

# FY2021 Annual Report

## Sustainable Urban and Regional Development Umbrella Program (SURGE)



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### **ACKNOWLEDGMENTS**

This Annual Report, covering the fiscal year ending June 30, 2021, was prepared by members of the SURGE Program Management Team: Horacio Terraza, Matthijs Schuring, Macha Kemperman and Maria Camila Quintero. In addition, contributions were made by several Bank staff and consultants. PH3 Estudio was the graphic designer and Cheryl Toksoz provided editing support.

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00

CONTENTS

01.	<a href="#">Acronyms and Abbreviations</a>	06
02.	<a href="#">Foreword</a>	08
03.	<a href="#">Executive Summary</a>	10
04.	<a href="#">Introduction</a>	12
05.	<a href="#">SURGE Umbrella Anchor Multi-Donor Trust Fund</a>	14
06.	<a href="#">Strengthening Urban Cadasters for Urban Governance in Peru</a>	28.
07.	<a href="#">Bolivia Urban Resilience Technical Assistance Program</a>	34
08.	<a href="#">Strengthening Sustainable and Resilient Urban Development in Serbia</a>	40
09.	<a href="#">Urban MDTF for South Africa</a>	46
10.	<a href="#">Summary of Progress by Pillar of Results Framework</a>	52
11.	<a href="#">Financial Overview</a>	60
12.	<a href="#">Looking ahead</a>	64
13.	<a href="#">Annexes</a>	68



# 01

## ACRONYMS AND ABBREVIATIONS

<b>BRT</b>	Bus Rapid Transit
<b>CIDMS</b>	Cities Infrastructure Delivery & Management System
<b>CMU</b>	Country Management Unit
<b>COFOPRI</b>	Agency for the Formalization of Informal Property (Peru)
<b>CSP</b>	Cities Support Program
<b>DRM</b>	Disaster Risk Management
<b>EAP</b>	East Asia and Pacific
<b>ECA</b>	Europe and Central Asia
<b>EoI</b>	Expression of interest
<b>FDI</b>	Foreign Direct Investment
<b>FY21</b>	Fiscal Year 2021
<b>FY22</b>	Fiscal Year 2022
<b>GAM</b>	Greater Area Metropolitan
<b>GDP</b>	Gross Domestic Product
<b>GFDRR</b>	Global Facility for Disaster Reduction and Recovery
<b>GIF</b>	Global Infrastructure Facility
<b>GoB</b>	Government of Bolivia
<b>GPURL</b>	Urban, Disaster Risk Management, Resilience, and Land Global Practice (of the World Bank)
<b>GRID</b>	Green, Resilient Inclusive Development
<b>IFC</b>	International Finance Corporation
<b>IT</b>	Information Technology
<b>IUDF</b>	South Africa's Integrated Urban Development Framework
<b>KTMV</b>	The Kathmandu Valley
<b>LAC</b>	Latin America and the Caribbean
<b>LADM</b>	Land Administration Domain Model
<b>LSG</b>	Local Self Governments
<b>LVC</b>	Land Value Capture
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDTF</b>	Multi-Donor Trust Fund
<b>MEF</b>	Ministry of Economy and Finance
<b>MENA</b>	Middle East and North Africa
<b>MIVAH</b>	Ministry of Housing and Human Settlement (Costa Rica)
<b>MVCS</b>	Ministry of Housing, Construction, and Sanitation (Peru)
<b>NT</b>	National Treasury
<b>OSR</b>	Own Source Revenues
<b>PMA</b>	Program Management and Administration
<b>PNDIC</b>	National Cities Policy (Bolivia)
<b>PPP</b>	Public-Private Partnership
<b>PV</b>	Photovoltaic
<b>RAS</b>	Reimbursable Advisory Services
<b>RiST</b>	Risk Stress Tool
<b>SC</b>	South Corridor
<b>SCGE</b>	Spatial Computerized General Equilibrium
<b>SECO</b>	Swiss State Secretariat for Economic Affairs
<b>SWM</b>	Solid Waste Management
<b>SUDS</b>	Sustainable Urban Development Strategy (Serbia)
<b>SURGE</b>	Sustainable Urban & Regional Development Umbrella Program
<b>TA</b>	Technical Assistance
<b>TF</b>	Trust Fund
<b>VIDECI</b>	Vice ministry of Civil Defense (Bolivia)
<b>WB</b>	World Bank
<b>WBG</b>	World Bank Group
<b>WSS</b>	Water Supply and Sanitation



# 02

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**FOREWORD**

**Sameh Wahba**  
Global Director  
Urban, Disaster Risk  
Management,  
Resilience and Land  
Global Practice

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The outbreak of COVID-19 has dramatically changed people’s lives. Its impact stretches far beyond immediate health consequences as it led to massive job losses, disrupted education for 1.6 billion children, and reversed decades of progress in reducing poverty. Urban areas are the epicenters of the pandemic. In the meantime, people keep moving to cities, the climate continues to change, inequality is widespread, and violent conflict has spiked.

The interlinked crises show more than ever the need to focus on Green, Resilient, and Inclusive Development—the GRID approach. With two-thirds of the world’s population living in urban areas by 2050 and 80 percent of global GDP generated in cities, it is clear that cities and surrounding regions have a major role to play in building a GRID future, one that enhances resilience and prosperity for all.

In response, the World Bank launched the Sustainable Urban & Regional Development (SURGE) Umbrella Program in August 2020 to help cities and regions in developing countries to function as drivers of sustainable and inclusive economic development. This new program— supported by the Government of Switzerland’s State Secretariat for Economic Affairs (SECO)—places externally funded urban development activities under a single umbrella to increase efficiency, quality, and scale.

During SURGE’s first year, colleagues worked hard to operationalize the program. It is my great pleasure to now present this first Annual Report which illustrates that SURGE already plays an integral role in the urban development sphere, both inside and outside the World Bank.

I want to thank SECO for its pioneering support in making SURGE a reality. We share a drive and passion for building inclusive and resilient communities and I look forward to continuing our partnership.

Over the next year, we plan to both deepen and widen SURGE’s impact. To grow the program, I will personally call on developing partners to join our efforts. To deepen and solidify results on the ground, teams will engage closely with governments to assure that the knowledge produced will trigger local action and inform policy changes and investment decisions. Together we can recover better.



03

EXECUTIVE  
SUMMARY

The Sustainable Urban and Regional Development (SURGE) Program is a partnership between the World Bank and the Swiss State Secretariat for Economic Affairs (SECO) aimed at enabling cities and regions in developing countries to function as drivers of sustainable and inclusive economic development.

SURGE was established in 2020 and is administered by the World Bank's Urban, Disaster Risk Management, Resilience, and Land Global Practice (GPURL). It comprises five trust funds: the anchor Trust Fund supporting sustainable urban and regional development globally and four associated country trust funds focusing on Bolivia, Peru, Serbia, and South Africa. SURGE's combined pledged budget stands at close to US\$30 million, of which US\$17 million has been received, US\$12 million approved for activities, and US\$4.3 million disbursed or committed.

In FY21 (July 2020 to June 2021), its first year of operation, SURGE grant activities were challenged by restrictions related to the COVID-19 pandemic. This slightly affected the timelines of some activities, as teams adjusted their data gathering processes and moved engagements with stakeholders and clients online.

## DELIVERABLES

One key deliverable for the SURGE Umbrella Anchor Multi-Donor Trust Fund (MDTF) is the global study on drivers of city growth (From Pancakes to Pyramids: City Form to Promote Sustainable Growth). Furthermore, a series of contributions has been made to ongoing diagnostics on challenges and priority investments for sustainable urbanization in Angola, Costa Rica, Madagascar, Nepal, Nigeria, the Philippines, Uzbekistan, and the Middle East and North Africa region.

The Urban MDTF for South Africa delivered improved turnaround times for electronic Rates Clearance Certificates (for property registration) and for e-permitting (construction permits). The program also produced draft sections on revenues and expenditures for an intergovernmental fiscal review, as well as draft resilience rating methodology for appraisal guidelines. A draft report has been completed on spatialized economic data to help inform city planning and investments. Furthermore, a selection process has been completed for the delivery of project preparation support to eight resilient

public-private partnership (PPP) and land value capture (LVC) projects to receive project preparation support.

The program Strengthening Urban Cadasters for Urban Governance in Peru Trust Fund has been working on its legal and institutional diagnosis of the governing capacities of Peru's leading agency on urban cadasters. An initial roadmap for strengthening the capacities of Peru's leading agency on urban cadasters was completed, as well as a preliminary analysis of the regulations determining unit values of land and buildings.

SURGE country programs in Bolivia and Serbia have only recently been established, but already prepared their delivery system, which will allow them to report results next fiscal year.

## LOOKING AHEAD

In fiscal year 2022, the SURGE program management team plans to engage in fundraising and dissemination efforts to grow SURGE's impact. The SURGE's anchor trust fund will focus its support on building the capacity of cities to go from problem identification to strategy development, and finally to operationalization. The associated trust fund in Peru plans to assist the Peruvian government in the development of a Land Administration Domain Model. The team will also work with government authorities and stakeholders on land management and LVC instruments. In fiscal year 2022 (FY22), the SURGE's associated Serbia program will help assess and diagnose urban development needs and gaps for up to 10 cities and perform a deep-dive analysis on municipal solid waste management. As the Urban MDTF for South Africa moves into FY22, its work on climate resilient asset management will progress. The team will also work on Cities Infrastructure Development Management Systems and strengthening metropolitan municipalities' capacities. Furthermore, the team will focus on creating spatialized economic data and institutionalizing change management. The Bolivia Program plans to strengthen the capacities of Santa Cruz and La Paz to engage with citizens and manage flood risks. The program will also help develop Municipal Climate Action Plans and review municipal budgets for resilience. At the national level, the program will help promote and operationalize a national framework for urban resilience.



**04**

◆  
**INTRODUCTION**

**Cities are on the frontlines of combating multiple crises.** The COVID-19 pandemic, climate change impacts, natural disasters, economic downturns, and violent crimes all concentrate in urban areas. At the same time, cities are the world’s economic powerhouses, offering individuals opportunities to achieve greater wellbeing. As people hope to find better lives in cities, the world is facing mass migratory flows to cities.

The World Bank’s **Urban, Disaster Risk Management, Resilience, and Land Global Practice (GPURL) helps governments in developing countries build inclusive, resilient, and sustainable cities, villages, and communities.** It works closely with both clients and developing partners. To do so more efficiently, the practice created a central instrument in 2020 for all donor-funded activities related to regional and urban development: the Sustainable Urban & Regional Development (SURGE) Umbrella Program.

**SURGE’s overarching development objective is to enable cities and regions in developing countries to function as drivers of sustainable and inclusive economic development.** The umbrella program consolidates multiple urban global and country programs and helps align donor funds and GPURL’s strategic priorities. It currently comprises five trust fund programs supported by the Government of Switzerland’s State Secretariat for Economic Affairs (SECO): the anchor trust fund supporting sustainable urban and regional development globally and four associated country trust funds focusing on Peru, Bolivia, Serbia, and South Africa. Its combined budget stands at close to US\$30 million with all trust funds actively disbursing. Early SURGE results already show the umbrella program helps create global and local knowledge to guide client governments and stakeholders in their urban policy and investment decision-making.

**The SURGE umbrella has five thematic pillars that are aligned with the GPURL Urban Strategy** and the Global Solutions Groups that have proven effective vehicles to channel operational and technical support to World Bank teams and clients. The pillars, shown in Box A, bundle the activities of technical teams to spur innovation and improve technical and policy advice along sectoral lines and issues areas, while leaving enough flexibility to respond to emerging challenges and new issue areas.

BOX A: The Five SURGE Pillars	
Pillar 1	
<b>City Management, Governance, and Financing</b>	— strengthen the financial and institutional dimensions of urban and regional development and management in developing countries.
Pillar 2	
<b>Territorial and Spatial Development</b>	— support the adoption of the spatial and territorial dimension to spur local and regional development and growth.
Pillar 3	
<b>Sustainable and Climate-Smart Cities</b>	— promote innovation and technical excellence in the urban and regional development agenda and promote low-carbon, climate-smart urban and regional development.
Pillar 4	
<b>Urban Poverty and Housing</b>	— foster more inclusive urban areas to address urban poverty and housing issues related to urban poverty, slum upgrading, low-cost housing, resilient housing, and solutions for addressing the increasingly urgent issues of migration and forced displacement in urban centers.
Pillar 5	
<b>Urban and Regional Resilience</b>	— increase urban and regional resilience in developing countries by strengthening disaster risk management in cities, enabling resilient recoveries after disasters, increasing understanding of climate risks, and supporting resilient investments.

**This annual report presents SURGE progress during the first 20 months of operation, from inception up to June 30, 2021.** The report is structured around the individual trust funds it encompasses (chapters 5 to 9), its overarching results framework (chapter 10), the financial overview (chapter 11), and a forward look (chapter 12).

An aerial photograph of a city street lined with tall, multi-story apartment buildings. The buildings have balconies and are illuminated by the warm light of the setting or rising sun. A white rectangular text box is centered over the middle of the image. The background shows a clear sky and some greenery on the left side of the street.

**05**

◆

**SURGE  
Umbrella Anchor  
Multi-Donor Trust  
Fund**

**SURGE leverages years of experience and lessons from partnership programs in the urban development sphere.** Its anchor Multi-Donor Trust Fund (MDTF) is the restructured Phase II Sustainable Urban Development MDTF (SUD II), a Swiss State Secretariat for Economic Affairs (SECO)-funded program built on the successes and lessons from a previous phase (SUD I). The program benefitted from years of experience in supporting diagnostic and analytical work on both global and national urbanization trends, as well as from an independent program evaluation in 2016. The lessons informed SUD II's workplan to continue diagnostic work on urban development with a strengthened focus on cities and metropolitan areas, with special emphasis on strengthening the capacity of cities to operationalize the diagnostic results and technical recommendations.

**The SUD II workplan, lessons, and ongoing activities were all brought forward into the SURGE Anchor MDTF (under Pillar 2—Territorial and Spatial Development).** Consequently, the anchor MDTF already supports 9 city engagements and one regional activity (these relate to the legacy SUD II components 1 and 2 - the diagnostic sub-national urbanization reviews (component 1<sup>1</sup>) and the subsequent technical assistance in the same city or

urban area (component 2<sup>2</sup>), and two global studies (under the legacy SUD II component 3<sup>3</sup> - Technical Deep Dives) in fiscal year 2021 (FY21). Most activities focus on delivering diagnostics to identify the key challenges cities face and their priority investments for sustainable urbanization (i.e., legacy SUD II component 1, or Phase 1 of activities in a city). As the city engagements complete their upstream data and diagnostics work—also referred to as urbanization reviews—they will move in fiscal year 2022 (FY22) to building cities' knowledge and capacity to identify investment projects that aim to deliver dynamic, inclusive, and sustainable cities (i.e., legacy SUD II component 2, or Phase 2 of activities). A status update on each activity is presented below, organized by region. Chapter 10 summarizes results of the activities following the structure of the SURGE results framework. A status update and scores of relevant results indicators are discussed in that section. The SURGE's results framework was partly informed by SUD II's results framework. All activities contribute to achieving the SURGE objective, which also became the anchor MDTF's development objective: to enable cities and regions in developing countries to function as drivers of sustainable and inclusive economic development.



<sup>1</sup> Original title of legacy SUD II component 1: Examining Sub-national urban development from a national perspective.

<sup>2</sup> Original title of legacy SUD II component 2: A “value chain” approach to support urban development.

<sup>3</sup> Original title of legacy SUD II component 3: Frontier policy Issues in urban development.

## AFRICA

**Cities in Africa are experiencing skyrocketing population growth.** Governments are struggling to keep up with the rapid expansion as many lack necessary planning capacities and sufficient municipal resources. This has resulted in large scale housing shortages and millions of urban dwellers living in informal settlements without access to basic services, transport, energy, and the jobs they need. These informal settlements are also more vulnerable to natural hazards and face a high prevalence of COVID-19 cases.

