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**Urban Development And The World  
Bank: Historical Perspective And  
Present-Day Programs**

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## Abstract

In the global landscape of the 21st century, international institutions occupy a distinctive spot, taking in different influences that culminate in specific policy decisions. The World Bank falls within this group of organizations, presenting itself with the main goals of putting an end to extreme poverty and promoting shared prosperity, intended especially for developing and least-developed countries. In order to achieve the stated mission, the Bank operates in several fields by funding and assisting development projects alongside national and sub-national governments, private sector investors and other international institutions. One of the areas that requires massive interventions is represented by urban development, which is a central theme in many countries undergoing significant migration flows and economic growth. The role of development agencies in this field is mainly to help provide basic services and infrastructures that can improve the well-being of the urban population, such as through the building of affordable housing and the enhancement of the urban environment resilience to disasters and climate change. The Bank, throughout its history, has changed its approach in undertaking certain projects as far as structure of the interventions and financial commitment, based on the direction established by the upper management of the institution and the main external influences. Execution and final outcomes are often the products of the collective effort provided by the parties involved in the projects, so that the possible shortcomings can be attributed to different entities. Programs conducted in the urban field have contributed to general progress in some areas since the middle of the 20th century, but the projects undertaken by the Bank continue to be scrutinized and judged based on the positive and negative nuances that define them.

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# Chapter 1

## Introduction

The last century was characterized by events that contributed to reshape the political, social and economic framework of most of the world, with changes that affected countries internally and in their relationships with other countries. In an increasingly globalized world-system, the need to achieve an international equilibrium became an imperative for Western countries, which aimed to solidify their position and status. This scenario emerged, in particular, following the end of World War II, when winners and losers had the common goal of fostering economic development, although starting from different conditions. The World Bank and the International Monetary Fund have arisen in this context, and soon began to play a central role in the sphere of international relations, addressing the direction of development for many countries in different regions of the world.

After the initial efforts directed mostly towards helping countries to recover from their post-war state, the Bank shifted to finance projects in developing countries, in an attempt to boost economic growth. The Bank-supported projects, in the early phase, consisted mainly of major infrastructure works, such as power stations, highway systems, dams and seaports, which were considered safe enough investments in terms of economic return. The underlying orientation of the institution in this period was heavily influenced by the United States, which in the following decades continued to play a central role, in particular through the election of the president of the World Bank, traditionally an American representative. It was precisely with the appointment of a new president, Robert McNamara, that the Bank revised its approach and significantly increased resources aimed at anti-poverty projects and social programs during the 1970s (Ramsamy (2006)). This phase was followed by the emergence of the neoliberal approach, which led the Bank to pursue a development path that required an expansion of the private sector role in national economies, with the intention of reducing the commitment to social lending and establishing rigid structural adjustment loans. Throughout following presidencies and arriving to the present day, the Bank attempted to find a compromise between the direction desired by the most influential countries and the requests of some developing and least-developed countries that have to deal with several challenges to solve internal issues and boost development. In recent decades the deployment of public-private partnerships attempted to engage different sectors of society in the pathway outlined by the Bank, but the actual implementation of these schemes is possible in certain contexts and is not a guaranteed success.

In the process of undertaking programs in different parts of the world, the Bank had to take into account the growing role of urban centers in the countries that partnered with the institution in its projects. In some regions, the second half of the 20th century coincided with significant migration flows from rural areas to urban areas and the growth of cities, both in terms of population and extension. These processes forced, in the first place, the countries involved to pay particular attention about urban development, and the World Bank gradually started to take part in projects that could affect this particular field. Middle and low-income countries often don't have the resources to tackle a wide range of challenges that come with certain phenomena and require an extensive set of programs to support citizens in their path to a decent standard of living. From housing conditions to adequate infrastructure, the variety of necessary interventions has been on the Bank's radar for decades, and as the orientation of the institution shifted with time, the undertaken projects started to take into account different components to alleviate poverty in the urban context.

Indonesia has been one of the countries that benefited from the Bank's projects in the urban sector, and that continues to partner with multiple institutions to fund projects in several cities. Starting from the 1970s, the Bank began to finance projects for the urban development of the region, providing in addition technical assistance and playing a supervisory role. The institution stature is such to affect the orientation of the policies presented by national governments, which need substantial funds to implement, in particular, large scale programs. Overall, the results have been mostly positive, with some missteps due to the shortcomings of the national government and the Bank, in a context that presents persistent challenges.

Throughout this thesis, we will have the chance to observe the trends of urbanization that shaped different regions of the world in separate timelines, and subsequently it will be presented an overview of different components that make up the current urban environment and the identification of the challenges given by urban development. The thesis will proceed with a description of the evolution of the Bank throughout its history, and the role it played in supporting specific projects in the urban sector. In conclusion, an example of Bank-financed urban projects will be provided by outlining the country profile of Indonesia from the 1970s to the present day.

# Chapter 2

## Urbanization Historical Perspective

### 2.1 Urbanization Phenomenon Introduction

The term urbanization refers to the process of concentration of the population in a certain territory, contributing to the formation and the expansion of cities and urban areas. More specifically, urbanization concerns the increase in the proportion of people living in urban areas, altering the balance existing between urban and rural distribution. The increase can be caused by flows of rural-urban migrations, or from the growth of urban population in the case that rural population is not able to keep the same pace.

Behind the patterns of rural-urban migration there are many reasons, depending also on the specifics in terms of socio-economic and cultural context of the territory. Generally, a urban setting can be considered attractive due to the multitude of opportunities that are not available in other areas. A city can present a strong job market that provides a variety of possible employment options and allows a good level of social mobility, features that are not that available in rural areas. Aside from the potential economic benefits, density, diversity and proximity enable the presence of a vibrant cultural environment that can be particularly stimulating for the younger segment of the population. It also shouldn't fly under the radar that there are instances in which people are almost pushed to move to urban areas because life in rural areas has become tougher due to a decreasing profitability of the traditional economic activities that are conducted in those locations. In some regions of the world, these difficulties could be caused by climate change, which is having an increasingly bigger effect in shaping up these territories.

