



City
Resilience
Program

PROGRAM BRIEF

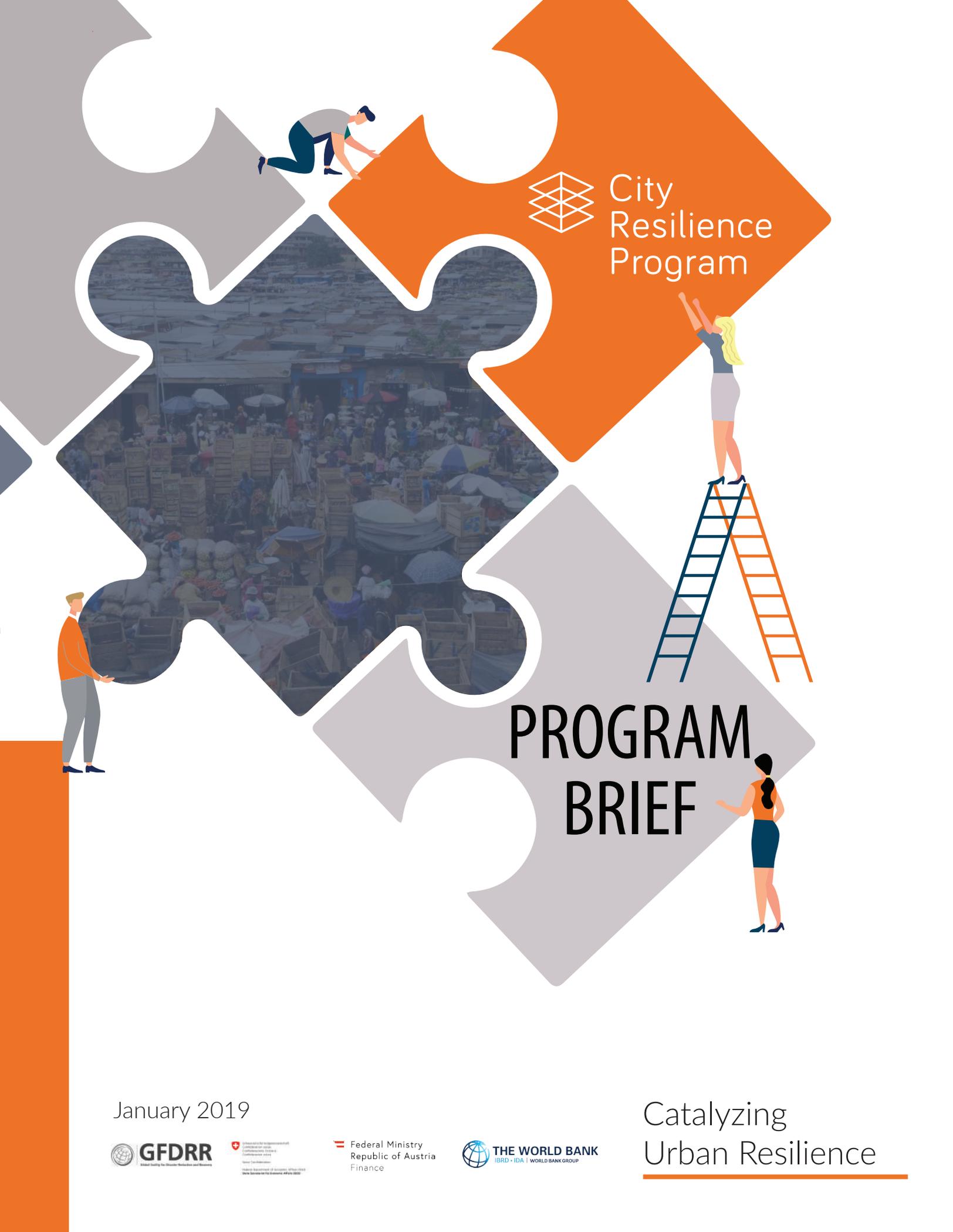
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Federal Ministry
Republic of Austria
Finance



Catalyzing
Urban Resilience





BACKGROUND

Bigger and Better Investments for a Resilient Future.