**In response, the SURGE umbrella is supporting local and federal governments in Africa to strengthen their urban planning and investment skills.** Several teams are undertaking urbanization reviews to help governments identify priority reforms and investments to make cities more inclusive, resilient, and competitive. The reviews are followed-up by more hands-on support to strengthen local capacity and support the implementation of investment plans.

**The SURGE-supported team working on Angola's urbanization review has conducted data collection and analysis and has consulted stakeholders.** Angola's cities face major unemployment, poverty, and inequality challenges. Its urban population keeps growing and is expected to reach 61 million by 2050.<sup>4</sup> Recent changes in government policies provide an opportunity to set Angola's urban development on an inclusive and resilient development path. As of June 30, 2021, the team working on the urbanization review prepared technical background notes on urban growth patterns and challenges, as well as on urban resilience. Special topics of interest that emerged from data analysis and consultations include slum upgrading, solid waste management, infrastructure planning, informal neighborhoods, urban flooding, and climate change adaptation. A note on municipal finance is currently under development. The notes and data analysis will feed into the final urbanization review report which will be delivered in FY2022. Key counterparts in Angola will validate and discuss the findings. This will also be important for the second phase of the SURGE-supported work in Angola. In this second phase, the team will provide technical assistance and capacity building support to the Government of Angola to further advance the policy reforms and investment interventions prioritized in the upcoming review.

**SURGE is also supporting Madagascar to reap further benefits of urbanization.** By 2050, Madagascar is expected to have tripled its urban population within 30 years.<sup>5</sup> This fast pace of urbanization has put tremendous pressure on the infrastructure and services in Malagasy cities, as investments have not kept pace with the changing realities. The SURGE project helps the Malagasy government to identify priority interventions for increasing the benefits of urbanization and to enhance social inclusion. An urbanization review was launched in February 2021 and is expected to be finalized in October 2021. The team working on the review consulted many stakeholders, including sectoral ministries, donors, mayors, and nongovernmental organizations (NGOs). The review leverages the World Bank Planning, Connecting, and Financing Cities Framework, streamlining resilience throughout diagnostic work. A typology of Malagasy towns has been developed based on 48 representative cities. The final report will offer a menu of policy options and investment priorities that are expected to be fiscally and politically feasible. Following the review, technical studies and capacity building efforts will help the government advance prioritized interventions.

**The "Lagos Platform for Development" provides just-in-time technical assistance as well as long-term multisectoral strategic advice to the State Government of Lagos.** Lagos State is a megacity region in Nigeria, hosting about 27 million people. Two-thirds of Lagos residents live in slums, and the city is one of the most congested in the world. The State Government of Lagos reached out to the World Bank to help address some of the key development challenges. With SURGE support, the "Lagos Platform for Development" was established. A systematic multisector analytical review of the Lagos City region is expected to be completed within the next few months. This multisector effort is being funded by SECO and additional donors like PROBLUE, potentially the GAP fund (under the approval process), or World Bank budget. Sectors under assessment include water and sanitation, transport, urban, energy, and solid waste management.

**In parallel, with additional funding provided by the energy sector, the energy team is exploring how to unlock the market for distributed solar photovoltaic (PV) in Lagos State without distorting the national and state's electricity markets.**

<sup>4</sup>Source: UN DESA. World Urbanization Prospects: The 2018 Revision.  
<sup>5</sup> World Urbanization Prospects 2018.

Furthermore, on-demand technical assistance on bankable projects is being delivered. This resulted in the identification of 37 urban resilience-building actions that have a path to bankability. Bankable projects identified in the transport sector are valued at more than US\$7 billion and range from bus rapid transit (BRT) corridors, interstate bus terminals, water transport, light rail transit development, and cable cars. The team plans to pilot the development of some of the bankable projects with the Lagos State Government.

**In partnership with the International Finance Corporation (IFC) and financed by PROBLUE, a solid waste management sector assessment with a special focus on plastics for the Lagos region is also underway as part of the “Lagos Platform for Development.”** The activity involves five government entities and aims to reduce marine plastic pollution and promote sustainable plastic management (reduce, reuse, recycle).

## EAST ASIA AND PACIFIC

**Urbanization in the East Asia and Pacific (EAP) region has created enormous opportunities for many.** The EAP region stands out for its impressive rate of poverty reduction over the past two decades, with much of it occurring in cities (World Development Indicators 2016).<sup>6</sup> Rapid growth in cities, however, can create challenges. It is often difficult for cities to keep up with the growing needs of their citizens, and a lack of planning and investments in physical infrastructure, housing, and transportation invariably results in congestion, pollution, and widening inequalities for urban dwellers. Urban inequality can undermine urbanization’s benefits by threatening the sustainability of the growth process and slowing poverty reduction, and it can lead to social divisions, conflict, and rising crime and violence in cities.

### TACKLING TERRITORIAL INEQUALITIES

**The Philippines has experienced explosive urban population growth in the last five decades.** More than 60 percent of its population lives in urban areas and Philippine cities are engines of economic growth, sharing about 80 percent of the country’s gross domestic product (GDP). There is, however, a wide gap in economic development between Metro Manila and secondary cities in the region. To boost urbanization benefits and support addressing territorial inequalities in the Philippines, SURGE is currently supporting advisory assistance to five secondary cities in formulating development strategies. These will guide the selected cities in pursuing sustainable and inclusive growth and competitiveness as part of the COVID-19 Economic Recovery Program. Particularly, the work helps formulate development strategies that follow green and resilience planning principles.

**Assessment workshops have been completed in all five cities.** These workshops aimed to help characterize the economic drivers for growth, development vision and strategies, development opportunities, challenges and constraints, spatial development, and urban character for each participating city from the green and resilience perspective. The virtual workshops used the charrette methodology to undertake deep-dive discussions into the key actions and recommendations that the cities will use in identifying catalytic investments, including an options analysis for implementation. The Assessment Studies Report resulting from the workshops is currently being finalized.

**One of the highlighted workshops has been a virtual knowledge-sharing workshop which was conducted to set the stage for the implementation of technical assistance and to orient the participating cities with international best practices on green and resilience design principles.** Experts from the team presented the best practices and approaches from other countries which could serve as inspiration for the cities. Assessment workshops and follow-up meetings with all participating cities were completed. A diagnostic tool was used to help the cities in identifying existing challenges and capabilities to enable green and resilient development; determining strengths and opportunities; and identifying gaps and areas for improvements. The assessment process helped the cities understand and prioritize development issues and challenges; and facilitated the visioning process for greener and more resilient cities. This engagement process is also feeding into the city’s own planning processes like comprehensive land-use, master planning, and investment prioritization at the local level.

<sup>6</sup>East Asia and Pacific Urban Review

**Vietnam is an example of an EAP country that has had high urbanization growth in some of its regions that has brought economic growth and development.** For planning purposes, the country was divided into six socioeconomic regions. The Southeast region is the most urbanized region and is economically the most vibrant and important region, responsible for the lion's share of Vietnam's growth and development. The region is typically called the "workshop" of Vietnam and has been the main destination of the country's foreign direct investment (FDI) in the past decades, which has been one of the most important drivers of Vietnam's growth. Consequently, the region has the highest per capita GDP in Vietnam. However, despite its importance in contributing to Vietnam's socioeconomic development, there have been concerning signs of "slow-downs" in the Southeast region because of inefficiency in resource allocation. This has led to a weak integration of labor market and production linkages, due to an inadequate level of investment as well as weak regional and sectoral

coordination of the planning and development of infrastructure, housing, and land.

**Currently, SURGE is supporting the creation of a multisectoral strategy for Vietnam to address urbanization challenges and help the Southeast region reach its growth potential.** One of the action lines directly follows from the recently completed (2020) urbanization review for Vietnam (Vietnam's Urbanization at a Crossroads: Embarking on an Efficient, Inclusive, and Resilient Pathway), that identifies the lack of regional integration and coordination between the municipalities as one of the most constraining growth factors in the Southeast region. To reach its growth potential, the Southeast region must improve its regional integration and increase its investments in infrastructure and service delivery. As such, this work's primary aim will be to engage in upstream analysis and consultations to identify regional coordination mechanisms and find an initial action/investment plan for key infrastructure in the Southeast region to be further supported by the World Bank.

## EUROPE AND CENTRAL ASIA

**Urbanization in Europe and Central Asia (ECA) is characterized by population growth and decline, and economic density increasingly concentrated in fewer cities.** The rate at which cities are growing or declining varies substantially both within and among countries in the region. Each urban development pattern brings its unique challenges. Urban population decline, for example, often leads to fiscal imbalances and housing vacancies. Cities experiencing population growth need to adapt local infrastructure to ensure that the growing population is well-absorbed and integrated into the city.<sup>7</sup> The public sector plays an important role in responding to the challenges, both at the national and local levels. SURGE assists the governments of Uzbekistan and Romania in their responses.

### UZBEKISTAN'S URBANIZATION TRENDS

**Uzbekistan is one of the few countries in the ECA region where rapid population growth and a low level of urbanization suggests that further urbanization and growth of cities will be one of the main development trends in the near future.** However, while the government is recognizing it, there is still a lack of deep understanding

of urbanization trends and a comprehensive vision regarding the way cities can drive national development and the role public sector needs to play in it. In the meantime, urbanization is failing to deliver development results—city economies are underproductive, access to services and infrastructure in cities is far from universal, and the model of urban growth (dominated by sprawl) is unsustainable.

**To gain a better understanding of Uzbekistan's urban growth patterns, SURGE is supporting the preparation of an urbanization review which is near completion.** The Urbanization Spatial Analysis activity, which in its first phase, has focused on painting a robust picture of urbanization and urban growth in recent decades in Uzbekistan and identifying key factors that have contributed to it. To achieve this, the team has conducted an analysis of demographic trends in cities and spatial growth of urban build-up using locally available data (which is unreliable since the last population census took place in 1990) and global gridded datasets. The quantitative analysis was complemented with in-depth city case studies that focused on two key questions: (1) what conditions explain the dominance of sprawl as the main

<sup>7</sup> Restrepo Cadavid, Paula, et. al. *Cities in Eastern Europe and Central Asia: A Story of Urban Growth and Decline*. Washington, DC, World Bank, 2017



model of urban growth? and (2) what is the role of local governments in advancing local economic development? To investigate the drivers of urban sprawl, three city case studies were prepared: Karshi, Kasansay and Namangan. To complete the case studies, team members based in Uzbekistan traveled to the cities and spent three days in each of them collecting data (e.g., consulting local urban planning documentation) and interviewing local and regional government representatives and property developers. Case studies on local economic development focused on Akhangaran and Pskent (two small cities in Tashkent region). Team members visited both towns and conducted interviews with local government representatives and businesses active in the cities. Statistical data and data on municipal revenue and spending (provided by local authorities) was also used in the development of case studies.

**Throughout the preparation of the report the project team has held regular consultations with the representatives of the Urbanization Department of the Ministry of Economic Development and Poverty Reduction.** The consultations helped steer the focus of the analysis, validate the emerging findings, and select case studies. A dissemination

workshop with the representatives of key government agencies will take place to discuss key findings and agree on the next stages of work. The event is currently being planned as a three-day series of working sessions on separate topics related to urbanization and urban development.

#### ROMANIA'S SUSTAINABLE CITIES REVIEW

**While Romania's urban population has declined over the past 25 years, the built-up area has expanded, and cities and their surrounding municipalities have continually grown.** Urban sprawl with the simultaneous hollowing out of the urban core is the dominant growth form with most small and medium-small cities facing severe population loss. SURGE provided a grant for an urbanization review to inform investment decisions toward more sustainable cities. As of June 2021, the team concluded all planned research and drafted the Romania Sustainable Cities Review report. The main report is in its final design stages and the team is preparing a dissemination plan. The work consolidates and deepens advisory and analytical work already conducted in the urban sector in Romania into a pragmatic operational program.

**The review’s findings support the dialogue with the government about capacity building for local governments on resilient infrastructure investment programs.** The authors state that while Romanian cities have been the engines behind the country’s growth, the way they developed in recent years, with growth in peri-urban areas occurring significantly faster than in the urban core, is unsustainable and creates significant challenges for future resilience. The dysfunctionalities of the planning system have led to significant infrastructure gaps in the growing places. Meanwhile the majority of static or shrinking places struggle with limited local capacity to address the challenges of the aging population, built environment, and infrastructure systems, while retaining their residents and connecting to economic opportunities. Two high-level conclusions reached in the report are:

(i) An integrated, climate-smart, investment approach focused on the neighborhood level offers significant multiplier effects, and

(ii) National government has a significant role to play in building capacity and modernizing local

government to play their developmental role.

In addition to these high-level conclusions the report offers actionable pragmatic recommendations.

Alongside the report, the SURGE grant also facilitated higher-level planning and policy initiatives with national ministries and the European Commission. It provided advisory inputs and support to the Ministry of Development, Public Works, and Administration toward the development and implementation of Romania’s first National Urban Policy.

**Furthermore, the project crowded in World Bank funds and expertise on two important topics.**

First, analytical work has been conducted to identify interventions to support Roma inclusion. This expands beyond urban infrastructure to include actions around land tenure and security, identity documents, integrated social services, and collaborations with NGOs and other social actors. Second, the team generated urban heat island maps, cross referenced with urban marginalized communities and city investment plans to explore project options with maximum heat mitigation potential.

## LATIN AMERICA AND THE CARIBBEAN

**With more than 70 percent of its population living in cities, Latin America and the Caribbean (LAC) is among the most urbanized regions in the world.** More specifically, Central America is undergoing an important transition. Urban populations are increasing at accelerated speeds, bringing pressing challenges for development, as well as opportunities to boost sustained, inclusive, and resilient growth. Today, 59 percent of the region’s population lives in urban areas, but it is expected that 7 out of 10 people will live in cities within the next generation. At current rates of urbanization, Central America’s urban population will double in size by 2050, welcoming more than 25 million new urban dwellers calling for better infrastructure, higher coverage and quality of urban services, and greater employment opportunities.

### PROSPERITY AND LIVABILITY IN COSTA RICA

**Costa Rica is one the most urbanized countries in Central America, with 75 percent of the population living in urban areas.** It also boasts one

of the fastest urban rate growths. However, even though it is one of the most advanced economies in the region, it has several causes of low growth and competitiveness which are related to low productivity, low investment levels, and lack of export diversification. In terms of social inclusion, the country still suffers from income inequality, economic exclusion, low access to quality basic services, and high levels of crime and violence.

**Costa Rica has the opportunity to use urbanization to improve prosperity and livability, which is why the SURGE grant has been supporting the preparation of the “Urbanization Review of the South Corridor within the Greater Metropolitan Area of San Jose,”** with the objective of defining a set of practical recommendations to improve urban management capacities toward greater sustainability and inclusion in the three municipalities and the wider Greater Metropolitan Area (GAM). The outline has already been approved and discussed closely with Costa Rican counterparts—including the Ministry of Housing and Human Settlement (MIVAH), the Ministry of the Planning and Economic Development (MIDEPLAN), and the First Lady, who oversees federal public investments specifically related

to mobility—in defining the scope of the Urbanization Review. It includes four main focus areas: (i) a review of the drivers of urbanization and development of the GAM, to be able to situate the analysis of the South Corridor (SC) region and its specific urban and socioeconomic characteristics and challenges within this larger context; (ii) an in-depth characterization of the three municipalities of the South Corridor; (iii) a diagnostic of the main challenges in connection with the SC and the GAM, as well as the new reality that COVID-19 brought to these municipalities; and (iv) the main institutional, capacity, and funding challenges in the three municipalities of the South Corridor. A transversal focus on risk management and climate mitigation opportunities and challenges is integrated across the pillars.