Urban life comes with its positive aspects, which were partially named earlier, and that could fall under the category of socio-economic benefits. But it also comes with some negative, in particular when certain urban areas grow very quickly, which is a phenomenon that recently involved developing countries. Fast and uncontrolled growth leads to overcrowding issues, a lack of housing, extreme traffic and pollution problems. The ones who are more exposed to these issues and less to the benefits of the city are the poorer, among which there are those who moved to urban areas in the hope to find better opportunities than the ones they had in their previous settlements. To overcome these issues, this segment of the population is forced to rely on what they are able to obtain in order to survive, often leaning on the informal economy and settling in illegal

buildings, where waste management and sanitary conditions are daily problems.

Processes of urbanization in various parts of the world present similarities and differences, and the countries involved have different strategies to deal with the challenges they have to face. Some of these countries, China is the best-known example, employ a top-down approach, where both the dynamic of rural-urban migration and urban growth are closely monitored and influenced (Yusuf and Saich (2008)). This model often has succeeded in achieving the targeted goals, but it pushes many households to make significant adjustments following strict guidelines.

The urbanization trend has followed a steep growth in the last century, especially from the second half, when many developing and least developed countries have witnessed a significant increase in urban population. As reported in the 2018 revision of the World Urbanization Prospects (United Nations (2019)), the world's urban population went from 0.8 billion in 1950 to 4.2 billion in 2018, a rapid urbanization pace that brought the proportion of urban population from 30% in 1950 to 55% in 2018. The year 2007 was when, for the first time, the population of the world became more urban than rural, and the gap between the two groups is destined to grow in the next few decades, with the urban population that is projected to reach 5 billion in 2028 and 6 billion in 2041.

In the next sections there will be an overview of how the modern waves of urbanization came about in different regions of the world, exploring the different dynamics and timelines that concerned them.

## 2.2 Modern Urbanization In Europe And The United States

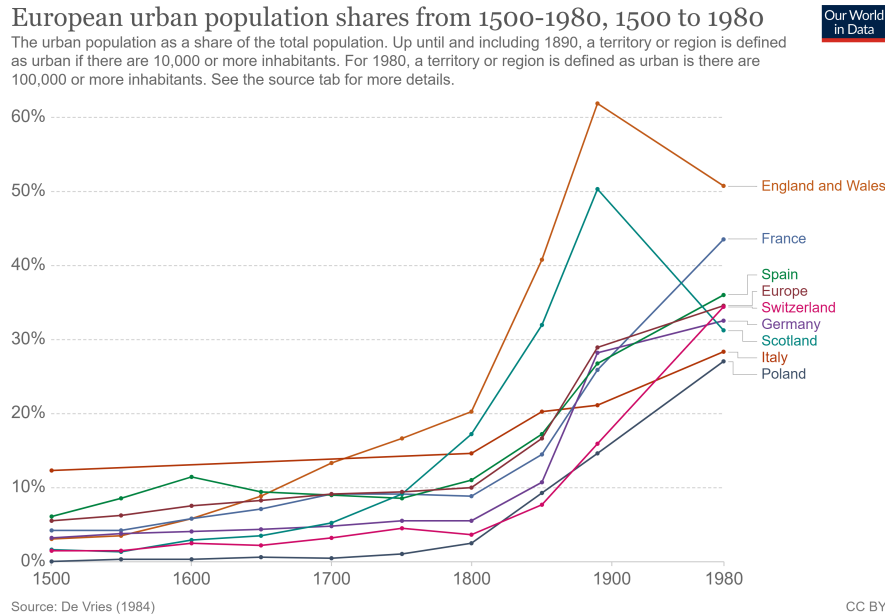
### 2.2.1 England And Wales

The urbanization trend started to be noticeable in the 19th century as it regards to Europe (Figure 1), where, the industrial revolution and the new distribution of resources of national economies led to an increase of population concentration in certain areas, with subsequent similar effects in the rest of the Western world.

Leading the process was England where, by the end of the 18th century, many industrial centres became the new source of growth for the national economy, places where citizens could find jobs and could integrate into what was considered as modern life. Working class families settled in the proximity of factories, often living in very crowded houses, while the upper middle class and the aristocrats resided in more decent buildings. The city presented a spectrum of possibilities that often were not available in rural areas, as the offering of full-time employment and places of entertainment, attractive especially for young people. In this phase, the fast development of urban centres and the demographic expansion contributed to an increase in pollution, and poor health conditions plagued a good portion of those who worked and lived around industrial centers. As mentioned by Leon (2008), in the first half of the 19th century life expectancy at birth in England and Wales was stable around 40-41 years, while in the second half of the century it increased by 6 years. This improvement in life expectancy reflected overall progress in terms of healthcare and living conditions, but



**Figure 1:** European Urban Population Shares from 1500 to 1980.



Source: Our World In Data, De Vries (1984)

by taking a closer look it appears that in this period large cities showed higher mortality rates compared to the national average. The reason behind this difference could be attributed to the aforementioned overcrowding, air pollution, poor sanitation and the lack of access to clean water, with the latter which characterized a significant disparity between rural and urban areas.

The middle of the century, notably with the boom in the 1840s, brought an expansion of the railway network, medium and large towns were connected throughout England and Wales, facilitating the movement of people and freight transport. In the following decades, disruptive innovations as the London Underground, which opened in January 1863, changed how urban transportation was previously conceived, making it possible for faster connections between different parts of the city.