Rapid urbanization is transforming the planet and the way we live: each year, about 1.4 million people move into cities around the globe¹, and 90 percent of this takes place in developing countries. Urbanization, if managed well, can help reduce poverty and increase prosperity, as cities can accelerate growth, attract investment, spur innovation and enhance productivity. Poorly managed urbanization, however, can exacerbate existing challenges and leave cities more vulnerable to natural hazards.

The greater concentration of people and assets means that the impact of natural disasters and a changing climate can be devastating. The poorer segments of the economy are particularly vulnerable, as they tend to settle in hazard-prone areas and lack the essential safety nets to recover from economic or environmental shocks. By 2030, without significant investment into making cities more resilient, natural disasters may cost cities worldwide \$314 billion each year, and climate change may push up to 77 million more urban residents into poverty². Preparing cities for disaster and climate risks is thus fundamental to

sustainable development and poverty reduction. However, the lack of financial and technical resources could hold cities back from pursuing the vision of a more resilient future.

Established in June 2017, the World Bank Group's **City Resilience Program (CRP)** is driven by the belief that a resilient future for our cities is possible. CRP aims to empower cities to pursue comprehensive investment programs to strengthen resilience, and to access a broad range of financing options.

Strengthening urban resilience is a complicated process. CRP works to effectively bring in the broad set of World Bank Group's sectoral expertise to help cities integrate climate and risk scenarios into their upstream urban planning. Relying on the advancement of geospatial technologies such as remote sensing, CRP breaks the silos of sectors by facilitating spatial planning to allow visually laying out key risk information, and factoring climate change scenarios into investment planning.

¹ UN DESA, 2014. "World Urbanization Prospects: The 2014 Revision, Highlights."

² "World Bank Group, 2016. Investing in Urban Resilience : Protecting and Promoting Development in a Changing World. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/25219> License: CC BY 3.0 IGO."

On the other hand, CRP anchors on the World Bank Group's Maximizing Finance for Development (MfD) campaign to bring in all sources of financing including from the public, Development Finance Institutions and private sectors. CRP acts as the banker of a city, and catalyzes the flow of financial resources to emerging markets while boosting the bankability of investment projects.

Along its two area of focus, CRP developed two support tracks that run in parallel: the Resilience Enhancement Track and the Capital Mobilization Track. Each track takes place in three phases throughout which cities receive dedicated support along project identification, project design and project implementation.

RESILIENCE ENHANCEMENT

CRP creates a system to effectively bring technical expertise into resilience investment project design. The aim is to move from the traditional sector-specific, project-specific solution to a comprehensive solution that takes into account the interaction between different sectors that comprises resilience. Throughout this process, CRP starts with a spatial approach and provide a platform for cities to engage with different subject matter experts.