The already initiated second component will be based on a review of the findings from the Urbanization Review, on the identification of strategic investments to better connect the South

**Corridor region to the GAM area.** The focus will be on catalyzing transport-oriented development in key urban centralities and along main commuting corridors connecting the Southern municipalities with the GAM, and incorporating a focus on affordable housing, public space regeneration, and active mobility. This will include the development of an Urban Masterplan for Economic and Social Integration in the South Corridor, which will identify key strategic urban infrastructure investments to reduce inequalities, to recover economic activity and improve urban quality of life. The investment identification is taking place in close consultation with municipal and metropolitan authorities, as well as MIDEPLAN and MIVAH, and will be aligned to other investment projects in preparation in the GAM area, including those connected to the planned electric train, as well as the implementation of the government's Territorial Economic Development Strategy 2020-2050.



## MIDDLE EAST AND NORTH AFRICA

The Middle East and North Africa (MENA) region is one of the most urbanized regions in the world, with 65 percent of its inhabitants living in cities (280 million people). The region hosts some of the oldest and largest cities on the planet, like the Cairo and Teheran metropolitan areas, which host about 20.4 and 15.2 million people, respectively. These cities produce about 50.5 percent of the region's GDP but tend to see low private sector growth rates and limited job growth. In the 2014-16 period, large metro areas in MENA grew jobs at 3.4 percent and GDP per capita at 0.7 percent, which are slightly higher rates than rural areas and the average economic growth of the region.

Compared to cities worldwide, these ancient and busy cities are unable to absorb the benefits of the agglomeration economies associated with urbanization.

### VIBRANT CITIES. HOW CAN CITIES SUPPORT JOBS AND ECONOMIC GROWTH IN MENA?

To support the economic and inclusive growth of cities of the region, SURGE is supporting an urban economic and spatial diagnostic of the constraints that are limiting cities in their ability to contribute to economic growth and improved labor markets. To accomplish this, the

SURGE grant has supported: a) Monitoring of 156 MENA city samples through the COVID-19 pandemic, city officials have received valuable information for decision-making from the measurement of the effects of various policy responses to the pandemic. The effects of city morphology (density and built-up area) and its impact on the economic recovery was also identified, where cities with lower built-up areas (less dense) recovered more slowly than compact cities; b) the development of climate-compatible urban development models where the source of CO2 emissions has been identified and contrasted with earth observation data; c) a quantitative Spatial Computerized General Equilibrium (SCGE) urban model for the cities of Amman, Cairo, and Casablanca was developed, through which key policy scenarios for each city were simulated along with their economic impacts. These specifically identified sectoral interventions, like, for example, in the transport sector (metro lines), that would increase real income and productivity in Cairo. The model's results for the other two cities are still under preparation; and d) an analysis of service delivery governance in the region. It used cutting-edge analytical work on public sector performance and the management of complex public organizations for local service delivery. It will ultimately propose approaches that policymakers can use to gradually improve the functioning of city/local government organizations to achieve higher service delivery and other objectives.

## SOUTH ASIA

South Asia's urban population is poised to grow by almost 250 million people by 2030<sup>8</sup>. South Asia can gain from urbanization by fostering productivity through the agglomeration of both people and enterprises in its towns and cities. One shortcoming, however, has been the inadequate provision of infrastructure and basic urban services. Two others are insufficient housing and a failure to deal with pollution.

### CATALYZING SUSTAINABLE AND INCLUSIVE URBAN DEVELOPMENT IN KATHMANDU VALLEY

The Kathmandu Valley (KTMV) has transformed into one of the fastest growing metropolitan regions in South Asia. It accounts for about one-third of Nepal's urban population and continues to sustain an annual population growth rate of about 4.3 percent. The valley is characterized by high and sustained population growth in the urban core and fast sprawling at the periphery. Kathmandu, the largest city, comprises 40 percent of the valley's population yet other peripheral municipalities, are also experiencing rapid growth.

<sup>8</sup> Ellis, Peter; Roberts, Mark. 2016. Leveraging Urbanization in South Asia: Managing Spatial Transformation for Prosperity and Livability. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/22549>

The KTMV is Nepal's main cluster of economic activities accounting for at least one third of Nepal's GDP and has the highest concentration of formal jobs in the country. Yet increasing urbanization has brought on significant challenges in terms of spatial planning and delivery of infrastructure and services. The valley faces important infrastructure deficits, including in water supply, sewerage, and waste management. In addition, most growth of built-up areas is taking place in a haphazard and uncontrolled manner. Limited coordination at the metropolitan level and fragmentation of responsibilities between the central and local authorities has led to unplanned and environmentally unsustainable urban development patterns.

### TOWARDS INCLUSIVE URBANIZATION

To solve these urbanization challenges and for the Kathmandu Valley to have a more efficient and inclusive urbanization, SURGE is supporting a team which includes economists, urban planners, cultural heritage, tourism experts, solid waste management specialists, and municipal finance specialists to examine the pace and form of urbanization in Kathmandu, identify key constraints and opportunities for more efficient and inclusive urbanization, and inform priority policy options and investment areas.

The team has completed a comprehensive literature review to understand initiatives and analysis, data gaps, and institutional architecture. This review has included: geospatial and satellite data, demographics, governance, major infrastructure and projects, service delivery coverage, land use and land cover, spatial economy and economic clusters, impact of the pandemic on economic activities, tourism economy, municipal finance (e.g., local government's own source revenue, expenditures, fiscal transfers). The team is also undertaking an extensive stakeholder outreach initiative. The Urbanization Diagnostic report will provide practical recommendations to address service delivery and sectoral priorities, deliver long-term operational technical assistance to local governments, and identify priority investments and COVID-recovery initiatives.





## GLOBAL

Beyond city-level activities, SURGE also supports global level analysis to help develop solutions to urbanization challenges worldwide. By partnering with universities and private firms SURGE's global activities provide developing countries and partners access to cutting-edge approaches in sustainable urban development. SURGE supports research and analysis on frontier issues faced by cities globally. This enhances the global understanding of urbanization and helps create tools and policy frameworks for decision makers globally. During fiscal year 2021, SURGE's global work helps understand the drivers of city growth and offers insights on how to anticipate economic impact of urban infrastructure.

### FROM PANCAKES TO PYRAMIDS

As countries and cities grapple with the challenges brought about by COVID-19, the fundamental forces shaping urbanization are likely to be central for a resilient recovery. Co-financed by SURGE, a deep dive study resulted in a flagship report: From Pancakes to Pyramids: City Form to Promote Sustainable Growth. The first-of-its-kind World Bank analysis of the shape and growth of nearly 10,000 cities between 1990 and 2015, helps understand the economic and institutional forces that determine the evolution of urban form and function. The report draws on recent advances in two areas—satellite imagery and urban economics—to give leaders new tools for investigating the combined effects of economic drivers and policy choices on a city's development path. The study finds that the most successful urban areas are those that connect their growth to economic demand and then support this with comprehensive plans, policies and investments that help avoid uncontrolled sprawl. The team organized a virtual launch in June 2021.

### MOBILIZING FINANCE FOR DEVELOPMENT

SURGE also supports a deep dive study to help teams appraise wider economic benefits of urban infrastructure investments. The careful identification and - where feasible - quantification, of potential benefits and costs of investments is a critical element of good urban project justification and design. It is also important as public investments in infrastructure and public spaces can 'crowd in' considerable private investment, through the appreciation and development of local real estate, and wider investment in local productive activities.

Quantifying the wider socioeconomic benefits and costs of urban infrastructure is typically harder to do because such benefits and costs may take a long time to be realized, be more uncertain and context-specific, and are less well understood.

The team worked together with a specialized firm to prepare a paper that serves as a practical guide for assessing wider socioeconomic impacts of urban infrastructure projects ex ante, using both qualitative and quantitative approaches. The study helps enhance the capacity of World Bank task teams and counterpart stakeholders to conduct the required analysis. It summarizes the methodologies that can be used during project design and appraisal stages in estimating the ex-ante urban investment impact across 13 different sectors. Preparation of the paper was informed by, among others: a series of focus group discussions with World Bank task team leaders on their experiences of project economic analysis; an in-depth review of project appraisal documents for World Bank-financed urban infrastructure projects; and conversations with IFC about the tools they developed for project economic analysis. The team also advanced with in-depth case studies of urban infrastructure projects, comparing estimates of impact with the actual impact and private capital mobilized.

With the primary analytic outputs almost completed, the team will turn its focus towards dissemination and knowledge sharing. The full suite of outputs, combined with a summary presentation, will be disseminated internally within the World Bank as well as externally with interested client governments following the Decision Review Meeting of outputs. The World Bank's knowledge management team will provide support in planning and executing dissemination activities. Upon finalization of the guidance note and case studies, the SURGE-supported team also plans to support project teams in applying the tools in preparation of at least two World Bank-financed operations.

## IMPLEMENTATION CHALLENGES

The implementation of SURGE grant activities has been challenged by restrictions related to the COVID-19 pandemic, particularly the development of urbanization reviews as the first phase of activities in cities (related to the legacy SUD II components 1<sup>9</sup>) and in some cases, also the (development of the) subsequent second phase of technical assistance in the same city or urban area (component 2<sup>10</sup>). Data collection was particularly affected, as well as engagement with clients and stakeholders. Stakeholder consultations in Nepal for example, were delayed due to the COVID-19 surge in the spring of 2021. Travel restrictions also limited the feasibility of primary data collection. The team is now utilizing geospatial data and satellite imagery where possible. It has partnered with the World Bank's Global Facility for Disaster Reduction and Recovery (GFDRR) to collect mobility data for an input paper to the diagnostic that will help the team to better understand commuting patterns, market catchments, congestion, tourism, and season migration. The team has also benefited from close collaboration with the World Bank's Geospatial Operational Support Team.

Similarly, in Vietnam fieldwork was halted due to the pandemic. These delayed deliverables relying on fieldwork. With the assistance of international and domestic support the team is shifting surveys to now be administered online. To make up for the delay some work will be performed in parallel and not entirely sequentially as originally planned. Even before it is completely finalized, the diagnostic fieldwork will inform the technical assistance activities.

The timeframe of the grant activities in the Philippines were also adversely affected by lockdowns and other mobility restrictions in participating cities as well as by the roll out of vaccination efforts. Most of the activities moved online, sometimes challenged by internet connectivity issues in participating cities. The grant closing date was extended to allow the team to adjust and complete the planned work. Building trust is also more difficult virtually. In addition to the general difficulties and constraints related to virtual engagement with a new client, several Angolan institutions did not readily share their data, which led to some delays in analysis as well as adjustments due to the availability of data.

Some of the SURGE-supported activities in other countries are affected by political changes and elections. In Romania for example, recent political instability at national level may impact the grant funded activities. Internal governing party elections are due to take place by end September and the results will determine if a period of greater stability is to be expected. Mayors of several key secondary cities are politically influential and very active. The conclusion of the party elections should allow them greater focus on the pressing local challenges where the World Bank can assist.

In Angola, the political economy in the run-up to the presidential elections in 2022 influenced the policy dialog with the client and is expected to continue to have an impact on the engagement going forward, including potential appetite for the identification and preparation of potential investments and operations.

<sup>9</sup>Original title of legacy SUD II component 1: Examining Sub-national urban development from a national perspective.

<sup>10</sup>Original title of legacy SUD II component 2: A "value chain" approach to support urban development.





**06**

**STRENGTHENING  
URBAN CADASTERS  
FOR URBAN  
GOVERNANCE IN  
PERU**

## STRENGTHENING MUNICIPAL FINANCES IN PERU

Like most countries in Latin America, Peru urbanized quickly in the second half of the twentieth century. This has led to the rapid, unplanned expansion of urban areas. Local governments were confronted with the unprecedented arrival of sheer numbers of migrant masses from the rural areas. They could not respond with better services and infrastructure to the accelerated and unplanned expansion of cities, especially in Lima, Peru’s capital city. The country shifted from just over 50 percent urban in 1965 to almost 80 percent urban today. This unplanned urbanization resulted in the proliferation of informal settlements, often in hazard-prone areas, and where people build their houses using precarious materials and inadequate building techniques.

In recent years, the Peruvian government has

directed its efforts to improve regulations related to territorial governance. However, most Peruvian local governments lack the technical and financial capacity to implement and enforce urban governance and planning instruments. Also, Peru does not possess a functional, integrated national system that aggregates all municipal level cadaster data. Local governments are, on average, highly dependent on intergovernmental transfers, which sometimes account for over 95 percent of their budget. Their own source revenues, mainly municipal fees, represent about 10 percent of subnational spending (virtually all at the municipal level). The lack of cadasters, paired with weak tax administration capacity at the municipal level, contributes to making Peru one of the countries with the lowest levels of property tax revenue in the region. This situation has been aggravated by the economic impact of COVID-19, and the resources allocated by the central government are not enough to cover basic municipal costs.

Table 1. Peru Associated MDTF Financial Overview (as of June 30, 2021)

(in millions, USD)	Overall Budget	Allocated Amount	Approved Amount	Disbursed + Committed (millions, USD)	% of allocation
Comp 1— Support national and municipal governments in adoption, adaptation and scaling up of the LADM	0.65	0.36	0.36	0.07	20%
Comp 2— Support MVCS to enhance the capacity of municipalities and relevant agencies on urban cadaster	3.15	1.20	1.20	0.20	17%
Comp 3— Strengthen institutional capacity of the MVCS and the municipal governments	1.45	0.59	0.59	0.23	39%
PMA	0.28	0.11	0.11	0.01	9%
<b>TOTAL</b>	<b>5.53</b>	<b>2.26</b>	<b>2.26</b>	<b>0.51</b>	<b>23%</b>

## IMPROVING MUNICIPAL FINANCING TOOLS FOR DEVELOPMENT

The Government of Peru has demonstrated a strong national commitment to improve local government fiscal management and revenue generation. SECO and the World Bank are supporting the government through the Strengthening for Urban Governance in Peru Trust Fund under Pillar 1 (City Management, Governance & Financing) and Pillar 2 (Territorial and Spatial Development) of SURGE. The objective is to strengthen national and municipal government’s capacity to improve their territorial management and financial and institutional urban governance by leveraging urban cadasters and related urban management instruments. The Program will contribute to

improving urban planning and cadasters which will have an impact in Peru’s economic growth, social inclusion, and sustainable development. Without reliable information on key property aspects such as ownership, tenure, boundaries and use, policymakers and private investors are left to take decisions under substantial uncertainty, reducing the scope for productive investments, resulting in obstacles to economic growth, social inclusion, and sustainable development. The overall budget for this trust fund is US\$5.53 million. In FY21, US\$2.26 million was allocated and approved across the program’s three components, of which US\$0.51 million or 23 percent was disbursed and committed (see table 1).

The first component will provide technical

**assistance and capacity building activities to promote and support the government's design of the Peruvian profile of the Land Administration Domain Model (LADM).** This will help to modernize the urban land administration system, complementing the efforts by the Peruvian Government. To achieve this, technical assistance activities geared towards facilitating the adoption of the LADM-Peru profile for urban areas, included discussions with Peruvian agencies Ministry of Housing, Construction, and Sanitation (MVCS), Agency for the Formalization of Informal Property (COFOPRI), and Ministry of Economy and Finances (MEF) have taken place. A work plan for the provision of technical inputs for the adoption of the LADM-Peru profile was discussed and agreed with Peruvian authorities.

**To complete this first component workshops will be organized with national and local authorities to build capacities and facilitate agreements for the standardization of land information management.** Later in 2021, a high-level and a process level data profile will be developed based on the assessment of the current land information processes and installed capabilities. This will lead to a core LADM data model and a road map for developing extended valuation models.

**The second component will finance technical assistance activities for the assessment of the MVCS.** During the reporting period, consultancy services were initiated to carry out a legal and institutional diagnosis of the governing capacities of the MVCS of Peru, as the leading agency on urban cadastral matters. The analysis also covered the COFOPRI and selected municipalities. To date, a progress report has been completed with a preliminary assessment of the capacities of the MVCS and COFOPRI, considering the legal framework and the availability of human resources and budget to perform cadastral functions. A key achievement was the development of recommendations on the steps required to strengthen MVCS capacities as leading agency on urban cadastral matters. These recommendations may inform dialogue with new government authorities, raising awareness on the need to introduce change at the legal/organizational level, and in terms of human resources and budget.