### 2.2.2 European Overview

The growing urbanization observed in England and Wales in the 19th century rapidly spread out to the rest of Europe, driven by the ongoing industrialization process. The share of urban population displayed in Table 1 is the result of this trend, as we can observe a slight increase in the first half of the 1800s, and a much larger in the second half, then bound to continue with a sustained pace in the 20th century.

This growth was concentrated in particular in large cities, especially in capitals. The largest cities offered a mix of economic opportunities related to entrepreneurship, industry and trade that was unmatched for families coming from poverty, who were looking for full-time employment and for a more dynamic environment compared to what they were used to. In Europe, part of the respective national population settled in and around cities like London, Paris, Berlin, Vienna, Saint Petersburg, with a growth

**Table 1:** Share Of Urban Population In European Countries in 1800-1850-1890

Country/Region	1800	1850	1890
England	20.3	40.8	61.9
Belgium	18.9	20.5	34.5
Germany	5.5	10.8	28.2
France	8.8	14.5	25.9
Spain	11.1	17.3	26.8
Italy	14.6	20.3	21.2
Netherlands	28.8	29.5	33.4
Portugal	8.7	13.2	12.7
Scandinavia	4.6	5.8	13.2
Switzerland	3.7	7.7	16.0
Total Europe	10.0	16.7	29.0

Source: De Vries (1984)

that outpaced government planning for the urban landscape. As previously seen in the case of London, the 19th century resulted in the birth of public transportation in the city. In a matter of decades, the main cities were able to provide services such as omnibuses, electric trams and eventually metro lines. On the other side of the positive aspects of the modern cities, there were the same sanitary issues found during the industrial boom in many areas of England, with high mortality rates caused by poor living conditions and air contamination. Some of these problems were solved by improvements in water supply and modern waste disposal systems, leading to better sanitary conditions and a decrease in mortality rates in urban areas.

All the above-mentioned issues were taken into consideration when Georges-Eugène Haussmann was commissioned to undertake an imposing public works program for the renovation of the city of Paris. The main operations under Haussmann were conducted between 1853 and 1870, but the interventions sparked by his work continued until the start of the following century. The urban development plan served to give a new light to the city, through the demolition of old buildings, the formation of the now typical wide avenues, the creation of green public spaces, and the installation of a vast sewage network. All the operations lead by Haussmann were aimed at the modernization of Paris, which needed an improvement of the incumbent living conditions that were undermining the life of the growing urban population. Despite the social disruption caused by the relocation of many families for the construction of new boulevards and buildings, the public works program was successful in improving the quality of life in the city, preventing the spread of epidemics and optimizing traffic circulation, while also leaving a long-term mark on the structure and look of Paris.

### 2.2.3 United States

Following industrialization patterns similar to those in Europe, the United States saw an increase in urbanization and in urban growth, especially since the second half of the 19th century. Many Americans migrated from rural areas to growing cities like New York, Philadelphia and Boston (Figure 2), hoping to leave behind poverty by

earning decent wages working in industries. In addition to the internal migration, a wave of migrants from central, eastern and southern Europe arrived and settled in cities. These people had the same purpose of rural migrants, leave behind poverty, and often compatriots established communities that helped them to ease the resettlement in a new country, contributing to enrich the cultural environment of American cities.

**Figure 2:** (a) Rural And Urban Populations In The United States 1860-1920. (b) Populations Of Major Cities In The United States 1860-1900

Rural and Urban Populations in the United States, 1860-1920			Populations of Major Cities in the United States, 1860-1900			
Year	Rural	Urban	City	1860	1880	1900
1860	25,226,803	6,216,518	New York	1,174,800	1,912,000	3,437,000
1870	28,656,010	9,902,361	Philadelphia	565,500	847,000	1,294,000
1880	36,059,474	14,129,735	Boston	177,800	363,000	561,000
1890	40,873,501	22,106,265	Baltimore	212,400	332,000	509,000
1900	45,997,336	30,214,832	Cincinnati	161,000	255,000	326,000
1910	50,164,495	42,064,001	St. Louis	160,800	350,000	575,000
1920	51,768,255	54,253,282	Chicago	109,300	503,000	1,698,000

Source: Bureau of the Census

(a)
(b)

Source: Bureau Of The Census

The reality that all migrants had to face was harsher than expected, both in terms of work and living conditions. The factories were constantly running, so the workers were subjected to long shifts which weren't remunerated with high hourly wages, and considering that the transport network was still developing they had no choice but to live nearby their working places. Innovations regarding means of transportation occurred with the diffusion of electric trolley lines, replacing omnibuses as the main vehicle in urban areas. The network of urban train lines made possible the movement for a large number of workers all day long and enhanced the accessibility to city shops. Towards the end of the century an even bigger improvement was possible because of the development of subways, that quickly spread in New York, Boston and other cities, and allowed to avoid accidents and overcrowding, formerly daily occurrences on the ground.

### 2.3 Urbanization In The "South"

In the previous sections, it was presented what could be considered as the core of modern urbanization, which mainly involved Europe and the United States in the 19th century, and increased rapidly in tandem with urban growth in the second part of the century and at the start of the 1900s. The process that first invested the Western world spread in other continents mostly in the 20th century, when some countries began to observe heavy migration flows to cities, both planned and uncontrolled, while others present scarce patterns of urbanization still to this day. In the following sections, it

will be described when the process of urbanization started and what made it possible in some areas of the "South".

### 2.3.1 Asia

The Asian continent covers vast expanses of land from east to west, and the countries that are part of it not only differ in socio-cultural and political traditions, but also in the colonial past and in how the globalization process shaped the development of some of these areas.

