



City Resilience Program

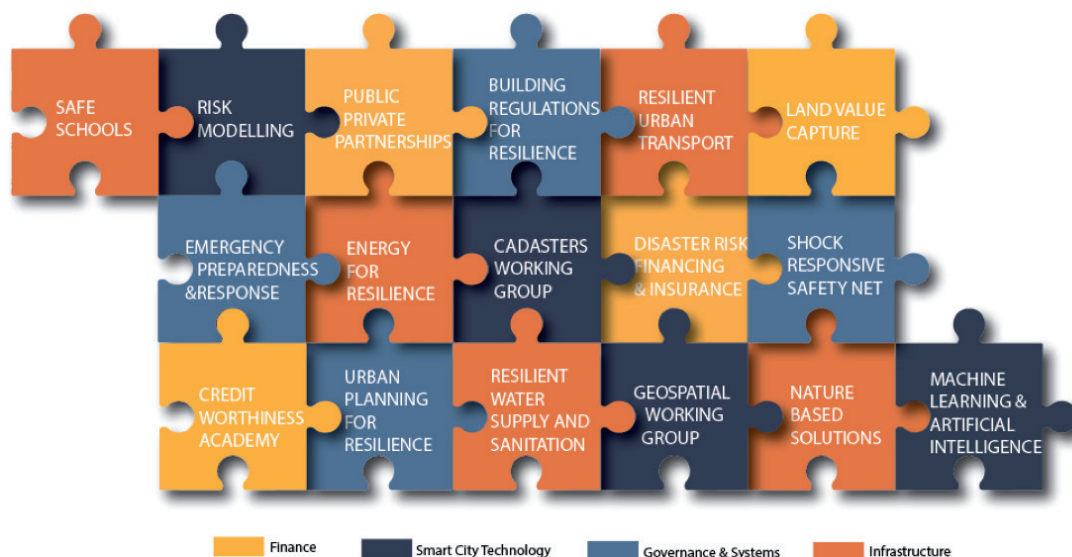
Supporting Cities to Build Resilience

The World Bank Group's (WBG) City Resilience Program (CRP) is an effort to assist city governments to build greater resilience to climate and disaster risks. For many major cities in the world, strengthening urban resilience is a multibillion dollar agenda that requires strong partnerships and new sources of capital. Cities are sometimes held back from pursuing the necessary investments because they lack the technical expertise and/or the access to capital to finance them. CRP tries to fill that gap by i. leveraging the WBG's broad set of sectoral expertise in designing urban resilience projects, and ii. better connecting cities to the necessary financing. The aim of CRP is to catalyze a transparent pipeline of well-prepared and bankable investment opportunities and to improve access for private and institutional investors to crowd into new markets. It is in this sense that CRP seeks to act as the bankers of the city, and to facilitate strategic investments that address the vulnerabilities and risks that cities face in a holistic way.

Unprecedented urbanization is transforming the planet and the way we live: for the first time in history, more people live in cities than in rural areas. 90 percent of this urban expansion takes place in developing countries, and much of it occurs near natural hazards, rivers and coastlines, and through informal and unplanned settlements. Lack of adequate infrastructure, land use planning and building codes exacerbate the risks to which urban dwellers are exposed. The greater concentration of people and assets means that

the impact of natural disasters and a changing climate can be devastating, both in terms of human lives lost and economic livelihoods destroyed. The poorer segments of the population are particularly vulnerable, since they tend to live in more hazardous settlements and lack the necessary safety nets to recover from economic or environmental shocks. Preparing cities for disaster and climate risks and strengthening urban resilience are thus critical to all development and poverty reduction efforts.

Figure 1. CRP Technical Working Groups



CRP PROMOTES AMBITION BOTH IN THE TECHNICAL DESIGN AND IN THE FINANCIAL SCOPE OF THE INVESTMENTS

1. A Better Project

Cities face a multitude of challenges that are inherently multi-sectoral and interdependent in nature. Comprehensive development plans must balance a community's aspirations for growth and quality of life, with risk reduction and hazards. CRP's coalition of experts drawn from different World Bank departments ensures that city level investments integrate best practices and innovation, and attain the highest standard in terms of quality, scope and comprehensiveness. Technical working groups