**The third and last component will technically strengthen the capacity of the MVCS and at least two municipalities to design and deliver LVC instruments.** During the first semester of 2021, the team focused on three topics in coordination with the MVCS and COFOPRI: 1) Analysis of

the regulations that determine the unit values of land and buildings to present new methodological proposals for the valuation of urban properties and definition of national standards. Two preliminary reports were presented to the MVCS and COFOPRI. The final report will be delivered to the stakeholders in early FY22; 2) provision of technical assistance to the MVCS for the design and implementation of the national urban observatory. The MVCS envisages that the observatory should facilitate citizen participation in the design of urban planning instruments. Initial technical assistance activities were focused on the design of this functionality; and 3) identification of international best practices and preparation of a benchmarking report on urban observatories. Topics such as objectives, methodology, governance, financing, among others, were included as part of the benchmark. The report also included a draft roadmap proposal for the design and implementation of an urban observatory in Peru.

## RISKS AND MITIGATION

**Some potential risks and delays with the described activities are tied to the unusually long transition of power to the new administration after the April 2021 elections, and political instability, which may delay decisions by national level authorities.** The main risks identified in the implementation of the Program activities are the following:

**Political and governance:** The national government has seen political instability since the elections in April 2021. This could result in additional changes affecting the Ministry of Housing and the Ministry of Economy and Finance, which in turn could affect the administration's priorities and ability to carry out the activities supported by the Program. To mitigate these risks, the WB team is keeping constant communication with the counterparts at both Ministries, to make sure that there is a full understanding of their priorities and their concerns. In addition, the WB team will continue to carry out early-stage activities that should not be significantly affected. Finally, engagement with other relevant actors at the public, private, and academic levels can help create collective awareness and consensus on the different Program activities and contribute to maintain the focus on their implementation.

**Capabilities:** There is a risk that the government will have limited resources to carry out reforms that the Program activities seek to inform. However, it is expected that the government will enact the

National Housing and Urbanism Policy in July 2021, which establishes the government priorities in the sector. These priorities are reflected in services, objectives, indicators, and annual targets. Several of these activities, such as the national urban observatory, the urban cadaster, and a national capacity-building strategy, are directly linked with the Program activities. Thus, the policy is expected to create the legal mandate for government agencies to work on these topics and should facilitate the allocation of resources for their implementation. Furthermore, the WB team will continue to engage with counterparts to support the implementation of the activities mandated in the national policy that are relevant to the Program.

### OPERATIONAL SYNERGIES

The Peru Program’s outputs will inform the government in its efforts to refine the technical specifications for the different activities of the ongoing Bank-financed National Urban Cadaster and Municipal Support Project as well as other urban cadaster activities. Furthermore, capacity-building activities are already taking place with public servants at the national and local level, and workshops and events are contributing to disseminate information on urban cadasters and urban development.

### RESULTS MONITORING

**The activities funded through the Associated Peru MDTF contribute to achieving SURGE objectives and outcomes.** To track and measure results specifically achieved through the MDTF for Peru, a subset of indicators has been articulated and was placed under relevant SURGE pillars. As such, it helps shape SURGE’s overall results framework.

**A thorough internal review of tentative indicators revealed the need to simplify and streamline indicators among the different trust funds that encompass the SURGE results framework.** Table 2 shows simplified and streamlined results indicators GPURL will report on for the trust fund *Strengthening Urban Cadasters for Urban Governance in Peru* as part of the larger SURGE results framework. The indicators are linked to SURGE Pillars 1 and 2. It will, among other things, contribute to achieving the objective “Strengthen the financial & institutional dimensions of urban development & management” and “Spur equitable and regional development.”

**Starting in FY22, progress on the results indicators will be reported annually.** To complement the numeric measurement and reporting of results, the program management teams will continue to offer qualitatively results reporting as part of the annual report.

**Table 2.** Indicators for activities funded through the Strengthening for Urban Governance in Peru Trust Fund, integrated into the SURGE results framework (NOTE: see statement on page 52 related to potential update of the framework)

Program Indicators
<b>1</b> Number of <b>cities/regions</b> that have benefitted from SURGE support for implementing or formulating sustainable and inclusive urban/regional economic development strategies, policies, projects, plans, procedures, or regulations (of which in fragile and conflict-affected situations)
<b>2</b> Number of city and government <b>officials trained</b> on (aspects of) sustainable and inclusive regional/urban economic development (of which women)
<b>3</b> Number of <b>strategies, policies, plans, procedures, or regulations</b> of which the formulation / implementation was influenced / informed by SURGE support to cities/regions
<b>4</b> Additional <b>financing</b> mobilized (in USD, of which public and of which private financing)
<b>5</b> Number and volume of <b>WBG investment projects</b> influenced through SURGE support to cities/regions
<b>6</b> Number of municipalities/cities with improved <b>participatory</b> planning processes, including with a focus on <b>gender</b> (of which in fragile and conflict-affected situations)

<b>Pillar 1: City Management, Governance &amp; Financing</b>	
Objective: Strengthen the financial & institutional dimensions of urban development & management	
<b>Pillar 1 Indicator</b> Number of cities/regions with strengthened financial/institutional dimensions of urban development and management	
Pillar Outcome Indicators	Pillar Output Indicators
<b>Outcome B: Municipal Own Source Revenues (OSR) and Property Tax Systems are improved</b>	
<b>B.1</b> Model to apply Land Value Capture instruments (LVCs) instruments tested (yes/no) ( <b>Peru</b> MDTF; Baseline: No; Target: Yes)	<b>B.1.1</b> Proposal(s) for the application of LVCs and land management instruments, to promote urban regeneration, transport, or social housing development ( <b>Peru</b> MDTF; Baseline: No; Target: Yes)
<b>B.2</b> Urban observatory implemented by relevant Ministry (for Peru: Ministry of Housing, Construction and Sanitation, MVCS) (yes/no) ( <b>Peru</b> MDTF; Baseline: No; Target: Yes)	<b>B.2.1</b> Options for institutional arrangements, operational models, and procedures to implement an urban observatory at the local/national level assessed (yes/no) ( <b>Peru</b> MDTF; Baseline: No; Target: Yes)
<b>Outcome C: Cities have strengthened institutions and improved management capacities</b>	
<b>C.2</b> Capacity building strategy for cadaster related functions adopted by government (Peru's MVCS/COFOPRI for Peru (yes/no) ( <b>Peru</b> MDTF; Baseline: no; Target: yes)	<b>C.2.1</b> Capacity building strategy for cadaster-related functions for subnational governments designed (yes/no) ( <b>Peru</b> MDTF Baseline No; Target: Yes)  <b>C.2.2</b> Proposal for institutional and organizational strengthening on urban cadaster matters (including the use of cadaster for property valuation, urban management, and disaster risk management) submitted (yes/no) ( <b>Peru</b> MDTF; Baseline No; Target: Yes)
<b>Pilar 2: Territorial &amp; Spatial Development</b>	
Objective: Spur equitable regional and local development	
<b>Pillar 2 Indicator</b> Number of cities/regions which spurred equitable regional and local development	
Pillar Outcome Indicators	Pillar Output Indicators
<b>Outcome E: Governments have improved Spatial Development Planning &amp; Investment Prioritization capacities</b>	
<b>E.1</b> Land Administration Domain Model (LADM) - Profile is formally adopted by the government as the domain model of the urban cadastral system (yes/no) ( <b>Peru</b> MDTF; Baseline: no; Target: yes)	<b>E.1.1</b> LADM profile proposal and roadmap developed (yes/no) ( <b>Peru</b> MDTF; Baseline: no; Target: yes)





**07**

**BOLIVIA URBAN  
RESILIENCE  
TECHNICAL  
ASSISTANCE  
PROGRAM**

## MOVING TOWARD RESILIENT BOLIVIAN CITIES

**Bolivia's rapid urbanization has generated positive agglomeration effects, but also exposed many policy challenges associated with housing affordability, stress on public services, and precarious development in risky areas.** Between 1950 and 2012, Bolivia's urban population grew at an annual rate of 3.7 percent, almost five times as fast as population growth in rural areas. In 1990 just over half of Bolivians lived in urban areas, by 2018, this figure was around 7.9 million people -roughly 70 percent of the total population and expected to reach 75 percent by 2025. Bolivia's four largest cities (La Paz, El Alto, Cochabamba and Santa Cruz de la Sierra) account for 41 percent of the total increase in population in urban areas between 2001 and 2012. On the institutional capacity front, only a third of municipalities in Bolivia have reported having public investment programs in hazard reduction activities and approximately half of the urban population continues to live in slums, many of which are exposed to high risks associated with natural hazards. The ongoing COVID-19 global pandemic is stretching already weak emergency management capacities and public finances, most critically at the municipal level.

**Given the reiterated strong national commitments in Bolivia to improve urban resilience through different policy areas, SECO and the World Bank are expanding and deepening its analytical and advisory support to Bolivia as the country faces the multiple threats of climate hazard such as droughts, floods, and forest fires.** The trust fund named Bolivia Urban Resilience Technical Assistance Program contributes to the achievement of the SURGE objective and was placed under Pillar 1 (City Management, Governance & Financing) and Pillar 5 (Urban & Regional Resilience) of

the umbrella program. The overall budget for this trust fund is US\$4.44 million and has three main components. In FY21, US\$2.21 million was allocated and approved across the program's three components, of which US\$0.26 million or 12 percent was disbursed and committed (see table 3).

## BUILDING INSTITUTIONAL CAPACITY

**The first component of SURGE's Bolivia program is enhancing municipal institutional capacity, to conduct project interventions.** It will also help review, develop and implement regulations and policies that ensure the use of a resilience approach for building and maintaining public assets and infrastructure in municipalities. Overall, the progress of implementation has included initiating dialogue with the municipality to structure activities and identifying relevant technical counterparts such as Santa Cruz's Municipal Secretariats for Public Works and Technology, Innovation, and Planning, and La Paz's Municipal DRM Secretariat. Activities will potentially include institutional DRM capacity diagnostics and advisory to develop policy and operational DRM instruments and build technical capacity of municipal staff. In Santa Cruz, coordination was initiated with the Secretariat for Technology, Innovation and Planning to hire a firm to design Tactical Urbanism Pilots in the city center with a citizen engagement approach which will be followed by a Strategy for the renewal of Santa Cruz's city center.

**The second component looks to develop and diversify financing for urban resilience.** A dialogue has initiated with the municipal governments of La Paz and Santa Cruz who requested the Program's support for the preparation of Climate Action Plans (including local greenhouse gas emissions inventories and climate risk and vulnerability assessments), and the identification of climate

Table 3. Bolivia Associated MDTF Financial Overview (as of June 30, 2021)

(in millions, USD)	Overall Budget	Allocated Amount	Approved Amount	Disbursed + Committed (millions, USD)	% of allocation
<b>Comp 1</b> — Improving capacities for implementing resilient infrastructure, public space & urban mobility	1.82	0.90	0.90	0.11	12%
<b>Comp 2</b> — Mobilization & diversification of financing for urban resilience	1.20	0.60	0.60	0.06	10%
<b>Comp 3</b> — Strengthening the capacity of the GoB on urban resilience	1.20	0.60	0.60	0.09	15%
PMA	0.22	0.11	0.11	0.01	9%
<b>TOTAL</b>	<b>4.44</b>	<b>2.21</b>	<b>2.21</b>	<b>0.26</b>	<b>12%</b>

finance mechanisms. Lastly, dialogue has advanced with the Vice ministry of Civil Defense (VIDECI) to identify activities to review and strengthen the national framework to finance disaster risk reduction, emergency response and recovery at the local level.

**The third component involves supporting the Bolivian National Government in sustainable replication, scaling-up and knowledge sharing for urban resilience.** This component will support the National Government in developing a comprehensive understanding of the effective technical tools and organizational mechanisms to promote urban resilience, thus enhancing its capacity to disseminate good practices with municipal governments.

## RISKS AND MITIGATION

**The current delays in preparation and implementation of activities are mainly due to shifts in national municipal government administrations (following national elections in October 2020 and municipal elections in March/April 2021).** The change in municipal governments in Santa Cruz and La Paz led to high staff turnover among the Program's technical counterparts. However, the WB Team was able to quickly resume the dialogue with the new municipal counterparts in June to present the Program framework and discuss key priorities and potential scope of work. Overall, the current administrations have validated the thematic areas proposed and showed ownership of this agenda and willingness to start implementation of activities.

**The Program faces key risks around:** (i) Political and governance: Although no further national or municipal elections are scheduled for the duration of the Program, differences between the political agendas of the national and municipal governments can complicate implementation progress, especially within the framework of the National Cities Policy; (ii) Sectoral agenda: The National Cities Policy is not yet formally adopted by the Government, and its implementation timeline and process remains uncertain; and (iii) Institutional capacity for implementation: Limited technical capacity can negatively affect the degree and speed of implementation of activities. To mitigate these risks and ensure implementation and continuity of activities, the WB Team will, among others: (i) maintain a continuous dialogue with all stakeholder (including external development partners working on urban development in Bolivia) through virtual

and in-person missions; (ii) strengthen coordination and communication mechanisms among relevant stakeholders; (iii) maintain a flexible approach to ensure alignment with evolving policy priorities at the national level; (iv) prioritize capacity-building support in those areas where key gaps exist; and (v) establish a well-defined monitoring & evaluation framework.

## OPERATIONAL SYNERGIES

In FY22, Program activities under Component 1 will support capacity needs assessments, technical guidelines, knowledge exchanges and trainings to strengthen the technical capacity of municipal governments to engage with citizens, improve local financing management, plan for resilient infrastructure and enhance their disaster risk management systems. Capacity building activities have already been launched with municipal government counterparts participating in the ongoing WB-financed Urban Resilience Project. These activities are expected to support the government in its efforts related to urban resilience interventions in Santa Cruz and La Paz including the application of citizen engagement approaches for the upgrading of municipal parks, the city center (in Santa Cruz) and vulnerable neighborhoods (in La Paz); and the establishment of integrated flood monitoring systems (in La Paz).

## RESULTS MONITORING

**The activities funded through the Associated Bolivia MDTF contribute to achieving SURGE objectives and outcomes.** To track and measure results specifically achieved through the MDTF for Bolivia, a subset of indicators has been articulated and was placed under SURGE pillars. It helps shape SURGE overall results framework.

**A thorough internal review of tentative indicators revealed the need to simplify and streamline indicators among the different trust funds that encompass the SURGE results framework.** Table 4 shows simplified and streamlined results indicators that GPURL will report upon for the Trust Fund Bolivia Urban Resilience Technical Assistance Program as part of the larger SURGE results framework. The indicators are linked to SURGE Pillars 1 and 5. It will, among other things, contribute to achieving the objective "Strengthen the financial & institutional dimensions of urban development & management" and "Strengthen cities and regions resilience to climate change and disaster."

**Starting in FY22, progress on the results indicators will be reported upon annually.** To complement the numeric measurement and reporting of results, the program management teams will continue to offer qualitatively results reporting as part of the annual report.