As it was previously stated, the rapid growth of the industrialization process, and the abundance of technological innovations in the second half of the 19th century in the Western world, established new flows of people and goods moving both within and outside countries. In this stage, the forces of globalization started to have an impact outside of these territories, influencing economies that in the past weren't involved in international trade, or at least where the relationships between far-away countries were more sporadic.

An area that between the late 1800s and the early 1900s entered the international stage is Southeast Asia, which was affected as far as rural-urban dynamics, after decades of deurbanization. Here, in order to serve world markets, cities positioned in the proximity of ports or rivers witnessed a population growth as a result, for the most part, of immigration. The position of these urban centres was crucial not only in establishing linkages for the global economy, but it also functioned as a strategic location to access inland regions through navigable rivers. Most of the main cities in countries like Thailand, Philippines, Singapore and Indonesia didn't have the exponential growth in this period that they instead showed in the last few decades, but those first big centres remain the centrepieces of the area still to this day.

A similar expansion of international trade in this timeline involved not only South-eastern Asia, but also Japan, that despite being considered part of the "Global North" it will be addressed in this section in order to have a better understanding of the urbanization process in Asia.

More specifically between 1891 and 1940, the share of the total population living in cities went from 9.4% to 37.6%, with a significant acceleration occurring in the interwar period Honda (1997). This kind of growth is even more impressive if compared to how long it took to countries mentioned in previous sections to reach similar levels of urbanization. It took Japan 50 years to go from one-tenth of the population living in cities of 20,000 people or more to over one-third, while to achieve comparable levels of urban population took 80 years for England and Wales in the period 1780-1860 and 75 years for the United States in the period 1850-1925. The more significant wave of urbanization, the one starting from the 1920s onward, saw a good portion of the rural population abandoning agricultural labor and deciding to move to the main industrial centres, where among other jobs there were plenty of opportunities to work in military industries. In Japan too, as it was the case for Southeast Asia, the main cities that fostered urban growth, such as Tokyo, Osaka, Yokohama, Nagoya, Kobe and Kyoto were all, apart from the last one, situated in a strategic position for export and international trade.

Facilitated also by the conformation of the territory, the growth of urbanization rate continued with a sustained pace even after the Second World War, leading Japan

to the impressive result of having over 90 percent of the population living in urban areas in 2019.

So far we have seen how industrialization and the opening of international trade allowed a paradigm shift in the rural-urban dynamic, with a slight time lag compared to what happened in the Western World. To notice traces of substantial urbanization in the two most populous Asian countries though, we have to wait until the 1970s for China, while India shows a steady but not such steep growth as far as the percentage of urban population in respect to the total population.

The Chinese case is the perfect example of how central government planning can change radically a country's landscape. The new look of what could be considered as the "modern" China has its origins in 1978, when a set of reforms promoted by the Chinese Communist Party, led by Deng Xiaoping, enabled the opening up of the economy to foreign investments and international markets, in addition to agricultural reforms that resulted in the breaking up of the collective farming system. Prior to 1978, the country presented brief periods of notable urbanization, but most of the population growth was concentrated in rural areas, and the migration to urban areas was difficult due to the restrictions in place. The reforms changed the agricultural system and allowed more freedom in terms of internal migration, thus enabling former agricultural workers to move to cities where there were plenty of employment opportunities following the rise of foreign direct investments. Almost the totality of these cities was, and still is, concentrated in the east of China. That is where most immigrants moved to and where the government planned to propel the astonishing economic growth that characterized the country in the last half a century.

It is extremely important to emphasize how big of a role the Party's planning had in the takeover of the global economy by China and, sticking to this thesis subject, in the reconfiguration of the urban landscape. This meticulous planning is reflected in how the size of cities has been controlled and adjusted throughout the years according to economic needs, with different scales that reflected different sector specializations. One of the initiatives that boosted the growth in specific urban districts regarded the setting up of Special Economic Zones (SEZ), areas subjected to different trade laws and labor regulations than the rest of the country, able to attract foreign direct investments. The one that gained the most attention over the years has been the Shenzhen Special Economic Zone, which after its establishment in 1980 grew from an area inhabited by approximately 300,000 people to a major metropolis with a population of more than 12 million, without counting the ongoing expansion of its labor force that could raise the number of a few million. Shenzhen became one of the most important global technological hubs, going as far as to be known as China's Silicon Valley, a clear example of the success of Chinese economic programs. To give a scale of the urbanization process that occurred in China, the share of urban population in 1978, the year of the beginning of the reforms, was 17.9%, and it has had a steady growth until reaching 60.3% in 2019, with a projection to reach 70% of urban population by 2025. This kind of growth is even more impressive when compared to urbanization processes anywhere else in the world, because China has been able to steer rural-urban migrations and urban growth involving an exceptional amount of people.

Remaining on the Asian continent, there is another huge country in terms of territory size and population size which, however, exhibits a more gradual growth in urbanization when compared with China, but it is one of the countries to pay atten-

