

#### ATTACHMENT 4 URBAN LINES OF BUSINESS—ILLUSTRATIVE EXAMPLES

Business line	Completed or advanced projects	New projects
<b>Urban management</b>	<p>Lending and nonlending interventions designed to collectively bring stronger, more effective system of local government by providing multisectoral investment financing for essential municipal services; providing technical assistance in operations and maintenance; assisting in local government reform and institutional development initiatives; and building local government financial, managerial, and technical capacity.</p> <p><b>Benin:</b> Urban Rehabilitation and Management Project (FY92) This project's immediate objective was to support ongoing government programs of infrastructure rehabilitation and sanitation in the country's two largest cities, Cotonou and Porto-Novo, following approaches that optimize the effect of public works projects on employment and incomes of the urban poor, promote the development of local small and medium-size private enterprises, and involve NGOs and residents. The project's longer-term objectives were to support preparation of a public investment strategy in the urban sector and lay the groundwork for reforms to improve the management of urban development in Benin.</p>	<p><b>Senegal:</b> Urban Development and Decentralization Project (FY98) This breakthrough project, now in execution, is shifting responsibility and accountability for urban services to municipalities. Grant and limited loan funds are provided to municipalities in exchange for their signing "municipal contracts" containing investment plans and targets for improved management performance. The project builds on two other projects that strengthened contract management and physical works execution for the municipalities by creating a delegated control management agency.</p>
<b>Municipal finance<sup>a</sup></b>	<p>Lending and nonlending interventions aimed at strengthening subnational government finance and capacity by establishing an appropriate framework for intergovernmental fiscal relations (assignment of expenditure and revenue authority, intergovernmental transfers); strengthening revenue mobilization and administration (taxes and fees, cost recovery); improving service delivery and infrastructure (community and private sector participation, local cooperation); enhancing</p> <p><b>Brazil:</b> Paraná Municipal Development Project (FY89) This project used Bank loan proceeds and Paraná state counterpart funding to capitalize a specially created urban development fund, which provided a line of credit for investments in urban infrastructure and services by municipalities throughout the state. The project design requires that the fund's loans be made to municipalities undertaking financial and institutional reforms.</p>	<p><b>India:</b> Tamil Nadu Urban Development Fund Project II (FY98) This follow-on project is aimed at making the urban development fund for urban infrastructure investment in India more commercially oriented. It is helping the Tamil Nadu Urban Development Fund to mobilize resources from the capital market by issuing bonds. The project signals a shift from the government-led integrated urban development investment operation to the market-oriented financing intermediary operation.</p>

<p>financial management (budgeting and accounting practices, treasury operations, debt and asset management, capital planning, financial disclosure); establishing municipal finance intermediaries and other means of financing capital investments; developing subnational government creditworthiness and facilitating credit rating process; and strengthening subnational government management capacity.</p>	<p><b>Philippines:</b> Municipal Development Projects I and II (FY84–93) These projects established a municipal development fund to provide local governments with direct access to long-term, affordable financing. They also established a technical intermediary to assist local governments in identifying, preparing, and implementing priority infrastructure projects. These projects are the first in the Philippines to use a competitive, bottom-up process of self-selection of cities and municipalities: qualified local government units had to initiate and prepare investment proposals and agree to make necessary fiscal, administrative, and managerial improvements in order to receive financing through the projects.</p>	<p><b>Zimbabwe:</b> Local Government Capital Development Project (proposed FY00) This would be Zimbabwe's first Adaptable Lending Program, comprising two phases over a 12-year program period, and it will constitute the Bank's "exit strategy" for support to the government's decentralization policy. The project includes three complementary components seeking to strengthen local authorities to become increasingly efficient, autonomous, accountable, and participatory. The component providing District Development Grants should evolve to support a transparent and sustainable intergovernmental fiscal transfer system encompassing equalization, block, and matching grants. The next component provided grants that match private, capital market finance (without government guarantee) for those local governments that demonstrate creditworthiness to private investors (primarily pension funds and insurance companies). The matching grants should decline and eventually cease, but they should support the transition from the central fiscus as the primary source of local government investment finance, to the capital markets as the primary source.</p>
<p><b>Urban housing and real estate</b> Lending and nonlending interventions aimed at assisting national and local governments in formulating policies and programs to provide adequate shelter for all, through measures that include adopting an enabling strategy focused on establishing stronger property rights, developing mortgage finance, rationalizing housing subsidies,</p>	<p><b>China:</b> Enterprise Housing and Social Security Project (FY94–present) This project is helping four municipalities implement an experimental reform strategy aimed at freeing enterprises of direct responsibilities for housing and social security for employees and retirees; initiating development of a market-based</p>	<p><b>Albania:</b> Land Development Project (FY98) This project uses a unique approach to land market development. It offers informal settlers on periurban agricultural land the opportunity to make a contribution to the plans and the costs of infrastructure installation proportionate to the</p>

