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**FY91 SECTOR REVIEW**  
**URBAN DEVELOPMENT**

by

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**General Operational Review**

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## EXECUTIVE SUMMARY

The Urban Policy Paper (UPP), *Urban Policy and Economic Development: An Agenda for the 1990s*, proposes a policy framework and strategy to link the World Bank's assistance in the urban sector to the broader objectives of economic development. This new framework was proposed following an assessment of World Bank experience with governments and donors in the urban sector. The assessment showed that insufficient attention has been devoted to the policy and institutional development required to manage urban growth. Deteriorating infrastructure, weak municipal institutions, and over-regulated urban markets have constrained the productivity of the urban economy and its ability to generate increasing incomes, employment, and services for a growing number of the urban poor. Population pressures and inappropriate urban policies have in turn exacerbated a deteriorating urban environment. The consequences of weak policies and institutions are evident in most countries, and they have direct impacts on macroeconomic performance. The UPP framework provides a new benchmark for assessing the performance of the Bank's urban sector lending.

With this new strategic direction in mind, this report first provides a summary of the Bank's FY91 activities in the urban sector. It then presents a framework which may be used in assessing the Bank's response to the issues outlined in the UPP. Current and projected activities are examined in light of this framework and strengths and deficiencies are noted. Throughout, the goal is to try to understand what is being done well, what needs to change, and to figure how these changes can be accomplished. Ultimately, the story this report tells is a mixed one. There is some clear evidence that the need for policy and institutional development has been recognized and is having an effect on the way the Bank goes about its business. However, the analysis undertaken here also suggests that more must be done before the ideas contained in the UPP are fully institutionalized within the Bank. The basic message of this report is that there is a need for enhanced internal cooperation and communication; work grounded in research and experience, designed to facilitate learning across sectors and countries; careful attention to the impact of specific government interventions on overall development goals and objectives; and, analysis of the institutional capacity of client governments. Perhaps the most important underlying assumption of this report is that the Bank will not be successful unless it "speaks with one voice" and that voice is saying to countries: "Improving urban conditions demands well-conceived policies, competent institutions and managers, special attention to the poor and to preserving the environment, and a comprehensive strategy for change; everything you do should fit within this framework."

**Lending Operations.** A review of lending operations in FY91 found that the Bank had made sixteen urban loans for a total of US\$1,255.4 million. The volume of urban lending has been cyclical over the past ten years from a peak of 9 percent of total Bank lending in 1988 to a low of 4.8 percent in FY90. FY91 showed a modest upturn to 5.5 percent of overall Bank lending. When urban water supply and sanitation are added to urban projects the total share of Bank lending rises to 10.9 percent. Despite the modest role of Bank financing in overall urban infrastructure investment, for Bank projects the loan or credit is often the major source of funds. Nine of the sixteen FY91 projects received more than half their financing from

**Bank loans and IDA credits.** The regional distribution of loans fluctuates considerably from year to year due to the large variation in loan amounts and the relatively small number of operations in each region. The ranking in FY91 was ASIA, LAC, EMENA and AFRICA from highest to lowest total urban lending. However, the number of projects shows a different picture, with EMENA receiving only one loan in FY91 and Africa six. The portfolio continues to be dominated by shelter sector projects and those addressing local government development, but urban environment issues are emerging as a theme.

**Implementation.** During FY91 there were 121 urban projects under implementation, for an average of 3.5 years since approval. Supervision effort was 13.7 staff weeks per project with little variation among the regions. The status of urban projects in implementation was somewhat better than the Bank's overall portfolio, registering 1.76 compared to 1.90 Bankwide. In FY91 urban projects ranked better than Bank averages in all areas except the environment. Completed projects number twelve, with six PCRs issued during the year. Complexity of projects continues to be the main general problem raised in the evaluation of project implementation. Three projects were audited by OED.

**Urban Sector Work.** Sector work used about 533 staff weeks of resources during FY91 which represents about 5.8% of overall Bank effort in this category. Five gray and green reports and three yellow cover reports were produced. The major sector reports were notable for the comprehensive view that they took of the issues. Two were analyses of the transitional problems involved in reforming former centrally planned economies and two were urban sector studies. The latter emphasize strategy for addressing complex interrelated urban development issues.

**Urban Research.** Two major research projects were completed during FY91. The Nigeria infrastructure deficiency project revealed the potential benefits from a strategy of deregulation and increased efficiencies in urban markets. This experience proved useful in developing the conceptual framework of the Urban Policy Paper. Similarly, the rent control study increased understanding of the linkage between regulatory interventions, in the housing market in this case, and outcomes.

**The Pipeline.** Examination of the pipeline emphasizes the urgent need to increase investment in urban areas as well as focus on policy development and institutional strengthening as keys to better sector performance and overall economic growth. From the baseline of 16 urban projects in FY91, we find an increase to 20 projects by FY92, 24 in FY93 and 33 in FY94. More importantly, the sector work which is needed to provide the analytical basis for the type of projects envisaged, is scheduled to grow even faster. From nine sector studies in FY91, the commitment for FY92 increases to 19, and then to 24 in FY93. If the full five-year pipeline of urban projects, including planned urban transport and urban water and sanitation projects, are executed the Bank will have made more loans for urban development in the next five years than it did in the previous twenty.

**Implementing the Urban Policy Paper.** The mechanism for implementing the UPP is for the Bank to concentrate on policy and institutional development in its assistance. This means that both *products* and *processes* within the Bank will need to change. The pipeline clearly demonstrates the demand for urban projects. The planned sector work recognizes the need for analytical foundations. The principal question therefore is to look at what is required to implement the strategy.

However, simply increasing the output of sector work is not enough. The present portfolio finds examples of weak linkages between studies and project objectives and components. In addition, existing sector work takes a long time to complete compared with the project preparation cycle. It also has relatively high costs with considerable variation among studies. There is, therefore, a strong case for linking sector work more closely to operations and making it more interpretative of existing research and studies rather than original research. The best way to achieve this is to better link the Bank's various analytical exercises. This will also reduce costs and ensure that the Bank is speaking with one voice on urban development questions. It is recommended that measures be taken to ensure that more learning occurs across sector work teams and that the research and policy work of the Bank be used as an input to designing sector work. This would be achieved, in part, through more focused operations support from PRS.

The projects themselves also need to change to achieve the goal of increasing the Bank's impact on urban development. First, Bank projects should be situated within the policy and institutional context of the client country. A deliberate strategy to increase policy and institutional development components will require adjustments to the timing of lending operations and measures to accommodate the inherent risks of such a shift in Bank strategy. The efforts to increase the relationship among internal Bank tasks such as research, policy work and sector studies as well as more deliberate attention to the processes of dissemination and policy dialogue will move the Bank in this direction.

The institutionalization of the new urban development paradigm is already evident. The themes of planned operations and the much enlarged program of supporting sector work are the evidence. Following through on this new strategic direction will require the commitment of all parts of the Bank and deliberate changes to the process of assisting our member countries.

**FY91 URBAN DEVELOPMENT SECTOR REVIEW  
GENERAL OPERATIONAL REVIEW**

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Portions of Chapter 1 and the Annexes were prepared by Stephanie Blackburn, Summer Intern.

# I. SECTOR PERFORMANCE: A RETROSPECTIVE BASELINE

## Introduction

1.1 Two decades of urban lending demonstrate the Bank's concern for development in all its facets. Urban development is not a traditional functional sector and is a relatively small sector as defined by the Bank. However, when combined with urban water supply and sanitation it is a larger sector than all others except agriculture and non-project lending.<sup>1</sup> It is distinguished from other functional sectors in that it is defined in spatial rather than functional terms. It is also different because it draws upon a variety of fields of expertise, from municipal finance to environmental management.

1.2 Most importantly, urban development has a close link with the process of economic development itself. A framework for sector policy has recently been described in the World Bank Policy Paper *Urban Policy and Economic Development: An Agenda for the 1990s* (April 1991), which stresses the strong linkages between macroeconomic performance and urban growth. This framework elaborates on four major points: the macroeconomic context of urban growth, the constraints to the productivity of the urban economy, urban poverty, and the urban environment. Details of the framework and the proposed Bank strategy are discussed in Chapter II of this report.

### Urban Projects as a Share of Bank Lending

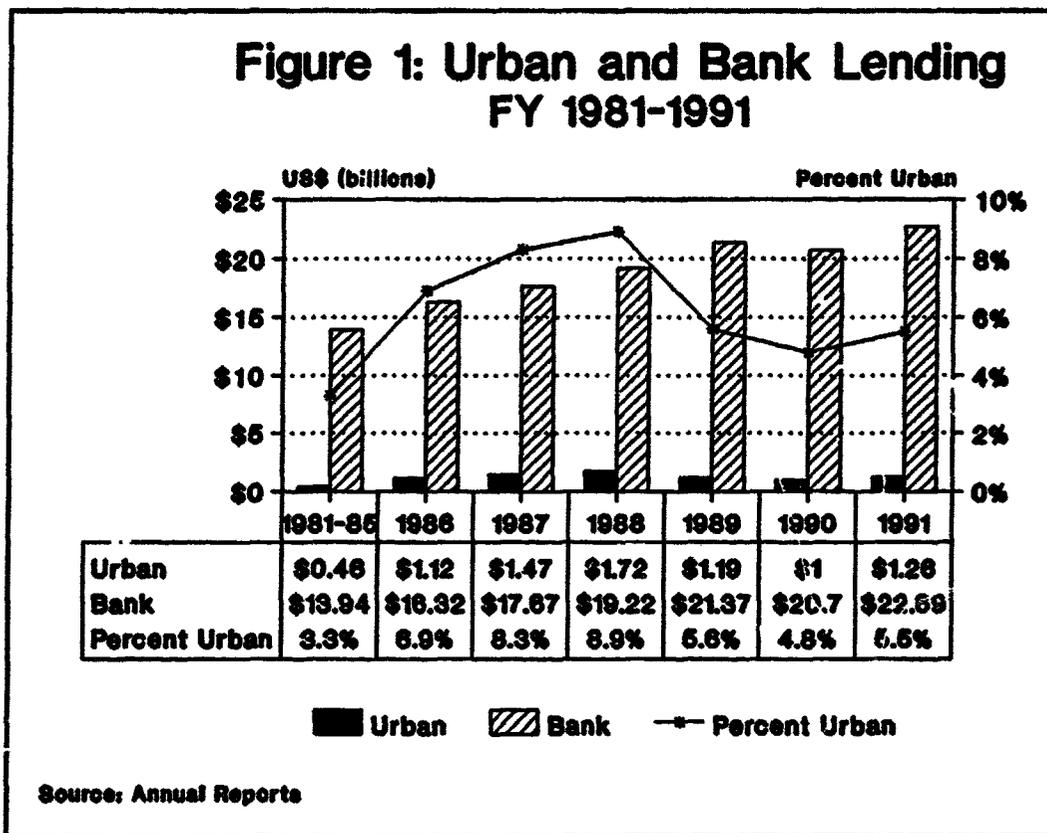
1.3 Over the last ten years, urban lending in the Bank has been rather cyclical, rising to a peak of almost 9 percent of total Bank lending in 1988 (see Figure 1). Since then, the urban portfolio has reached a low of 4.8 percent (in FY90). Fiscal year 1991 showed a modest upturn in this trend, with more than 5.5 percent of Bank lending going to the urban sector. This rise and decline in the share of urban lending has occurred despite a rather smooth and gradual increase in the overall volume of Bank operations. In FY91 there were no transportation projects that qualified as urban, but there were 7 water supply and sanitation projects in urban areas, increasing the "direct" urban share of lending to approximately \$2,481 million or about 10.9 percent of Bank and IDA lending.

1.4 Despite the relatively modest contribution of Bank lending to total urban investment, the loan or credit is usually the major source of funding for urban projects receiving Bank funding. In FY91 the Bank financed more than 50 percent of the total project costs in 9 of the 16 urban projects that were approved (see Annex 1). However, the average share financed fell from 51 percent of total project costs in FY90 to 39 percent in FY91, primarily due to a few very large projects with minor Bank financing roles. Projects in the

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<sup>1</sup> This report deals exclusively with the Bank's definition of "urban" projects although there are clearly closely related projects in water, sanitation and transportation as well as many other projects which invest in and influence the output of urban areas.

LAC<sup>2</sup> region were financed with a relatively small share of Bank contributions, averaging 34 percent of total project costs as compared to the AFRICA and ASIA regions, which averaged 62 and 56 percent, respectively. The EMENA region is in marked contrast to these regions due to the Bank's tiny contribution (only 6 percent of the total project cost) to the enormous Iran Earthquake Recovery Project.

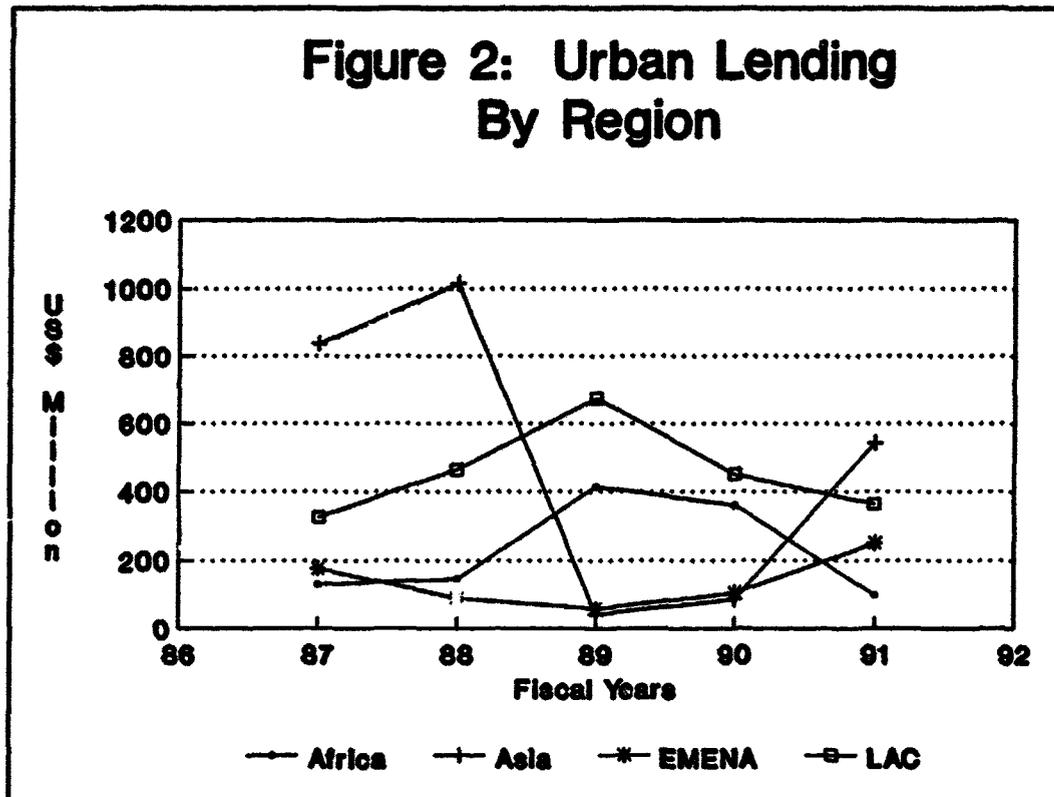


### Regional Distribution of FY91 Urban Lending

1.5            The regional distribution of loans fluctuates considerably from year to year due to the large variation in loan amount (from US\$3 million to US\$250 during FY91) and the small number of loans in each region. EMENA moved up to second place on the basis of one US\$250 million loan while AFRICA fell to the smallest region in terms of lending volume despite processing six operations during FY91. The urban portfolio over the last five fiscal years (see

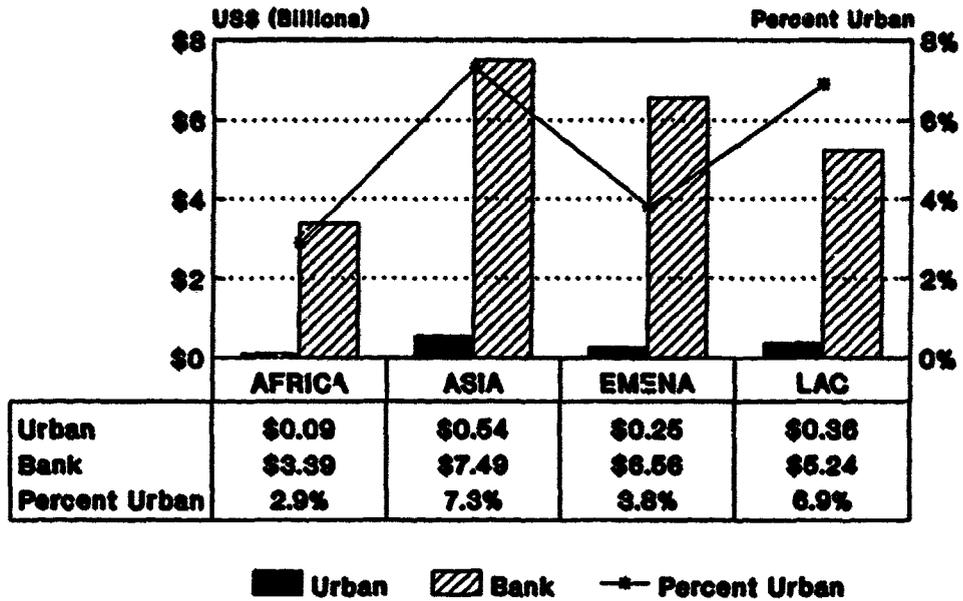
<sup>2</sup>            The capitalized names AFRICA, ASIA, EMENA and LAC refer to the Bank's regional designations.

Figure 2) shows the annual ranking changing for every region over the period with ASIA going from the largest to the smallest and back again over a four-year period.



1.6 In relation to the Bank's overall operations, urban lending varies from 2.9 percent of total lending in AFRICA to over 7.3 percent in ASIA (See Figure 3). The ASIA region received the largest volume of both total and urban lending. In the EMENA region, urban sector lending made up 3.8 percent of total Bank lending. Although Bankwide lending in LAC is less than both ASIA and EMENA, urban lending is relatively strong in this region, contributing to an urban share of 6.9 percent of total lending.

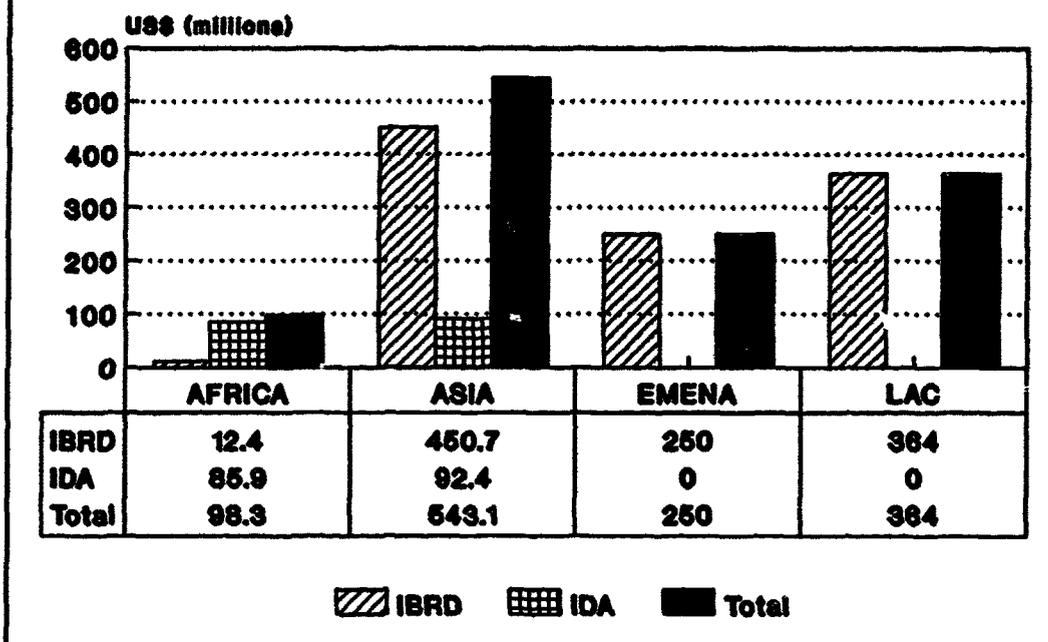
**Figure 3: Urban and Bank Lending  
FY 1991**



Source: Annual Report 1991

1.7 IDA lending for urban projects is consistent with the general level of development among the regions as well as the specific eligibility of the borrower. No IDA credits were issued in either the EMENA or the LAC regions in the urban sector in FY91 (see Figure 4). However, lending in the AFRICA region consisted almost entirely of IDA credits, with US\$85.9 million in credits being issued, out of total lending of US\$98.3 million. Only one project—in Mauritius—was funded with an IBRD loan. In the ASIA region, 17 percent of the lending was through IDA credits, contributing to two projects, one each in Vanuatu and China.