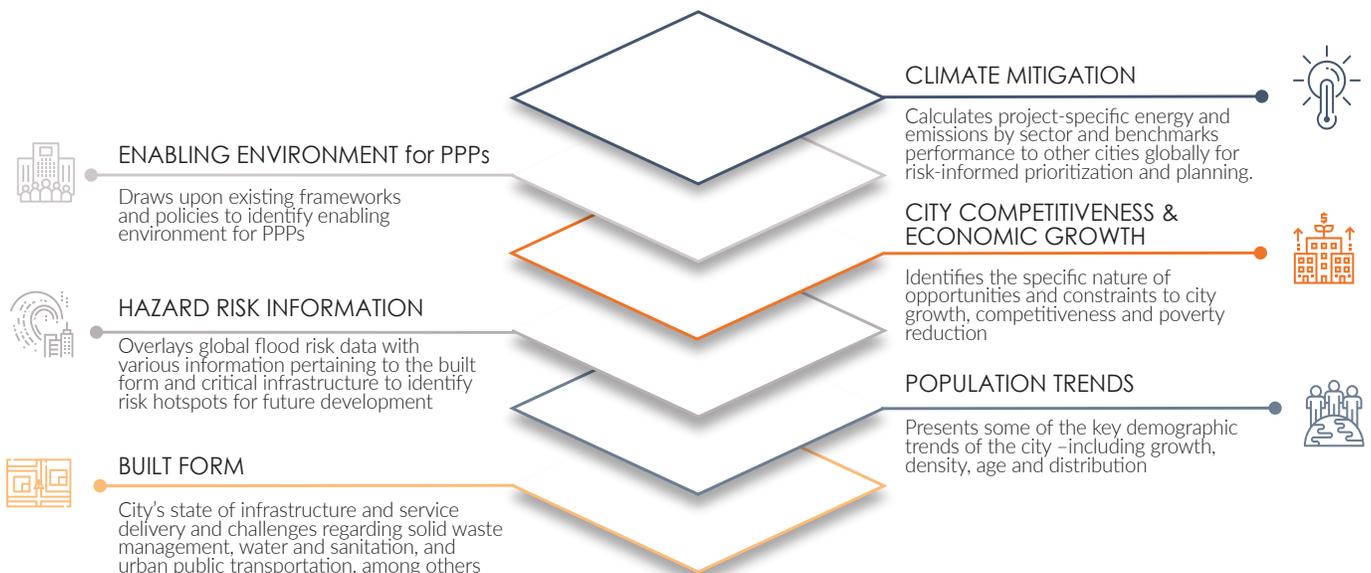
In **Phase I** of this support track, CRP produces a **"City Scan"**-a series of maps, visualizations and analysis which spatially lay out the city's risk information and facilities. The "City Scan" is delivered to cities to kickstart the engagement. City leaders, World Bank task teams and subject matter experts from various technical working groups participate in a one-week immersive event, the **"Resilience Planning Workshop"**.

WBG experts ranging from resilient infrastructure resilience, to flooding risks, to emergency preparedness connect with cities to explore improved, risk-informed project design.

In **Phase II**, following the Resilience Planning Workshop, CRP and WBG technical experts provide technical assistance in detailed project design and preparation. The objective is to embed a broad set of expertise into the urban planning process to ensure that any investment program is risk-informed and considers natural hazards and climate change from the design phase.

The final **Phase III** of the engagement on the technical end culminates in investment project implementation, with CRP assisting the World Bank Group project teams with project execution.

Figure 1: The City Resilience Scan



CAPITAL MOBILIZATION

City leaders sometimes lack the expertise to capitalize on existing assets or take advantage of risk-mitigating and capital enhancing mechanisms. As a result, although there is strong interest to invest in infrastructure in emerging markets, investors face difficulties in deploying their capital because of the perceived risks, high transaction costs and a scarcity of well-prepared projects. CRP works with multilateral development banks and other Development Financing Institutions to crowd in financial resources for cities. In addition, CRP facilitates access to private sector financing, through three modalities: borrowing from capital markets and commercial sources (direct lending), concessions /PPP and mobilizing equity and innovative financing instruments through Land Value Capture (LVC). CRP is further expanding the application of risk mitigation tools such as guarantees to provide incentives for private sector participation.