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<p>providing infrastructure for residential land development, reforming the regulatory regime for land and housing development, privatizing publicly owned housing stock, enhancing the efficiency of the building industry, and developing the institutional framework for managing the housing sector. A second goal is to better link real estate sector development to overall economic development and poverty reduction, by providing the infrastructure and institutions needed for the markets to work more efficiently and equitably.</p>	<p>housing system; enhancing the scope and management of the basic social security system; and facilitating reform of the enterprise system.</p> <p>Mexico: Series of four housing projects (approved in FY86–92)<sup>b</sup> These projects, weathering a decade of economic crises, spurred commercial banks to lend to home buyers and even more to low-income home owners. The borrower actively sought the World Bank's support and advice throughout the projects, which led to the dismantling of the traditional inefficient and highly controversial state housing agencies.</p>	<p>size of the land they claim. When the infrastructure is completed, they can obtain transferable title to the land by paying the difference between the full value and what they have already invested in the infrastructure.</p>
<p><b>Urban Upgrading</b> Lending and nonlending interventions aimed at assisting national and local governments in improving living conditions of the most depressed communities lacking basic services by upgrading existing infrastructure and facilities and introducing secure and clear tenure of the land on which the urban poor live.</p>	<p>Indonesia: Series of four projects (FY74–80) supporting the Kampung Improvement Program These projects brought housing and infrastructure improvements in low-income areas at a low cost of investment and also served as a prototype for investments and improvements in other areas. After about four years housing, infrastructure, education, health, and other socioeconomic indicators in kampungs not targeted for improvement had caught up with those in kampungs assisted by the project. This was a result of Indonesia's macroeconomic and policy improvements, but also of informal and formal efforts to duplicate the expertise of the Kampung Improvement Program.</p>	<p>Guatemala: Low-Income Settlements Improvement Project (under preparation) This project aims to scale up to the citywide level a successful pilot in the El Mezquital area of Guatemala City. It would include community subprojects—improving physical infrastructure and building communities' social and technical capacity to participate in improvement of settlement living conditions; land tenure regularization—providing registered land titles to squatters on public land in project areas; and institutional strengthening.</p>

### Urban environment

Lending and nonlending activities designed to improve urban living conditions by undertaking priority work on primary infrastructure (drainage, solid and liquid waste management, and small-scale household sanitation) and promoting the sustainability of urban environmental services.<sup>c</sup>

Indonesia: Third Jabotabek Urban Development Project (FY91)

This project was designed to help develop basic infrastructure and socioeconomic services for low-income settlements through comprehensive kam-ping improvement, extend solid waste management, and strengthen pollution control. The project had three solid waste components: construction of a transfer station, pilot programs and studies for increased waste diversion (recycling, composting), and funds for the purchase of solid waste transport vehicles, at least half of which were leased to the private sector to promote development of the private hauling business.

Philippines: Solid Waste and Ecological Enhancement Project (proposed FY00)

This project aims to improve the legal and regulatory framework and cost recovery mechanisms of the solid waste management sector to safeguard the environment and encourage private sector involvement; increase technical, administrative, and regulatory capacities at the national and local levels to improve sector management and operations; improve solid waste services and extend their coverage in participating cities; and mitigate the social impact on waste-pickers and promote recycling and composting of appropriate wastes.

### Urban emergency and postconflict reconstruction

Lending and nonlending activities aimed at preventing, mitigating, or responding to the effects of natural disasters (earthquakes, floods, hurricanes, volcanic eruptions, forest fires, droughts) in urban areas, the effects of technological disasters (oil spills, large-scale industrial accidents), and the needs for postconflict reconstruction. These activities include rebuilding physical capital, such as urban infrastructure; restoring social and human capital; building capacity to mitigate and prevent disasters; and managing disaster risk.

Bosnia-Herzegovina: Emergency Housing Repair Project (FY97)

This project surpassed its physical objectives. The pilot project successfully tested the implementation approach, damage assessment methods, procurement methods, building selection criteria, and contracting procedures for private and public repairs. Public housing repairs were carried out in the expected quantity and on schedule. Private housing repairs went beyond the scope of public repairs. The creation of habitable conditions for returning refugees and displaced persons helped ease social tensions in a postconflict environment.

Turkey: Emergency Flood and Earthquake Recovery Project (FY99)

The objectives of this multisectoral loan are to reconstruct essential housing, infrastructure, and other facilities to promptly restore economic activity in Erzurum, affected by an earthquake; to reconstruct municipal infrastructure and construct flood and erosion control measures in Senirkent and Sutculer, affected by mudslide; to design seismic strengthening measures for hospitals in Istanbul and Izmir; and to upgrade the institutional and financial arrangements for dealing with disasters in Turkey.

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<p><b>Cultural heritage</b></p> <p>A new line of lending and nonlending activities aimed at helping municipalities to promote the cultural identity of the country or of a particular geographic area and helping to maximize the potential of culture to generate economic and social development.</p>	<p>Indonesia: Bali Urban Infrastructure Project (FY97)</p> <p>This project provided a program of investments to reverse the degradation of Bali's urban environment and provide infrastructure to advance the provincial strategic structure plan, with cultural heritage as a unifying focus. The project included a program to strengthen institutional capacity for urban and environmental management at provincial and local government levels. The project was judged by the QAG as having the best quality at entry among the 110 projects presented to the Board in 1997 and evaluated by the group.</p>	<p>Morocco: Fez Medina Rehabilitation Project (FY98)</p> <p>The primary objective of this project is to assist in the conservation and rehabilitation of the Fez Medina by triggering a self-rehabilitation process. The project will expand and accelerate conservation efforts, consolidate public-private partnerships (including the tourism industry), and use the rehabilitation process to alleviate poverty and mitigate environmental impacts.</p>

<sup>a</sup> Traditionally accounted for as part of urban management assistance, in fiscal 1999 municipal finance was made a separate category in the urban development portfolio.

<sup>b</sup> Mexico Housing Finance (fiscal 1988), Low-income Housing (fiscal 1985), Housing Market Development (fiscal 1992), and Housing Development (fiscal 1986).

<sup>c</sup> Most of the projects under this category of the Urban Development portfolio involve solid waste management and small-scale sanitation and drainage; large-scale sanitation is funded under the Water portfolio.