**Figure 4: Urban Loans and Credits  
FY 1991**



1.8 Urban projects were supported in countries that range in population size from 100,000, Vanuatu, to 1.1 billion, China (see Annex 2). The share of the population in urban areas of these countries also varies greatly. In Burkina Faso, for example, it stands at 9 percent of the total population, while in Argentina it comprises 86 percent. The overall share of urban dwellers among the AFRICA borrowers is 18 percent of the total population, while in the ASIA region this share is 50 percent. The only EMENA borrower, Iran, is 56 percent urbanized, while 74 percent of the population of LAC borrowers are urban dwellers.

1.9 A large number of the urban projects in FY91 are in middle-income economies. Only 6 of the 16 projects qualify as low-income economies with a GNP per capita of US\$580 or less. In fact, six projects are located in countries with a GNP per capita of more than US\$1,000.

#### AFRICA

1.10 The relatively small amount of urban lending in AFRICA in FY91 is partially the result of the small borrowing countries and the concomitant small-sized loans. Although no loan exceeds US\$30 million, the loan per urban dweller in all cases is above US\$15, with the average for the region US\$17.17 per urban dweller. AFRICA's FY91 share of 6 of the 16 new urban projects worldwide is not high. The region processed 8 of 16 and 7 of 13 urban operations in

FY90 and FY89, respectively. Most of the borrowing countries fall into the low-income category, with a GNP per capita below US\$580.<sup>3</sup> This also explains the high share of IDA borrowing in the region. The type of projects reflects the needs of these low-income countries. All of the projects have poverty alleviation as one objective and two of the projects focus specifically on the linkage between public works and the provision of employment opportunities and access to basic services. The other projects in the region include two urban development projects as well as an environmental project and the *Multi-Sector Project*, which facilitates the structural adjustment program in Sao Tome and Principe through technical assistance and infrastructure provision.

1.11        *The Public Works and Employment Project* in Niger primarily focuses on creating new employment through the private sector by stimulating small local private contractors and consulting firms. The improved skills of the workers and the competitiveness of the firms are intended to increase the opportunities for future employment and demonstrate the effectiveness of labor-intensive projects. Although the mechanism for this project is straightforward infrastructure rehabilitation, the overall goal is to offer the private sector training in the ways of competitive business to ensure it will be successful and continue to create jobs in the future. Similarly, the Burkina Faso project aims to improve the technical skills and efficiency of local contractors through a program of infrastructure rehabilitation integrated with labor force training and project monitoring.

1.12        *The Urban Development Project* in Djibouti assists the government in implementing its urban sector development plan primarily through strengthening the policy-making framework to enable increased efficiency in urban management as well as to enhance cost recovery practices. A study of the benefits of government decentralization in Djibouti is also included. Similarly, the *First Urban Development Project* in Uganda is designed to improve urban management through the strengthening of institutional capacity of local government, both in the financial and land management areas.

1.13        The only explicit *Environmental Monitoring and Development Project* in the urban portfolio is located in Mauritius, an economy which depends on its idyllic surroundings for tourism. This project assists the government in implementing the Environmental Investment Program by establishing the policy and institutional arrangements necessary to facilitate the urban environmental management of the island. A system of environmental monitoring will be developed to reverse the trend of environmental degradation. These policy reforms are designed to preserve the natural beauty of Mauritius and encourage enough tourism to keep the economy viable.

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<sup>3</sup>        The 1991 World Development Report classifies low-income economies as those with per capital incomes of US\$580 or less in 1989.

## ASIA

1.14 The largest share of urban lending in FY91 was in the Asia region. The projects range in magnitude from a total project cost of US\$5 million to US\$500 million, with the lending per urban dweller ranging from US\$0.29 to US\$142.86 in China and Vanuatu, respectively. The variance in loan size is a result of the diversity of the countries in the region. Nevertheless, the issues addressed are surprisingly similar especially in the two-thirds of the loans for projects classified as "urban development." In all cases, this designation denotes a comprehensive operation that often emphasizes the role, function, and management of local government units. The remaining loans are for shelter sector investments and reforms.

1.15 In Indonesia, the *Urban Development Project* in East Java and Bali works toward improving the quality of urban infrastructure investment and service delivery. This objective is to be met not only through the support of infrastructure investment, but also through improvements in infrastructure programming, financial planning, and local revenue generation techniques and local government institutions. *The Third Jabotabek Urban Development Project* in Indonesia focuses not only on infrastructure provision and development, but also on building the capacity of key urban institutions such as provincial environmental protection agencies and urban spatial management and monitoring agencies.

1.16 The overall objective of the *China Medium-Sized Cities Development Project* is to improve living conditions in the target cities of Canghai, Luoyang, and Sashi through comprehensive planning, increased efficiency in the use of existing facilities, and more appropriate financing mechanisms for urban development. A policy reform package accepted by each city during negotiations incorporates four main areas of concern: cross-sectoral planning and management; use of existing municipal assets; financial management and cost recovery; and investment and project design criteria. The general goals of increasing efficiency, expanding economic activity, and improving planning are met through specific sectoral components, including urban planning and management, education, health, transport, water supply and sewerage, housing, industry, and pollution control. As the Appraisal Report states, this project "represents a unique departure from past practices, which focused on discrete investment undertaken without the benefit of a clearly-articulated urban management framework, with priorities supported by appropriate policy, financing and institutional reforms."

1.17 *The Housing Project* in the Republic of Vanuatu, reflects the move toward formulating sound policy structures in the urban housing and finance sectors. In addition to providing for improved water and solid waste facilities, the Housing Refinance Facility will be strengthened, and policies for housing and urban development will be worked out. The objectives of this project are similar to those of the Korea Housing Project, also a sector-based project.

1.18 *The Korea Housing Project* involves policy reform objectives within a specific urban sub-sector rather than across many urban areas. This project comes after a series of projects that at first worked toward the provision of low-income housing to individual clients.

The next, more ambitious plan was to reshape the overall agenda for specific institutions receiving Bank support. The projects encouraged the strengthening of specific institutions in the housing sector, having succeeded in providing more affordable units in public programs. This project concentrates on sector-wide concerns and policies that link the housing sector to the rest of the economy. "The present Bank strategy thus emphasizes the need for housing policies, programs and regulations to not only reinforce agreed sector goals but, in turn, to fit within the country's overall economic and social priorities."(Appraisal Report)

1.19 The *Papua New Guinea Special Interventions Project* encourages employment in the construction industry and provides assistance to entrepreneurs through business extension services. This project is a part of the structural adjustment lending program in the country and works toward developing market-based housing production and finance systems, as well as strengthening the National Housing Corporation and encouraging the involvement of the private sector.

## EMENA

1.20 The EMENA region accounts for one-fifth of urban lending in FY91, all in one project. The *Earthquake Recovery Project* in the Islamic Republic of Iran is large by urban lending standards, but small in comparison to the overall cost of addressing such an emergency. The total project cost for agricultural and housing reconstruction as well as for seismic risk prevention and mitigation amounts to US\$4,172 million, dwarfing the Bank's loan of US\$250 million. The balance of the cost was provided by the Government of Iran. The Bank loan not only provides assistance in the development of a long-term response to seismic events but also uses international procurement to ensure greater efficiency in the economic recovery of Iran.

## LAC

1.21 All three of the projects in the LAC region involve municipal or provincial development, together making up 29 percent of the urban lending portfolio. In Argentina, the *Provincial Development Project* encourages the provinces to undertake adjustment programs in line with the national adjustment program by providing financing for institutional development and by strengthening the provincial governments. These policy framework reforms will be supported by physical investment in public infrastructure and continuous administrative support at the national and provincial levels.

1.22 The *Municipal Development Projects* in Ecuador and Colombia work toward fiscal autonomy of local governments through increasing the revenue-raising capabilities of the local governments and by increasing their technical capacity for administration and information systems. The Colombia project specifically plans to register 4.3 million parcels nationwide to complete the municipal cadastre. Both projects also strengthen the national development financial institution and directly invest in infrastructure.

## **Implementation**

1.23 During FY91, 121 projects were under implementation in the urban sector (see Annexes 5 through 8). AFRICA had the largest number under implementation, 38 projects, followed closely by ASIA with 37, then LAC with 26 and EMENA with 20. Of the projects under implementation, 11 projects closed during the fiscal year.

1.24 Projects under implementation range from the traditional urban development project to housing, emergency reconstruction, public works and employment, and some urban transport projects that were initially classified as urban. These projects average 3.5 years since approval, with some having closing dates as far in the future as FY98. Average effort spent on supervision was 13.7 staff weeks with little variation among the regions.

1.25 In FY91, the average overall status rating for urban sector projects was 1.76,<sup>4</sup> as compared to the Bankwide average of 1.90 (see Annexes 9 and 10). All of the specific performance ratings were better than the Bank average except for environmental aspects, which rated 1.33 as compared to the Bank average of 1.25. The environmental area's poor evaluation resulted in only 36 percent of urban projects rating "1" on this criterion.

1.26 The proportion of urban projects that were rated "1", or satisfactory, during FY91 was 38 percent, as compared to the Bankwide proportion of 27 percent (see Annex 11). This is notable, especially since, in all of the performance criterion ratings but two, the proportion of projects rated one is greater in the urban sector than in the Bank overall.

1.27 This relatively strong performance by urban projects compared to Bank average performance ratings results in a similarly strong positioning of urban sector projects as compared to other sectors in the Bank (see Annex 12). When ranked among 12 other sectors within the Bank, the urban sector ranks third behind only Population and Industrial Development and Finance, and is tied with Energy. Among the performance criteria, project management performance and the procurement process both rank urban projects as third. However, this very high rank overall is not reflected in all areas. Not surprisingly, the urban sector ranks a low ninth for environmental aspects, which are among the most recent concerns for urban development projects.

## **Completed Projects**

1.28 Projects completed during FY91 cover a range of urban lending activities (see Annex 13). The projects included urban development, urban engineering, low-income housing, and flood reconstruction projects. The average duration of a project was 5.25 years, and half

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<sup>4</sup> The rating system is from 1 to 4, with 1 meaning no or minor problems, or satisfactory, and 4 meaning major problems not addressed adequately.

of the projects were completed between one and two years late. However, the Mexico Low-Income Housing Project was completed two years early, a testament to its success.

1.29 The two housing projects, in Ecuador and in Mexico, are considered highly successful for a number of reasons. Both projects strengthened their respective national housing banks considerably. Technical assistance was important to the central bank as well as to sub-borrowers in both projects. The line of credit established in the Mexico project allowed collective loans to both public and private sector intermediaries representing low-income beneficiaries, with nearly 60 percent of the loans going to the private sector, primarily to housing cooperatives and civic associations. These projects highlight the importance of a three pronged approach aimed at (a) fostering the replicable growth of public investment in housing for the poorest segment of the market through innovative low-cost solutions, (b) strengthening the national housing boards and (c) supporting a dialogue with the governments focusing on key housing sector issues.

1.30 The six PCRs received were all rated at one--no major problems, or satisfactory--at their completion with the exception of the Recife Metropolitan Regional Development Project. This project tackled 183 actions through 33 agencies, a formidable task. The project did not achieve the over-ambitious goals set for it. Nevertheless some interesting lessons can be drawn. According to the PCR, the lack of consideration for the local electoral calendar greatly hindered the project, as did the rapid democratization of the area, since the project was designed to fit into an authoritarian institutional framework.

1.31 The urban development projects analyzed here show that complexity has been an overriding problem. The all-encompassing nature of these projects unquestionably leads to administrative complications not only in the Bank, but also among implementing agencies and in relationships between the Bank and the borrower. Simplicity is the key to keeping such comprehensive operations effective. Utilizing existing institutions and local consultants also will greatly enhance the sustainability and implementation of a project. Wherever possible, systematizing the method of monitoring project progress will be useful to the implementing agencies. Close supervision is probably another determinant of success.

1.32 Three projects were audited by the Operations Evaluation Department during FY91, all of which were urban or regional development projects. These analytic documents bring out issues similar to those raised above. The Lesotho Urban Development Project suffered from political adversity and the lack of policy considerations. Any institutional development effort must take into consideration the likelihood of acceptance at all levels by the local government. The Korea Second Gwangju Regional Project findings show the importance of comprehensive preparation of project sub-components, as well as a monitoring mechanism that is consistent with the stated goals of the project. Here, the sub-projects were monitored carefully without consideration for the overall regional development objectives that, thereby diluted the justification of the projects at the time of appraisal. Finally, the audit of the Morocco Urban Development Projects emphasized the local impacts of the project and the need for better integration of the physical and financial aspects of project preparation and implementation.

## **Urban Sector Work in FY91**

**1.33** In FY91, urban sector work at all stages of preparation used a total of about 533 staff weeks, making up 5.8 percent of the Bank's overall investment in sector work of 9,220 staff weeks (see Annex 4). This is comparable to the urban share of Bank lending in FY91 but low for the programmed increase in operations (see Chapter II). There were 9 sector reports issued during FY91 of which three were in grey cover, two in green and four in yellow. This compares with 7 in FY90 and 2 in FY89.

**1.34** The five grey and green cover reports completed in FY91 were divided evenly between local government finance and housing along with a global urban sector review. The previous trend toward local or municipal government issues continues but it is the attention to decentralization as a local government issue which is most noteworthy. The ongoing work emphasizes both the questions of functional and fiscal decentralization in various forms. Housing and related land studies continue their traditional importance but the main issues covered are changing. All three housing reports were conducted in reforming centrally-planned economies and addressed important issues in the transition toward more market-based economies as they apply to the housing sector. Another trend in sector work evident in the FY91 program is the pursuit of broader urban or infrastructure strategies. The one yellow cover report concentrated in this area was accompanied by four similar white cover reports and the emerging themes in those studies are increasingly the functioning and productivity of urban areas rather than the more simplistic mapping of urban growth and services of the past. Urban environment, the newest of urban research themes, has only one white cover position in the FY91 program which may be the start of attention to the special aspects of environment as they apply to urban areas.

**1.35** Completed sector reports include two works on housing policy, in Hungary and in China, and two urban sector studies, in Mexico and in Madagascar. The housing policy reports both aim toward creation of a market-oriented system to produce housing more efficiently. Each country faces different obstacles, although both studies stress integrating sector reforms in the framework of broader reforms. In Hungary, the development of policies, institutions, and laws that will engender a more efficient housing system involves a considerable effort to deregulate the existing system. According to these reports, subsidies should be effectively removed from the housing sector, and new financial instruments should be implemented through the National Savings Bank. Along with these more technical needs, a coordinating policy group needs to be formed to integrate issues of social welfare, finance, and fiscal and regulatory policies associated with an evolving market-oriented system.

**1.36** Similarly, the China report encourages restricting the role of government in the major areas of the housing market. Property rights need to be clarified and the tie between workers and their employers in the housing market should be broken. Rent reform should work toward market-rate rents, although this will take some time to complete. The regulatory environment should be modified to accommodate new producers of housing as well as new buyers. The financial sector, again, needs to make new types of financing available to housing

corporations and developers, and these changes will require substantial changes in the regulatory and legal environment.

1.37 These two reports, though completed independently, come to conclusions that support the Urban Policy Paper positions on the role of the regulatory environment in encouraging urban productivity. They also share another characteristic in being the only products costing over 100 staff weeks to complete. This reflects the comprehensive and complex questions that need to be addressed in these reforming countries and has implications for the future of sector work as discussed in the following chapter.

1.38 The two urban sector studies, in Mexico and in Madagascar, focus on broad issues that influence the strength of urban economies. The Mexico study concentrates on decentralization and urban management. It supports efforts by the Mexican government and suggests methods for involving the state and municipal governments in program design and execution. The allocation of resources between the three tiers of government is a major area of concern, and it is suggested that the municipalities be given greater power over property tax rates and other local revenue sources. Similarly, the Madagascar study stresses the importance of clarifying the government transfer procedure, along with the improvement of revenue generation and financial management at the local level. In addition, urban land management, housing finance, and urban transport are pointed out as areas that will enable the urban sector to work more efficiently.

1.39 Again, the issues brought out in this year's sector work reflect the growing understanding of the major areas of concern for strengthening the urban sector. Local government finance, housing finance, urban land management, and the strengthening of urban institutions all contribute to promoting urban productivity. The application of the ideas set forth in these sector reports through operations should result in more effective urban projects.

#### **Research Completed in FY91**

1.40 Two major urban research projects were completed during FY91. The first, entitled *A Study of the Impact of Infrastructural Deficiencies on the Nigerian Industrial Sector and Their Policy Implications*, was the first systematic empirical study undertaken that investigates the relationship between deficient public infrastructure services (as inputs in the production process of manufacturing firms) and the productivity of industry. This issue is important for policy and lending operations because infrastructure investment affects economic growth and development. The research, based on a survey of manufacturing establishments, documented empirically: 1) the extent of public infrastructure deficiencies; 2) responses of private manufacturing firms to these deficiencies; and 3) related costs of various private provisions to substitute inadequate public-sector supplies. One of the main policy conclusions was that deregulation will create contestable markets that should lead to potential efficiency gains from economies of scale and scope through private-sector participation in emerging markets. Within the Bank, the study provided the general framework for the recently published Urban

Policy Paper, *Urban Policy and Economic Development: An Agenda for the 1990s*, which is discussed in the next chapter.