**Table 4.** Indicators for activities funded through the Bolivia Urban Resilience Technical Assistance Program integrated into the SURGE results framework (NOTE: see statement on page 52 related to potential update of the framework)

Program Indicators	
1	Number of <b>cities/regions</b> that have benefitted from SURGE support for implementing or formulating sustainable and inclusive urban/regional economic development strategies, policies, projects, plans, procedures, or regulations (of which in fragile and conflict-affected situations)
2	Number of city and government <b>officials trained</b> on (aspects of) sustainable and inclusive regional/urban economic development (of which women)
3	Number of <b>strategies, policies, plans, procedures, or regulations</b> of which the formulation / implementation was influenced / informed by SURGE support to cities/regions
4	Additional <b>financing</b> mobilized (in USD, of which public and of which private financing)
5	Number and volume of <b>WBG investment projects</b> influenced through SURGE support to cities/regions
6	Number of municipalities/cities with improved <b>participatory</b> planning processes, including with a focus on <b>gender</b> (of which in fragile and conflict-affected situations)
Pillar 1: City Management, Governance & Financing	
Objective: Strengthen the financial & institutional dimensions of urban development & management	
Pillar 1 Indicator	
Number of cities/regions with strengthened financial/institutional dimensions of urban development and management	
Pillar Outcome Indicators	Pillar Output Indicators
Outcome A: Cities have improved financial & asset management systems	
<b>A.1</b> Policy and planning instruments by TA program approved for implementation in selected municipalities and Government entities ( <b>Bolivia</b> MDTF; Baseline: 0 in 2020; Target: 4 by 2024).	<b>A.1.1</b> Number of diagnostics or analytical pieces completed under each thematic area: (i) Review of framework to finance urban development at municipal level; and (ii) Review of municipal budget for resilience and designing of innovative mechanisms) ( <b>Bolivia</b> MDTF; Target: 2 by 2024)
	<b>A.1.2</b> Number of capacity-building activities completed under each thematic area: (i) Review of framework to finance urban development at municipal level; and (ii) Review of municipal budget for resilience and designing of innovative mechanisms) ( <b>Bolivia</b> MDTF; Target: 2 by 2024)
	<b>A.1.3</b> Number of investment decisions taken based on updated risk mapping in each project municipality ( <b>Bolivia</b> MDTF; Baseline: 0 in 2020; Target: 3 by 2024)

Pilar 5: Urban & Regional Resilience	
Objective: Strengthen cities and regions' resilience to climate change and disasters	
Pillar 5 Indicator I	
Number of cities/regions with strengthened resilience to climate change and disasters	
Pillar 5 Indicator II	
Number of new / improved regulations and institutional frameworks that strengthens cities focus on resilience to climate change related disasters	
Pillar Outcome Indicators	Pillar Output Indicators
Outcome O: Urban & regional legal and institutional framework and regulations for resilience and climate change adaptation are improved	
<p><b>O.1</b> Number of municipalities/cities implementing and/or planning sustainable urban development and resilience investments in line with national policies and planning instruments (for <b>Bolivia</b> PNDIC<sup>11</sup>, for <b>Serbia</b> SUDS<sup>12</sup>) (<b>Bolivia</b> MDTF; Baseline:0; Target:4 and <b>Serbia</b> MDTF; Baseline 0; Target: &gt;5)</p>	<p><b>O.1.1</b> Number of capacity-building activities completed for policy makers and government entities (<b>Bolivia</b> MDTF; Baseline: 0; Target 1, reported per thematic area<sup>13</sup>, and <b>Serbia</b> MDTF; Baseline: 0; Target: TBD )</p>
	<p><b>O.1.2</b> Number of diagnostics or analytical pieces completed under priority/thematic areas ( <b>Bolivia</b> MDTF; Baseline: 0; Target: 2 and <b>Serbia</b> MDTF<sup>14</sup> Baseline: 0; Target: &gt;2)</p>
	<p><b>O.1.4</b> Platform and Action Plan for implementation of national cities policy is adopted ( <b>Bolivia</b> MDTF; Baseline: 0 in 2020; Target: 1 by 2024)</p>
	<p><b>O.1.5</b> Number of national planning and budgeting tools incorporating resilience in urban areas developed (<b>Bolivia</b> MDTF; Baseline: 0 in 2020; Target: 2 by 2024)</p>

<sup>11</sup> PNDIC - National Cities Policy of Bolivia

<sup>12</sup> SUDS - Sustainable Urban Development Strategy for Serbia

<sup>13</sup> Thematic areas for Bolivia include: (i) Disaster risk management and hazard information; (ii) Citizen engagement for planning & development of infrastructure; and (iii) Spatial analysis for resilient/local economic development.

<sup>14</sup> For Serbia two priority areas should be completed (sustainable and resilience urban development and/or solid waste management).





08

**STRENGTHENING  
SUSTAINABLE AND  
RESILIENT URBAN  
DEVELOPMENT  
IN SERBIA**

TQ

## PARTNERING FOR GREEN SERBIAN CITIES

Serbian cities play a key role in the country's green COVID-19 recovery. They are vital to the country's economic growth and can drive regional development. At the same time, they face multiple challenges. With cities contributing an estimated 70 percent of greenhouse gas emissions worldwide, also cities in Serbia will be critical for lowering the country's carbon footprint. Emissions have however grown over the past 10 years and cities are facing air pollution challenges. Additionally, they deal with climate related disasters, such as heat waves and floods. The increasing concentration of people and economic activity in Serbia's cities has put pressures on city resources and led to uncontrolled development. Many of the challenges are currently not being addressed by improvements in infrastructure, service delivery or sustainable planning capacities. Serbian cities will thus need to be managed better to increase its livability for citizens and in order to serve as engines for low-carbon resilient economic growth.

The Government of Serbia acknowledges the important role of cities and approved in 2019 its Sustainable Urban Development Strategy (SUDS). The strategy was followed by an associated action plan adopted by the Government in March 2021. For the first time, this establishes a comprehensive and integrated program supporting the next stage of development of Serbian cities. It offers Serbia a unique opportunity to make inroads on green transition at the sub-national/ municipal level as also envisaged under the EU Green Deal, as well as on the Bank's strategic direction for the post COVID-19 recovery in line with the Green, Resilient Inclusive Development (GRID) approach.

SECO and the World Bank partner for sustainable and resilient Serbian cities. The World Bank and SECO are together supporting the Government of

Serbia with the implementation of the SUDS and its action plan. The Strengthening Sustainable and Resilient Urban Development in Serbia Trust Fund was established in March 2021 under SURGE. Its objective is to strengthen the capacity of the Government of Serbia and selected Serbian municipalities to plan for more sustainable, inclusive, and resilient urban development and local economic recovery - linked to Pillar 5 (Urban and Regional Resilience) of the umbrella program. The program is structured as a 4-year technical assistance program, with an overall budget of approximately US\$3.87 million. In FY21, US\$1.68 million was allocated and approved across the program's components, of which US\$0.03 million or 2 percent was disbursed and committed (see table 5).

Activities are organized around two components of which one focuses at local levels and the other at the national level. A National Coordination Committee (NCC) is being developed which will review planned activities.

## ASSESSING LOCAL NEEDS AND GAPS

The first component of SURGE's Serbia program helps assess and diagnose sustainable, low-carbon and resilient urban development needs and gaps for up to ten Local Self Governments (LSGs). The work will also help approximately six LSGs with planning and implementing sustainable, low-carbon, and resilient urban development programs. As potential beneficiaries of the program, a long list of Serbian secondary and medium size cities has been identified. Selection criteria have been determined and a final list of selected cities will be confirmed with Serbia's Ministry of Construction Transport and Infrastructure and members of the program's National Coordination Committee. Local and national experts with the required expertise and competencies are currently being

Table 5. Serbia-Associated MDTF Financial Overview (as of June 30, 2021)

(in millions, USD)	Overall Budget	Allocated Amount	Approved Amount	Disbursed + Committed (millions, USD)	% of allocation
Comp 1a— Local support: Improving capacity for resilience, planning and development	2.31	0.98	0.98	0.01	1%
Comp 2a— National support: Analytical and Technical Assistance Support to Green, Livable and Resilient Cities	1.37	0.63	0.63	0.00	0%
PMA	0.19	0.08	0.08	0.02	24%
TOTAL	3.87	1.68	1.68	0.03	2%

brought on board to support the work. They will be tasked with building the aimed capacity at local levels and delivering the city assessment reports.

## GREENING URBAN DEVELOPMENT THROUGH A NATIONAL LENS

The second component of the program aims to address Serbia's knowledge gaps at national level related to the green and climate-smart urban and spatial development. The work will inform Serbia's policy dialogue toward more inclusive, green, and resilient urban development, including for lagging regions. The program will deliver country level diagnostics and evaluate policy options for urban areas in Serbia through quantitative, spatial, and qualitative analysis. The work is expected to commence in fiscal year 2022 and should result in policy recommendations and suggested actions for the national government to facilitate the implementation of the SUDS. It will also inform Serbia's upcoming spatial development strategy and the future update of the SUDS. The second activity under Component 2 focuses on the Solid Waste Management agenda. This activity will focus on helping government identifying challenges in the municipal solid waste management sector by performing a deep dive. This effort will help identify solid waste related challenges for alignment with EU objectives and offer support to address the challenges.

## RISKS AND MITIGATION

**The program faces key risks around:** (i) Political economy and institutional risk: The upcoming national elections in 2022 may result in some changes related to the national level counterparts for the activity; (ii) COVID-19: The implementation of the program activities could be affected by the continuing evolution of the pandemic. The National and Local Governments in Serbia are facing many urgent priorities to respond to and there are significant human and financial capacity constraints. The risk of counterpart changes due to elections is partly mitigated by the fact that the agreed SUDS Strategy and associated Action Plan will provide an overarching framework for the implementation of the planned activities. To mitigate the potential COVID-related risks, the WB team is engaging in a programmatic approach to be able to adapt to the evolving Covid-19 circumstances, including in light of competing priorities and capacity constraints.

## OPERATIONAL SYNERGIES

The Program also aims to establish the basis for the "second generation" urban sustainability and resilience reforms and investments building on the mobility infrastructure focus of the Local Infrastructure and Institutional Development Bank-financed lending project (LIID) which is currently under preparation. Both programs are fully complementary and aim to provide a medium-term platform for the Bank's engagement at the subnational level in Serbia.

## RESULTS MONITORING AND REPORTING

The activities funded through the Associated Serbia MDTF contribute to achieving SURGE objectives and outcomes. To track and measure results specifically achieved through the MDTF for Serbia, a subset of indicators has been articulated and was placed under relevant SURGE pillars. As such, it helps shape SURGE overall results framework.

A thorough internal review of tentative indicators revealed the need to simplify and streamline indicators among the different trust funds that encompass the SURGE results framework. Table 6 shows simplified and streamlined results indicators that GPURL will report upon for the Trust Fund Strengthening Sustainable and Resilient Urban Development in Serbia as part of the larger SURGE results framework. The indicators are linked to SURGE Pillar 5 and will - among other things - contribute to achieving the objective "Strengthen cities and regions' resilience to climate change and disasters".

**Starting in FY22, progress on the results indicators will be reported annually.** To complement the numeric measurement and reporting of results, the program management teams will continue to offer qualitatively results reporting as part of the annual report.

**Table 6.** Indicators for activities funded through the Trust Fund *Strengthening Sustainable and Resilient Urban Development in Serbia*, integrated into the SURGE results framework (NOTE: see statement on page 52 related to potential update of the framework)

Program Indicators	
<b>1</b>	Number of <b>cities/regions</b> that have benefitted from SURGE support for implementing or formulating sustainable and inclusive urban/regional economic development strategies, policies, projects, plans, procedures, or regulations (of which in fragile and conflict-affected situations)
<b>2</b>	Number of city and government <b>officials trained</b> on (aspects of) sustainable and inclusive regional/urban economic development (of which women)
<b>3</b>	Number of <b>strategies, policies, plans, procedures, or regulations</b> of which the formulation / implementation was influenced / informed by SURGE support to cities/regions
<b>4</b>	Additional <b>financing</b> mobilized (in USD, of which public and of which private financing)
<b>5</b>	Number and volume of <b>WBG investment projects</b> influenced through SURGE support to cities/regions
<b>6</b>	Number of municipalities/cities with improved <b>participatory</b> planning processes, including with a focus on <b>gender</b> (of which in fragile and conflict-affected situations)

<b>Pilar 5: Urban &amp; Regional Resilience</b>	
Objective: Strengthen cities and regions' resilience to climate change and disasters	
<b>Pillar 5 Indicator I</b>	
Number of cities/regions with strengthened resilience to climate change and disasters	
<b>Pillar 5 Indicator II</b>	
Number of new / improved regulations and institutional frameworks that strengthens cities focus on resilience to climate change related disasters	
Pillar Outcome Indicators	Pillar Output Indicators
Outcome O: Urban & regional legal and institutional framework and regulations for resilience and climate change adaptation are improved	
<p><b>O.1</b> Number of municipalities/cities implementing and/or planning sustainable urban development and resilience investments in line with national policies and planning instruments (for Bolivia PNDIC<sup>15</sup>, for Serbia SUDS<sup>16</sup>) (<b>Bolivia</b> MDTF and <b>Serbia</b> MDTF)</p>	<p><b>O.1.1</b> Number of capacity-building activities completed for policy makers and government entities (<b>Bolivia</b> MDTF, reported per thematic area<sup>17</sup>, and <b>Serbia</b> MDTF)</p>
	<p><b>O.1.2</b> Number of diagnostics or analytical pieces completed under priority/thematic areas (<b>Bolivia</b> MDTF and <b>Serbia</b> MDTF<sup>18</sup>)</p>
	<p><b>O.1.3</b> Number of local entities in which technical assistance and capacity strengthening activities for improved strategic planning was provided (<b>Serbia</b> MDTF)</p>

<sup>15</sup> PNDIC - National Cities Policy of Bolivia

<sup>16</sup> SUDS - Sustainable Urban Development Strategy for Serbia

<sup>17</sup> Thematic areas for Bolivia include: (i) Disaster risk management and hazard information; (ii) Citizen engagement for planning & development of infrastructure; and (iii) Spatial analysis for resilient/local economic development.

<sup>18</sup> For Serbia two priority areas should be completed (sustainable and resilience urban development and/or solid waste management).



A construction site with workers and rebar. One worker in a blue helmet and yellow shirt is on the left, another in grey overalls is on the right. The foreground shows yellow rebar supports. A white box with blue text is centered.

**09**

**URBAN MDTF FOR  
SOUTH AFRICA**

## STRUCTURING SUPPORT FOR SOUTH AFRICAN CITIES

The Government of South Africa recognizes cities as the engines of economic growth and aims to make them productive, well-governed, inclusive, and sustainable. To reach that goal, the country needs to address several key challenges. One major challenge relates to the high level of inequality which remains an apparent manifestation of the apartheid legacy and produces spatial poverty traps. Poor people often live in densely populated urban settlements which are vulnerable to extreme weather events and which offer limited access to services and jobs. Sustainable services, resilient infrastructure and inclusive private sector development are thus top priorities for the Government of South Africa.

Among Government responses to the urban challenges in South Africa has been the establishment of Cities Support Programme (CSP). The CSP is a direct response to the South African Integrated Urban Development Framework (2016), which seeks to steer urban growth towards a sustainable growth model of compact, connected, and inclusive cities and towns. The World Bank provides technical assistance to the CSP through an Urban Reimbursable Advisory Services (RAS) agreement with South Africa's National Treasury (NT). SECO supports the CSP team through the Urban MDTF for South Africa. The program has been strategically linked to the RAS with complementary activities to support the CSP. The trust fund was officially signed on August 2020 and later associated with SURGE. It aims to build the capacity of the eight metros to promote an

integrated urban transformation agenda to be more compact and inclusive. These metros are Cape town, Johannesburg, Tshwane, eThekweni, Nelson Mandela Bay, Buffalo City, Mangaung and Ekurhuleni.

The program contributes to the achievement of the overarching SURGE objective, with specific focus areas under Pillar 1 (City Management, Governance & Financing), Pillar 2 (Territorial & Spatial Development) and Pillar 5 (Urban & Regional Resilience). The trust fund has an overall budget of approximately US\$10.14 million. In FY21, US\$3.5 million was allocated and approved across the program's components. Disbursements and commitments amount to US\$1.97 million, or 56 percent of the allocated amount (see table 7).

Program results are tracked through indicators that had been established before SURGE was created and are therefore considered legacy indicators. A selection of these legacy indicators has been integrated in the SURGE results framework. Table 8 shows the results indicators upon which the Urban MDTF for South Africa will be reporting as part of the overall SURGE results framework.