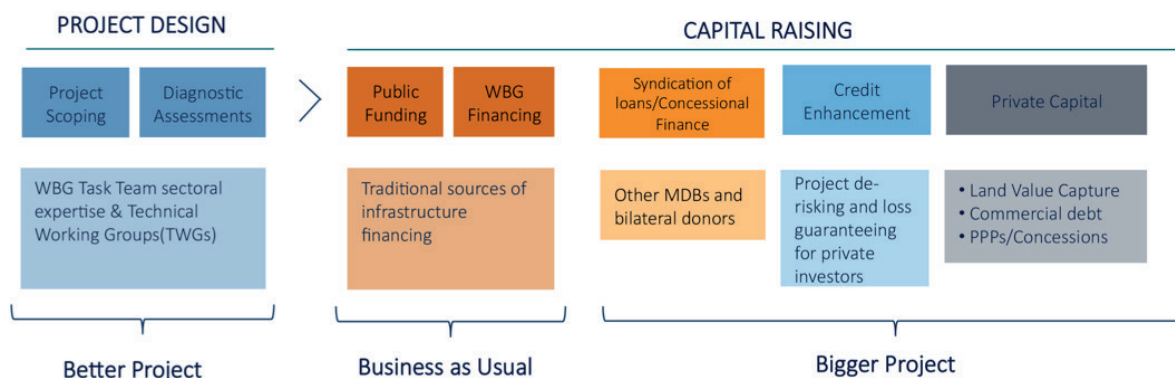
in the areas of disaster risk management, urban planning, infrastructure finance, nature based solutions, social protection and others, inform the design and implementation of all CRP city-level engagements. They further provide a central learning platform and depository of knowledge to draw from. CRP thus represents a shift away from traditional sector-specific or industry-specific support towards a more holistic approach to building resilience. Crucially, leveraging this broad set of expertise allows the city to conceive of a more ambitious in-

tervention given the greater access to resources that will be made available through CRP.

2. A Bigger Project

Most cities lack the know-how and capacity to tap into available funds and exploit investment opportunities. City governments need assistance in structuring investments and raising the necessary capital to realize ambitious and transformative investments. As the bankers of the city, CRP connects city governments with multilateral de-

Figure 2: CRP Value Added



velopment banks, bilateral donors and private investors. A particular emphasis will be placed on building the capacity of cities to raise capital through PPPs, concessions and land value capture transactions, and on increas-

ing investors' confidence by exploring a suite of risk-mitigation tools such as guarantees or credit enhancements to boost the "bankability" of projects. The focus will be on reducing transaction costs through, inter alia, conduct-

ing market reconnaissance, providing capacity-building to governments to move toward investment readiness, and facilitating the negotiation between cities and investors on specific transaction opportunities.

PROGRAM APPROACH

The CRP approach engages cities in a long-term partnership to identify areas of need and opportunity and to define a robust response towards building resilience. CRP promotes ambition both in the technical design and the financial scope to generate investments that are bigger and better. A broad coalition of experts, convened under Thematic Working Groups, will accompany the design and implementation of each city-level engagement, while private capital experts will support cities to expand the financing options available to them. CRP's technical and financial contribution allows the cities to undertake the required preparatory work and diagnostic assessments that make a robust and comprehensive response to the challenge of resilience possible. CRP support is structured around three phases as described below.

1. Project Scoping:

This phase focuses on developing a city engagement strategy which will define the set of activities and investments needed to strengthen urban resilience. The city engagement strategy builds on a broad understanding of investment needs and opportunities, and will be developed through a collaborative process with city officials and drawing on the broad set of expertise offered through the CRP Technical Working Groups. The aim is to address institutional, technical and financial barriers to building greater resilience at the city level and to encourage city governments to be more ambitious in the interventions they envision.

Capital Scoping: The CRP Rapid Capital Assessment gives an initial indication of a city's readiness to deploy various private capital mobilization instruments, including

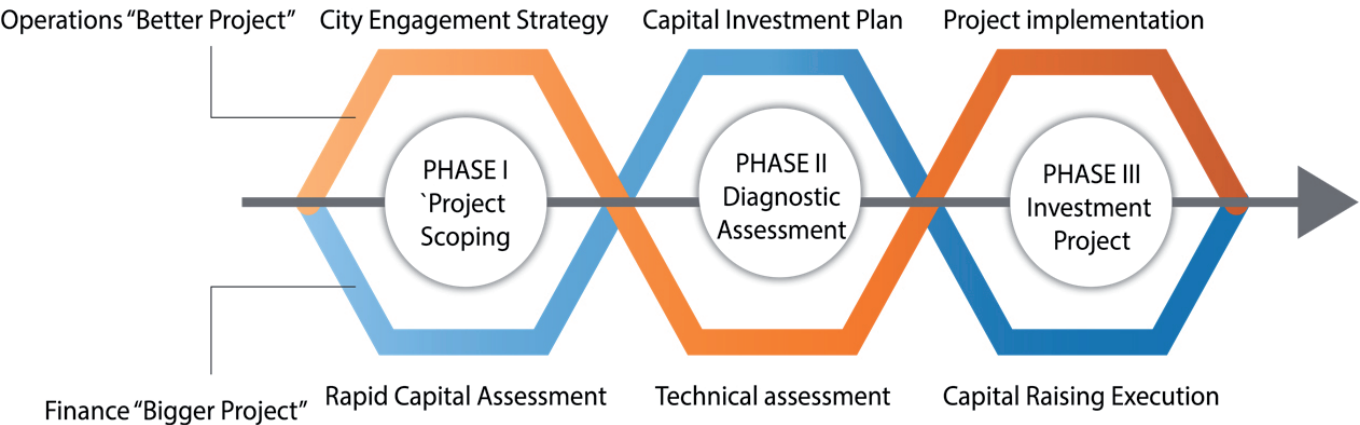
raising commercial debt, structuring PPPs, and leveraging private capital from land value capture transactions. The rapid capital assessment will set out realistic financing options that include other multilateral or bilateral sources and funds from private investors.