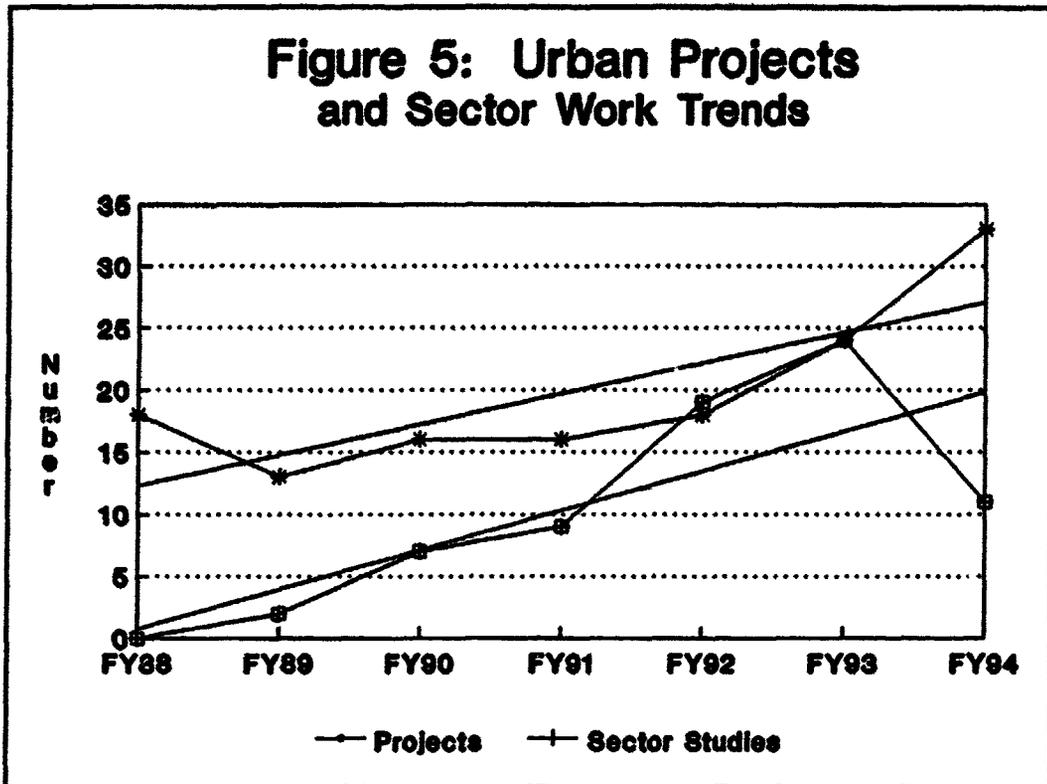
1.41 The second major research project completed during FY91 was *Rent Control in Developing Countries*. This project assesses the welfare losses and distributional impacts of various rent control regimes and evaluates alternative strategies for reform. Case studies were produced of the nature of rent control regimes in Kumasi, Ghana; Bangalore, India; and Rio de Janeiro, Brazil. In each market the costs and benefits of rent control to landlords and tenants were statistically estimated, including not only the reduction in rents, but any welfare losses that could be created and the net transfer efficiency when benefits were calculated net of such losses. Where possible, the impact of the transfer on income distribution was calculated. Options for reform of rent control regimes were evaluated in light of the findings. It was also found that rent control often did not meet its redistributive goal. In Cairo and Bangalore, no relationship was found between the distribution of rent reduction nor of benefits and household income. In Kumasi, Ghana, there was no pattern to the distribution of rent reductions and benefits were moderately progressive only because losses increased with income.

#### **Toward the Future: the Urban Pipeline FY92-FY94**

1.42 FY91 represents a plateau or baseline in a quantitative sense. Both the number of operations and the output of sector work remained unchanged from the previous year and not above the longer term trend. However, FY91 is a critical year in three important ways. First, the recently approved projects and completed sector work already point to a new direction for the Bank's urban assistance. Second, these new themes are well reflected in the forward looking work programs of the Bank. And third, the planned program of projects and sector work move on a strong upward path starting in FY92.

1.43 After averaging only 16 new urban projects a year over the past four years, FY92 moves up to 18, FY93 to 24 and FY94 to 33. This increase adds almost 50% each year to the number approved the previous period. For sector work, the trend is even more dramatic with the planned output of grey, green and yellow cover reports going from 9 in FY91 to 19 in FY92 and 24 in FY93. Figure 5 illustrates the longer-term trends.

**Figure 5: Urban Projects and Sector Work Trends**



1.44 The urban lending program, as planned for the next three fiscal years, also reflects some of the shifts in focus in terms of issues. Traditional categories of urban lending such as local government and housing remain important. New emphasis appear as urban environment and poverty projects. The largest single group of new projects is called "urban or infrastructure strategy", emphasizing the need for an integrated approach, policies and programs to the overall development of urban areas. In the case of municipal development projects, the following themes are often included: definition of distribution of responsibilities between central and local government and increase in the accountability of local governments; efforts to improve mobilization of local resources; improvement of management capabilities and better budgeting and accounting systems. In the case of housing, the trend toward using housing finance entities as project intermediaries continues with increased attention to the linkages with whole financial sector. However, a new set of issues which emphasize the importance of reforming policies and regulations in the sector to create an enabling environment for the private sector is emerging in shelter projects. In the case of infrastructure, the Bank will continue to finance physical improvements but concern about making planning and programming more demand-driven will grow. All this is linked to the evidence that poor infrastructure has a serious impact on urban productivity. In the case of land the Bank is also concerned about creating an enabling environment to make land markets work. The orientation here is to related issues such as property rights, registration and the regulatory framework for the use and development of land.

**1.45** There are also changes external to the Bank which are beginning to exert considerable influence on the urban agenda. Substantial sector work in the reforming countries of eastern Europe promises considerable demand for urban assistance in the future. The ability to finance the transition to market pricing and allocation in housing and the need to address serious urban environmental issues are likely to be high on the list of priorities for the growing program of urban lending. This also represents a new challenge for the Bank as it raises a new set of issues requiring a different policy package. The challenge in the next few years will be to juggle two distinct agendas: (1) the productivity agenda of low income countries and (2) the transition process of former socialist economies into market-oriented economies. The former implies some important changes in project rationale and design; while the latter involves a great deal of exploration of new areas of development.

**1.46** The agendas are compounded by renewed concerns for the environment and the urban poor. The reconciliation of the productivity, poverty and environment agendas is not easy. Although these themes can be mutually reinforcing the message may be complex. For example, the deregulation necessary to let markets work better may seem in conflict with the message that the externalities of urban pollution require regulation. How to formulate and communicate this message will be a challenge.

## **II. THE URBAN POLICY PAPER AND FUTURE BANK LENDING**

### **Introduction**

**2.1** This chapter lays out a strategy for implementing the recently approved policy paper, *Urban Policy and Economic Development an Agenda for the 90s*, known as the UPP. It first summarizes the major findings of the UPP and then explores the implications for the Bank. Recommendations for change are made where appropriate throughout the chapter. Two major shifts in the Bank's urban activities are suggested. First, the type of policy and institutional development projects implied will require more analytical work than in the past. Second, there will need to be increased efficiencies in the use of the Bank's scarce resources if this is to be accomplished. This chapter argues that the need for stronger analytical foundations for lending is understood and is currently being programmed. However, left to present methods and practices, the resources available will not be sufficient to ensure development of the quality products which are envisaged. This chapter shows that the volume of sector work necessary to underpin the type of lending already programmed will require a simpler, more efficient style of sector work which involves closer collaboration among various Bank units. In particular, the operations support linkage between research and policy staff and the operations complex should be shifted toward assisting more with sector work, rather than more traditional project preparation and appraisal tasks.

**2.2** Urban lending from the Bank almost tripled in the last half of the 1980s compared with the first five years of the decade.<sup>5</sup> This trend continues with proposed new urban loans growing by one-third in terms of value, and by one-half in terms of number, over the next five years.<sup>6</sup> As lending in the sector has been growing, the importance of policy in sustaining growth has become unquestionably clear for urban as well as other types of investment. This conclusion has provoked an even more rapid rise in planned sector work to provide the basis for policy development and institutional strengthening necessary to support the growing lending program. It is, therefore, no coincidence that the Bank's position on urban development, expressed in the new policy paper, highlights policy issues, linkages to macroeconomic growth and institutional development. The questions that the Bank must face are exactly what is to be done, how do we are to do it and how resources can be used effectively to carry it out.

**2.3** This section of the FY91 Sector Review examines these questions by taking the UPP and asking how Bank operations might be changed and strengthened to carry out the new mandate. These questions take on increased importance in a sector where there are 109 operations proposed for the next five years which is only slightly less than the 134 operations approved in the entire preceding decade. In fact, if the urban transport and urban water supply

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<sup>5</sup> Actual growth was 2.8 times between FY81-85 and FY86-90.

<sup>6</sup> The definition of urban lending used excludes urban water supply and sanitation as well as urban transport projects.

and sanitation projects are included (which they were in some previous years) more urban projects will be approved in the next five years than during the entire twenty year history of Bank urban lending (191 vs. 188). The plan for sector work on which to base these projects shows even faster increases - the number of studies will double next year and increase by a third more in FY93. The purpose of this chapter is therefore to examine how such an ambitious increase in Bank assistance on urban development can be used to achieve the broad goals outlined in the UPP and their positive linkage to basic national development objectives. We specifically look at the recently approved Bank operations and those projects and studies identified in the future lending and sector work programs, to see whether and how they reflect the directions outlined in the UPP and, in turn, how the Bank's own processes will need to be changed to carry out that program.

2.4 The UPP is both a retrospective and prospective report. It takes stock of twenty years of Bank and other donor experience with urban lending, criticizes the shortfalls and analyzes why they occurred. It looks ahead in order to provide a policy framework and strategy for linking the Bank's urban assistance to the achievement of broader development goals and suggests the content of that approach. Approval by the Board is an endorsement of the paper's basic views and recommendations on how the Bank's impact in the sector can be strengthened. This chapter relies, in part, on information about the FY91 through FY94 operations to assess how the UPP is being implemented.

### **Summary of the Urban Policy Paper**

2.5 The Urban Policy Paper, *Urban Policy and Economic Development: An Agenda for the 1990s*, proposes a policy framework and strategy to link the World Bank's assistance in the urban sector to the broader objectives of economic development. The new framework was proposed following an assessment of World Bank experience with governments and donors in the urban sector. The assessment showed that insufficient attention has been devoted to the policy and institutional development required to manage urban growth. Deteriorating infrastructure, weak municipal institutions, and over-regulated urban markets have constrained the productivity of the urban economy and its ability to generate increasing incomes, employment, and services for a growing number of the urban poor. Population pressures and inappropriate urban policies have in turn exacerbated a deteriorating urban environment. The consequences of weak policies and institutions are evident in most countries, and they have direct impacts on macroeconomic performance.

2.6 The paper concludes that previous lending for urban development has been largely ineffective in assisting developing country officials to respond to the challenge of rapid urbanization. The UPP makes four arguments for the ineffective contribution of Bank urban assistance. First, projects have typically been of very limited scope, especially in relation to the size of the problem being addressed. The second difficulty has been that urban development was viewed very narrowly. Housing and water supply were the two most common types of urban projects and for many countries the only Bank assistance. Third, within these narrow investment categories Bank-assisted projects typically concentrated on physical implementation. The

successes in introducing and executing better technical solutions are considerable but the impact beyond the specific projects was often minimal. The fourth problem is that by focusing on agencies delivering specific urban services, and by concentrating on improving their project management and implementation capacity, the Bank often did not have operations-based contacts with the range of counterparts needed for policy reform and overall institutional development in the sector.

**2.7** In the past much of urban development assistance was concentrated on urgently needed low-cost solutions to shelter and a variety of urban infrastructure. This was carried-out in an environment where the public sector normally played the major role in their provision. The UPP reflects on the experience of earlier operations, as well as the evolving knowledge of how policies, regulations, and other public and private interventions affect urban development and economic growth. The UPP concludes that policy and institutional development questions must play a central role in Bank assistance and suggests specific measures which are discussed below.

**2.8** After identifying the major issues for urban development, as well as some specific measures, the UPP presents a four-part agenda for the 1990s. First, the paper calls for reducing constraints on urban productivity. Specifically, it focuses on the need to carefully consider how infrastructure deficiencies, an inappropriate regulatory framework, weak municipal institutions and inadequate financial services may be constraining urban productivity and, if so, how a remedy can be pursued. The goal is to have policies and programs take a more "demand driven" view than has been the case traditionally. That is, successful urban development requires an integrated view of how infrastructure and regulations appear from the users' point of view--individual households and businesses.

**2.9** A second priority of the UPP is to find ways to arrest (and reverse) the growth of urban poverty.<sup>7</sup> Here, the paper calls for a three-pronged approach to address the economic, social and "safety net" aspects of urban poverty. A third priority of the paper is to develop environmentally sustainable approaches to urban development. By this it means, collecting data on urban environmental problems, raising awareness of the severity of these problems, developing city-specific strategies and curative programs, and formulating policies and incentives to address environmental issues. Finally, the UPP calls for more and better research in the urban sector to provide a sound basis for future action. This agenda for the future serves as a guide for the implementation approach and strategies discussed below.

### **Strengthening the Effect of Future Bank Urban Assistance**

**2.10** As noted earlier, the position of the UPP is that the Bank's activities in the future must focus on policy and institutional development. The question, then, is how to "implement"

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<sup>7</sup> Alleviating urban poverty and developing effective responses to the growing urban environmental crisis are discussed more extensively in the Urban Policy Paper pp. 67-75.

this recommendation of the UPP. This chapter explores this question and looks specifically at changes in the Bank's "products" and "processes" which will ensure that UPP's four-part agenda is achieved. The terms *product* and *process* are used to distinguish between the Bank's basic written outputs such as research and study reports, and project appraisals and the activities which generate, link and disseminate these products. The case for attempting to influence policies and institutional practice beyond the Bank's projects is persuasive but the question of how to do it effectively still needs attention.

2.11 Before discussing the process of preparing and implementing a Bank project it might be useful to briefly examine the continuum of *products* or intermediate inputs that the Bank undertakes as part of its strategy to assist its member countries. Research is a basic component of Bank activity. Country and sector strategies rely on research, often undertaken within the Bank. The findings of research, are also reflected in the Bank's policy work. The most formal policy documents are those, such as the UPP, that are broad, in terms of coverage of issues, geographically generalizable, and endorsed at the level of the Board. Policy papers are also prepared on selective subsector issues where the advice is normally more detailed. The next products in the Bank's repertoire are the country strategy papers and the economic and sector studies. At present, sector work covers a wide variety of exercises, from basic research to interpretive studies of how more general policy and research advice should be adapted to the circumstances of a particular country. Projects, which logically follow sector work in the output continuum, are obviously not the Bank's only products but they are now, and are likely to continue to be, the principal vehicle for assisting developing countries and ideally their design and implementation should be significantly improved by the other products. Finally, there are frequent project-financed studies whose results and implementation are important Bank-assisted products in their own right and whose development can often play an important part in a sustained Bank-borrower dialogue.

2.12 This continuum of research, policy work, country strategies, sector studies, projects, and project-financed studies are not the only activities of the Bank. In fact, there are major activities related to the "product cycle" that do not usually result in formal separate documentation. All central research divisions in the Bank spend considerable time on operations support which is intended to link the research and policy work carried out in those divisions to the country strategies, sector work and projects managed by the operations complex. Another form of non-lending assistance that is focused on policy and institutional development as indicated by the Urban Policy Paper is the Urban Management Program (UMP) proposed Phase II activities.<sup>8</sup> Of course, the considerable effort put into project supervision is a further

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<sup>8</sup> The Urban Management Program (UMP) is a major initiative by the UN family of organizations, together with external support agencies (ESAs), to strengthen the contribution that cities and towns in developing countries make toward economic growth, social development, and the alleviation of poverty. The Program develops and promotes appropriate policies and tools in five substantive areas: municipal finance and administration, land management, infrastructure management, urban environment, and the alleviation of poverty. In order to assist

important Bank process that does not have a formal output like research studies and projects, but does ultimately have implications for the resource use and efficiency of Bank lending.

2.13 Examining the *process* of producing the various Bank products, in light of the concerns raised in the UPP, raises several questions. Does the fact that responsibility for the various products is widely dispersed in the Bank have an adverse effect on efficiency with which work is being produced? There is reason to believe that this may be the case, both because of the sheer volume of work in which the Bank is engaged and because there are few formal mechanisms for linking the various activities. There are problems in the developing countries as well where, as previously discussed, the Bank's client in most projects rarely has a significant role in making or implementing sector policy. This means that projects can be designed quite independently of relevant research and even sector work. One of the reasons that this happens, aside from poor internal Bank coordination, is that responsibility for sector policy rests often with a different ministry than the sponsoring agency for the project. This helps explain why few housing projects address taxation of the sector and why it is rare for a municipal development project to tackle issues such as the local-central fiscal transfer system. A further contributing factor may be a narrow view of the issues which Bank projects need to confront. For example, when institutional development is addressed it might be assumed that objectives at the level of the institution can be taken as given, rather than trying to determine whether institutional objectives and behavior are consistent with sector or macroeconomic goals and policies. The implicit assumption seems to be that investigating such questions is the responsibility of research. Inadequate communication about issues of this sort has meant that the work generated by researchers could not be directly used by the Bank's front line clients.

2.14 One clear message of the UPP is that the *ad hoc*, action-driven approach of the past has not worked well. It may be that a more deliberate effort and time is needed to ensure that Bank projects are "grounded" in the existing body of current thinking in the country, experience and relevant research. If the Bank's assistance is to have a more significant impact on urban development, each project needs to be viewed as an opportunity to investigate and ensure that policies and regulations are contributing to the overall goals articulated for the urban sector. Policies in the sector should be examined for internal consistency, clarity, and for their contribution to broader economic goals. Well-intended policies have frequently been sabotaged by a plethora of poorly constructed and contradictory rules and regulations and guidelines which fail to consider the operation of markets and their effect on private, as well as other public sector, actors. The concern for the capability of an institution to successfully implement a project is similarly expanded under this view of urban development. In addition to the need for technical expertise and managerial capability, a successful development institution will require

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in building capacity to develop and implement appropriate policies, the UMP is working to establish effective partnerships with national, state, and local government, the private sector--including NGOs, as well as with ESAs, in the areas of applied research, dissemination of information, and sharing experience of best practices.

management that has a breadth and depth of understanding to ensure that the activities of the institution are contributing to overall urban development goals and objectives.

2.15 What might a more policy-oriented, institutionally-capable, research-grounded urban project look like? Using, as an example, the housing sector, the approach described above would suggest that in a country facing a serious macroeconomic distortion, such as a fiscal deficit, policies in the housing sector should be designed in a manner consistent with addressing the national problem. Experience tells us there is a need to focus on policies toward subsidies in situations such as this. While it is common to find a general statement about assisting the poor in housing sector policies, a careful analysis of the actual explicit and implicit subsidies in the sector, and their incidence, typically reveals large untargeted or randomly distributed subsidies. These result from a situation in which there are a multitude of independent regulations and practices, most of which were never assessed for their impact on subsidies. Therefore, a new style urban project in this sector should lead to a reform program which is based on an analysis of actual or measured subsidies in the sector, and which is consistent with macro-economic goals with respect to subsidies. The reform program would need to encompass changes in institutional goals, policies, and practices aimed at achieving the national objectives. We now turn to the question of how such products might be produced.

2.16 The process required to support increased policy and institutional development in the Bank's assistance has some special implications for the Bank's products. Research will increasingly be guided by the policy-maker's demands for analytical foundations on which to reform and construct good sector policy. Similarly, the Bank's policy work will need to cover all of the most common subsectors where the Bank is active and will need to be as transparent or accessible as possible in order to be useful to those working in the largest number of different settings. Since most of the research and policy work is not undertaken in the operations complex, the effort to disseminate and translate these products for operations is important. The main vehicle for doing this will be the operations support program of central units where principal sector policy themes will be areas of concentration. In order to maximize the impact of research and policy work on projects, the relative balance of operations support should shift toward assisting with sector studies rather than the more traditional project preparation and appraisal work. However, an important role for PRS, with considerable economies of scale possible, can be the application of diagnostic tools focused on policy and regulatory matters. These tools are presently under development for housing regulations, land markets and some environmental issues.

2.17 The effectiveness of operational work in supporting policy and institutional development would be enhanced by a higher level of understanding and acceptance of the policy messages by governments in advance of Bank activity. The UMP Phase II proposes to facilitate that understanding and acceptance upfront of the project cycle through a series of discussions of urban management issues (labeled consultations). These consultations will present a forum for the policy paper messages as well as language to be disseminated to governments in an atmosphere of technical cooperation.