## SUSTAINABLE PLANNING AND FASTER BUSINESS PROCESSES

The first component of the Urban MDTF for South Africa focuses on strengthening the urban financing framework of national, provincial and local governments. The component integrates fiscal and financial sustainability issues in metro

Table 7. South Africa Associated MDTF Financial Overview (as of June 30, 2021)

(in millions, USD)	Overall Budget	Allocated Amount	Approved Amount	Disbursed + Committed (millions, USD)	% of allocation
Comp 1— Effective and Sustainable Fiscal and Urban Financing and Strengthened Governance Capabilities	1.37	0.50	0.50	0.39	78%
Comp 2— Water Resilience Only	6.07	0.55	0.55	0.22	41%
Comp 2— Sustainable and Climate Resilient Infrastructure and Land Planning and Delivery		1.44	1.44	0.86	60%
Comp 3— Capacity and Relevant Business Process Reforms at City, Regional and National Levels	2.19	0.58	0.58	0.32	55%
PMA	0.51	0.42	0.42	0.16	39%
<b>TOTAL</b>	<b>10.14</b>	<b>3.50</b>	<b>3.50</b>	<b>1.97</b>	<b>56%</b>

planning and strengthens governance capabilities. The program will work with cities on transversal management and change management, and an intergovernmental fiscal review is being drafted. The report's sections covering revenues and expenditures are with the South Africa's National Treasury (NT) for review. Additionally, asset management experts are brought onboard to help roll out a Cities Infrastructure Delivery & Management System (CIDMS) across eight metros.

**Component 2 of the program supports sustainable and climate resilient infrastructure and land planning and delivery.** Integration of climate response into national systems is being delivered by the team through several work streams. The first stream is linked to the CIDMS work undertaken under component 1 (see previous paragraph). For this, a review and report on how to embed climate response into the CIDMS is underway.

**The second workstream integrates climate resilience through capital projects appraisal guidelines.** The World Bank recently presented a resilience rating methodology to National Treasury Budget Office to inform the development of the appraisal guidelines.

**Other climate integration efforts focus on catalytic land development program guidelines.** The work is being aligned with the support provided to metros on project preparation and financing, to capitalize on the engagement with the metros and hands-on experience within resilient project preparation. A four-day long workshop was convened on resilient capital investment in December 2020 with over 80 participants. City scans that were developed for each of the metros served as conversation starters for cross sectoral discussions on resilience. After the workshop, metros submitted expression of interest (EoIs) for technical assistance. Thirteen (13) EoIs were received and additional resources from the Global Infrastructure Facility (GIF) were mobilized. The World Bank and CSP prioritized project preparation support to eight projects. These include Public Private Partnerships (PPP) projects in eThekweni, Johannesburg and Buffalo City and land-value captured projects in Cape Town, Ekurhuleni, Tshwane and Mangaung. The technical assistance is expected to start in September 2021.

**To enhance cities' water resilience, a series of virtual assessments and brainstorming have been completed with eThekweni, Johannesburg and Mangaung.** The cities struggle with water systems

defaulting and droughts. Water availability and safety challenges in informal settlements are a particular area of concern. The CSP team plans to help cities address the issues and to align the water related work with the broader work on informal settlements within the CSP. Additional work has been initiated on tariff reviews.

**Work on the last component of the South Africa program focuses on improving business processes to drive inclusive, social and economic development at city, regional and national levels.** Efforts to improve property registration has resulted in improved turnaround times for electronic Rates Clearance Certificates. For construction permitting, the focus has been on e-permitting systems, end-to-end business process optimization and automation. The creation of e-permitting systems has created a sense of ownership within the metros, resulting in improved workflows and improved turnaround times for e-permitting. The program also undertook 139 support activities, organized five learning events, and co-hosted a private sector engagement session. These activities reached approximately 872 stakeholders.

**Work conducted on spatialized economic data helps inform city planning and investments.** A draft report was discussed with stakeholders in May 2021 and will be finalized later in 2021.

**A review of public sector incentives is also ongoing.** It aims to identify and understand public sector incentives in terms of how they could be utilized to support city spatial transformation and inclusive growth goals and how they intend to, and can, leverage the economic potential of the cities to drive national economic development outcomes. Engagements were undertaken with a wide range of stakeholders, including focus group discussions in the City of Cape Town and eThekweni, to evaluate existing incentive regimes. The review will be completed within the coming months.

## IMPLEMENTATION CHALLENGES

**Over the summer of 2021, South Africa will begin preparations for the planned election.** These elections could affect project implementation should political priorities change within new city administrations, or through increased insecurity. Mitigation measures have been put in place, including careful planning of workshops and planned high level government engagement with the incoming city counterparts in an effort

to emphasize the importance of sustaining the ongoing reform agenda. It is also noted that the technical nature of the program’s activities should help to sustain implementation. Other program-wide implementation challenges remain related to the pandemic with travel remaining limited, thus a continued reliance on virtual engagements which can at times prohibit expected progress.

### OPERATIONAL SYNERGIES

Through the active leadership of the National Treasury the CSP has an important role to play in enabling intergovernmental collaboration on urban development in large cities and is directly linked to South Africa’s Integrated Urban Development

Framework (IUDF). The technical assistance that is being delivered through WB Urban MDTF for South Africa is directly supporting the implementation of the CSP and derives its strength from this strong alignment with country priorities. Through this longstanding partnership with the CSP, a proposed implementation support program for South Africa’s 39 medium sized or intermediate city municipalities has been formulated to further advance the IUDF, with a focus on stable municipal governance, sound integrated spatial planning, aligned capital investment planning, robust budget execution as well as sound revenue management and expenditure control, all leading to improved creditworthiness for South Africa’s cities.

**Table 8.** Indicators for activities funded through the Urban MDTF for South Africa, integrated into the SURGE results framework (NOTE: see statement on page 52 related to potential update of the framework)

Program Indicators	
1	Number of <b>cities/regions</b> that have benefitted from SURGE support for implementing or formulating sustainable and inclusive urban/regional economic development strategies, policies, projects, plans, procedures, or regulations (of which in fragile and conflict-affected situations)
2	Number of city and government <b>officials trained</b> on (aspects of) sustainable and inclusive regional/urban economic development (of which women)
3	Number of <b>strategies, policies, plans, procedures, or regulations</b> of which the formulation / implementation was influenced / informed by SURGE support to cities/regions
4	Additional <b>financing</b> mobilized (in USD, of which public and of which private financing)
5	Number and volume of <b>WBG investment projects</b> influenced through SURGE support to cities/regions
6	Number of municipalities/cities with improved <b>participatory</b> planning processes, including with a focus on <b>gender</b> (of which in fragile and conflict-affected situations)
Pillar 1: City Management, Governance & Financing	
Objective: Strengthen the financial & institutional dimensions of urban development & management	
Pillar 1 Indicator	
Number of cities/regions with strengthened financial/institutional dimensions of urban development and management	
Pillar Outcome Indicators	Pillar Output Indicators
Outcome A: Cities have improved financial & asset management systems	
<b>A.2</b> Increase in the number of metropolitan municipalities undertaking long term financial planning (South Africa MDTF)	<b>A.2.1</b> Number of long-term financial strategies in metros (South Africa MDTF)

<b>Pillar 2: Territorial &amp; Spatial Development</b>	
Objective: Spur equitable regional and local development	
<b>Pillar 2 Indicator</b> Number of cities/regions which spurred equitable regional and local development	
Pillar Outcome Indicators	Pillar Output Indicators
Outcome F: City planners and policymakers have access to improved city-level data and analytics to inform urban policy and investment planning	
<b>F.1</b> Laws, policy documents, sector plans, action plans, or other procedures related to urban planning are initiated and/or improved at the national or sub-national level (# of laws, policies, plans or procedures) (Anchor TF & <b>South Africa</b> MDTF)	<b>F.1.5.</b> Policy recommendations for national economic development incentives that recognize and support the pivotal role of cities in the national economy (# of reports) ( <b>South Africa</b> MDTF)
<b>Pillar 5: Urban &amp; Regional Resilience</b>	
Objective: Strengthen cities and regions' resilience to climate change and disasters	
<b>Pillar 5 Indicator I</b> Number of cities/regions with strengthened resilience to climate change and disasters	
<b>Pillar 5 Indicator II</b> Number of new / improved regulations and institutional frameworks that strengthens cities focus on resilience to climate change related disasters	
Pillar Outcome Indicators	Pillar Output Indicators
Outcome O: Urban & regional legal and institutional framework and regulations for resilience and climate change adaptation are improved	
<b>O.2</b> Number of metros that develop new or improve existing strategies to respond to water risks ( <b>South Africa</b> MDTF)	<b>O.2.1</b> Number of diagnostic reports [on water] developed for metros ( <b>South Africa</b> MDTF)





# 10

**SUMMARY OF  
PROGRESS BY  
PILLAR OF RESULTS  
FRAMEWORK**

*NOTE March 2022: the World Bank and SURGE's founding donor SECO are discussing a potential update of the SURGE Results Framework as reflected in this report.*

**SURGE monitors progress towards achieving its development objective by tracking results indicators.** The results indicators together make up the SURGE results framework. It features indicators at program level and at pillar level - reflecting the pathways of how the overarching SURGE development objective will be achieved.

**The program indicators measure aggregate results for the entire umbrella program.** This means that all activities funded through SURGE will report upon these indicators, hence all activities funded through the associated and anchor trust funds. The program indicators also monitor progress on SURGE’s crosscutting themes of gender and FCV.

**The pillar indicators measure activities’ contributions towards achieving the objectives and outcomes of pillars.** Only the country program or the anchor trust fund to which a specific indicator refers will report on the relevant indicator. They are logically folded under the SURGE pillars for which the activity helps achieve the pillar’s development objective.

**Indicators are only defined for pillars and outcomes with committed funding streams.** Pillar 1 (City Management, Governance & Financing), Pillar 2 (Territorial & Spatial Development) and Pillar 5 (Urban & Regional Resilience) have active funding streams. Their indicators are presented in three tables, for each pillar one table. A fourth table shows the overarching program indicators. Altogether, the four tables contain 41 indicators and make up the SURGE Results Framework.

**In this chapter, we present the framework and the cumulative results achieved by SURGE up to June 30, 2021.** These results were compiled from activities funded through the Anchor MDTF and the Urban MDTF for South Africa. The country programs in Bolivia, Serbia and Peru started only recently and will commence results reporting next fiscal year. For some indicators it is too early to report results. Furthermore, select indicators were introduced after the first data gathering cycle was completed, hence results for those indicators will be reported starting next fiscal year.

**Table 9.** SURGE Program Indicators - Part 1 (of 4) of the SURGE Results Framework

<b>SURGE Results Framework</b>	
Objective: Enable cities and regions in developing countries to function as drivers of sustainable and inclusive economic development	
Program Indicators	Score
<b>1</b> Number of <b>cities/regions</b> that have benefitted from SURGE support for implementing or formulating sustainable and inclusive urban/regional economic development strategies, policies, projects, plans, procedures, or regulations (of which in fragile and conflict-affected situations)	<b>59 (1 in FCS)</b>
<b>2</b> Number of city and government <b>officials trained</b> on (aspects of) sustainable and inclusive regional/urban economic development (of which women)	New (indicator introduced after FY21 data gathering cycle was completed)
<b>3</b> Number of <b>strategies, policies, plans, procedures, or regulations</b> of which the formulation / implementation was influenced / informed by SURGE support to cities/regions	New indicator (indicator introduced after FY21 data gathering cycle was completed)
<b>4</b> Additional <b>financing</b> mobilized( in USD, of which public and of which private financing)	<b>USD 1,615,000</b>
<b>5</b> Number and volume of <b>WBG investment projects</b> influenced through SURGE support to cities/regions	<b>2 projects</b>
	<b>USD 200 million</b>
<b>6</b> Number of <b>cities/regions</b> that have benefitted from SURGE support for implementing or formulating sustainable and inclusive urban/regional economic development strategies, policies, projects, plans, procedures, or regulations (of which in fragile and conflict-affected situations)	Too early to report

## CUMULATIVE PROGRAM RESULTS

In total, 59 cities benefitted from SURGE support up to June 30, 2021. This includes cities from all regions, for example Lagos in Nigeria, five cities in Uzbekistan (Karchi, Namangan, Kasansay, Piskent, and Akhangaran) and in Costa Rica the cities of Alajuelita, Desamparados, and Aserri. The cities mostly benefit at this early stage from the new knowledge they gained through diagnostics work and related workshops. Many SURGE supported activities will move into a technical assistance phase in the upcoming fiscal year, from which more in-depth benefits are expected for the cities.

As presented in table 9, the cumulative results at program level also show that ongoing activities have mobilized additional financing, including through a US\$ 950,000 partnership with PROBLUE that will support the Solid Waste Management (SMW) sector and reduce plastic waste in Lagos. In South Africa, additional resources (US\$ 490,000) were mobilized from the Global Infrastructure Facility (GIF) following a workshop on resilient capital investments in December 2020. The SURGE supported work in Nepal triggered funding (\$125,000) from the Quality Infrastructure Investment Partnership Trust Fund to assess the status and gaps in municipal service delivery in selected secondary cities in key economic growth clusters. The Kathmandu Valley is one of three clusters that will be assessed. The activity in Uzbekistan received additional financing (US\$50,000) from the World Bank to increase its scope.

The results achieved through the activities have also increased the knowledge and capacity of governments related to their portfolio of planned and ongoing urban development projects - whether financed by the World Bank or through other sources. An example of this is Uzbekistan where the funded activities are providing additional evidence and helping advance the dialogue with the Government counterparts. Moreover, analysis funded by the grant informed the Government in the design of the Additional Financing for the Medium Size Cities Integrated Urban Development Project.

### CUMULATIVE RESULTS FOR PILLAR 1: CITY MANAGEMENT, GOVERNANCE & FINANCING

SURGE activities resulted in improved financial and urban planning in twelve metro areas. The South African metros of Cape Town, Johannesburg,

Tshwane, Thekwini, Nelson Mandela Bay, Buffalo City, Mangaung, and Ekurhuleni now undertake long term financial planning. The six metros have long term financial strategies in place with a set of recommendations on corrective steps municipalities could take to enhance long-term financial sustainability.

Lagos benefited from a revenue deep dive activity of which results were shared with the Department of Budget and Economic Development Planning and the Lagos Internal Revenue Service. It helped them improve their capacity of revenue collection.

In the Philippines, city officials from Iloilo, Iligan, Baguio, Bacolod, and Naga expressed that they acquired new knowledge on green and resilience planning. They acquired this new knowledge through SURGE supported knowledge sharing workshops in which experts presented international best practices on green and resilience planning. The workshops focused on land use planning, flood and climate risk management, smart city management, and green urban regeneration. Results indicators for Pillar 1 are shown in Table 10.

### CUMULATIVE RESULTS FOR PILLAR 2: TERRITORIAL & SPATIAL DEVELOPMENT

Several SURGE grant have contributed to more equitable regional and local development through diagnostics, technical reports, trainings, workshops, and policy recommendations related to urban planning at both the national and subnational level.

Cities in general have benefited from a deep dive study that resulted in a flagship report: From Pancakes to Pyramids: City Form to Promote Sustainable Growth, launched virtually in June 2021. The report gives leaders new tools for investigating the combined effects of economic drivers and policy choices on a city's developments. The study found that the most successful urban areas are those that connect their growth to economic demand and then support this with comprehensive plans, policies, and investments that help avoid uncontrolled sprawl.

