li>Manuals of procedures for major administrative functions that follow good practice and are observed</li> </ul>
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- Incentive structures for employees and public representatives that facilitate a public service ethic
- Independent and objective framework for reporting on local government integrity and performance

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## BANKABILITY

- Balance of local government budget
- Local government capital investment as share of its budget
- Local government creditworthiness ratings (actual or proxy)
- Integration of municipal finance and mortgage finance into the country's overall financial systems
- Tax collection rates (or tax effort relative to revenue base)
- Development of municipal credit market (percentage of banking system lending to municipalities, percentage of bank assets for municipal credit, municipal bond issues)
- Repayment record of municipal credit funds
- Local government debt service ratio
- Improved cost recovery on revenue-earning services
- Government regulations providing a clear framework for municipalities' access to credit
- Percentage of local governments eligible for and with access to municipal credit (for example, in municipal development funds)
- Percentage of local governments complying with accounting and public disclosure standards
- Investment evaluation procedures used and capital budgets prepared
- Transparent and targeted subsidy policies