**2.18** The single most important implication of the UPP on the Bank's procedures is the call for more "up-stream" work to ground the policy and institutional content of future operations. Although the UPP does not address the question of what type of sector work is required, the implication of the associated process discussed here is that the sector work will need to be directly useful as inputs to the type of policy-based lending proposed. The process of preparing such projects and designing what might be termed their non-traditional components almost certainly will involve much wider collaboration within the Bank and between the Bank and the borrower institutions than was previously the case.

### **The FY91 Urban Program and the Pipeline**

**2.19** Having reviewed some of the possible implications of the UPP conclusions for the Bank's urban products and the process of producing them, it is now appropriate to look at the starting point for implementation of the UPP. This requires an evaluation of how the FY91 projects and the urban lending pipeline measure-up to the criteria implied in the UPP. This exercise serves not only to establish a baseline but also to formulate some guidelines and questions for Bank staff who will ultimately be responsible for the successful implementation of this new approach to urban lending.

**2.20** Although the UPP was only approved by the Board in early 1991 the foundations for the paper were developed during previous research and policy analyses which relied extensively on selected examples from ongoing Bank research, sector work and lending operations. Many of the basic conceptual building blocks used in the UPP analysis have, therefore, been widely known (and selectively applied) within the Bank for some time. As a result, it may be possible to see the UPP themes emerging in the FY91 portfolio of projects and sector studies. The data for this assessment were obtained from Appraisal Reports in the case of projects, and available reports for sector work. Preliminary versions of some sector studies were available and consulted for this exercise. The obvious limitation of observations based on these data is that they only provide a picture of projects before they are implemented and can not measure how successful projects will be ultimately in achieving results.

**2.21** As previously stated in Chapter I, the FY91 portfolio is comprised of sixteen projects (US\$1,255.4 million): five "urban development or infrastructure" and two "employment and public works" projects; four on various aspects of "municipal development" and three support "shelter" investments. There was one "urban environment" operation and one "earthquake reconstruction" project. Several of the projects combine investments from more than one category. Only the shelter projects are distinct, with the other operations funding a range of urban infrastructure such as water supply, sanitation, roads and other public facilities. (Details of all FY91 projects are contained in Chapter I.)

**2.22** How does the FY91 portfolio fare on policy reform and institutional development? The assessment of policy content of an operation is viewed here as a continuum of levels of engagement from a situation where there is no substantive discussion of, or component addressing, policy reform to a project which might contain a policy statement specifically

prepared for the operation and components in the project that would lead to changes in policy over the period of implementation. Middle ground projects might discuss how a client is reforming policies but the linkage between policy reform and the project would be very limited and focus primarily on a statement of support for the government's policies. This view of policy-based lending recognizes that there is a need for formal agreement with the government on policy objectives, some analytical basis for selecting the "right" policies and a formalized review or follow-up of the impact of policy change.

2.23 Applying this measure of policy content to the FY91 portfolio, six of the projects are distinctly toward the low policy content end of this continuum. They neither record any policy understandings with the borrower nor address policy issues in the implementation of the projects. Six other projects are near the middle ground since they include either a new policy statement or support previous or ongoing policy change, but they have little follow-up in the projects themselves. For example, the Djibouti Second Urban Development Project, includes both a policy statement and an action plan but the policy changes during the implementation are limited to revisions to the building code. Two other "middle" projects, the Ecuador Municipal Development Project and the Argentina Provincial Development Project, both support important changes in the financing of local governments. However, they do not fully take the next step of linking local government activities and responsibilities to the broader market including private providers of infrastructure or the financial system.

2.24 Four of the sixteen FY91 projects have significant policy content. Two housing projects (Korea and Vanuatu) include explicit agreements with government on policies and propose detailed monitoring of policy change during implementation, both by the borrower and the Bank. A weakness of their strategies may be that the formal obligations on policy development and implementation hinge, in both cases, on the borrower carrying out studies and then making whatever changes may be necessary. The China Medium Size Cities Project, has the strongest agreement to implement specific changes to urban policies in education, health, transport, water supply, and housing. These policies are limited to cities participating in the project. The Mauritius Environment Project has broader scope dealing with establishing national policies for environmental issues. Overall, the FY91 portfolio of new operations makes only a limited foray into the area of policy development in the respective sectors.

2.25 Finding institutional strengthening in projects is much easier because virtually every project claims to improve and strengthen, at a minimum, the project's implementing agency. However, strengthening usually simply involves training for the institution's staff. This may be appropriate in many cases, and the Uganda Urban I project is an example of a thorough training plan that is obviously needed in the country's circumstances, but training, on its own, will not resolve all the problems developing country institutions are facing. In fact, the core issue for municipal level institutions in many countries is a financing problem. Weak local resource mobilization and poorly designed and executed transfer systems have left many local governments unable to carry out even minimal functions. The FY91 program addresses this issue and includes projects with innovative institutional development components. There are eight projects which, when implemented, will increase the financial resources available to local

governments. Almost all projects also address the technical and managerial capabilities of these client institutions. For example, the China Medium Sized Cities Project proposes significant reforms to the operating procedures of implementing agencies. In contrast, some other projects, which involve exclusive public supply monopolies and other institutional problems, contain no measures to address these issues and sometimes even fail to note that they exist.

**2.26** In addition to the general concerns of placing much greater emphasis on the policy content and institutional development of Bank activities, the UPP identifies a strategy involving four specific urban development themes which need attention. These are: urban productivity, urban poverty, and the urban environment and the awareness of urban issues. To enhance urban productivity the paper identifies four serious impediments: (1) infrastructure deficiencies, (2) inappropriate urban regulatory policies, (3) the weakness of municipal institutions, and (4) the inadequacy of financial services for urban development. Following is a discussion of each of these in turn.

**2.27** Infrastructure deficiencies significantly increase the cost of carrying out business (economic activities) in many developing country cities by forcing firms (households) to provide their own infrastructure. The FY91 projects directly increase the supply of infrastructure in all 16 cases and the Bank's broader operations do the same in power, water, transport and other sectors with urban located investments. However, in no FY91 project is there an analysis of infrastructure deficiencies from the point of view of the costs imposed on users (generally firms) by deficient infrastructure services. The most common approach to setting the goals for infrastructure investment is still to concentrate on general coverage or supply targets based on demographic or spatial projections of settlements. Several projects also acknowledge the critical role of maintenance, including, for example, the Argentina Provincial Development Project. However, the norm for infrastructure operations is still a public sector, supply-driven operation.

**2.28** Inappropriate regulatory policies also constrain productivity by increasing risks and costs to households and firms. The need to reform regulations is discussed in the Djibouti Urban Development, the PNG Special Interventions (a housing project), the Korea Housing, and the Niger and Burkina Faso Public Works and Employment Projects. The latter two tackle only limited regulations on public sector contracting and the government system of paying contractors while the Djibouti and PNG projects include actions on the building code and zoning, respectively. The Korea Housing Project makes sector-wide regulatory reform the central theme of the project and includes two study exercises to assess current regulations and to formulate reform proposals during the project period.

**2.29** The financing of local governments as well as the broader array of financial services for urban development through revenue mobilization and transfers from central governments are important constraints to improved productivity in the urban sector. The availability of housing finance is the most apparent major urban investment requiring financing but borrowing for infrastructure by local governments is also a critical financial element in the strategy to reduce the constraints on urban productivity and growth. In FY91 three (Djibouti, PNG and Vanuatu) projects consider the housing finance system in their respective countries.

The complex task of reforming the financing of local governments is addressed in the China, East Java, Ecuador, and Columbia projects. The range of approaches includes increased cost recovery, improved taxation practices, long-term borrowing for capital investments and reforms to the fiscal relations between local authorities and the central government.

2.30 In summary, the overall picture for the FY91 projects in respect to the urban productivity theme of the UPP is mixed. Policy reform is mentioned infrequently and is rarely addressed in a comprehensive manner. Even when there is evidence of a consensus with the borrower on what to do, the projects hardly ever have firm agreements on the specific policy reforms or their timing. This may reflect a preference on the part of the Bank and the country to keep the conditionality in a form which is acceptable but it is also possible that it reflects a weak analytical basis for determining appropriate policy reforms. Generally speaking, despite numerous prior studies cited in most operations, the actual embodiment of the recommendations derived from sector work as conditions in projects is minimal.

2.31 Let us now turn to the remaining themes of the UPP - poverty, environment, and research--to see how they were addressed in the FY91 portfolio. First, a survey of the FY91 portfolio finds that poverty is not the main theme of most FY91 urban projects. Only the two public works and employment projects have poverty alleviation among their basic goals. As discussed in Chapter III (which follows) even those projects do not offer a complete analysis of the costs or benefits of labor intensive technologies to provide local infrastructure. The main conclusions to be drawn from the FY91 program is that urban poverty is not being explicitly addressed. It would seem that most poverty-focused interventions at present are in other Bank sectors such as education and health.

2.32 Protecting the urban environment is the third of four major impediments identified in the UPP. At issue here are the special environmental problems that exist in urban areas resulting from the concentration of people and economic activities. These problems are different than the popular global environmental issues in that the effects of air and water pollution, for example, are known in a relatively short-term period and they most directly impact the people who live in cities. The UPP prescribes a program of raising awareness by improving information, developing city-specific urban environmental strategies, identifying programs of curative actions and formulating national and urban policies in this area. The FY91 portfolio has only one urban environment project. It should be noted that many of the key Bank interventions on environment are not part of the presently defined urban lending program.

2.33 The fourth concern discussed in the UPP is the need for a better understanding of urban problems which relate to a broad range of research and similar activities inside and outside the Bank. Most items in the Bank's research program are organized around the themes of the UPP and there is evidence that the sector work program also mirroring the UPP topics. There is also considerable interest outside the Bank in advancing research and study on urban development issues.

**2.34** The general recommendation that more research on urban issues is needed has an implication at the project level. If Bank projects are to address policy and institutional development they will need to be well grounded in research. Although sector work on urban issues has not been growing in recent years, the FY91 urban portfolio references many prior studies and analysis. Virtually all operations cite a specific sector study and several rely on project preparation or project financed studies for their analytical basis. Despite these references, little is actually reported in projects on exactly what was recommended in these studies and even less is visible in the components or conditions of the projects. The linkage between studies and operations appears indirect in most of these operations. In fact there are numerous cases where the substantive basis for project understandings seems to flow from Bank dialogue with the borrower rather than formal Bank-sponsored sector work.

**2.35** The FY91 sector work may be viewed as a link between the present level and type of projects and the future. There were three gray cover reports issued during FY91: the Madagascar Urban Sector Review, the China Urban Housing Reform report and the Hungary Housing Policy Reform report. There were also two reports that reached green cover stage and three more were issued as yellow cover reports during FY91. The Madagascar Urban Sector Review is comprehensive but focused largely on traditional institutional questions. Many of the recommendations are very detailed and can therefore likely be applied directly to future projects. The China Housing Report also analyzes the shelter sector in a comprehensive fashion and makes recommendations on property rights, rental housing, housing production and housing finance. This report was the largest urban Bank sector study in FY91 in terms of inputs required. The study recommends an overall reform strategy for the sector and links it to macroeconomic policy and changes. The Hungary Housing Policy Reform report makes recommendations on many of the same subjects: rent reform and subsidies, property rights, housing finance and institutions in the sector. Since the transition problems covered in these two reports are common to a number of new Bank clients, it would be worthwhile to compare these exercises as a model of using sector work to assist this type of country. The Mexico Decentralization and Management Study was only issued in green during FY91 but the grey was actually available in July, 1991. This report covers the broad and basic issues related to decentralization: division of responsibility among levels of government, their financing, and the strengthening of municipal institutions. This is an example of a sector study that provides a framework for future operations to develop the measures that become part of projects.

**2.36** The UMP will also facilitate identifying the direction for future research through a series of workshops which will synthesize the findings of field experience. Phase II will establish networks with regional research and training institutions through the urban policy messages will be disseminated, technical cooperation activities based on those messages undertaken, and researchable gaps in understanding identified.

### **Priorities for Future Research**

**2.37** The UPP developed a policy framework based on the premise that cities make significant contributions to economic growth and development. This framework is based on

three analytical elements: (1) the interrelationships between the urban economy and macroeconomic performance through the fiscal, financial and real sector linkages; (2) a set of political, institutional, regulatory and financial constraints that inhibit exploiting the productive potential of urban households and enterprises to the fullest extent; and (3) the probable policy impacts on urban productivity, relative welfare of the poor, and environmental conditions. Such a framework implies a need to conduct further investigation in key areas, and at the same time offers a rich menu for future research. Key areas of research have been identified as follows.

- (a) **The Urban Economy and Macroeconomic Aggregates.** The relationship between the performance of the urban economy and the macro-economic efficiency (inflation, unemployment, national savings) must be scrutinized, with special focus on infrastructure investment, housing and local government finance.
- (b) **Internal Efficiencies of Cities and Urban Productivity.** Research should be directed to: 1) the functioning of the urban markets, including land, housing, and labor and concentrating on the regulatory and institutional constraints; 2) impacts of public infrastructure investments (such as urban transport, water supply, electric power, and telecommunications) on urban growth patterns, since inconsistencies between new investments and location dynamics will induce inefficiencies and welfare loss; and 3) the impacts of urban investments on the residential and the employment location nexus, since they determine the commuting patterns and overall spatial development pattern.
- (c) **The Urban Poor and the Informal Sector.** Improving our understanding of the mechanisms by which community-based productive activities are carried out in the informal sector remains a challenge. New insights are needed to support those innovative processes observed in the informal sector of urban areas.
- (d) **Financing of Urban Investments.** Maintenance and delivery of urban services are seriously constrained by the lack of government financial resources at both the national and local levels. New areas of research should include: 1) local governments' participation in broad financial markets, for example, in the form of borrowing; 2) deregulation and private-sector participation in the supply of infrastructure services; and 3) the complementarity between public and private investments.
- (e) **The Role of Government in the Urban Development Process.** The efficient functioning of urban markets and the productivity of individual households and firms are affected by political structure, various institutional settings, and the locus of decision making within the structure.
- (f) **Urban Environment.** Very little is known on the probable impacts of various government interventions on the balance between the positive externalities of urbanization and the negative externalities affecting the environment.

## The Pipeline

2.38 In order to implement the strategy for urban assistance outlined in the UPP one would expect to see two types of changes in the Bank's main outputs. First, one would expect to see a growing number of urban operations responding to the continued rapid urbanization of the developing world and the changing perception of the importance of urban management in the development process. Second, one would also expect the nature of these operations to change, specifically in the direction of being more extensively supported by policy analysis and reform programs. The first expectation is accurate and easy to observe in the pipeline. The lending program for urban development continues to grow rapidly. The second question is much more difficult to evaluate. Since the policy content of future operations is not directly measurable, the best proxy for that might be sector work on urban development issues. As discussed, the UPP specifically concludes that there is a large task at hand of undertaking the necessary analytical preparation for the future urban projects.

2.39 The following table, based on the approved lending program and the program of economic and sector work, suggests that a greater response to the urban challenge of developing countries and more analytical preparation activities are already well underway. In both cases these forecasts represent an approved strategy for the respective units in the Bank and are supported by resource allocations at the estimated level necessary.

**Table 2.1: Projects and Sectors Studies in Fiscal Years 1991-96**

	FY88	FY89	FY90	FY91	FY92	FY93	FY94
Projects	18	13	16	16	18	24	33
Sector Studies							
(gray, green, yellow)	n.a.	2	7	9	19	24	11
(gray and green only)	n.a.	2	6	5	12	17	10

Source: Lending and Sector Work Programs

2.40 The number of urban projects shows strong growth from FY91-FY94, more than doubling over the three year period, from 16 operations to 33 per year. The urban sector work program shows an even faster increase in planned (and budgeted) studies. Only nine urban sector studies were issued in green, yellow, or grey covers, during FY91. Eighteen are planned for FY92 and 24 for FY93. Interestingly the increase in sector work precedes the increase in lending which is consistent with an intention to provide a basis for stronger policy and institutional development projects through relevant and timely sector work. In fact, there is a strong linkage between the type of sector work proposed and the lending operations in the pipeline. For example, the FY92 through FY94 pipeline contains 7 sector studies and 7 projects explicitly focused on the new field of urban environment concerns.

**2.41** Even the growing "urban" program, provides only a partial picture of the Bank's impact on urban development. In addition to considerable increase in the projects falling within the narrow "urban" definition, the Bank it will also be directly supporting urban development through water-supply and sanitation projects and urban transport lending. The five-year pipeline of 109 "urban" projects will be augmented by 82 urban transport, water supply and sanitation projects. In addition, the central themes of the UPP will be addressed through growing activities in other sectors including population, health, education, and environment related investments.

### **Implications for the Bank**

**2.42** The approval of the UPP was an acknowledgment of the Bank's need to reposition its work in the field of urban development. In taking stock of the changing circumstances in the developing world, and its own experience, new possibilities for more effective assistance were apparent. Instead of approaching urban assistance primarily through the housing and sanitation subsectors, the emerging themes of productivity, poverty, and the environment are viewed within the Bank as important organizing principles for urban assistance. This changed perspective was brought about by a number of factors. First, there is increasing evidence of the strong relationship between well-managed urban development and success in achieving macroeconomic goals. Second, some of the same research that highlighted the macroeconomic stakes of good urban policy, also suggested reforms to improve the performance of specific urban subsectors. The research and policy work on housing market distortions, local government finance, and infrastructure deficiencies are examples. Third, and perhaps most importantly, there are changes in the world outside the Bank significantly impacting the urban development agenda. The urbanization of the developing world, in general, continues at a rapid pace with historically unprecedented numbers of new urban dwellers. In addition, the breakup of the former centrally-planned economies has created a large number of independent countries with significant urban populations and serious urban problems. This change in economic ideology was not confined to the former socialist economies. Instead, a fundamental reexamination of the role of the state in the economy and in urban development is taking place throughout the world. These events have forced the Bank to redefine its view of the challenge of urban development.

**2.43** There were two objectives in bringing these perspectives on urban development together under the umbrella of the UPP. First, the process of urban reform in the developing countries and the accumulated results of research and implementation experience called for a new statement of the framework under which effective urban development policies should be formulated and executed. Second, there was a need for the Bank to have an explicit strategy on how to strengthen the impact of its urban lending. The themes of the UPP, which tell the current story of urban development, are being widely disseminated. Since the approval of the UPP there has been extensive presentation, discussion and exchange of views within the Bank and outside with country policy-makers and with other donor agencies. This process may appropriately be seen as the starting point for the institutionalization of the UPP. This means that there is growing adoption of the terminology and of the basic ideas of the UPP both within the Bank and in the pronouncements of governments and other donor agencies. The successful

end-point of such a process will be when the views expressed in the UPP are the institutional norm of the main actors in urban development.

2.44 A urban development *strategy* for the Bank implies that there will be agreed goals and means to achieve them. The goals are those outlined in the UPP. The strategy necessitates internal changes for the Bank and for its relations with developing countries. As described earlier, it is convenient to think of the Bank as having *products* and *processes* which determine how those products are produced. The objective of strengthening urban lending really addresses innovations to both products and the processes so that the impact on decision makers can be increased. Changes to the products are discussed followed by changes in the processes.