The technical work currently being undertaken in Vietnam is directly feeding into the preparation of the Southeast Socio-Economic Regional plan being undertaken by the Ministry of Planning and Investment. Romania, has been conducting research for the Urbanization Review in parallel to a RAS engagement with the Ministry of Public

**Table 10.** Pillar 1 Indicators - Part 2 (of 4) of the SURGE Results Framework

<b>Pillar 1: City Management, Governance &amp; Financing</b>			
Objective: Strengthen the financial & institutional dimensions of urban development & management			
Pillar 1 Indicator Number of cities/regions with strengthened financial/institutional dimensions of urban development and management			12
Pillar Outcome Indicators	Score	Pillar Output Indicators	Score
<b>Outcome A: Cities have improved financial &amp; asset management systems</b>			
A.1 Policy and planning instruments by TA program approved for implementation in selected municipalities and Government entities (Bolivia MDTF; Baseline: 0 in 2020; Target: 4 by 2024).	Too early	A.1.1 Number of diagnostics or analytical pieces completed under each thematic area: (i) Review of framework to finance urban development at municipal level; and (ii) Review of municipal budget for resilience and designing of innovative mechanisms) (Bolivia MDTF; Target: 2 by 2024)	Too early
		A.1.2 Number of capacity-building activities completed under each thematic area: (i) Review of framework to finance urban development at municipal level; and (ii) Review of municipal budget for resilience and designing of innovative mechanisms) (Bolivia MDTF; Target: 2 by 2024)	Too early
		A.1.3 Number of investment decisions taken based on updated risk mapping in each project municipality (Bolivia MDTF; Baseline: 0 in 2020; Target: 3 by 2024)	Too early
A.2 Increase in the number of metropolitan municipalities undertaking long term financial planning (South Africa MDTF)	6	A.2.1 Number of long-term financial strategies in metros (South Africa MDTF)	6
<b>Outcome B: Municipal Own Source Revenues (OSR) and Property Tax Systems are improved</b>			
B.1 Model to apply Land Value Capture instruments (LVCs) instruments tested (yes/no) (Peru MDTF; Baseline: No; Target: Yes)	Too early	B.1.1 Proposal(s) for the application of LVCs and land management instruments, to promote urban regeneration, transport, or social housing development (Peru MDTF)	Too early
B.2 Urban observatory implemented by relevant Ministry (for Peru: Ministry of Housing, Construction and Sanitation, MVCS) (yes/no) (Peru MDTF; Baseline: No; Target: Yes)	Too early	B.2.1 Options for institutional arrangements, operational models, and procedures to implement an urban observatory at the local/national level assessed (yes/no) (Peru MDTF; Baseline: No; Target: Yes)	Too early
<b>Outcome C: Cities have strengthened institutions and improved management capacities</b>			
C.1 Capacity building strategy for cadaster related functions adopted by government (Peru's MVCS/ COFOPRI for Peru (yes/no) (Peru MDTF; Baseline: no; Target: yes)	Too early	C.1.1 Capacity building strategy for cadaster-related functions for subnational governments designed (yes/no) (Peru MDTF Baseline No; Target: Yes)	Too early
C.2 Capacity building strategy for cadaster related functions adopted by government (Peru's MVCS/ COFOPRI for Peru (Peru MDTF)) (yes/no)	Too early	C.2.1 Proposal for institutional and organizational strengthening on urban cadaster matters (including the use of cadaster for property valuation, urban management, and disaster risk management) submitted (yes/no) (Peru MDTF; Baseline No; Target: Yes)	Too early

Works to develop the Romania Urban Policy. Even if it did not directly inform the drafting of

the policy, this work is considered supporting and complimentary towards implementation of the

policy (i.e. focus on neighbourhoods of concern, reinforces messaging around a typology of cities with diverse needs – growing vs. shrinking, and reinforces the need for a focused capacity building program for cities). In South Africa, a draft report for (Johannesburg, Cape Town, eThekweni, Tshwane, and Ekurhuleni) is being prepared on the review of public sector incentives.

Training and workshops are also contributing to local development. The Lagos State Government has been engaging in diverse training related to solid waste management, solar and renewable energy, as well as Bankable project technical discussion with the Ministry of Budget and Economic Planning. In the Philippines workshops have been completed in all five cities. These workshops aimed to help

**Table 11.** Pillar 2 Indicators - Part 3 (of 4) of the SURGE Results Framework

<b>Pillar 2: Territorial &amp; Spatial Development</b>			
Objective: Spur equitable regional and local development			
Pillar 2 Indicator			
Number of cities/regions which spurred equitable regional and local development			
Pillar Outcome Indicators	Score	Pillar Output Indicators	Score
Outcome E: Governments have improved Spatial Development Planning & Investment Prioritization capacities			
E.1 Land Administration Domain Model (LADM) - Profile is formally adopted by the government as the domain model of the urban cadastral system (yes/no) (Peru MDTF; Baseline: no; Target: yes)	Too early	E.1.1 LADM profile proposal and roadmap developed (yes/no) (Peru MDTF; Baseline: no; Target: yes)	Too early
Outcome F: City planners and policymakers have access to improved city-level data and analytics to inform urban policy and investment planning			
F.1 Laws, policy documents, sector plans, action plans, or other procedures related to urban planning are initiated and/or improved at the national or sub-national level (# of laws, policies, plans or procedures) (Anchor TF & South Africa MDTF)	5	F.1.1 Diagnostic reports identifying key challenges and priorities for sustainable urbanization at city-level (# of reports) (Anchor TF)	4
		F.1.2 Analytical / Technical reports informing cities' project identification, prioritization, and preparation (# of reports) (Anchor TF)	Too early
		F.1.3 Trainings / Workshops / Knowledge exchange events aimed at strengthening capacity of city officials to diagnose reform and investment needs, and design effective policies and investments at city level (# of events) (Anchor TF)	17
		F.1.4 New global knowledge / Frameworks/ Operational tools created (deep dives) and disseminated on key emerging urbanization topics (# of deep dives) (Anchor TF)	1
		F.1.5 Policy recommendations for national economic development incentives that recognize and support the pivotal role of cities in the national economy (# of reports) (South Africa MDTF)	1
F.2 Awareness of SURGE activities generated through dissemination activities (yes/no) (Anchor TF)	Too early	F.2.1 Knowledge sharing events and discussion forums where SURGE supported technical/ analytical/diagnostic work is presented / discussed (# of events and forums) (Anchor TF)	Too early
		F.2.2 Active and up-to-date SURGE website, incorporating / linking to associated trust funds (yes/no) (Anchor TF)	Too early
		F.2.3 Downloads of reports and analytical work generated by SURGE (#) (Anchor TF)	Too early

characterize the economic drivers for growth, development vision and strategies, development opportunities, challenges and constraints, spatial development, and urban character for each participating from the green and resilience perspective. Results indicators for Pillar 2 are shown in Table 11.

Implementation of the communications strategy is expected to start in FY22. As part of the next Annual Report, covering FY22, indicators related to communication and dissemination will be reported.

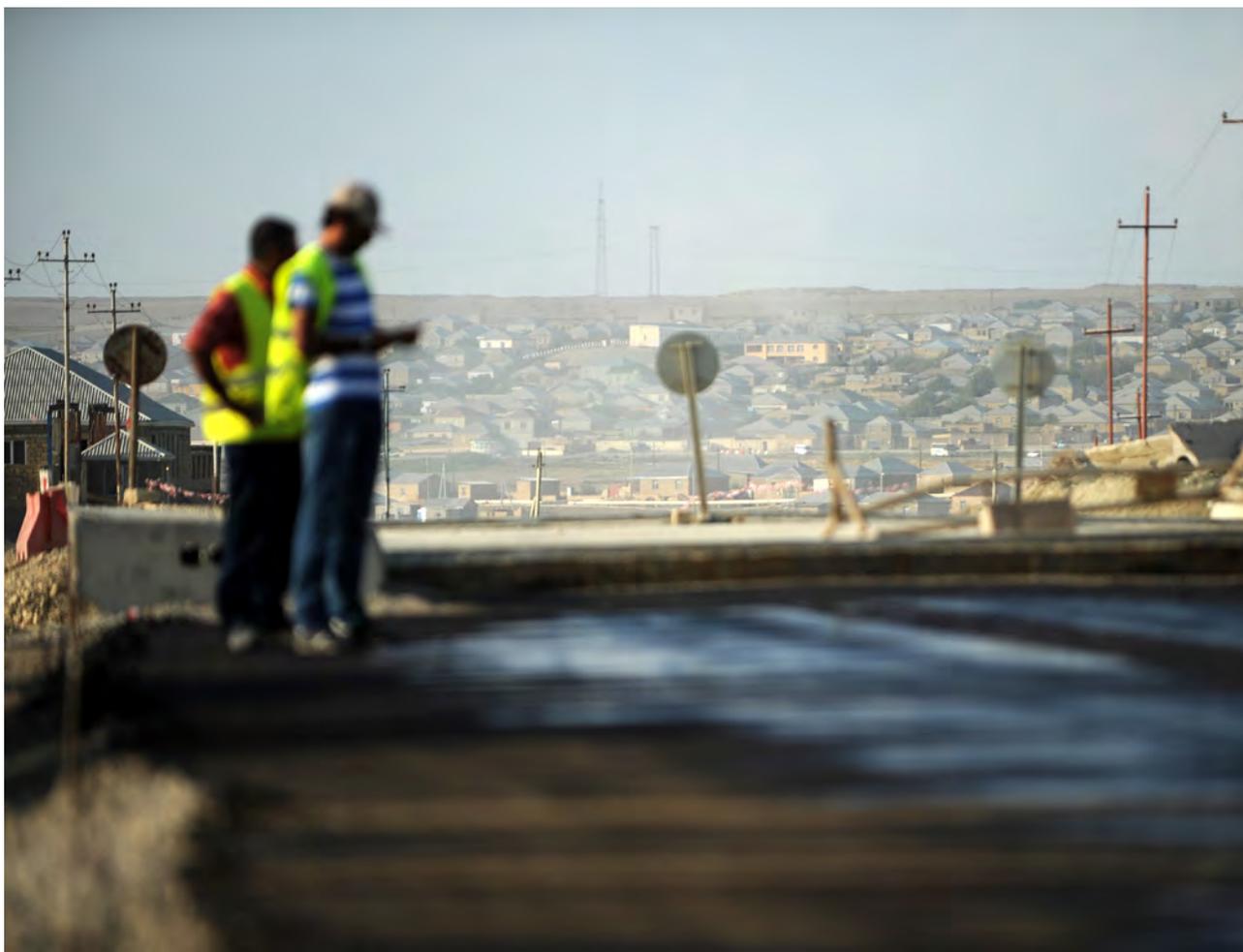
### CUMULATIVE RESULTS FOR PILLAR 5: URBAN & REGIONAL RESILIENCE

**SURGE helps South Africa’s cities to enhance their water resilience.** A draft Water Resilience Policy, Institutions and Regulations report was developed with support from SURGE’s associated Urban MDTF for South Africa. The review covers 8 metro areas and provides a cross-cutting urban

water resilience assessment. It identifies policy and reform priority areas, around which to mobilize stakeholders from different levels of government. As of June 2021, it was being finalized and peer reviewed. It has drawn on all metros, with more detailed work in Cape Town, eThekweni and Nelson Mandela Bay. The report provides a sound basis for dialogue on water sector transformation in South Africa’s cities. Briefings are planned with National Treasury, cities and other stakeholders.

Additionally, in Ethekewini, an initial draft tariff review report has been shared with the city. The work will inform approaches to secure sustainable finances for service delivery.

Several other SURGE activities are also supporting cities in building resilience. They are however at early implementation stages, and therefore expected to report results in future reporting cycles. Pillar 3 results indicators are presented in Table 12.



**Table 12.** Pillar 5 Indicators - Part 4 (of 4) of the SURGE Results Framework

Pillar 5: Urban & Regional Resilience			
Objective: Strengthen cities and regions' resilience to climate change and disasters			
Pillar 5 Indicator I Number of cities/regions with strengthened resilience to climate change and disasters			
Pillar 5 Indicator II Number of new / improved regulations and institutional frameworks that strengthens cities focus on resilience to climate change related disasters			
Pillar Outcome Indicators	Score	Pillar Output Indicators	Score
Outcome O: Urban & regional legal and institutional framework and regulations for resilience and climate change adaptation are improved			
<b>O.1</b> Number of municipalities/cities implementing and/or planning sustainable urban development and resilience investments in line with national policies and planning instruments (for <b>Bolivia</b> PNDIC <sup>19</sup> , for <b>Serbia</b> SUDS <sup>20</sup> ) ( <b>Bolivia</b> MDTF; Baseline: 0; Target:4 and <b>Serbia</b> MDTF; Baseline 0; Target: >5)	Too early	<b>O.1.1</b> Number of capacity-building activities completed for policy makers and government entities ( <b>Bolivia</b> MDTF; Baseline: 0; Target 1, reported per thematic area <sup>21</sup> , and <b>Serbia</b> MDTF; Baseline: 0; Target: TBD)	Too early
		<b>O.1.2</b> Number of diagnostics or analytical pieces completed under priority/thematic areas ( <b>Bolivia</b> MDTF; Baseline: 0; Target: 2 and <b>Serbia</b> MDTF <sup>22</sup> Baseline: 0; Target: >2)	Too early
		<b>O.1.3</b> Number of local entities in which technical assistance and capacity strengthening activities for improved strategic planning was provided ( <b>Serbia</b> MDTF; Baseline: 0; Target: >5)	Too early
		<b>O.1.4</b> Platform and Action Plan for implementation of national cities policy is adopted ( <b>Bolivia</b> MDTF; Baseline: 0 in 2020; Target: 1 by 2024)	Too early
		<b>O.1.5</b> Number of national planning and budgeting tools incorporating resilience in urban areas developed ( <b>Bolivia</b> MDTF; Baseline: 0 in 2020; Target: 2 by 2024)	Too early
		<b>O.2</b> Number of metros that develop new or improve existing strategies to respond to water risks ( <b>South Africa</b> MDTF)	Too early

<sup>19</sup> PNDIC - National Cities Policy of Bolivia

<sup>20</sup> SUDS - Sustainable Urban Development Strategy for Serbia

<sup>21</sup> Thematic areas for Bolivia include: (i) Disaster risk management and hazard information; (ii) Citizen engagement for planning & development of infrastructure; and (iii) Spatial analysis for resilient/local economic development.

<sup>22</sup> For Serbia two priority areas should be completed (sustainable and resilience urban development and/or solid waste management).





**11**

**FINANCIAL  
OVERVIEW**

This chapter provides financial information concerning the SURGE global Anchor MDTF and the four associated country MDTFs related to donor contributions, approvals and disbursements of activities, and Program Management and Administration (PMA) costs. This financial report covers a 20-month period, from TF inception in November 2019 through June 2021. During this period, across the SURGE TFs US\$12 million of the total US\$30 million budget has been approved for activities, and US\$4.3 million has been disbursed or committed.

## DONOR CONTRIBUTIONS TO THE SURGE UMBRELLA PROGRAM

Total donor contributions to the SURGE Anchor MDTF and associated Funds received through June 30, 2021, amount to US\$17 million-out of the US\$30 million overall funds committed by the Swiss State Secretariat for Economic Affairs (SECO) – see Table 13.

## OVERVIEW OF THE SURGE GLOBAL ANCHOR MDTF ALLOCATIONS AND ACTIVITY PORTFOLIO

Since trust fund inception in November 2019, US\$1.41 million has been approved for 11 activities under components 1 and 2, representing the sequence Phase 1 (urbanization reviews<sup>25</sup>) and

2 (technical assistance<sup>26</sup>) in 10 countries. More specifically, US\$1.02 million has been approved for 10 activities under component 1, and US\$0.39 million for one phase 2 activity under component 2 (in Costa Rica). US\$700,000 was the approved amount for the two deep-dive studies under component 3<sup>27</sup> and US\$250,000 was allocated to PMA-bringing the total approved amount to US\$2.4 million. The component 4<sup>28</sup> budget for outreach, communication, and coordination has been allocated but the activity has not been created yet. There has been a strong increase in disbursements and commitments under the global Anchor MDTF, from US\$44,000 in the period from inception to June 2020 (the period covered by the previous Annual Report) to US\$1.51 million from inception to June 2021. Table 14 and Figure A show the current allocations, approval status and expenditures of the components.