tion to for the next few decades. India had a somewhat steady growth in urbanization since the start of the 20th century, and went from a level of the urban population of 11% in 1901 to 34% in 2019, falling into the group of countries that will lead in urban population growth in the next 40 years or so according to the World Bank, along with China, United States, Indonesia and Nigeria. A key passage in modern Indian history is the independence from British control obtained in 1947. The events that took place in the period assessed between 1941 and 1951 led to a mass migration of refugees in both directions, millions of people moved out to Pakistan and millions of people moved into India, settling predominantly in urban areas. The following decade constituted a period of stabilization and growth for the country after the war and the independence. It was characterized by planned economic development and by rapid industrialization, delayed compared to the timeline of the Western world. This decade also exhibits how towns were evolving, it was noticed an increase in the number of towns with 10,000 people and over, while the number of towns with less than 10,000 people was decreasing, suggesting a development towards larger cities rather than having many smaller towns. This trend was to continue in the following years, with the four metropolitan cities of Delhi, Mumbai, Kolkata and Chennai being the main destinations of rural migrants. Part of the attraction of moving to large cities lies in the quest for employment and better economic opportunities, since the agricultural sector started to lose part of its importance in terms of profitability and large investments have been directed to the secondary and tertiary sectors. It is important to remark, and it is something that will be further treated in this thesis, that this growth in metropolitan areas is often accompanied by poor living conditions and pollution issues. This is a result of the pace of urban population growth exceeding the capacity of the state and the market to provide for the basic necessities of the people, such as safe housing and food supplies. In circumstances like these, many families are forced to live in illegal and overcrowded buildings, where children are exposed to unsafe conditions and lack a conventional path to education. Reckoning with these issues will be one of the biggest challenges that India will have to deal with in the next decades, considering that the urban population is expected to grow at a high pace and environmental conditions will not get better if there won't be heavy investments and sector-specific programs directed toward these matters.

### 2.3.2 Latin America

Latin America shows a level of urbanization very similar to Europe and North America, and has achieved this result in a shorter time span than these regions. As it has been the case basically everywhere else, the process of rapid urbanization in the area was led by industrialization. The bulk of this phase of growth was concentrated between 1930 and 1970, and it was the outcome of the adoption of Import Substitution Industrialization (ISI), a type of policy that supports the reduction of foreign dependency through the development of local industries, on the pathway to self-sufficiency. Approximately in these decades, more precisely between 1925 and 1975, urbanization in Latin America increased from 25% to 61.2%, according to data by Cerrutti and Bertonecello (2003). In this period the growth of cities was mostly possible through rural-urban migration. Plenty of people were leaving the countryside generally to settle in very few large cities rather than medium-size towns.

In the big picture of the Latin American continent, there are clear differences between countries and their level of urbanization. Considering data relative to the year 2000 (Cerrutti and Bertonecello (2003)), not very distant from today's numbers, we can identify groups of countries in different stages of urbanization. Most of the South American countries present a very high level of urbanization, ranging approximately from 70% to 90%, with the exclusion of Bolivia, Ecuador and Paraguay. On the other side, the Central America region features countries with a wide range of different levels of urbanization, going from 36% of Haiti to 75% of Cuba, with the other countries mostly between 45% and 65%.

The dynamic of rural-urban migration that was predominant until the 1970s, has since then been replaced by the trend of urban-urban migration, where people decide to move but do not radically change their living environment as it happened previously. A similar phenomenon concerns the intra-metropolitan migration, which is largely due to the increasing dimensions of Latin American metropolises both in population and territory. It usually features the movement from the center to the periphery, partly because of matters concerning gentrification.

As a general overview, we can say that Latin America shows a historical level of high urbanization, separating itself from the other continents of the so considered "South" like Asia and Africa. On the other side, it is fair to say that the pace of urbanization has definitely slowed down in recent years, in part because of the already high share of the urban population, settling around 80%. The bigger cities in the continent, though, are still growing, following the same trend of the other huge megalopolis in the world, bringing with them the same problems relative to the spread of slums and poor living conditions.

### 2.3.3 Africa

When looking at future perspectives Africa, alongside Asia, is the continent that could accelerate significantly the process of urbanization that started around the end of the 20th century. The earlier forms of modern urbanization in Africa took place under different conditions than those observed for most of the world, in particular for the Western world.

In the first half of the 20th century, the continent was subjected to European colonialism, which shaped the orientation of the local economies and as a consequence the organization of spaces and territories. Precisely during this period, it is evident the emergence of specific urbanization patterns. The main urban centres were located in strategic positions, where the extraction, and especially the export, of raw materials was possible. There, harbour cities started to grow in population and size, paired with the development of railways network and all the infrastructures needed to facilitate access to crops and extraction sites. Migrant workers were needed in order to sustain the facilities established by the colonial administrations, enabling in this way the first appearance of the phenomenon of rural-urban migration.

In contrast with what we've seen so far in other regions, urbanization in Africa didn't start with the spread of industrialization, but it was the outcome of colonial policies pursued by European countries. As a matter of fact, still to this day, the continent doesn't present high levels of industrialization, and it is difficult to attribute the growth of urbanization observed in recent decades to one specific reason.

The end of the colonial control in the continent came for the most part in the 1960s, even though some countries continued to have a certain influence on their former colonies. The post-independence period has been affected by many processes impacting these countries in a short span of time. A more in-depth analysis of the continent should take into account the differences that separate these countries and their development, in particular, I should make it clear that what is described here concerns processes more specific to Sub-Saharan Africa.

In general, political instability and social turmoil are phenomena that marked both the urban and the rural configuration of these territories. These events certainly shaped these countries as far as urbanization patterns, but it should be also taken into account a natural increase factor that comes with being in a globalized world. Many countries, in the second half of the 20th century, have witnessed their urban growth concentrated in one big city, usually the capital, where most activities and investments were directed at, as channelled by the governments. This dynamic of centralization in one single city created, as a consequence, underinvestment in the other areas, that because of this orientation often didn't have enough resources to address issues relative to poverty, increasing the internal inequalities in these countries. The ever more dismantled agricultural system caused flows of rural-urban migration, where the final destinations usually didn't offer a great improvement of people's life. It shouldn't go unnoticed that parts of these flows are the result of global warming, in recent decades many communities have been forced to leave their homes because the territories they lived in were hit by drought and climatic events that have exacerbated the living conditions in these areas. The route of rural-urban migrations frequently has as final destinations poor urban areas, where the new citizens take up residence in slums or other informal settlements. There, unemployment rates are high, and the available jobs are part of the informal economy, which bypasses the governmental sphere. The circumvention of the lawful activities goes beyond the economy, expanding to social protection and other needs of this portion of the population who is often ignored by the central governments and has no other choice but to create its own support system.