2.45 The new directions for Bank *products* encompass the entire continuum of activities including research, policy papers, country strategy papers, sector work, projects, and project financed studies. In the first instance there are emerging policy themes in urban development which are beginning to be adopted in specific cases. These new themes include the linkage between urban development and macroeconomic performance, the relationship of urban policies to fiscal matters, the concept of urban productivity, and the notion of citywide management strategies. There are many specific ways in which the concepts and framework of the UPP are shaping other urban activities within the Bank. Three subsector policy papers are under preparation on key UPP themes; the Housing Policy Paper, the Municipal Development Policy Paper, and the Urban Environment Policy Paper. Each of these is designed to apply the framework and the principles of the UPP to a specific subsector where Bank operations are active or expanding. The current research program is similarly being shaped by the UPP ideas. A major project on infrastructure deficiencies will help establish the basis for reforms in this area for future operations. The housing indicators project and the proposed land market research address both policy and regulatory issues in the shelter sector. The poverty research proposal also seeks to develop an approach which can be used to guide the Bank in addressing this dimension of urban development. The urban environment program similarly is working toward a set of procedures and practices on the emerging urban environmental agenda.

2.46 The rapid growth of urban lending and sector work implies a mushrooming demand for policy and institutional development inputs. In urban projects there is a need to efficiently apply research and policy suggestions to the specific circumstances of a prospective urban operation. One of the types of new products proposed are diagnostic tools for the purpose of assessing the state of policy and performance of a specific urban markets. The land market assessment and the housing sector regulatory audit are two early examples of such tools. Further development along these lines will be an important conduit for transferring research and policy analysis conclusions into specific sector studies and projects.

2.47 At the regional level there are also important new initiatives underway. Although the volume of sector work on urban topics has been falling over the past decade there is now a reversal of that trend in the pipeline. Not only are the numbers of reports planned, and the resources devoted to sector work going to grow rapidly, but the content is planned to change also. There are proposed studies that focus on understanding the cost of infrastructure

deficiencies, on assessing the incentives created by regulations, on shaping central- local fiscal relationships and much more. The content of this sector work is also reflective of the themes of the UPP. As the focus of attention in projects moves away from individual investments and specific institutions, larger public policy issues become important. There is a clear trend toward increased attention to financial and economic policy in the proposed sector work. Studies which cut across traditional Bank sector lines are also going to become much more important in the future.

2.48 Although the changes in *process* may be somewhat more difficult to assess, their impact on the Bank's effectiveness in strengthening urban lending may be even more important than the changes to products. Put in the broadest context, the UPP argues that the Bank should become a full-fledged player in the urban reform process rather than simply the financier of specific investments. Internal processes affect the Bank's ability to influence urban development in the client countries in two ways. First, the array of new products may require changes to the production process inside the Bank. Second, the process itself may be important to the achievement of policy goals in the developing countries.

2.49 The main change to the product mix of the Bank is the considerable increase in sector work. Even though the present pipeline includes a much increased work program for sector studies, it is unlikely that a doubling in one year and an almost tripling in two years of output can occur without some changes in the process of producing sector reports. On the project side the main change is a coalescence around the new substantive themes. If the sector work also underpins a larger number of similar operations than in the past, then there is an opportunity for increased learning among the sector work teams. For this reason the strategy of PRS is to focus, more than in the past, on operations support for sector work. In particular, to maximize the effect of operations support it is the intention to shift increasingly to the design of sector work rather than its actual execution. This will allow many more opportunities for PRS contact with sector work teams and should provide an opportunity for more cross study consistency and sharing of approaches. There may be a similar need in the operations complex to review the role that sector work plays in preparing and educating the Bank's clients on appropriate policy reforms.

2.50 How will the sector work program be implemented? One option would be to make this much enlarged program of sector work more interpretive as opposed to undertaking original research. This means that sector studies would tend to involve translation of other basic research and policy work for the specific circumstances of the borrowing country. In addition to allowing the sector work to concentrate more on immediately implementable recommendations, this type of work should be more timely and less costly than the present, usually unique, sector studies. If sector work is to play a key role in supporting urban operations it will also become a primary vehicle for illustrating the soundness and merits of policy reforms and influencing clients to make the needed changes. This probably means that more collaborative research directly involving the client's analysts and perhaps other important donors, as well as NGOs, may become the model. It is further appropriate that there be some shift of emphasis from the production of sector work to the dissemination phase. In most

countries, it is more likely that the dialogue following from the sector study, or conducted as part of the preparation of a loan, stimulates or clarifies the need for a commitment to policy change than the specifics of any single document. More emphasis on the procedures and process of disseminating the results of research, policy work, and sector studies to government officials would be appropriate.

2.51 Finally, the process of internal institutional response to the new urban agenda must consider issues of staff skills and resources as well as incentives. A move to more policy-based lending will increase the demand for certain types of skills. Individuals who are capable of doing financial and economic policy analysis are likely to be in demand. There is also a case for examining the incentives for staff in terms of the need to hold to time tables and produce within standard budget allocations. It will be important to make sure that the signals from the organization to staff are consistent. Researchers and policy analysts may need help understanding how to assist in the implementation of their work. It will also be necessary to ensure that project managers are given sufficient information to know how to strike the appropriate balance between preparing and making loans and the complex process of promoting policy and institutional development.

2.52 In summary, the UPP represents both a challenge and an opportunity for the Bank. Some changes will be needed in both its products and its internal processes. The products will need to be directed toward policy and institutional development to enhance urban productivity, reduce urban poverty and improve the management of the urban environment. This will require some internal priority shifts towards a type of sector work, design of diagnostic tools to facilitate project lending operations and more structured operations support. This, in turn, will demand better integration across the entire spectrum of Bank activities to ensure continued efficiency of operations. In short, if the Bank is to be effective in the urban sector it must make the necessary internal adjustments.

### **III. POVERTY IN THE FY91 PROGRAM**

**3.1** The Central Operations Department and the TD Directors selected two cross-cutting issues for systematic analysis in the FY91 Annual Report: (i) the poverty content of the year's lending operations and sector work; and (ii) the extent to which technology issues were systematically addressed in lending and sector work. They also asked for recommendations on how the attention given to cross-cutting issues might be strengthened in the future. In the following review, only poverty issues have been covered because the urban portfolio does not directly deal with technology issues. This chapter ends with some comments on the constraints to implementing the strategy for strengthening World Bank urban operations.

#### **Definitional Issues**

**3.2** To assess the extent to which urban projects alleviate poverty, some definitional issues must be addressed at the outset. Primarily, a distinction can be made between **targeted and non-targeted poverty projects**. Targeted poverty projects are those projects that contain well-defined mechanisms to identify and directly reach particular groups or regions that are poorer than the countrywide average. To develop targeted programs, urban projects use a variety of mechanisms such as geographic targeting, income targeting, and self targeting (project designs that by their nature and content discourage the participation of the non-poor). Non-targeted poverty projects refer to those that may have a large poverty impact--possibly due to the high level of absolute poverty in the area--but are not specifically tailored to meet the needs of the poor.

**3.3** More recently, in attempting to address the social costs of structural adjustment, the Bank has identified three categories of poor: the newly poor, the borderline poor, and the chronic poor. The newly poor are direct victims of structural adjustment; they might be retrenched civil servants or employees laid off by public and private enterprises as a direct consequence of structural adjustment measures. The borderline poor refer to individuals and families whose incomes, though not quite at poverty level, are so low that price increases caused by structural adjustment push them below the poverty line. Finally, the chronic poor include those who were extremely poor even before an adjustment program was undertaken, and were perhaps made even worse off by SALs. Traditional projects seldom have reached them because they have little political clout and may often be too weak and too poor to contribute the required assets and energy. For each of these categories, gender disaggregated data is a necessary prerequisite for project formulation.

**Table 1: Breakdown of Urban Lending in FY 91 in terms of Poverty-alleviation Components**

<b>COMPONENTS</b>	<b>PROJECT NAME</b>
<b>Employment</b>	<b>Argentina - Provincial Development Project</b> <b>Burkina Faso - Public Works and Employment Project</b> <b>Niger - Public Works and Employment Project</b> <b>Papua New Guinea - Special Interventions Project</b> <b>Sao Tome and Principe - Multi-Sector Project II</b>
<b>Infrastructure and Services</b>	<b>Argentina - Provincial Development Project</b> <b>Burkina Faso - Public Works and Employment Project</b> <b>Colombia - Municipal Development Project</b> <b>Djibouti - Urban Development II Project</b> <b>Ecuador - Municipal Development and Urban Infrastructure Project</b> <b>Indonesia - East Java and Bali Urban Development Project</b> <b>Indonesia - Third Jabotabek Urban Development Project</b> <b>Niger - Public Works and Employment Project</b> <b>Papua New Guinea - Special Interventions Project</b> <b>Sao Tome and Principe - Multi-Sector Project II</b> <b>Uganda - Urban I Project</b> <b>Vanuatu - Housing Project</b>
<b>Housing</b>	<b>Korea - Housing Project</b> <b>Papua New Guinea - Special Interventions Project</b> <b>Uganda - Urban I Project</b> <b>Vanuatu - Housing Project</b>
<b>Community Participation</b>	<b>Burkina Faso - Public Works and Employment Project</b> <b>Indonesia - Third Jabotabek Urban Development Project</b> <b>Niger - Public Works and Employment Project</b> <b>Sao Tome and Principe - Multi-Sector II Project</b>

## **Project Interventions**

**3.4** In evaluating the extent to which urban projects in FY91 have attempted to address the issue of urban poverty, it is possible to organize them into four major intervention types: employment, infrastructure and services, and housing and community participation (see Table 1). It is important to note that the first three of these intervention types are sectoral while the last is institutional in nature.

**3.5** The background information used are appraisal reports of the various projects. As these reports do not provide adequate information on the progress of project activities (i.e. with regard to implementation and impact on intended target beneficiaries) it is only possible to obtain a descriptive analysis of the various interventions in terms of the projects' intended objectives. An assessment of the extent to which these projects have been effective in alleviating urban poverty will require more detailed information on project activities.

### **Employment**

**3.6** Interventions in this category have primarily included the provision of temporary employment opportunities to unskilled and low-skilled workers on civil works projects. For example, in Argentina it is estimated that the public works financed under the Provincial Development Project will create an estimated 110,000 person years of low-skilled construction employment. Under the Special Interventions Project in Papua New Guinea, one of the project objectives includes the enhancement of employment opportunities among low-income and unemployed urban workers through labor-intensive public works programs. In Burkina Faso and Niger, labor-intensive public facility and infrastructure rehabilitation projects in urban areas are included to provide temporary employment opportunities to laborers and local contractors.

### **Infrastructure and Services**

**3.7** These interventions have included measures aimed at improving infrastructure and service delivery. They have included the construction and/or rehabilitation of social and economic infrastructure such as roads, markets, drainage, and water systems, etc., as well as the provision of services such as garbage collection and solid waste management in targeted areas. For example, the Third Jabotabek Urban Development Project in Indonesia financed the provision of basic infrastructure and community services in low-income neighborhoods throughout Metropolitan Jakarta. In Colombia, urban infrastructure rehabilitation subprojects are incorporated into the Municipal Development Project. The Second Urban Development Project in Djibouti finances the rehabilitation of roads and drainage works and the improvement of water supply and electricity networks in targeted areas. The First Urban Project in Uganda will finance projects aimed at rehabilitating urban infrastructure, including markets, roads, and footpaths in Kampala. This project will also finance projects aimed at rehabilitating the solid waste management system.

## **Housing**

**3.8** Interventions in this category have included the provision of low-cost housing and mortgage financing to low and/or lower income households. For example, under the Special Interventions Project in Papua New Guinea, mortgage financing is to be provided for low- and middle-income homeowners. Under the First Urban Project in Uganda, a sites and services component is included that is expected to provide 1,000 serviced residential plots to be allocated to lower-income households. In Korea, under the Housing Project, approximately 15,000 lower-income housing units are to be provided through the National Housing Fund.

## **Community Participation**

**3.9** Some of the projects have incorporated specific measures to promote and/or enhance community participation in project activities. These measures have included information dissemination efforts such as seminars, meetings and media campaigns aimed at improving community relations. In Burkina Faso, the Public Works and Employment Project includes a Grassroots Participation Program that aims to increase community-level participation in the maintenance of urban infrastructure to be funded under the project. The program includes the dissemination of information to the public in an effort aimed at improving community relations and to increase community-level participation in project identification and implementation. A similar program is incorporated in the Niger Public Works and Employment Project. Under the Multi-Sector II Project in Sao Tome and Principe, an information campaign and other promotional activities are to be financed through the Social Infrastructure Fund, aimed at improving community relations and enhancing beneficiary participation in the identification of priorities and the establishment of an effective maintenance system for project activities to be undertaken. In Indonesia, the Third Jabotabek Urban Development Project includes efforts to use community participation to assist in the introduction of an effective and sustainable approach to the provision of basic services.

## **Assessment**

**3.10** The above description identifies project components with the capacity for poverty alleviation in both targeted and non-targeted ways. However, a lack of data meant that further conclusions could not be drawn as to their relative effectiveness in reaching the poor. In addition, the data did not give a clear idea as to which "category of poor" was addressed. Nevertheless, this review raises four substantive issues for further consideration.

**3.11** The fact that the projects cover a very narrow range of issues raises the question as to the definition of "urban," and whether, if poverty alleviation is to be a greater concern, it requires broadening. Municipal projects may have a trickle down effect, but this cannot be assumed; the trend in housing projects, as identified in the housing policy paper, is a shift toward middle-income countries and interventions in housing finance, with less poverty alleviation affect likely [than what?]. In the case of infrastructure projects with labor intensive

components, the questions that need to be raised concern the benefits/costs of labor intensive technologies.

3.12 This issue needs to be addressed in terms of current debates about the definition of "urban." Traditionally, it has been defined in sectoral terms to include "physical infrastructure" concerns of housing, sanitation, water, and land, combined with institutional and management concerns of "local government." It has not included "social infrastructure" such as health or education or institutional and management issues relating to community participation or non-governmental organizations. However, as identified in Table 1, community participation and grassroots initiatives are increasingly being incorporated into urban projects.

3.13 Both the 1990 WDR and the recent Urban Policy Paper have introduced a cross-sectoral identification of poverty-focused interventions, based on a two-part strategy that is both economic and social in nature. The *Urban Policy Paper* argues that to alleviate urban poverty requires managing the economic aspects of poverty"—through interventions designed to increase the productivity of the poor, as well as "managing the social aspects of poverty"—through basic services in education, health, nutrition, and family planning, as well as through increasing access to infrastructure and housing. For projects to be more poverty focused, not only is the clarification of the categories of social and economic infrastructure required, but also the redefinition of the parameters of "urban" operational support as it relates to economic and social infrastructure.

3.14 At the same time, it may be important operationally to recognize that there are a number of new project-level poverty alleviation initiatives that currently do not include urban components. The new focus on compensatory measures, designed and introduced under conditions of adjustment, provides a strategic entry point for a cross-sectoral approach to urban poverty, whether supply or demand driven. While the *Urban Policy Paper* identified targeting "safety net" assistance to those most vulnerable to short-term shocks as the third of its poverty-focused interventions, the only urban interventions to date have been the labor-intensive public works schemes that aim to provide temporary compensation for the new and chronic poor. These schemes, in countries such as Senegal, Niger, and Burkina Faso, have been developed in the infrastructure divisions in the respective country operations departments.

3.15 Other than this, "safety net" assistance in operations within country departments remains primarily the concern of Population and Human Resources, with solutions that include the construction or rehabilitation of physical social infrastructure as well as the provision of social services. From the viewpoint of urban communities, human capital development is not the only issue. Economic infrastructure relating to employment and enhanced productivity may well be of equal concern. It would seem essential for urban projects to move to a more proactive position on this issue.

3.16 Finally, it may also be important to explore the opportunity for greater interagency collaboration in urban poverty-alleviation projects. If the shift is toward more sustainable community-based delivery of social and economic infrastructure, UNICEF, for

instance, has a very different track record and experience from that of the Bank. Its institutional and operational structure has meant that UNICEF has had a comparative advantage in terms of the design and implementation of local level participatory delivery models. The comparative advantage of the World Bank may well be in technical expertise or policy level leverage with governments. Given the prioritization of poverty concerns, and the necessity to develop realistic projects, collaboration between two such agencies may have considerable potential.

### **Constraints**

**3.17** We have seen that changes in the external world and the consolidated lessons of Bank experience and analysis have led to a new framework for urban development which was expressed in the UPP early in 1991. The diagnosis of the problems is widely shared within the Bank and outside. In addition, the recommendations for corrective action are starting to be adopted by governments. It is the strategy for implementing the recommended activities or institutionalizing the ideas which has concerned us here.

**3.18** The UPP related expansion of project and sector work appears to have significant implications for both the quantity of staff and match between the existing and needed skills. Although it may not imply more staff for the Bank overall the growth in the urban program will need to be accompanied by some reallocation of staff. This is particularly true in respect to the fast growing program of sector work where the most popular tasks are also those with some of the higher costs. It is also fairly clear that the future work program is not wholly consistent with the present skill profile of sector staff as discussed in Chapter II.

**3.19** Fortunately there are a number of activities underway to address these issues. The human resources panel being established among the infrastructure division chiefs will address both recruit and training for the sector. PRS is also planning to double its operations support focusing more on targeted smaller inputs to sector work and its design. The training for infrastructure staff will also be increased in PRS to assist staff in the transition.

