Results-Based Financing for Sustainable, Green, and Inclusive Cities

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The World Bank
2/3rd of the World Pop in Urban by 2050
  - Speed and scale of urbanization is bringing complex challenges

$5 billion of the World Bank financing per year on cities
  - The active portfolio stands at 224 projects across 89 countries amounting to $35 billion
Priorities of World Bank Operations in Cities

1. Enhance Planning System and Local Capacity for cities
2. Strengthen Fiscal and Financing Systems
3. Promote Territorial and Spatial Development
4. Build Climate Smart and Urban resilience
5. Invest in low-income, marginalized urban communities
GPRBA prioritizes low-income populations in cities

- Extending infrastructure and services to low-income populations in urban settings by reducing the barrier of high initial cost of access
- Improving financial sustainability
GPRBA has invested $122M in cities

• 40 percent funding allocated to urban investments
• Urban investments span 25 projects across 6 sectors
GRPBA focuses on Urban Water & Sanitation

• GPRBA financed 12 urban water and sanitation projects, totaling $61.3 million
  • Urban Sanitation Facility for Greater Accra ($2.5 million)
  • Nairobi Sanitation Project ($6.9 million)
  • Expansion of Water Services in low-income areas of Jakarta ($2.5 million)

Ghana Urban Sanitation Facility

• GPRBA Grants: 4.85 million

• Objective: Increase access to improved sanitation for low-income communities’ residents in the Greater Accra Metropolitan Area (GAMA) by providing Output-Based Aid (OBA) subsidies as incentives to service providers.

• Indicators: 1) number of installed and functional sanitation facilities, and 2) number of desludging operations performed

• Results:
  • 7,685 Sanitation facilities constructed
  • Desludging services to 237 entities comprising 207 schools and 30 households
GRPBA has an evolving Solid Waste Management portfolio

• GPRBA financed 4 SWM projects, totaling $17.8 million
  • Subsidies used to enable municipalities to deliver improvements in service quality, in turn increasing their ability to gradually increase revenues
  • Implemented in fragile and conflict affected situations

OUTPUT-BASED AID FOR SOLID WASTE MANAGEMENT IN NEPAL

• GPRBA Grants: $4.28 million
• Objective: To improve access to high quality and financially sustainable waste management services in the cities of Tansen, Dhankuta, Ghorahi, Pokhara and Lalitpur
• Results:
  • Benefited 800,000 residents
  • Increased waste collection service to an average of ~70 percent
  • Revenue increased by 193 percent across four participating municipalities
What Next?

• What can RBFs do more? Any other urban assets to invest in?
  • Housing? Public Spaces? Nature-based solutions? Sport facilities for the youth?

• In each sector, how can we do better and achieve more by innovating Results-Based Financing approaches?

• In what ways can more effectively incentivize stakeholders?
  • Governments, private service providers, communities, etc.