2. Diagnostic Assessments:

All city engagements are built on a foundational analysis/diagnostic of the legal and institutional environment for planning and managing capital investments, a review of existing geospatial data systems, and a compilation of disaster risk profiles at the city level.

Capital Investment Plan: CRP will identify the capital investment needs and build a project-capital structure which leverages public and private sources of capital.

Figure 3: CRP Program Approach



3. Investment Project Execution:

Once specific interventions and investment plans are defined, CRP supports cities in the implementation of investment projects through technical support and the mobilization of co-financing.

Capital Raising Execution: CRP may also engage advisory services to secure best technical support for private capital mobilization, including legal and financial services, transaction structuring, organizations of industry forums and capital markets advisory. This includes

transaction management support in private capital mobilization, PPP, and LVC structuring and loan syndication; assistance with hedging, de-risking, and credit enhancement; as well as technical assistance on finance reform.

FUTURE AGENDA

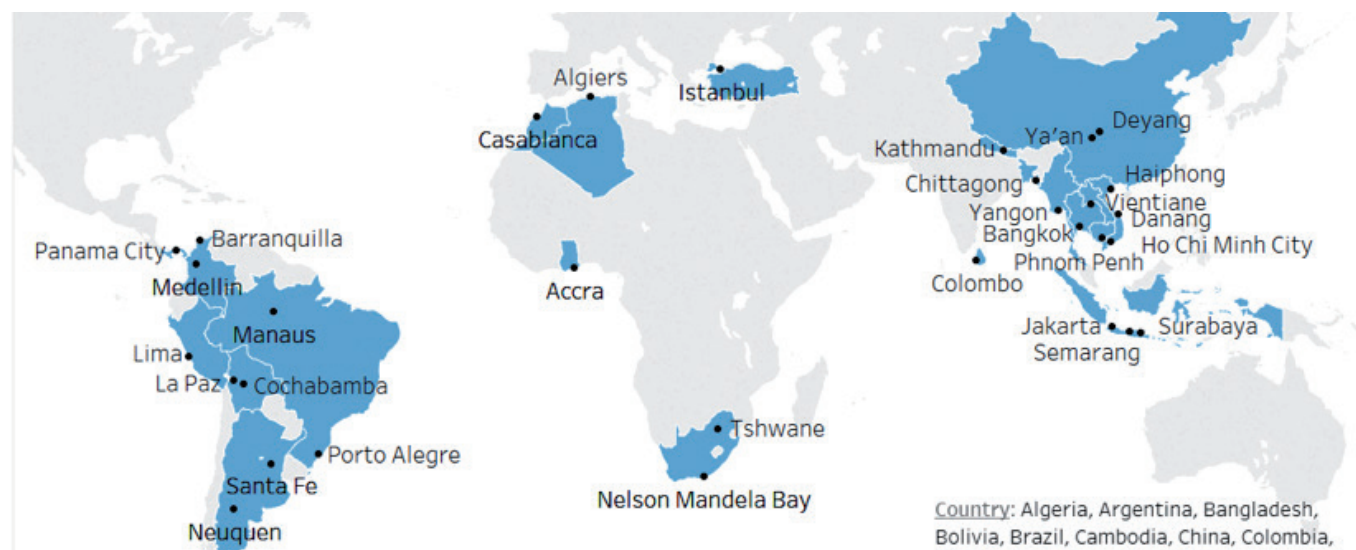
To date, CRP has engaged almost 35 cities across the world on developing investment programs that could be financed with a range of financial instruments. City engagement is ongoing and includes both technical support and advisory services to unlock investment opportunities. At the biannual Comprehensive Financial Solutions Conference CRP brings together city leaders, private capital experts and investors to identify concrete investment opportunities and connect them to appropriate financing options.

The goal of the Program is to catalyze a marketplace to meaningfully connect cities and investors. At the same time, we want to encourage cities around the world to put climate resilience at the center of their investment programs, which requires strong coordination across city agencies. CRP will work to create an ecosystem where investment opportunities in cities in the global south form part of any attractive investment portfolio. If CRP is successful, 10 years into the future this will become business as usual, not the frontier of complexity and opportunity.

Opportunities for Contribution

CRP continually engages with bilateral and multilateral development financing institutions on potential interest to join the partnership, including through: i) financial support to the core program; ii) targeted diagnostic support in earmarked cities; iii) co-financing of investment projects; and iv) support to a credit enhancement facility.

Figure 4: CRP Engagement Cities



For further information <https://www.gfdrr.org/en/city-resilience-program>