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ANNEX 1  
APPROVED URBAN PROJECTS IN FY91  
(US\$ Millions)

COUNTRY	PROJECT NAME	IBRD	IDA	TOTAL LN/CR	PROJECT COST	LN/CR % OF COST
<b>AFRICA</b>						
Burkina Faso	Public Works & Employment		20.0	20.0	30.0	66.7%
Djibouti	Urban Development II		11.2	11.2	45.5	24.6%
Mauritius	Environmental Monitoring & Dev't	12.4		12.4	20.5	60.5%
Niger	Public Works & Employment		20.0	20.0	33.3	60.1%
Sao Tome & Principe	Multi-Sector Project II		6.0	6.0	7.6	78.9%
Uganda	Urban I		28.7	28.7	38.5	74.5%
<b>TOTAL</b>		12.4	85.9	98.3	175.4	56.0%
<b>ASIA</b>						
China	Medium-Sized Cities Dev't	79.4	89.0	168.4	277.2	60.8%
Indonesia	East Java and Bali Urban Dev't	180.3		180.3	373.4	48.3%
Indonesia	Jabotabek Urban Dev't III	61.0		61.0	97.0	62.9%
Korea	Housing Project	100.0		100.0	500.0	20.0%
Papua New Guinea	Special Interventions	30.0		30.0	40.3	74.4%
Vanuatu	Housing Project		3.4	3.4	5.0	68.3%
<b>TOTAL</b>		450.7	92.4	543.1	1,292.9	42.0%
<b>EMENA</b>						
Iran	Earthquake Recovery	250.0		250.0	4,172.0	6.0%
<b>TOTAL</b>		250.0		250.0	4,172.0	6.0%
<b>LAC</b>						
Argentina	Provincial Development	200.0		200.0	575.0	34.8%
Colombia	Municipal Development	60.0		60.0	188.2	31.9%
Ecuador	Municipal Dev't/Urban Infrast.	104.0		104.0	300.0	34.7%
<b>TOTAL</b>		364.0		364.0	1,063.2	34.2%
<b>GRAND TOTAL</b>		1,077.1	178.3	1,255.4	6,703.5	18.7%

Source: Annual Report 1991, SARs

ANNEX 2  
ECONOMIC AND DEMOGRAPHIC INDICATORS OF BORROWING COUNTRIES IN FY91

COUNTRY	IBRD/ IDA	LOAN/ CREDIT (US M\$)	PROJECT COSTS (US Mil)	TOTAL POPULATION (1989 Mil)	URBAN POPULATION	POPULATION GROWTH RATE (1980-89)	URBAN POP'N GROWTH RATE (1980-89)	GNP PER CAPITA (1989)	LN/CR PER URBAN DWELLER (US\$)
<b>AFRICA</b>									
Burkina Faso	IDA	20.0	30.0	8.8	9%	2.6%	5.4%	\$320	\$25
Djibouti (a)	IDA	11.2	45.5	0.4	74%	3.5%	..	..	\$39
Mauritius	IBRD	12.4	20.5	1.1	41%	1.0%	0.4%	\$1,990	\$27
Niger	IDA	20.0	33.3	7.4	19%	3.4%	7.7%	\$290	\$14
Sao Tome & Principe (b)	IDA	6.0	7.6	0.1	32%	3.0%	..	\$340	\$156
Uganda	IDA	28.7	38.5	16.8	10%	3.2%	5.1%	\$250	\$17
<b>TOTAL</b>		<b>98.3</b>	<b>175.4</b>	<b>34.6</b>	<b>4.7 million</b>				<b>\$21</b>
<b>ASIA</b>									
China	IDA/IBRD	168.4	277.2	1,113.9	53%	1.4%	..	\$350	\$0
Indonesia	IBRD	241.3	470.4	178.2	30%	2.1%	5.4%	\$500	\$5
Korea	IBRD	100.0	500.0	42.4	71%	1.2%	3.6%	\$4,400	\$3
Papua New Guinea	IBRD	30.0	40.3	3.8	16%	2.5%	4.5%	\$890	\$49
Vanuatu (c)	IDA	3.4	5.0	0.1	17%	2.4%	6.0%	\$840	\$143
<b>TOTAL</b>		<b>543.1</b>	<b>1,292.9</b>	<b>1,338.4</b>	<b>674.6 million</b>				<b>\$1</b>
<b>EMENA</b>									
Iran	IBRD	250.0	4,172.0	53.3	56%	3.5%	4.9%	\$3,200	\$8
<b>TOTAL</b>		<b>250.0</b>	<b>4,172.0</b>	<b>53.3</b>	<b>29.8 million</b>				<b>\$8</b>
<b>LAC</b>									
Argentina	IBRD	200.0	575.0	31.9	86%	1.4%	1.8%	\$2,160	\$7
Colombia	IBRD	60.0	188.2	32.3	69%	2.0%	3.0%	\$1,200	\$3
Ecuador	IBRD	104.0	300.0	10.3	55%	2.3%	4.5%	\$1,020	\$18
<b>TOTAL</b>		<b>364.0</b>	<b>1,063.2</b>	<b>74.5</b>	<b>55.4 million</b>				<b>\$7</b>
<b>GRAND TOTAL</b>		<b>1,255.4</b>	<b>6,703.5</b>	<b>1,500.9</b>	<b>764.5 million</b>				

NOTES:

- (a) Djibouti data from SAR, Report No.9037-DII, December 1990.  
 (b) Sao Tome & Principe data from SAR, Report No.9581-STP, June 1991, World Bank Atlas & WDR 1991.  
 (c) Vanuatu data from World Bank Atlas 1990, The World Bank.  
 .. Data not available

Sources: WDR 1991, SARs, World Bank Atlas 1990.

**ANNEX 3**  
**FY91 BANK LENDING**  
**(US Mil)**

PURPOSE	IBRD	IDA	TOTAL	% OF TOTAL BANK LENDING
Agric. & Rural Dev't	1,913.1	1,794.2	3,707.3	16.3%
Development Finance Co.	1,695.0	156.8	1,851.8	8.2%
Education	1,515.5	736.2	2,251.7	9.9%
Energy: Oil, Gas & Coal	1,570.0	160.2	1,730.2	7.6%
Energy: Power	1,189.0	155.0	1,344.0	5.9%
Industry	1,767.1	215.9	1,983.0	8.7%
Nonproject	1,940.0	881.9	2,821.9	12.4%
Pop., Health & Nutrition	647.0	920.6	1,567.6	6.9%
Public Sector Management	636.0	5.7	641.7	2.8%
Small Scale Industry	166.0	45.0	211.0	0.9%
Technical Assistance	284.5	82.2	366.7	1.6%
Telecommunications	270	69.8	339.8	1.5%
Transportation	915.9	472.1	1,388.0	6.1%
Urbanization	1,077.1	178.3	1,255.4	5.5%
Water Supply & Sewerage	806.0	419.4	1,225.4	5.4%
<b>BANKWIDE TOTAL</b>	<b>16,392.2</b>	<b>6,293.3</b>	<b>22,685.5</b>	<b>100.0%</b>

Source: Annual Report 1991.

**ANNEX 4  
FY91 URBAN SECTOR WORK**

COUNTY	PROJECT NAME	PRODUCT ID	STATUS	DATE	(SW)	(SW)	(SW)
					Thru FY90	FY91	TOTAL
<b>AFRICA</b>							
Chad	Towards an Urban Strategy	3CHDSR017	White	06/30/91	0	0.4	0.4
Kenya	Local Govt Financing	3KENSRO43	Green	09/18/90	34.1	8	42.2
Madagascar	Urban Sector Review	3MAGSR053	Grey	06/05/91	31.9	16.7	48.6
<b>ASIA</b>							
Bangladesh	Environ. Strategy	4BANSR096	Yellow	05/15/91	6.2	22.4	28.6
China	Urban Housing Reform	4CHASR080	Grey	06/20/91	123.4	33.5	156.9
<b>EMENA</b>							
Hungary	Housing Policy Reform	5HUNSR041	Grey	05/31/91	0	35.1	35.1
Jordan	Tourism Sector Note	5JORSR036	Green	08/06/91	0	13.6	13.6
Morocco	Local Govt Exp & Mgt	5MYCSR032	Green	08/31/90	23.9	13.3	37.2
Pakistan	Urban Sector Strategy	5PAKSR087	White	05/01/91	12.6	0	12.6
Pakistan	Municipal Finance	5PAKSR088	Yellow	06/20/91	16	9.7	25.7
Poland	Housing Task Force	5POLSR040	White	10/15/90	78.2	27.2	105.4
Tunisia	Land Registration	5TUNSR052	White	10/12/90	0	10.7	10.7
<b>LAC</b>							
Brazil	Infra Strategy Paper	6BRASR136	Yellow	03/28/91	0	15.8	15.8
Ecuador	Municipal Finance	6ECUSR029	White	..	..	..	..
Peru	General Infrastructure	6PERSR047	White	..	..	..	..
<b>TOTAL</b>					<b>526.3</b>	<b>206.4</b>	<b>532.8</b>

.. Data not available.

Source: Infrastructure Divisions, MIS.

ANNEX 5  
URBAN PROJECTS UNDER IMPLEMENTATION DURING FY91

COUNTRY	PROJECT NAME	FY	LOAN CREDIT NUMBER	REVISED CLOSING DATE	LN/CR AMOUNT (US\$ mil.)	FY 91 SPN TOTAL (\$W)
<b>AFRICA</b>						
1	Bostwana Selebi Phikwe	86	L26950	12/31/93	7.6	..
2	Burkina Faso Second Urban Project	90	C20670	06/30/96	22.2	21.8
3	Burkina Faso Public Works & Employment	91	C22820	06/30/95	20.0	..
4	Burundi Urban II	89	C19680	12/31/95	21.0	9.4
5	Cameroon Urban II	89	L29990	06/30/94	146.0	23.8
6	Cote d'Ivoire Municipal Development	90	L31280	12/31/94	66.0	10.5
7	Cote d'Ivoire Third Urban	87	L27890	12/31/92	126.0	28.9
8	Djibouti Urban I	85	C15180	06/30/92	5.0	10.0
9	Djibouti Urban II	91	C22030	06/30/98	11.2	2.8
10	Ethiopia Addis Ababa Urban Dev't II	90	C21610	06/30/97	35.0	12.5
11	Ethiopia Market Towns Development	90	C21030	06/30/97	40.2	24.6
12	Ethiopia Urban Development Project	83	C13660	06/30/91	20.0	4.4
13	Gambia Urban Project	84	C14430	12/31/91	11.5	10.9
14	Ghana Priority Works	88	C18740	06/30/92	10.6	16.0
15	Ghana Urban Development	85	C15640	06/30/92	22.0	10.6
16	Ghana Urban II	90	C21570	06/30/96	70.0	38.7
17	Guinea Urban I-Conakry & Supplem	84	C14660	06/30/91	10.7	7.3
18	Guinea Urban II	90	C21120	12/31/95	57.0	16.3
19	Kenya Secondary Towns	83	L23190	12/31/90	22.0	10.4
20	Lesotho Urban II	88	C18980	12/31/94	20.4	8.1
21	Madagascar Urban I	84	C14970	12/31/91	12.8	9.9
22	Malawi Urban I	85	C15280	06/30/92	15.0	13.9
23	Mali Urban II	86	C16770	03/31/93	28.0	17.8
24	Mauritius Environ. Monitoring & Dev.	91	L32770	06/30/96	12.4	6.0
25	Mozambique Urban Rehab.	89	C19490	12/31/95	60.0	18.4
26	Niger Public Works & Employment	91	C22090	12/31/94	20.0	4.5
27	Nigeria IMO Urban Development	86	L26070	12/31/91	53.0	32.1
28	Nigeria Lagos Solid Waste Mgmt	86	L26200	06/30/92	72.0	14.3
29	Nigeria Oyo State Urban Project	90	L32380	06/30/96	50.0	25.4
30	Nigeria Urban Infrastructure	88	L29250	12/31/94	69.5	27.7
31	Rwanda Urban Institute	89	C20410	12/31/96	32.0	7.9
32	S-T & Principe Multi-Sector I	89	C20380	12/31/96	5.0	17.7
33	Senegal Municipal Housing	88	C18840	03/31/95	46.0	25.6
34	Senegal Public Works & Employment	90	C20750	10/31/92	20.0	8.8
35	Sudan Flood Reconstruction	89	C20110	10/31/92	75.0	19.2
36	Uganda Urban I	91	C22060	06/30/98	28.7	6.7
37	Zimbabwe Urban II	89	L30790	12/31/96	80.0	7.0
38	Zimbabwe Urban I	84	L24450	09/30/92	43.0	10.7
<b>TOTAL</b>					<b>1,466.8</b>	<b>540.6</b>

.. Data not available.

Source: MIS Implementation Summary (Form 590) as of July 26, 1991.

**ANNEX 6**  
**URBAN PROJECTS UNDER IMPLEMENTATION DURING FY91**

COUNTRY	PROJECT NAME	FY	LOAN	REVISED	LN/CR	FY 91 SPN		
			CREDIT	CLOSING	AMOUNT	TOTAL		
			NUMBER	DATE	(US\$ mil.)	(SW)		
<b>ASIA</b>								
39	Bangladesh		Urban I	88	C19300	06/30/97	47.6	22.6
40	China		Medium-Sized Cities Dev't	91	L32860	06/30/97	168.4	22.3
41	China		North China Earthquake Reco	90	C20910	12/31/92	30.0	6.1
42	China		Gansu Provincial Dev't	87	L28120	06/30/94	20.0	..
43	China		Shanghai Sewerage	87	L27940	06/30/93	145.0	7.3
44	Fiji		Housing Project	90	L31880	12/31/96	16.2	12.5
45	India		Bombay Urban	85	C15440	09/30/91	138.0	20.0
46	India		M.P. Urban	83	L23290	06/30/91	24.1	17.7
47	India		Hsg Dev't Finance Co.	88	L29290	09/30/91	250.0	6.7
48	India		Gujarat Urban	86	C16430	12/31/92	62.0	27.1
49	India		Tamil Nadu Urban	88	C19230	09/30/95	300.2	49.7
50	India		U.P. Urban Development	87	L27970	03/31/96	150.0	41.9
51	India		Calcutta Urban III	83	C13690	03/31/92	147.0	15.6
52	Indonesia		Urban V	84	L24080	06/30/91	39.3	16.0
53	Indonesia		Housing Sector	86	L27250	12/31/91	275.0	11.7
54	Indonesia		Regional Cities	87	L28170	10/01/94	51.0	10.6
55	Indonesia		Jabotabek Urban	88	L29320	03/31/95	150.0	43.7
56	Indonesia		Urban Sector	87	L28160	03/31/91	270.0	9.3
57	Indonesia		E. Java/Bali Urban Dev't	91	L33040	12/31/96	180.3	13.6
58	Indonesia		Third Jabotabek Urban	91	L32460	12/31/96	61.0	30.8
59	Korea		Housing Finance Sector	87	L28530	06/30/91	150.0	0.1
60	Korea		Pusan Urban Management	87	L28010	12/31/90	50.0	1.8
61	Korea		Urban Land Development	86	L27040	12/31/90	150.0	0.1
62	Korea		Seoul Urban Transport	85	L25140	06/30/91	53.0	2.5
63	Korea		Taegu Urban Transport	88	L29080	12/31/93	30.0	2.6
64	Korea		Housing Project	91	L33290	06/30/95	100.0	3.6
65	Nepal		Mun Dev & Earthquake	89	C19880	06/30/96	41.5	4.4
66	PNG		Special Interventions	91	L32890	12/31/93	30.0	14.3
67	Philippines		Housing Sector	88	L29740	06/30/94	160.0	16.8
68	Philippines		Municipal Development I	84	L24350	06/30/94	40.0	4.4
69	Philippines		Municipal Development II	90	L31460	12/31/96	40.0	5.7
70	Philippines		Urban IV-Regional Cities	83	L22570	12/31/91	67.0	15.9
71	Sri Lanka		Municipal Management	86	C16970	06/30/94	13.0	7.1
72	Sri Lanka		Emergency Reconstruction	88	C18830	12/31/91	78.0	5.2
73	Thailand		Shelter III	87	L27950	12/31/92	21.0	10.5
74	Thailand		Regional Cities	85	L25200	03/31/92	27.5	6.2
75	Vanuatu		Housing Project	91	C22620	06/30/95	3.4	0.3
<b>TOTAL</b>							<b>3,579.5</b>	<b>486.7</b>

.. Data not available.

Source: MIS Implementation Summary (Form 590) as of July 26, 1991.

**ANNEX 7**  
**URBAN PROJECTS UNDER IMPLEMENTATION DURING FY91**

COUNTRY	PROJECT NAME	FY	LOAN CREDIT NUMBER	REVISED CLOSING DATE	LN/CR AMOUNT (US\$ mil.)	FY 91 SPN TOTAL (SW)
<b>EMENA</b>						
76	Egypt	82	L21760	12/31/92	59.0	6.2
77	Iran	91	L33010	12/31/94	250.0	8.0
78	Jordan	84	L23340	06/30/92	30.0	8.3
79	Jordan	86	L26140	06/30/91	15.0	6.2
80	Jordan	85	L25870	06/30/92	28.0	10.4
81	Jordan	87	L28410	06/30/93	26.4	9.3
82	Morocco	90	L31220	12/31/94	80.5	13.8
83	Pakistan	83	C13480	12/31/92	16.0	37.8
84	Pakistan	88	C18950	03/31/97	90.0	30.6
85	Pakistan	86	C16520	09/30/92	70.0	41.8
86	Tunisia	84	L24290	06/30/92	33.0	10.8
87	Tunisia	83	L22230	06/30/93	25.0	8.0
88	Tunisia	87	L27360	12/31/94	30.2	7.8
89	Tunisia	89	L30640	06/30/95	58.0	22.9
90	Turkey	87	L28190	06/30/95	120.0	18.4
91	Turkey	85	L25370	06/30/89	9.2	1.2
92	Yemen A.R.	82	C12020	06/30/92	15.0	8.5
93	Yemen A.R.	90	C21600	12/31/98	15.0	7.0
94	Yemen A.R.	84	C14410	03/31/92	12.0	8.0
95	Yemen PDR	90	C20730	12/31/92	10.0	14.3
<b>TOTAL</b>					<b>992.3</b>	<b>279.3</b>

.. Data not available.

Source: MIS Implementation Summary (Form 590) as of July 26, 1991.

**ANNEX 8**  
**URBAN PROJECTS UNDER IMPLEMENTATION DURING FY91**

COUNTRY	PROJECT NAME	FY	LOAN CREDIT NUMBER	REVISED CLOSING DATE	LN/CR AMOUNT (US\$ mil.)	FY 91 SPN TOTAL (SW)
<b>LAC</b>						
96	Argentina	89	L29970	06/30/93	300.0	27.3
97	Argentina	88	L29200	06/30/95	120.0	17.7
98	Argentina	91	L32800	12/31/96	200.0	15.9
99	Bolivia	88	C18420	06/30/95	15.0	28.8
100	Brazil	88	L29750	03/31/92	175.0	34.0
101	Brazil	86	L26810	12/31/94	55.0	15.6
102	Brazil	89	L31000	12/31/94	100.0	12.0
103	Brazil	90	L31290	12/31/94	100.0	16.1
104	Brazil	86	L26230	12/31/92	24.5	12.1
105	Brazil	82	L21700	12/31/89	123.9	0.2
106	Chile	85	L24820	12/31/88	80.0	0.2
107	Chile	89	L30300	06/30/93	200.0	45.8
108	Chile	89	L30280	12/31/94	75.0	12.9
109	Columbia	91	L33360	12/31/97	60.0	2.2
110	Ecuador	88	L28980	12/31/93	60.0	14.9
111	Ecuador	91	L32850	06/30/97	104.0	19.2
112	El Salvador	88	L28730	12/31/93	65.0	17.5
113	Guatemala	88	L29720	12/31/94	29.0	1.8
114	Haiti	83	C13380	12/31/91	21.0	5.6
115	Honduras	85	L25830	12/31/90	6.9	4.8
116	Jamaica	84	L23890	09/30/92	16.0	2.5
117	Mexico	86	L26660	12/31/94	40.0	5.3
118	Mexico	87	L28240	12/31/95	125.0	25.3
119	Mexico	85	L26120	07/16/90	150.0	0.6
120	Mexico	90	L31400	06/30/95	350.0	9.5
121	Peru	84	L24511	12/31/91	82.5	3.7
<b>TOTAL</b>					<b>2,677.0</b>	<b>151.5</b>

Source: MIS Implementation Summary (Form 590) as of July 26, 1991.

**ANNEX 11**  
**PROPORTION OF URBAN PROJECTS RATED SATISFACTORY**  
**WITH A RATING OF ONE DURING FY91**  
 (percent)

Criterion	Urban Projects [*]	Bankwide [*]
Overall Status	38 [9]	27 [9]
Project Development Objectives	50 [9]	45 [9]
Compliance w/Legal Covenants	46 [9]	41 [9]
Project Mgmt. Performance	45 [9]	34 [9]
Availability of Funds	61 [9]	53 [9]
Procurement Progress	43 [20]	35 [21]
Training Progress	45 [28]	36 [28]
Technical Assistance Program	37 [26]	38 [27]
Studies Progress	35 [36]	34 [35]
Environmental Aspects	36 [48]	41 [47]
Financial Performance	31 [35]	24 [40]

[\*] Percent not applicable and/or not rated (other).

Source: Operations Complex, Management Information System.

**ANNEX 12**  
**URBAN PROJECTS COMPARED TO OTHER PROJECTS UNDER**  
**SUPERVISION DURING FY91**

Criterion	Ranking (out of 12)	Notes
Overall Status	3	Tied with Energy; rated below Population, Industrial Dev./Finance.
Project Development Objectives	7	
Compliance w/Legal Covenants	7	
Project Mgmt. Performance	3	Rated below Energy and Industry.
Availability of Funds	5	
Procurement Progress	3	Rated below Telecomm. and Industrial Dev.
Training Progress	5	Tied with Energy.
Technical Assistance Program	8	Rated above Agriculture, Industrial Dev., Population, Tech. Assistance.
Studies Progress	7	
Environmental Aspects	9	Tied with Industry; 36 percent of projects rated 1; 48 percent not rated or not applicable.
Financial Performance	5	Tied with Industrial Dev./Finance.