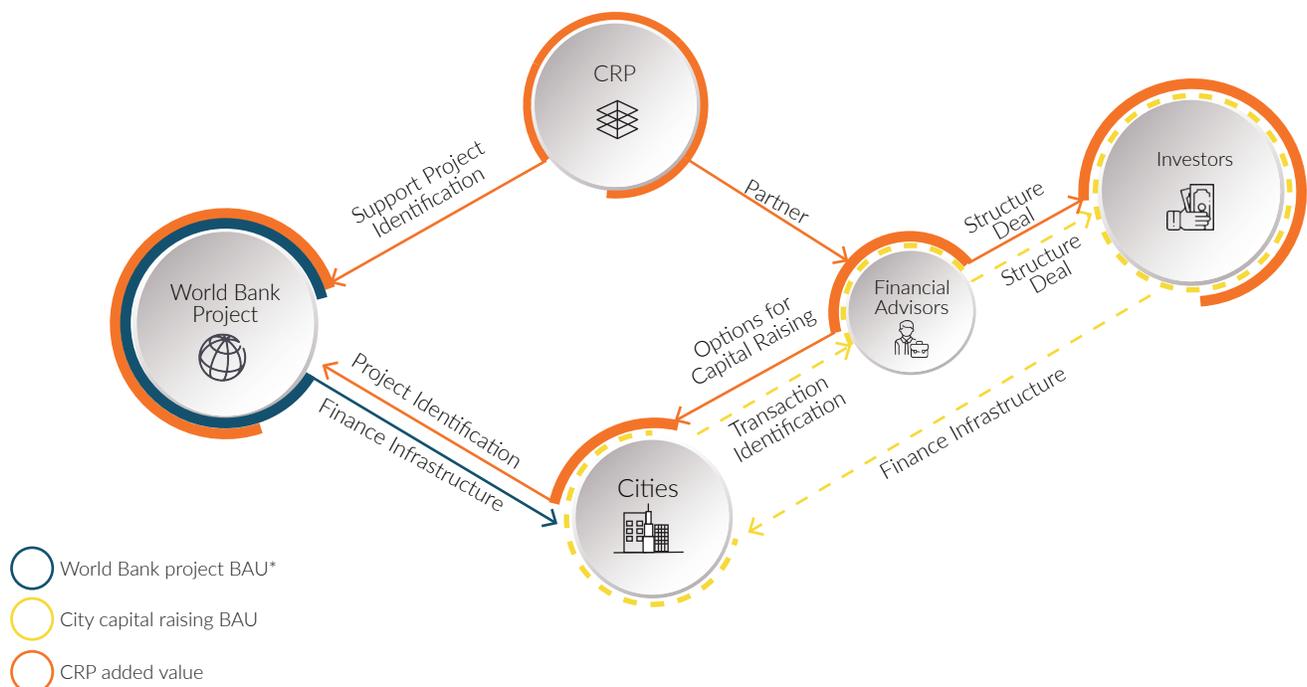
In **Phase I**, CRP conducts a benchmark analysis- the **“Rapid Capital Assessment”** - that outlines a city’s underlying conditions and enabling environment for accessing private sector financing. It serves as a conversation starter with city officials to describe the

spectrum of private capital instruments available and to identify key barriers that cities face in accessing the different types of private capital instruments. This first phase of preliminary analyses culminates in the participation of city delegations in a one-week **“Financial Solutions Marketplace”** where city officials expand their toolbox of financial instruments, exchange ideas, and most importantly, develop and refine viable transaction options for city resilience with private capital experts and financial advisors.

In **Phase II**, CRP contracts cities with a sufficiently mature investment idea. Cities receive dedicated financial advisory services to help with project prioritization, market sounding and pitching, valuation and financial modeling; review of regulatory gridlocks and institutional environment, etc.

During the final stage **Phase III**, CRP assists project teams with the private capital transaction execution, and focuses on increasing investors’ confidence by exploring a suite of risk-mitigation tools such as guarantees or credit enhancements to boost the “bankability” of projects.

Figure 2: Capital Mobilization Mechanism



*Business As Usual

GLOBAL CITIES ENGAGEMENT

In FY17, CRP has developed active engagements with 45 cities in all regions across the globe. Two cohorts of about 20+ cities each were directly engaged in Phase I of the Capital Mobilization Track, of which 12 across Latin America, Asia and Africa have already moved to Phase II where dedicated financial advisors work together with CRP private sector experts to

engage the city and respective World Bank Group projects teams in a more detailed investment identification process.

In FY18, a cohort of 11 African cities engaged in Phase I of the Resilience Enhancement Track.



PARTNERSHIP

In 2017, CRP secured financial contribution from the Swiss (SECO) and Austrian government, as well as the Global Facility for Disaster Reduction and Recovery (GFDRR). CRP further formalized a partnership with the Global Covenant of Mayors with the official partnership announcement at the One Planet Summit in Paris on Dec. 12, 2017. In 2018, CRP and the

Spanish Agency for International Development Cooperation (AECID) successfully partnered on a program proposal to access resources from the EU External Investment Plan (EIP) to source, originate and execute transactions in Sub-Saharan Africa and the European neighborhood.

For more information: <https://www.gfdr.org/en/city-resilience-program>



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