CITY RESILIENCE PROGRAM
Investing for the Future

WORLD BANK GROUP • GFDRR
WHAT IS URBAN RESILIENCE?

“The ability of a system, entity, community, or person to adapt to a variety of changing conditions and to withstand shocks while still maintaining its essential functions”

- World Bank 2016
Investing in urban resilience is fundamental to ensuring sustainable development and poverty reduction.

- Unprecedented urbanization is transforming the planet and the way we live.
- Most urban expansions occur near natural hazards, rivers and coastlines, and through informal and unplanned settlements.
- Lack of adequate infrastructure and land use planning exacerbate the risks to which urban dwellers are exposed.
Proactively investing in resilience – prior to the occurrence of a catastrophic event – represents a strategic shift from past development trends. It involves effectively addressing the interplay between risks and urban development that enables better management of current challenges while accounting for future scenarios.

**A DIFFERENT APPROACH**

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**REACTIVE TO PROACTIVE**
- Design investments with expectations of when and how shocks will occur
- Engineering designs based on future climate scenarios

**SILOED TO MULTIDISCIPLINARY**
- Multisectoral lens to manage risks within a complex urban system

**UNDERSTAND THE BUILT ENVIRONMENT**
- Integrate Geospatial Solutions and innovative technology to maximize land value and resilient urban planning
CRP STRATEGY
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TECHNICAL ASSISTANCE
Leverage breadth of World Bank Group expertise to design and implement a comprehensive response to the resilience challenge

CAPITAL MOBILIZATION
Targeted support to cities to develop a pipeline of resilience-building investments and expand financing options available to them
WHAT ARE THE OBSTACLES TO FINANCING URBAN RESILIENCE?

City governments lack funds to realize investments in resilient infrastructure.

Lack of bankable projects and pipeline of investments to attract private financiers.

Limited market development to enable flow of funds from private investors to city governments.
CAPITAL MOBILIZATION

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MUNICIPAL FINANCE
Financial management and credit worthiness

OFFICIAL DEVELOPMENT FINANCE
WBG alongside other multilateral and bilateral DFIs

PRIVATE FINANCE
Land Value Capture
Public Private Partnership

CREDIT ENHANCEMENT
Project de-risking and credit guarantees
RAPID CAPITAL ASSESSMENT (RCA)

This assessment provides a high-level overview of the city on how national, subnational regulatory frameworks and local market fundamentals support the city to access domestic and international capital markets and leveraging private capital. Stop-lights charts are used for each city indicating risk level in each of the private sector mobilization modalities: bonds, bank loans, PPP/Concessions, and land-value capture.

Results Examples

All cities

Ho Chi Minh City
Engagements with cities are taken on a three-phased approach.

**CRP MECHANISM**

**PHASE I**

**PROJECT SCOPING**

Assess the enabling environment to deploy financial instruments for Debt, PPP, and LVC.

**PHASE II**

**DIAGNOSTIC ASSESSMENT**

In-depth technical assessment to tailor urban resilience project design.

**PHASE III**

**PROJECT IMPLEMENTATION**

Implementation of the identified investment project.

- Capital Investment Planning that includes a menu of private capital Transaction options.
- Execution of private capital transaction.
CRP’S MILESTONES

6/2017
CRP Launch

11/2017
Comprehensive Financial Solutions For City Resilience Conference

12/2017
WB President introduced CRP at the Paris One Planet Summit

1/2018
35 cities engaged
12 cities selected for financing market testing

2/2018
Call for new cities!

EAP
AFR
LAC
MENA

24 cities
20+WB TTL/Focal Point
13 Financial Experts

2
10
12
15
CRP’S PORTFOLIO

Cities CRP engages with

2018 new cohort of cities
HAIPHONG
-Case study

CRP Phase II Capital Mobilization activities

ACTIVITY I

- Identification, validation and preliminary assessment of Haiphong’s priorities
- Review current urban resilience agenda
- Prepare a stakeholders’ map indicating role, potential impact and attitude towards prioritized projects
- Systematic analysis of materials developed during previous CRP assignments
- Development of a standardized toolkit to reflect the specifics of Haiphong city
- Define short-listed projects

ACTIVITY II

- Assess Projects’ feasibility to raise private capital, including debt instruments, PPP and LVC
- Pro forma financial model for the selected project(s)
- Desktop systematic analysis to inform qualitative assessment and down-selection of funding mechanisms
- Targeted interviews, consultations, workshops
- LVC market testing
- Optimal capital structure
- Roadmap for Project implementation

ACTIVITY III

- Supporting development of enabling environment for urban resilience projects, realization and financing
- High-level review of key limiting factors for project implementation and private capital deployment:
  - PPP laws and regulations
  - Bidding criteria
  - Experience in and quality of urban resilience investments
  - Dispute resolution mechanisms
  - Institutional design
  - Public capacity to plan and oversee PPPs
  - Methods for selecting and awarding projects
CRP facilitates a dialogue between city officials and private developers with the aim of structuring a joint development effort with shared funding responsibilities for critical infrastructure upgrades.

**Opportunity**

Area boasts high potential for land value growth due to proximity to riverfront, which is attractive to private investors.

The city is committed to foster improvement of the area

Current land regulations allow deployment of various LVC instruments.

**CRP contribution**

Initial verification of project scope is completed; Land area for the pilot project within the Barranquilla waterfront rehab area is pending identification

The city created a Development Agency that is in charge of the waterfront rehabilitation.

Capital mobilization advisory to assess funding sources, uses and financial gaps for a pilot infrastructure project the waterfront rehab area starts soon.
CRP facilitates a dialogue between city officials and private developers with the aim to structure a joint development effort. City aims to attract private sector investment in resettlement and critical infrastructure by: 1) recouping land value growth attributable to private-led developments 2) monetizing city-owned assets 3) securitizing the value of city-owned assets.

**Opportunity**

- Area boasts high potential for land value growth granted development roadblocks are lifted.
- The city is committed to fostering improvement of the area.
- Critical infrastructure upgrades have been preliminarily identified and estimated to cost up to $80 million.
- Private sector is lured by proximity to downtown and waterfront and is eager to invest.

**CRP Contribution**

- Initial verification of the urban renewal scope is completed; Land area for the pilot project within the 4th District is pending identification.
- Working closely with city officials, CRP made recommendations on how to tackle flood events in the poorest parts of the 4th District.
- Capital mobilization advisory starts soon.
Urban revitalization attracts people: increase of total density by up to 5X (from 35k to 175K)

- Experimental sector: 341.9ha
- Current density
- Density after rehabilitation
ECONOMIC RECONVERSION OF PRE-EXISTING AND ATTRACTION OF NEW BUSINESS

Modernizing existing businesses
• Bars, restaurants, shops
• Self-employed professional services

Business-Anchor Establishment
• IRGA (rice R & D)
• AMBEV (Beer District)
• GERDAU (Tower of Knowledge)
• University (Research Groups)

Training Clusters of Knowledge
• Health
• Education
• Creative economy
• Information Technology and Microelectronics

Increased income generation, changing socioeconomic dynamics of the region
HOW TO GET THERE?
1. Definition of PIPs - Priority Intervention Polygons
2. Selection of strategic PIPs according to installed capacity pre-existing infrastructure, mobility, amenities, socioeconomic dynamics (economic activities, housing)
3. Development simulation
4. Implementation of the Business Plan for the implementation of the Master Plan
THANK YOU