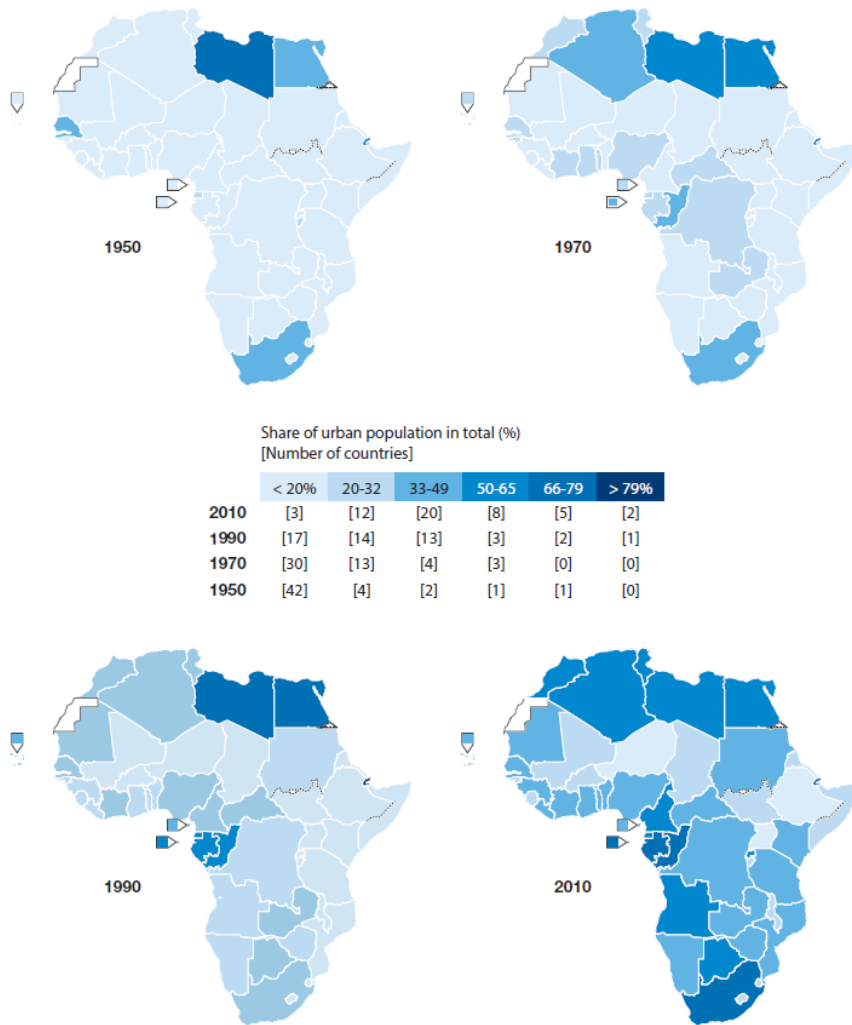
Taking a look at the data, we can see how the last 60 years have been characterized by a significant growth in the percentage of urban population, both in North Africa and in Sub-Saharan Africa, with the former presenting higher levels of urbanization since the start of this period, while the latter was still in the early stage of its growth (Figure 3).

The aforementioned aspect of the one big city dominating the spatial planning is changing due to the emergence of other major urban centres. Some of the most populated cities in the continent are Cairo, Lagos, Kinshasa, Johannesburg, Nairobi, which in most cases are not the only huge cities in their countries. It should be noticed that oftentimes it is difficult to precisely assess the population of these cities because of the constant reshaping of city limits, especially when the evaluations refer to the urban agglomerations.

According to data provided by the World Bank, 14.69% of the population of Sub-Saharan Africa lived in urban areas in 1960, and this value went up until reaching 40.7% in 2019. The trend foresees rapid growth in the years to come, with an expansion both in urban population, that should go from 395 millions in 2010 to 1.339 billions in 2050 (United Nations (2015)), and in urban land. On the other hand though, urbanization rates should drop from the 8% registered in the 1990s, to a range of 1.9%-2.2% from



**Figure 3:** Evolution Of Urban Population In Africa Between 1950 and 2010.



Source: OECD and Sahel and West Africa Club (2020)

2020-2050, as reported by African Development Bank Group (2016).

# Chapter 3

## Urban Development

### 3.1 Cities Today And Urban Development

#### 3.1.1 The City General Framework

The process of urbanization, covered in the previous chapter, is leading to an increasingly central role for cities in the economic and social global framework. A city is a place where social, political, economic and cultural factors are interdependent and affect the daily lives of its inhabitants. The level of impact of these factors is different for every citizen depending on the social extraction, political beliefs, religious beliefs and economic condition. The city has been and remains a land of negotiation between various social groups (Almusaed and Almssad (2020)), and as such the cohabitation is subjected to continuous challenges. This ever-changing relation between different agents not only shapes the daily existence in the urban context, but also influences the evolution of that same context. Scholars such as David Harvey reclaimed the concept of the right of the city proposed originally by Henri Lefebvre (Lefebvre (1967)), stating that this right not only concerns the access to resources, but it is also a right to change the people by changing the city (Harvey (2008)). In recent decades many movements rallied behind this concept, in particular where citizens intended to express the lack of inclusion they were subjected to in the process of urban development.

Over time cities change in their structure, population density and distribution, predominant economic activities and social relations. The timeline and the characteristics of these changes are some of the factors that differentiate the urban experience from the rural experience.