Ranking includes the following sectors:

Agriculture & Rural Development; Education; Energy; Industrial Development/Finance;  
 Industry; Population; Power; Technical Assistance; Telecommunications; Transportation;  
 Urbanization; Water Supply & Sewerage.

Ranking excludes Public Sector Management and Tourism due to the small number of projects.

Source: Operations Complex, Management Information System.

**ANNEX 13**  
**PROJECT COMPLETION REPORTS FILED DURING FY91**

Country	Project Name	LN/CR
<b>ASIA</b>		
Indonesia	Urban Sector Loan	L2816
Korea	Pusan Urban Management	L2801
Korea	Jeonju Regional	L2388
Nepal	Technical Assistance II	C-1379
<b>EMENA</b>		
Morocco	Third Urban Development	L2245
Turkey	Cukurova Region Urban Engineering	L2537
<b>LAC</b>		
Brazil	Northeast Urban Floods Reconstruction	L2645
Brazil	Parana Market Towns Improvement	L2343
Brazil	Recife Metropolitan Development	L2170
Chile	Public Sector Housing	L2482
Ecuador	National Low-Cost Housing	L2135
Mexico	Low Income Housing	L2612

**PROJECT PERFORMANCE AUDIT REPORTS FILED DURING FY91**

Country	Project Name	Loan No.
<b>AFRICA</b>		
Lesotho	Urban Development Project	C1036
<b>ASIA</b>		
Korea	Second Gwangju Regional Project	L1758
<b>EMENA</b>		
Morocco	Rabat and Second Urban Development	L1528 L1944

Source: Operations Evaluation Department, Infrastructure & Energy Division.

**ANNEX 14**  
**FY72-91 TOTAL COSTS AND TOTAL LENDING FOR URBAN PROJECTS**  
**(US\$ million)**

YEAR	AFRICA		ASIA		EMENA		LAC		TOTAL	
	COST	LOAN	COST	LOAN	COST	LOAN	COST	LOAN	COST	LOAN
72-74	17.3	11.0	128.5	51.0	97.8	62.3	60.3	35.0	303.9	159.3
75	87.4	44.5	76.0	40.0	0.0	0.0	15.5	8.5	178.9	93.0
76	0.0	0.0	137.0	58.0	0.0	0.0	43.2	21.6	180.2	79.6
77	122.3	44.0	207.3	101.5	0.0	0.0	24.5	12.7	354.1	158.2
78	119.1	78.2	201.1	95.6	58.6	32.0	400.9	162.8	779.7	368.6
79	15.3	12.0	199.9	102.0	45.0	19.0	501.0	176.5	761.2	309.5
80	60.3	38.8	452.9	222.0	0.0	0.0	210.9	88.0	724.1	348.8
81	24.5	15.0	410.1	175.0	138.7	57.0	725.0	254.0	1,298.3	501.0
82	117.3	61.0	63.2	33.0	142.2	74.0	538.0	206.8	860.7	374.8
83	119.2	69.0	783.8	338.1	293.6	101.0	81.6	46.2	1,278.2	554.3
84	166.1	84.0	276.5	149.8	166.0	75.0	465.4	191.2	1,074.0	500.0
85	59.7	42.0	512.2	218.5	99.2	37.2	585.0	86.9	1,256.1	384.6
86	283.8	153.0	3,208.6	500.0	205.2	95.0	809.6	369.5	4,507.2	1,117.5
87	304.2	130.5	3,426.1	837.0	628.1	176.6	763.1	325.0	5,121.5	1,469.1
88	234.1	146.5	2,156.1	1,015.8	145.2	90.0	1,114.1	464.0	3,649.5	1,716.3
89	1,091.4	414.0	54.8	41.5	200.0	58.0	2,118.9	675.0	3,465.1	1,188.5
90	515.4	360.4	153.8	86.2	392.2	105.5	927.0	450.0	1,988.4	1,002.1
91	169.9	98.3	1,288.9	543.1	4,172.0	250.0	1,063.2	364.0	6,694.0	1,255.4
<b>TOTAL</b>	<b>3,407.3</b>	<b>1,802.2</b>	<b>13,736.8</b>	<b>4,608.1</b>	<b>6,783.8</b>	<b>1,232.6</b>	<b>10,447.2</b>	<b>3,937.7</b>	<b>34,475.1</b>	<b>11,580.6</b>
1991										
Regional %		7.8%		43.3%		19.9%		29.0%		100.0%
<b>AVERAGE</b>										
(86-90)	485.8	240.9	1,799.9	496.1	314.1	105.0	1,146.5	456.7	3,746.3	1,298.7
Regional %		18.5%		38.2%		8.1%		35.2%		100.0%

Source: Annual Reports FY72-91

ANNEX 15  
COUNTRY SUMMARY OF TOTAL PROJECT COSTS (US\$ million)

COUNTRY	TOTAL	FY91	FY90	FY89	FY88	FY87	FY86	FY85	FY84	FY83	FY82	FY81	FY80	FY79	FY78	FY77	FY76	FY75	FY74-72
Argentina	1,423.0	575.0		608.0	240.0														
Bahamas	24.3										24.3								
Bangladesh	65.6				65.6														
Bolivia	43.8				21.3										22.5				
Botswana	15.7														11.3				4.4
Brazil	3,240.0		227.0	226.9	393.6	468.2	429.6		150.2	25.1	347.8	257.0		465.7	248.9				
Burkina Faso	77.6	30.0	38.5												9.1				
Burundi	40.8			24.1									16.7						
Cameroon	308.5			253.5						55.0									
Chile	1,860.8			1,284.0				576.8											
China	706.5	288.6	45.3			372.6													
Colombia	435.0	188.2							149.5					35.3	62.0				
Costa Rica	31.4														31.4				
Cote d'Ivoire	623.6		93.1			304.2					104.0					122.3			
Djibouti	60.7	45.5						15.2											
Dom. Rep.	59.7									17.5	42.2								
Ecuador	764.5	300.0			312.0								51.6						
Egypt	137.2										116.2				21.0				
El Salvador	142.4				102.4											24.5		15.5	
Ethiopia	126.4		99.6							26.8									
Fiji	51.3		51.3																
Gambia	12.4								12.4										
Ghana	143.5		100.4		16.8			26.3											
Guatemala	44.8				44.8														
Guinea	98.1		81.7						16.4										
Haiti	23.8									23.8									
Honduras	8.2							8.2											
India	2,903.4				1,284.5	237.8	130.5	256.7		353.2	51.7	84.0	121.7		183.9	102.5			96.9
Indonesia	3,383.8	455.0			223.9	1,093.9	1,208.7		64.4			86.1		96.0	104.8			51.0	
Iran	4,237.9	4,172.0																	65.9
Jamaica	59.8								29.8										30.0
Jordan	339.1					93.3	34.1	88.5	65.6			57.6							
Kenya	136.3									37.4					69.4				29.5
Korea	5,214.9	500.0			145.7	1,636.5	1,849.0	204.6	143.3	316.0		240.0	154.8					25.0	
Lesotho	49.2				42.2								7.0						
Liberia	13.3										13.3								

ANNEX 15  
COUNTRY SUMMARY OF TOTAL PROJECT COSTS (US\$ million)

COUNTRY	TOTAL	FY91	FY90	FY89	FY88	FY87	FY86	FY85	FY84	FY83	FY82	FY81	FY80	FY79	FY78	FY77	FY76	FY75	FY74-72
Madagascar	18.0								18.0										
Malawi	18.2							18.2											
Malaysia	103.6																72.0		31.6
Mali	49.8						34.5							15.3					
Mauritius	45.0	20.5										24.5							
Mexico	1,894.2		700.0			294.9	380.0			15.2		468.0			36.1				
Morocco	682.7		354.5							209.5		81.1			37.6				
Mozambique	83.8			83.8															
Nepal	54.8			54.8															
Nicaragua	79.1										22.8		26.0						30.3
Niger	27.8	27.8																	
Nigeria	451.5		68.8		96.8		249.3						36.6						
Pakistan	317.8				145.2		148.6			24.0									
Panama	133.3												133.3						
Papua New Guinea	40.3	40.3																	
Peru	179.1								135.9								43.2		
Philippines	832.0		57.2		325.0				68.8	114.6	11.5		120.0	69.9			65.0		
Portugal	56.6						56.6												
Rwanda	66.2			66.2															
Sao Tome/Principe	7.6	7.6																	
Senegal	131.2		33.3		78.3				6.7										12.9
Sri Lanka	131.8				111.4		20.4												
Sudan	83.8			83.8															
Tanzania	46.0														29.3				16.7
Thailand	243.8					85.3		50.9					56.4	34.0	17.2				
Tunisia	483.6			200.0		67.4			82.5	60.1				45.0					28.6
Turkey	481.4					467.4		10.7											3.3
Uganda	38.5	38.5																	
Vanuatu	5.0	5.0																	
Yemen A.R.	66.2		22.3						17.9		26.0								
Yemen D.R.	15.4		15.4																
Zambia	41.2																		41.2
Zimbabwe	692.6			580.0					112.6										
<b>TOTAL</b>	<b>14,509.3</b>	<b>6,694.0</b>	<b>1,984.4</b>	<b>3,465.1</b>	<b>3,649.3</b>	<b>5,121.5</b>	<b>4,541.3</b>	<b>1,256.1</b>	<b>1,074.0</b>	<b>1,278.2</b>	<b>860.7</b>	<b>1,298.3</b>	<b>724.1</b>	<b>761.2</b>	<b>779.7</b>	<b>354.1</b>	<b>180.3</b>	<b>178.9</b>	<b>303.9</b>

ANNEX 16  
COUNTRY SUMMARY OF URBAN LENDING (US\$ million)

COUNTRY	TOTAL	FY91	FY90	FY89	FY88	FY87	FY86	FY85	FY84	FY83	FY82	FY81	FY80	FY79	FY78	FY77	FY76	FY75	FY74-72
Argentina	620.0	200.0		300.0	120.0														
Bahamas	5.8										5.8								
Bangladesh	47.6				47.6														
Bolivia	32.0				15.0										17.0				
Botswana	11.0														8.0				3.0
Brazil	1,281.0		100.0	100.0	175.0	200	179.5		52.7	8.9	123.9	90.0		163.0	88.0				
Burkina Faso	50.4	20.0	22.2												8.2				
Burundi	36.0			21.0									15.0						
Cameroon	166.0			146.0						20.0									
Chile	355.0			275.0				80.0											
China	343.4	168.4	30.0			145.0													
Colombia	138.3	60.0							40.0					13.5	24.8				
Costa Rica	16.5														16.5				
Cote d'Ivoire	287.0		66.0			126.0					51.0					44.0			
Djibouti	16.2	11.2						5.0											
Dom. Rep.	32.5									7.1	25.4								
Ecuador	230.7	104.0			60.0						35.7		31.0						
Egypt	73.0										59.0				14.0				
El Salvador	86.2				65.0											12.7		8.5	
Ethiopia	95.2		75.2							20.0									
Fiji	16.2		16.2																
Gambia	11.5								11.5										
Ghana	102.6		70.0		10.6			22.0											
Guatemala	29.0				29.0														
Guinea	72.2		57.0			4.5			10.7										
Haiti	21.0									21.0									
Honduras	6.9							6.9											
India	1,265.3				550.2	150.0	62.0	138.0		171.1	25.0	42.0	56.0		87.0	49.0			35.0
Indonesia	1,201.1	241.3			150.0	321.0	275.0		39.3			43.0		54.0	52.5			25.0	
Iran	292.0	250.0																	42.0
Jamaica	31.0								16.0										15.0
Jordan	120.4					26.4	15.0	28.0	30.0			21.0							
Kenya	95.0									29.0					50.0				16.0
Korea	863.0	100.0			30.0	200.0	150.0	53.0	60.0	100.0		90.0	65.0						15.0
Lesotho	26.4				20.4								6.0						
Liberia	10.0										10.0								

ANNEX 16  
COUNTRY SUMMARY OF URBAN LENDING (US\$ million)

COUNTRY	TOTAL	FY91	FY90	FY89	FY88	FY87	FY86	FY85	FY84	FY83	FY82	FY81	FY80	FY79	FY78	FY77	FY76	FY75	FY74-72
Madagascar	12.8								12.8										
Malawi	15.0							15.0											
Malaysia	42.0																26.0		16.0
Mali	40.0						28.0							12.0					
Mauritius	27.4	12.4										15.0							
Mexico	854.7		350.0			125.0	190.0			9.2		164.0			16.5				
Morocco	194.5		80.5							60.0		36.0			18.0				
Mozambique	60.0			60.0															
Nepal	41.5			41.5															
Nicaragua	58.0										16.0		22.0						20.0
Niger	20.0	20.0																	
Nigeria	262.3		50.0		69.5		125.0						17.8						
Pakistan	176.0				90.0		70.0			16.0									
Panama	35.0												35.0						
Papua New Guinea	30.0	30																	
Peru	104.1								82.5								21.6		
Philippines	461.5		40.0		160.0				50.5	67.0	8.0		72.0	32.0			32.0		
Portugal	25.0						25												
Rwanda	32.0			32.0															
Sao Tome/Principe	11.0	6.0		5.0															
Senegal	80.0		20.0		46.0				6.0										6.0
Sri Lanka	91.0				78.0		13.0												
Sudan	75.0			75.0															
Tanzania	20.5														12.0				8.5
Thailand	102.1					21.0		27.5					29.0	16.0	8.6				
Tunisia	183.2			50.0		30.2			33.0	25.0				19.0					18.0
Turkey	131.5					120.0		9.2											2.3
Uganda	28.7	28.7																	
Vanuatu	3.4	3.4																	
Yemen A.R.	42.0		15.0						12.0		15.0								
Yemen D.R.	10.0		10.0																
Zambia	20.0																		20.0
Zimbabwe	123.0			80.0					43.0										
<b>TOTAL</b>	<b>11,600.6</b>	<b>1,255.4</b>	<b>1,002.1</b>	<b>1,193.5</b>	<b>1,716.3</b>	<b>1,469.1</b>	<b>1,132.5</b>	<b>384.0</b>	<b>500.0</b>	<b>354.3</b>	<b>374.8</b>	<b>501.0</b>	<b>348.8</b>	<b>309.5</b>	<b>368.6</b>	<b>158.2</b>	<b>79.6</b>	<b>93.0</b>	<b>159.3</b>

ANNEX 17  
TOTAL NUMBER OF URBAN PROJECTS

COUNTRY	TOTAL	FY91	FY90	FY89	FY88	FY87	FY86	FY85	FY84	FY83	FY82	FY81	FY80	FY79	FY78	FY77	FY76	FY75	FY74-72
Argentina	3	1		1	1														
Bahamas	1										1								
Bangladesh	1				1														
Bolivia	2				1										1				
Botswana	2															1			1
Brazil	14		1	1	1	1	3		1	1	1	1		2	1				
Burkina Faso	3	1	1													1			
Burundi	2			1									1						
Cameroon	2			1						1									
Chile	3			2				1											
China	3	1	1			1													
Colombia	4	1							1					1	1				
Costa Rica	1														1				
Cote d'Ivoire	4		1			1					1					1			
Djibouti	2	1						1											
Dom. Rep.	2									1	1								
Ecuador	4	1			1						1		1						
Egypt	2										1				1				
El Salvador	3				1											1		1	
Ethiopia	3		2							1									
Fiji	1		1																
Gambia	1								1										
Ghana	3		1		1			1											

ANNEX 17  
TOTAL NUMBER OF URBAN PROJECTS

COUNTRY	TOTAL	FY91	FY90	FY89	FY88	FY87	FY86	FY85	FY84	FY83	FY82	FY81	FY80	FY79	FY78	FY77	FY76	FY75	FY74-72
Guatemala	1				1														
Guinea	3		1			1			1										
Haiti	1									1									
Honduras	1							1											
India	14				2	1	1	1		2	1	1	1		1	2			1
Indonesia	11	2			1	2	1		1			1		1		1		1	
Iran	2	1																	1
Jamaica	2								1										1
Jordan	5					1		1	1			1							
Kenya	3									1					1				1
Korea	11	1			1	2	1	1	1	1		1	1						1
Lesotho	2				1								1						
Liberia	1										1								
Madagascar	1								1										
Malawi	1							1											
Malaysia	2																1		1
Mali	2						1							1					
Mauritius	2	1										1							
Mexico	7		1			1	2			1		1			1				
Morocco	4		1							1		1			1				
Mozambique	1				1														
Nepal	1				1														
Nicaragua	3										1		1						1

ANNEX 17  
TOTAL NUMBER OF URBAN PROJECTS

COUNTRY	TOTAL	FY91	FY90	FY89	FY88	FY87	FY86	FY85	FY84	FY83	FY82	FY81	FY80	FY79	FY78	FY77	FY76	FY75	FY74-72
Niger	1	1																	
Nigeria	5		1		1		2						1						
Pakistan	3				1		1			1									
Panama	1												1						
Papua New Guinea	1	1																	
Peru	2								1										1
Philippines	9		1		1				2	1	1		1	1					1
Portugal	1						1												
Rwanda	1			1															
Sao Tome/Principe	2	1		1															
Senegal	4		1		1				1										1
Sri Lanka	2				1		1												
Sudan	1			1															
Tanzania	2														1				1
Thailand	5					1		1					1	1	1				
Tunisia	6			1		1			1	1				1					1
Turkey	3					1		1											1
Uganda	1	1																	
Vanuatu	1	1																	
Yemen A.R.	3		1						1		1								
Yemen D.R.	1		1																
Zambia	1																		1
Zimbabwe	2			1					1										
<b>TOTAL</b>	<b>205</b>	<b>16</b>	<b>16</b>	<b>13</b>	<b>18</b>	<b>14</b>	<b>14</b>	<b>10</b>	<b>16</b>	<b>14</b>	<b>11</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>13</b>	<b>5</b>	<b>3</b>	<b>6</b>	<b>9</b>

**ANNEX 19**  
**FY92 URBAN PIPELINE PROJECTS**  
**(US\$ million)**

	PROJECT NAME	STATUS	IBRD	IDA	TOTAL LOAN/ CREDIT	TOTAL PROJECT COST
<b>AFRICA</b>						
Angola	Infrastructure Rehab'n Eng.			38.0	38.0	42.5
Angola	Lobito/Beng. Rehabilitation	L		50.3	50.3	70.0
Benin	Urban Managment & Rehab'n	L		11.5	11.5	27.2
Malawi	Local Government	L		20.0	20.0	40.0
Togo	Lome Urban Development	L		15.1	15.1	30.0
Uganda	Northern Reconstruction			55.0	55.0	..
	<b>TOTAL</b>		0.0	189.9	189.9	
<b>ASIA</b>						
China	Tianjin Urb Dev & Environ.	S		100.0	100.0	200.0
India	ICDS II (Bihar & MP)	L		125.0	125.0	243.0
Indonesia	Housing Sector II	L	50.0		50.0	150.0
Indonesia	Surabaya Urban I (Water)	L	70.0		70.0	140.0
Korea	Sewerage (Pusan & Taejon)	92L	40.0			130.0
Korea		93S	80.0			600.0
Sri Lanka	Local Government & Dev't	C		35.0	35.0	40.0
	<b>TOTAL</b>		240.0	260.0	380.0	

continued

**ANNEX 19**  
**FY92 URBAN PIPELINE PROJECTS**  
(US\$ million)

continued

PROJECT NAME		STATUS	IBRD	IDA	TOTAL LOAN/ CREDIT	TOTAL PROJECT COST
<b>EMENA</b>						
Algeria	Cadastre		25.0		25.0	100.0
Egypt	Tourism/Privitization	L1	125.0		125.0	300.0
Pakistan	Sindh Urban Development			97.9	97.9	..
Poland	Housing	L	200.0		200.0	600.0
Tunisia	Municipal Development		100.0		100.0	..
<b>TOTAL</b>			<b>450.0</b>	<b>97.9</b>	<b>547.9</b>	
<b>LAC</b>						
Mexico	Housing Sector		400.0		400.0	..
Venezuela	Barrio Upgrading		35.0		35.0	70.0
<b>TOTAL</b>			<b>435.0</b>	<b>0.0</b>	<b>435.0</b>	
<b>GRAND TOTAL</b>			<b>1,125.0</b>	<b>547.8</b>	<b>1,552.8</b>	

L1 Project into two separate projects:

- 1 Tourism Sector Restructuring and privatization Project (FY92L)
- 1 Tourism Infrastructure and Environment Management Project (FY93L)

.. Data not available.