The reason for the differences between the allocated amounts and the overall budget is that, in consultation between the World Bank and SECO, the number of activities under component 1 and 2 was increased from the initially proposed 10 to 13 – of which 10 have been activated thus far. The overall amount for these two components (US\$4.9 million) has not changed, although as shown in Table 14 the allocated amount as of June 30, 2021, amounts to US\$4.66 million—the remaining US\$240,000 comes from a grant reduction that is yet to be reallocated.

**Table 13.** Overview of Donor Contributions to SURGE

Overview of Donor Contributions to SURGE	Amount pledged (millions CHF)	Amount pledged (millions US\$) <sup>23</sup>	Amount received (millions US\$)	Amount pending (millions US\$)	Investment income (m US\$)
<b>Switzerland (SECO)</b>					
SURGE Anchor MDTF	-	6.0	5.0	1.0	0.048
Associated TFs total	20.9	24.0	12.0	12.0	0.016
Bolivia	4.0	4.4	2.3	2.2	0.003
Peru	5.0	5.5	2.3	3.3	0.003
Serbia	3.5	3.9	1.7	2.2	0.002
South Africa	8.4 (m USD 0.9 <sup>24</sup> )	10.1	5.8	4.4	0.007
<b>Total SURGE amounts</b>	-	<b>30.0</b>	<b>17.0</b>	<b>13.0</b>	<b>0.064</b>

<sup>23</sup> CHF to USD exchange rate of June 30, 2021.

<sup>24</sup> In addition to the CHF 8.4m contribution from SECO, US\$886,853.48 (remaining funds from a closed SECO-funded trust fund in South Africa) was transferred from SECO's Donor Balance Account to the South Africa Trustee upon signature of the Administration Agreement.

<sup>25</sup> Original title of legacy SUD II component 1: Examining Sub-national urban development from a national perspective.

<sup>26</sup> Original title of legacy SUD II component 2: A "value chain" approach to support urban development

<sup>27</sup> Original title of legacy SUD II component 3: Frontier policy Issues in urban development.

<sup>28</sup> Original title of legacy SUD II component 4: Outreach, communication, and coordination

In terms of fund usage, respectively 70 percent and 2 percent of the component 1 and 2 allocations has been disbursed or committed, which shows progress as expected given that these components correspond with Phase 1 and 2 of country level activities. Fund usage under component 2 is expected to increase exponentially in FY22. Under component 3 (deep dive activities), 62 percent of the allocation has been disbursed or committed, and 66 percent of the PMA allocation has been used. The activities under component 4, related to outreach and communication, are expected to gear up in the coming year as early results will be disseminated and communicated through the new SURGE website and other media.

### OVERVIEW OF THE SURGE-ASSOCIATED COUNTRY MDTF ALLOCATIONS AND ACTIVITY PORTFOLIO

Since trust fund inception (ranging from June to December 2020), US\$8.92 million has been approved for technical components of the four associated country MDTFs, divided over 12 activities/components. The total PMA approved budget for the four associated MDTFs amounts to US\$0.73 million. Table 15 and Figure B show the current allocations, approval status and expenditures of the components. More detailed financial information at component level is included in the respective country chapters.

In terms of fund usage, 29 percent of the allocations to technical components of the four associated country programs has been disbursed or committed, and 28 percent of the allocated PMA allocation. The South Africa program cover the lion share of the expenses thus far, given that it started earlier in FY21 than the other three country programs.

Table 14. SURGE global Anchor MDTF Financial Overview (as of June 30, 2021)

(in millions, USD)	Overall Budget	Allocated Amount	Approved Amount	Disbursed + Committed (millions, USD)	Committed % of allocation
Comp 1	1.00	1.22	1.02	0.85	70%
Comp 2	3.90	3.44	0.39	0.05	2%
Comp 3	0.70	0.70	0.70	0.44	62%
Comp 4	0.15	0.15	-	-	-
PMA	0.25	0.25	0.25	0.17	66%
TOTAL	6.00	5.76	2.36	1.51	26%

Figure A. SURGE Global Anchor MDTF Financial Overview

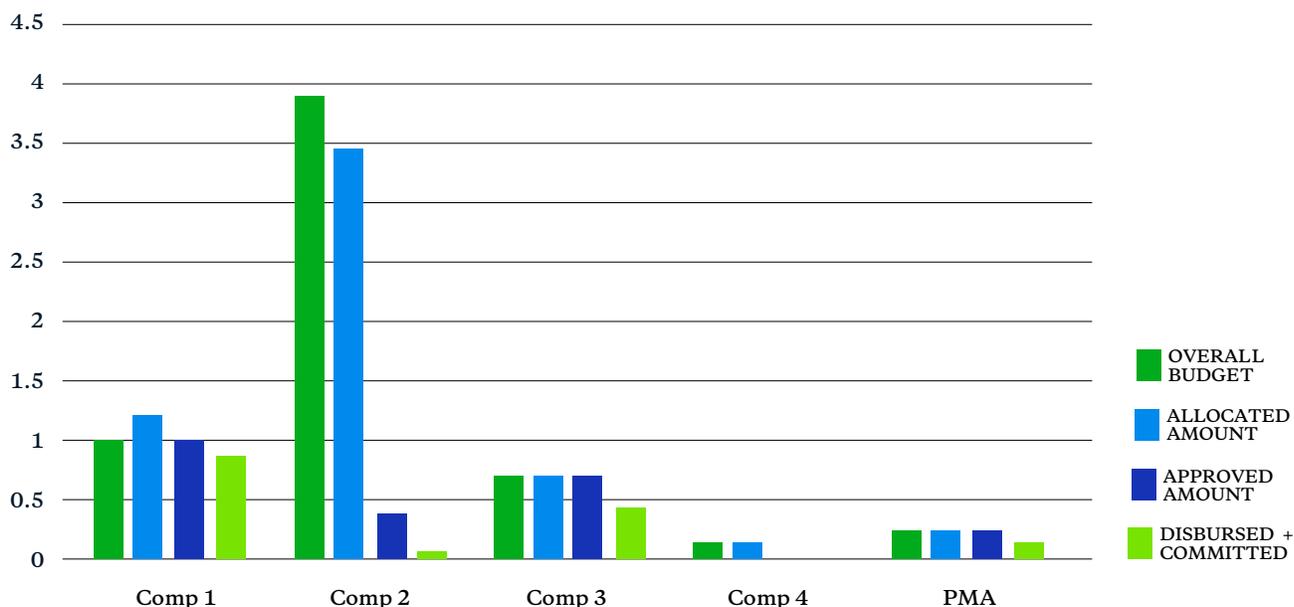


Table 15. SURGE Associated MDTFs Financial Overview (as of June 30, 2021)

(in millions, USD)	Overall Budget	Allocated Amount	Approved Amount	Disbursed + Committed (millions, USD)	% of allocation
Technical Components	22.78	8.92	8.92	2.56	29%
PMA	1.19	0.73	0.73	0.20	28%
TOTAL	23.98	9.66	9.66	2.76	29%

Figure B. SURGE Associated MDTFs Financial Overview



### OVERALL SURGE PROGRAM MANAGEMENT AND ADMINISTRATION (PMA) COSTS

PMA costs are incurred by the SURGE Team related to the governance arrangements of the program. These include expenditures on general program management, monitoring and evaluation, and donor coordination, among others. Total PMA disbursements and commitments from the SURGE global Anchor MDTF and associated country programs from inception to June 30, 2021,

amounts to US\$0.37 million, equal to 9 percent of the total SURGE disbursements and commitments. As common in trust-funded programs, many initial expenses are primarily geared to program management and administration, related to the design, and set up of the program structure and procedures and reviewing EoIs and proposals. The program has set limitations in the financial systems to ensure that PMA spending cannot go over 5 percent of the total SURGE Umbrella contributions.



**12**

◆  
**LOOKING  
AHEAD**

**Now that SURGE has been set-up and country programs are incorporated under the umbrella, its focus can shift from building the program's foundation towards implementation and growth.** A detailed work plan has been prepared for FY22 illustrating next steps for each trust fund encompassing SURGE. In this section of the annual report, a summary of the workplan is presented. Table 16 shows the FY21 and proposed FY22 allocations for each Trust Fund.

**As overarching activities, the program management team plans to engage in fundraising and dissemination efforts to grow SURGE's impact.** Based upon an initial donor mapping exercise, the team will engage with potential new partners to explore collaboration options. It will also start implementation of the SURGE communication and visibility plan. This includes the development of a SURGE website, production of SURGE promotion material, the dissemination of the lessons from SURGE supported activities, and more (related to legacy SUD II component 4).

**The SURGE's anchor Trust Fund will focus in FY22 on building cities' capacity to deliver dynamic, inclusive, and sustainable cities.** Once project teams complete their up-stream diagnostics work, they will move their focus towards building city government capacity to deliver upon the priorities identified in urbanization reviews. This will be done through technical assistance and capacity strengthening that will help cities to go from problem identification to strategy development, to operationalization. The regional MENA activity and the city engagements in Angola, Costa Rica, Nigeria, Madagascar, Nepal, Philippines, Romania, Uzbekistan and Vietnam will move into this next phase (SUD II's legacy component 2) in FY22.

**Global work on frontier policy issues in urban development (legacy SUD II Component 3) will also continue under SURGE's anchor Trust Fund the coming year.** A deep dive that looked at the shape of cities growth was completed, but the analytical piece that provides insights on how to anticipate economic impact of urban infrastructure will continue in FY22.

**The associated Trust Fund focused on improving urban planning and cadasters in Peru, plans the coming year to assist the Peruvian Government in the development of a Land Administration Domain Model (LADM).** The team will also work with government authorities and stakeholders on agreements for the standardization of land

information management. Based upon the findings of an assessment of government cadastral capabilities, the team intends to provide technical assistance for the design of a national capacity building strategy in urban cadaster-related topics. Additional work in Peru will focus on supporting the Ministry of Housing, Construction, and Sanitation on the design of Land Value Capture (LVC) instruments and an urban observatory. The activities will be linked to Peru's efforts to regulate the recently enacted Sustainable Urban Development Law, which establishes LVCs as well as an urban observatory.

**In FY22, the SURGE's associated Serbia program will help assess and diagnose urban development needs and gaps for up to ten cities.** The list of selected cities will be confirmed with Serbia's Ministry of Construction Transport and Infrastructure and members of the programs Steering Committee. Additionally, a deep dive on municipal solid waste management will be undertaken to improve performance in alignment with EU objectives.

**As the Urban MDTF for South Africa moves into FY22, its work on climate resilient asset management will continue to progress.** The work involves Cape Town, Johannesburg, Tshwane, eThekweni, Nelson Mandela Bay, Buffalo City, Mangaung and Ekurhuleni. The team's focus will be drawn towards Cities Infrastructure Development Management Systems (CIDMS) - moved from component 2 to component 1, and to strengthening metropolitan municipalities' capacities to manage infrastructure projects and make them sustainable. The coming year, the team will also focus on creating spatialized economic data that can be monitored and reviewed to build a sustainable economy. Additionally, the team will continue to work on creating a change management process that can be institutionalized.

**The Bolivia Urban Resilience Technical Assistance Program will in FY22 strengthen Santa Cruz's and La Paz's capacities to engage with citizen and better manage flood risks.** It will also help the cities develop Municipal Climate Action Plans and identify options to leverage private capital for urban development. Additionally, the program will support Santa Cruz and La Paz to review their municipal budget for resilience and design innovative budget mechanisms. At national level, the program plans to support the national government to promote and operationalize a national framework for urban resilience.

**Table 16** : SURGE FY21 and Proposed FY22 Allocations by Trust Fund (US\$ millions)

	Total Actual & Proposed Allocations			Allocations thru FY21			Proposed Allocations FY22		
	Activities Comp's	PM&A	Total <sup>29</sup>	Activities Comp's	PM&A	Total <sup>29</sup>	Activities Comp's	PM&A	Total <sup>29</sup>
SURGE Anchor MDTF TF073394	5.75	0.25	6.00	5.51	0.25	5.76	0.24	-	0.24
Bolivia MDTF TF073571	4.22	0.22	4.44	2.10	0.11	2.21	0.72	0.04	0.76
Peru MDTF TF073594	5.25	0.28	5.53	2.14	0.11	2.26	1.04	0.05	1.09
Serbia MDTF TF073593	3.68	0.19	3.87	1.61	0.08	1.68	1.56	0.08	1.64
South Africa MDTF TF073516	9.63	0.51	10.14	3.08	0.42	3.50	2.14	0.09	2.23
<b>Total SURGE Umbrella</b>	<b>28.53</b>	<b>1.45</b>	<b>29.98</b>	<b>14.43</b>	<b>0.98</b>	<b>15.42</b>	<b>5.70</b>	<b>0.26</b>	<b>5.96</b>

<sup>29</sup>Total amounts are based upon more recent currency exchange rates and may therefore slightly differ from the original indicate budgets





**13**

◆  
**ANNEXES**

Annex 1: Key Umbrella Program Information

<b>DATA SHEET SURGE</b>	
<b>ANCHOR TRUST FUND</b>	
<b>SUSTAINABLE URBAN &amp; REGIONAL DEVELOPMENT (SURGE) UMBRELLA PROGRAM - TF073394</b>	
Effectiveness Date / End Disbursement Date	19-Oct-2019 / 31-Dec-2030
Managing unit	Urban Global Partnerships Unit
Program Manager	Matthijs Schuring, Senior Operations Officer
Program Technical Lead	Horacio Terraza, Lead Urban Specialist
Program Officer	Maria Camila Quintero Garzon, Consultant
Program Officer	Macha Kemperman, Consultant
<b>ASSOCIATED TRUST FUND</b>	
<b>STRENGTHENING URBAN CADASTERS FOR URBAN GOVERNANCE IN PERU MDTF - TF073594</b>	
Effectiveness Date / End Disbursement Date	102-Dec-2020 / 30-Apr-2026
Managing Unit	Urban Global Partnerships Unit
Program Manager	Gabriel Arrisueno Fajardo, Senior Urban Specialist
<b>ASSOCIATED TRUST FUND</b>	
<b>BOLIVIA URBAN RESILIENCE TECHNICAL ASSISTANCE PROGRAM - TF073571</b>	
Effectiveness Date / End Disbursement Date	23-Nov-2020 / 31-Jan-2025
Managing Unit	Urban Global Partnerships Unit
Program Managers	Paula Restrepo, Senior Urban Specialist
Program Manager	Jack Campbell, Senior Disaster Risk Management Specialist
<b>ASSOCIATED TRUST FUND</b>	
<b>STRENGTHENING SUSTAINABLE AND RESILIENT URBAN DEVELOPMENT IN SERBIA - TF073593</b>	
Effectiveness Date / End Disbursement Date	27-Nov-2020 / 30-Apr-2025
Managing Unit	Urban Global Partnerships Unit
Program Managers	Tamara Nikolic, Operations Officer & Axel E. N. Baeumler, Senior Infrastructure Economist
<b>ASSOCIATED TRUST FUND</b>	
<b>URBAN MULTI-DONOR TRUST FUND FOR SOUTH AFRICA - TF073516</b>	
Effectiveness Date / End Disbursement Date	06-Aug-2020 / 31-Oct-2024
Managing Unit	Urban DRM AFR East and South 2
Program Manager	Eric Dickson, Senior Urban Specialist
<b>SURGE PROGRESS REPORTING</b>	
Progress reports	Annually by fiscal year - Next report due on October 15, 2022
Development Partner Center	The Development Partner Center is a single-stop portal for development partners to access their World Bank Group financing portfolios. Registered users can access the Development Partner Center through <a href="https://clientconnection.worldbank.org">https://clientconnection.worldbank.org</a> .

# 2021 Annual Report

Sustainable  
Urban and  
Regional  
Development  
Umbrella  
Program  
(SURGE)