The global aspect has to take into account the different stages and the different paces of development that are specific to separate regions of the world, even more specific when the individual process of a country is examined. The city is the place where the outcomes of globalization are the more evident, both in its positive and negative aspects, encapsulating a microcosm of the process. This path of development pertaining cities all over the world provides the chance to break with the traditional division of North and South, or of development and underdevelopment. Nowadays there are huge and influential cities both in the North and in the South of the world, where the common ground of development relates to the concentration of economic activities and the integration in the network of global cities. These cities, in particular, are the stra-

tegic nodes of the space of flows addressed by Castells, which referred to "the material arrangements that allow for simultaneity of social practices without territorial contiguity" (Castells (1999)). Castells analyzed how social and technological transformations allowed for an evolution of the relationship with the surrounding spaces. Innovations in telecommunications, computers and transportation systems have enabled the centralization of corporate activities when it comes to global networks (Castells (1999)), and at the same time led to the territorial sprawling of certain activities and certain segments of the population. Around the space of flows are organized the so-called dominant activities, which refer to financial flows, management of major corporations, media, entertainment, science, technology and other influential factors. The evolution of economic, social and cultural interactions nevertheless maintains solid roots in the space of places, which keep on having a direct influence on the configuration of the space of flows.

Cities incorporate a combination of opportunities, knowledge and functions that goes beyond the sheer scale of the population (Bignante et al. (2014)), and as such become the preferential location for the establishment of services and businesses belonging to the tertiary sector. In the shaping up of the city, the economic factor and the social factor are in an ever-changing relation, redefining the structure of urban space continuously. This relation has different impacts depending on who is addressed in the matter, but it is evident that different social groups have different exposures to the benefits and the risks of the unfolding of urban life.

Generally, the trends of urban development have resulted in the formation of defined areas, whether business districts or residential areas, where specific homogeneous groups are present. This spatial convergence can be either intentional, when it comes to companies and businesses belonging to the same or similar sectors, or it could be forced when people of similar socioeconomic extractions have no alternative but to settle in a certain area.

The processes affecting the city can shift rapidly and, especially where the municipal regulations tend to leave more leeway for a market-oriented shaping of urban spaces, those who are the most afflicted are usually the ones with a less stable economic situation. In recent decades there has been a trend of revaluation of areas that previously were left almost abandoned with few investments and low general interest by cities administrations. This led to the wealthier segments of the populations, that used to live in more suburban zones where there was an abundance of land and the movement was facilitated by the affordability of private means of transportation, to become interested in more central zones of the city. This phenomenon, also known as gentrification, basically forces the residents of these neighbourhoods, often belonging to poorer segments of the population, to move out because the price of houses and a whole set of other costs become unbearable for their disposable income. In addressing this issue, it often appears evident how the shortcomings of cities administrations make these transitions disruptive, in particular the growth at all costs approach leads to avoid interventions through regulations, thereby promoting speculative actions.

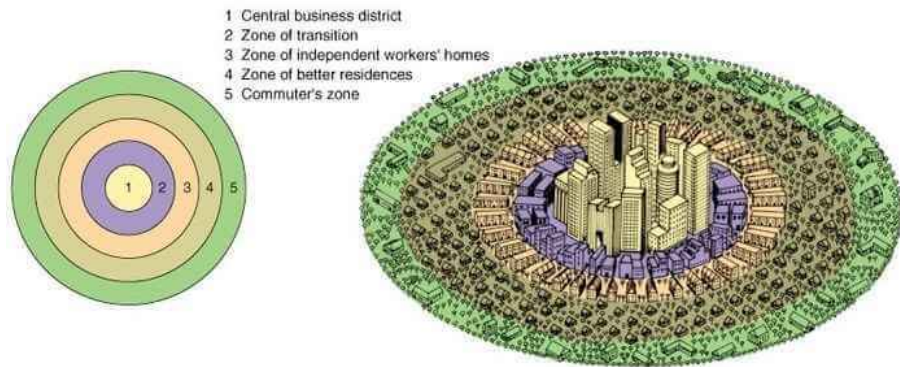
### 3.1.2 Models Of Urban Structure

The urban structure presents different features based on the area of the world taken into consideration, and also based on the time period when certain cities or districts of

some cities have been developed.

It is common in North America, for example, to find regular grid structure cities, that present long and straight roads dividing different neighbourhoods and allowing the development of specific lots of land. Remaining on North American cities, and more specifically based on the observations of Chicago, Ernest Burgess described in 1925 the concentric zone model (Figure 4).

**Figure 4:** Concentric Zone Model



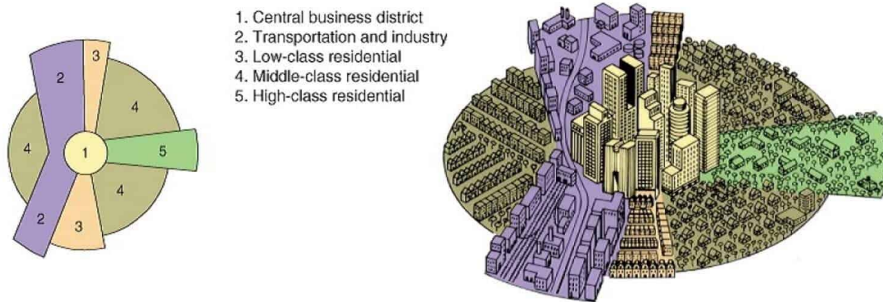
Source: Planning Tank

In this model, the central area corresponds to the Central Business District (CBD), the place where the commercial, financial and administrative activities take place. This space is surrounded by a zone of transition, with the presence of some factories and production activities, and then by a residential area where the population density decreases the more distant it gets from the CBD area, and where oftentimes the quality of housing is poor and some neighbourhoods show degradation. As seen above, the more wealthy segments of the population generally prefer to reside in suburban areas where they can buy large plots of land, sometimes establishing gated communities. However, the newfound interests for central zones of the cities by this segment of the population shouldn't be underestimated, in particular when it leads to the disruption of historical communities. When changes like these are taken into account, it appears clear that a schematic subdivision, as considered in the concentric zone model, is not explanatory of the real structure of modern-day cities, where the distribution of the population, even though always presenting the concentration of some homogeneous groups as far as socioeconomic features, tends to follow less rigorous patterns.