Source: Management Information System, Five-Year Lending Program.

**ANNEX 20**  
**FY93 URBAN PIPELINE PROJECTS**  
**(US\$ million)**

PROJECT NAME		STATUS	IBRD	IDA	TOTAL LOAN/ CREDIT	TOTAL PROJECT COST
<b>AFRICA</b>						
Cent. Afr'n Rep	Municipal Development	R		25.0	25.0	50.0
Congo	Urban Management	R	25.0		25.0	25.0
Gambia	Urban Environment	L		10.0	10.0	23.0
Mali	Public Works and Capacity Buildin	L		15.0	15.0	15.0
Mozambique	Urban Rehabilitation II	L		75.0	75.0	80.0
Niger	Municipal Infrastructure			50.0	50.0	..
Senegal	Public Works and Employment II	R		25.0	25.0	27.7
Somalia	Reconstruction			20.0	20.0	50.0
Tanzania	Infrastructure Eng			50.0	50.0	60.0
Zaire	Urban I	L		24.0	24.0	57.1
Zambia	Infrastructure Engineering	L		10.0	10.0	20.0
Zambia	Airways	R		10.0	10.0	..
<b>TOTAL</b>			<b>25.0</b>	<b>314.0</b>	<b>339.0</b>	
<b>ASIA</b>						
Bangladesh	Municipal Development	C		60.0	60.0	
Bhutan	Infrastructure Dev.			30.0	30.0	..
China	Zhejiang Urban	L		150.0	150.0	260.0
China	Tianjin Urban and Environment	S		100.0	100.0	210.0
Indonesia	Surabaya Urban II	L	90.0		90.0	290.0
Philippines	Municipal Development III	S	50.0		50.0	72.0
Philippines	Rural Infrastructure Project	S	100.0		100.0	145.0
Solomon Islands	Housing	S		4.3	4.3	7.0
<b>TOTAL</b>			<b>240.0</b>	<b>254.3</b>	<b>494.3</b>	

continued

**ANNEX 20**  
**FY93 URBAN PIPELINE PROJECTS**  
(US\$ million)

continued

	PROJECT NAME	STATUS	IBRD	IDA	TOTAL LOAN/ CREDIT	TOTAL PROJECT COST
<b>EMENA</b>						
Algeria	Construction Industry	L	50.0			
Egypt	Tourism/Infrastructure*	L	TBD		TBD	TBD
Iran	Flood Control	S	100.0		100.0	100.0
Iran	Tehran Environment	L	200.0		200.0	200.0
Morocco	Municipal Development II		100.0		100.0	..
Pakistan	Shelter			71.1	71.1	351.4
Pakistan	Punjab Environment		94.5	57.6	152.1	184.6
Yemen	Urban Services development	L		9.2	9.2	17.5
	<b>TOTAL</b>		494.5	137.9	632.4	
<b>LAC</b>						
Peru	Infrastructure Rehabilitation	L	100.0		100.0	275.0
	<b>TOTAL</b>		100.0	0.0	100.0	
<b>GRAND TOTAL</b>			859.5	706.2	1,565.7	

\* Please refer to footnote 1 in Annex 19

.. Data not available.

Source: Management Information System, Five-Year Lending Program

**ANNEX 21**  
**FY94 URBAN PIPELINE PROJECTS**  
(US\$ million)

	PROJECT NAME	STATUS	IBRD	IDA	TOTAL LOAN/ CREDIT	TOTAL PROJECT COST
<b>AFRICA</b>						
Burkina Faso	Urban Environment	R		40.0	40.0	40.0
Cameroon	Urban Mgmt Improvement		40.0		40.0	..
Chad	Urban/Water	R		20.0	20.0	40.0
Ghana	Urban III	L		48.0	48.0	58.0
Guinea	Urban Environment Sani			30.2	30.2	..
Cote d'Ivoire	Urban IV	R	100.0		100.0	131.3
Madagascar	Urban II			70.7	70.7	..
Namibia	Low Cost Housing	R	10.0		10.0	..
Nigeria	Environment (Lagos)	R	140.0		140.0	300.0
Rwanda	Communal Development	L		30.0	30.0	40.0
Senegal	Urban IV	L		20.0	20.0	59.0
Swaziland	Urban I	L	18.0		18.0	50.0
	<b>TOTAL</b>		<b>308.0</b>	<b>258.9</b>	<b>566.9</b>	
<b>ASIA</b>						
China	Shanghai Environment	L		100.0	100.0	200.0
China	Liaoning Environment	S		100.0	100.0	200.0
China	Housing Reform	L	300.0		300.0	600.0
India	M.P. Urban II	L	150.0	50.0	200.0	125.0
Indonesia	Large Cities Urban Development	L	130.0		130.0	200.0
Indonesia	Kalimantan UDP	95S	50.0		50.0	..
Kampuchea	Infrastructure Rehabilitation	95S		40.0	40.0	..
Kampuchea	Urban			25.0	25.0	..
Myanmar	Infrastructure Development	94S		30.0		
PNG	Urban Infrastructure and Was.		20.0		20.0	..
	<b>TOTAL</b>		<b>650.0</b>	<b>345.0</b>	<b>965.0</b>	

continued

**ANNEX 21**  
**FY94 URBAN PIPELINE PROJECTS**  
**(US\$ million)**

continued

PROJECT NAME		STATUS	IBRD	IDA	TOTAL LOAN/ CREDIT	TOTAL PROJECT COST
<b>EMENA</b>						
Algeria	Local Govt. Devp. Proj.	S	100.0		100.0	..
Czechoslovakia	Municipal and Housing	S	150.0		150.0	..
Egypt	Municipal Management		100.0	29.3	129.3	..
Morocco	Housing II		100.0		100.0	..
Poland	Housing II	95S	100.0		100.0	..
<b>TOTAL</b>			<b>550.0</b>	<b>29.3</b>	<b>579.3</b>	
<b>LAC</b>						
Bolivia	Municipal Development	L		19.9	19.9	20.5
Brazil	NE Municipal Development II	R	150.0		150.0	350.0
Chile	Environ/Contam & Nat. Res.		150.0		150.0	..
Columbia	Housing/Hsg Finance		150.0		150.0	..
Honduras	Municipal Devt. II			37.0	37.0	..
Mexico	Low Inc. Housing (Fonap		400.0		400.0	..
Uruguay	Montevideo Mun. Dev.		25.0		25.0	..
<b>TOTAL</b>			<b>875.0</b>	<b>56.9</b>	<b>931.9</b>	
<b>GRAND TOTAL</b>			<b>2,383.0</b>	<b>690.1</b>	<b>3,043.1</b>	

.. Data not available.

Source: Management Information System, Five-Year Lending Program.

ANNEX 22  
**FY95 URBAN PIPELINE PROJECTS**  
 (US\$ million)

	PROJECT NAME	STATUS	IBRD	IDA	TOTAL LOAN/ CREDIT	TOTAL PROJECT COST
<b>AFRICA</b>						
Mali	Urban III			30.2	30.2	..
Mozambique	Rural Roads Infrastructure			30.2	30.2	..
Seychelles	Housing and Land		5.0		5.0	20.0
Tanzania	Gas I			40.0	40.0	..
	<b>TOTAL</b>		5.0	100.4	105.4	
<b>ASIA</b>						
Bangladesh	Metropolitan Development			60.0	60.0	
India	Kerala Urban			100.0	100.0	..
India	National Shelter		55.0	70.0	125.0	..
India	HDFC II		150.0		150.0	..
Indonesia	Urban Sector III		150.0		150.0	..
Indonesia	Jabotabek IV		200.0		200.0	..
Phillipines	Manila Urban Transport	95S	120.0			
Phillipines	Metro. Manila Solid Waste	95S	80.0			
Thailand	Bangkok Regional Transport	95S	100.0			
Viet Nam	Municipal Dev.	L		75.0	75.0	..
	<b>TOTAL</b>		855.0	305.0	860.0	
<b>EMENA</b>						
Hungary	Housing/Cadastre	95S	80.0		80.0	..
	<b>TOTAL</b>		80.0	0.0	80.0	
<b>LAC</b>						
Argentina	Provincial Devt. II		250.0		250.0	..
Chile	Housing III		100.0		100.0	..
Ecuador	Municipal Devt. II		60.0		60.0	..
Ecuador	Housing III		50.0		50.0	..
	<b>TOTAL</b>		460.0	0.0	460.0	
<b>GRAND TOTAL</b>			1,400.0	405.4	1,505.4	

.. Data not available.

Source: Management Information System, Five-Year Lending Program

**ANNEX 23**  
**FY96 URBAN PIPELINE PROJECTS**  
**(US\$ million)**

	PROJECT NAME	STATUS	IBRD	IDA	TOTAL LOAN/ CREDIT	TOTAL PROJECT COST
<b>AFRICA</b>						
	Angola	Infrastructure	40.0		40.0	
	Burundi	Communal Development		19.8	19.8	
	Ethiopia	Market Towns II		40.0	40.0	..
	Kenya	Municipal Finance		55.0	55.0	..
	Mauritius	Infrastructure	10.0		10.0	..
	Zaire	Urban II		40.2	40.2	
	<b>TOTAL</b>		10.0	95.0	105.0	
<b>ASIA</b>						
	China	Environment IV		100.0	100.0	200.0
	China	Provincial Urban Mgmt.		140.0	140.0	280.0
	India	Maharashtra Urban & Wa	100.0	100.0	200.0	..
	<b>TOTAL</b>		100.0	340.0	440.0	
<b>EMENA</b>						
	Turkey	Med. Size Cities	150.0		150.0	..
	Tunisia	Municipal II	80.0			
	Yemen	Integrated Reconstruction	50.0		50.0	..
	<b>TOTAL</b>		280.0	0.0	200.0	
<b>LAC</b>						
	Brazil	Urban II	250.0		250.0	..
	Chile	Urban Street	75.0		75.0	..
	Jamaica	Housing Sector	30.0		30.0	..
	Mexico	Solid Waste II	150.0		150.0	..
	Mexico	Air Pollution II	150.0		150.0	..
	Mexico	Fed District Urbn Impr	250.0		250.0	..
	<b>TOTAL</b>		905.0	0.0	905.0	
<b>GRAND TOTAL</b>			1,295.0	435.0	1,650.0	

.. Data not available.

Source: Management Information System, Five-5 Year Lending Program.

ANNEX 24  
FY92 URBAN SECTOR WORK PROGRAM PIPELINE

Country	Name	Project ID	Status	Date	Thru		
					FY90	FY91	TOTAL
					(sw)	(sw)	(sw)
<b>AFRICA</b>							
Burundi	Communal Development	3BUI SR045	..	..	0	0	0
South Africa	Urban Sector	3SOUSR001	..	..	0	28.7	28.7
Uganda	Restruc. Dist. Mgt.	3UANSR037	Green	06/30/92	0	0.4	0.4
<b>ASIA</b>							
Region	Urban Overview	4ASISR065	Yellow	04/30/92	0	24.6	24.6
China	Urban Land Management	4CHASR111	Green	06/30/92	0	120.0	120.0
China	Comp. Effic-Ind	4CHASR113	Yellow	06/30/92	0	0	0
China	Three Cities	4CHASR120	White	11/28/91	0	0	0
China	Urban Land Management	4CHASR114	..	..	..	..	..
Philippines	Decentralization	4PHLSR043	Yellow	08/16/91	54.3	2.8	57.1
Philippines	Infrastructure Assessment S.	4PHLSR055	Green	06/01/92	0	0	0
Nepal	Infrastrc. in the Dev. Process	4NEPSR035	Gray	06/30/92			
<b>EMENA</b>							
Region	Local Govt Transition	5EMNSR073	White	05/15/92	1	33.3	34.3
Region	Property Rights	5EMNSR085	White	06/15/92	0	0	0
Algeria	Housing Sector	5ALGSR035	Yellow	10/31/91	3.9	17.9	21.8
Pakistan	Urban Environment	5PAKSR086	White	07/31/91	1	3.9	4.9
Poland	Municipal	5POLSR052	Green	01/15/92	0	0	0
<b>LAC</b>							
Region	Fiscal Decentr in LAC	6LCNSR077	Yellow	05/31/92	0	16.4	16.4
Region	Housing Strategy	6LCNSR092	White	11/22/92	0	7.4	7.4
Bolivia	Low Income Housing	6BOLSR036	Grey	12/15/91	0	4	4
Brazil	Mun. Sector Reform	6BRASR080	Green	11/29/91	5.8	57.5	63.3
Chile	Municipal Finance	6CHLSR038	Green	05/25/92	0.2	16	16.2
Costa Rica	Pub Sctr Ref Decentr	6COSSR024	..	..	..	..	..
Guyana	Infra Sctr Rev	6GUYSR007	White	06/15/92	..	..	..
Mexico	Decentraliz./Urban Mgmt.	6MXCSR072	Grey	07/08/91	40.2	2.1	42.3
Peru	Dectrn/Fin. Mgmt.	6PERSR051	White	07/15/91	0	7.9	7.9
Uruguay	Housing Sector Note	6URUSR023	Green	08/15/91	0	8.9	8.9
<b>TOTAL</b>					<b>106.4</b>	<b>351.8</b>	<b>458.2</b>

.. Data not available.

Source: Management Information System.

ANNEX 25  
FY93 URBAN SECTOR WORK PROGRAM PIPELINE

Country	Name	Project ID	Status	Date	Thru		
					FY90 (sw)	FY91 (sw)	TOTAL (sw)
<b>AFRICA</b>							
Region	Municipal Dev. Prg.	3AFRSR173	Green	06/01/93	0	45.5	45.5
Region	Shelter & Land Policy	3AFRSR227	Yellow	06/30/93	0	0	0
Congo	Urban Sector	..	..	..	..	..	..
Cote d'Ivoire	Urban Sector	3IVCSR038	Green	04/15/93	0	0	0
Ghana	Local Government	3GHA/SR047	Green	01/26/93	0	0	0
Lesotho	Local Govt. Review	3LESRR017	White	10/15/92	0	0	0
Nigeria	Housing Policy Dev.	3NIRSR086	White	03/30/93	20.9	0	20.9
Nigeria	Private Sector Infra.	3NIRSR113	Grey	02/11/93	0	0	0
Seychelles	Housing Management	3SEYSR006	Green	07/01/92	0	0	0
Zaire	Regional Development	3ZAI/SR043	Yellow	07/20/92	0	0	0
Zimbabwe	Econ. Infrastructure	3ZIMSR046	Green	09/01/92	0	0	0
<b>ASIA</b>							
Bangladesh	Inf & Urb & Reg Dev.	4BANSR112	Grey	09/15/92	0	0.4	0.4
China	China Land Issues	4CHASR083	Grey	06/15/93	27.1	6	33.1
India	Urban Sector Review	4INDSR186	..	..	..	..	..
Indonesia	Local Govt Dev.	4INSSR105	Green	04/01/93	0	1.8	1.8
Indonesia	Delivery Basic Services	4INSSR071	Green	03/15/93	0	0	0
Indonesia	Environ. Manage. Review	4INSSR114	Grey	11/02/92	0	1.4	1.4
Myanmar	Transport Sector Brief	4BUASR013		06/30/93			
Sri Lanka	Infra: A Dev. Strategy	4SRISR059	Grey	10/15/92	0	1.2	1.2
Vietnam	Construction Sector	4VNDM/SR005	Green	06/30/93	0	3.8	3.8

continued

ANNEX 25  
FY93 URBAN SECTOR WORK PROGRAM PIPELINE

continued

Country	Name	Project ID	Status	Date	Thru		
					FY90	FY91	TOTAL
					(sw)	(sw)	(sw)
<b>EMENA</b>							
Egypt	Urban Sector Strategy	5EGTSR059	Green	08/31/92	0	7.6	7.6
Pakistan	Urban Sector	5PAKSR092	White	03/01/93	0	0	0
Tunisia	Land Res. Management	5TUNSR046	Green	12/01/92	0	2.7	2.7
Tunisia	Greater Tunis Institutions		White				
Turkey	Housing Sector Strategy	5TURSR078	White	03/01/93	0	0	0
<b>LAC</b>							
Region	Poverty & Income Dis.	6LCNSR073	Yellow	03/30/93	14	23.5	37.5
Mexico	Environ. Strategy Paper	6MXCSR120	Green	07/01/92	0	3.8	3.8
Mexico	Intermed. Cities Infr.	6MXCSR069	White	01/15/93	1.7	0.3	2
Mexico	Urban Sector Strategy	6MXCSR122	Green	07/01/92	0	0	0
Paraguay	Poverty Study	6PARSR021	Grey	10/15/92	0	0	0
Venezuela	Decent. Fin. Dereg.	6VENSRO25	Grey	11/30/92	0	0	0
<b>TOTAL</b>					<b>63.7</b>	<b>98</b>	<b>161.7</b>

.. Data not available.

Source: Management Information System.

**ANNEX 26**  
**FY94 URBAN SECTOR WORK PROGRAM PIPELINE**

Country	Name	Project ID	Status	Date	Thru		TOTAL
					FY90	FY91	
					(sw)	(sw)	(sw)
<b>AFRICA</b>							
Region	SADCC Interbasin	3AFRSR230	..	..	..	..	..
Cameroon	Urban Sector	3CAMSR044	Green	01/15/94	0	0	0
Mozambique	Housing	3MOZSR028	..	..	..	..	..
South Africa	Land Policy	3SOUSR004	White	07/01/93	0	0	0
<b>ASIA</b>							
Bangladesh	Metrop. Dev. Issues	4BANSR110	Grey	06/15/94	0	0.2	0.2
China	Construction Industry St.	4CHASR091	White	06/30/94	33.7	0	33.7
India	Bombay Urban Review	4INDSR177	Green	10/01/93	0	0	0
Pacific Is.	Environ. Manage. Review	4PISSR015	Grey	10/07/93	0	0	0
Papua New G.	Environ. Manage. Review	4PAPSR027	Grey	11/07/93	0	0	0
<b>EMENA</b>							
Czechoslovakia	Environment Review	5CZKSR007	Green	06/25/94	0	0	0
Hungary	Env. Issues Papers	5HUNSR049	Green	05/30/94	0	1	1
<b>LAC</b>							
Ecuador	Social Sector Review	6ECUSR037	Green	10/15/93	0	0	0
Paraguay	Social Sector Study	6PARSR022	Grey	10/15/93	0.5	0	0.5
<b>TOTAL</b>					<b>34.2</b>	<b>1.2</b>	<b>35.4</b>

.. Data not available

Source: Management Information System.

**ANNEX 27**  
**FY95 URBAN SECTOR WORK PROGRAM PIPELINE**

Country	Name	Project ID	Status	Date	Thru		TOTAL
					FY90	FY91	
					(sw)	(sw)	(sw)
<b>EMENA</b>							
Pakistan	Const. Adapt. New Tech	5PAKSR085	..	..	0	0	0

Source: Management Information System.