After the theory of the concentric zone model, a similar model was proposed that instead of identifying rings as the supposed form of development identified sectors. The model was proposed by Homer Hoyt in 1939, and illustrates a division based on the spatial development around certain lines of transportation, which create specific single-function sectors (Figure 5). As with the concentric zone model, the sector model too has its limits, and reflects especially the structure of cities in the first half of the 20th century. At that time the diffusion of private cars was still limited and certain parts of the city were more reflective of specific segments of the population or of specific business activities concentration, a kind of configuration that became gradually less clear in the following decades.

A more realistic model, that tried to overcome the rigorous development based

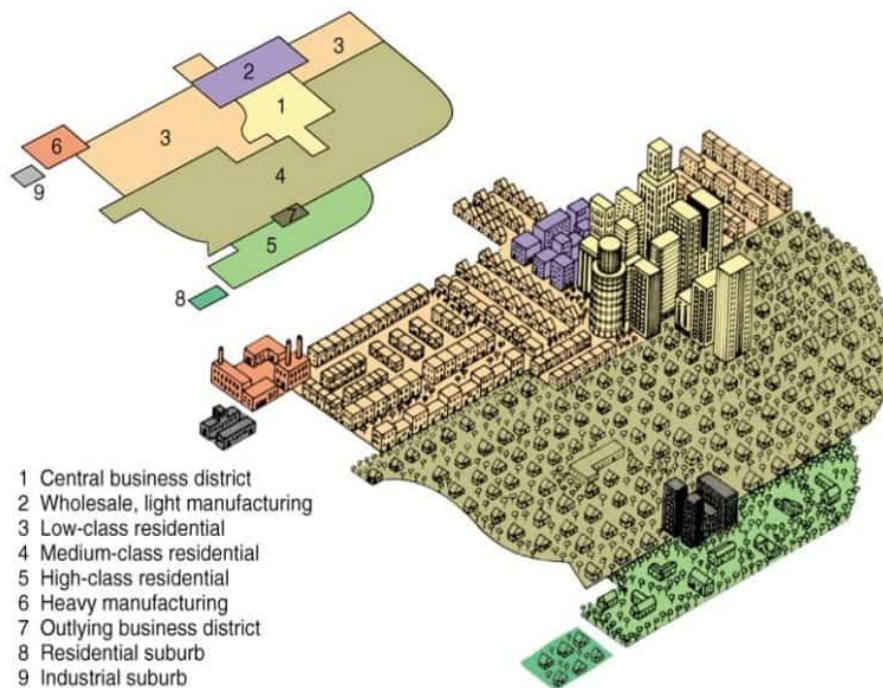
**Figure 5: Sector Model**



Source: Planning Tank

around the central business district, was proposed by Harris and Ullman in 1945 (Harris and Ullman (1945)), based on Chicago as it was for the Burgess model. The multiple nuclei model (Figure 6) includes the formation of smaller CBDs that create new nodes of attraction, offering a more realistic depiction of the urban structure. This configuration reflects the development of bigger cities, where inside the same urban environment different nuclei can grow at a certain distance from each other. Each concentration sets in a certain part of the city based on the economic activities that are performed, and as a consequence the surrounding area changes in population distribution and composition. This model presents its limitations as well, due to the particular subdivision of a still rigid urban structure and the geographical applicability which doesn't allow, for example, for a good portrayal of Asian cities.

**Figure 6: Multiple Nuclei Model**



Source: Planning Tank

Urban structures are not only defined by the internal migrations occurring in cities, but also by the migrations typical of urbanization, where flows of rural inhabitants move to urban areas. These flows in recent times have concerned especially developing countries, as seen in the previous chapter. In this context, the reasons behind rural-urban migration are mostly of economic nature, and this is a key factor in shaping the structure of urban spaces in developing countries. More traditional models, such as the concentric zone model, can only partly illustrate the spatial distribution of the population and of commercial activities in these regions of the world. The partition of the population according to different social classes is a typical scheme that can be found everywhere, with more or less evident patterns, and it becomes of general scope in a globalized world where within-country income inequality is still pronounced. In developing countries, based on their economic conditions, most of rural migrants settle in the inner suburbs of cities. The majority of them shows low-level education, which makes it difficult to secure high-income jobs in the labour market, and in the long run it provokes low social mobility. The common destination in the city leads to the formation of migrant villages, where the new citizens may share the same background, traditions and religious beliefs, a dynamic not much different from the establishment of migrant communities between the late 1800s and the early 1900s in the United States.

### 3.1.3 The Case Of Slums

In certain developing countries' contexts, and in smaller proportions in developed ones, the spatial distribution of the population is brought to an extreme configuration, when the supply of low-cost housing is not sufficient to meet the demand mostly composed by rural migrants. Those who are cut off from the regular market turn out to settle down in slums, where many informal buildings emerge. Countries that are particularly exposed to the formation of slums are those which present high rates of urbanization growth, with a weak state apparatus and either absence or inefficiencies in terms of regulations (Harris (2018)). This phenomenon has taken different patterns in its positioning in urban spaces, to the extent that it would be too simplistic to place the rise of slums as confined in more external areas of the city. Oftentimes there are urban environments that present the juxtaposition of squatter settlements and booming business districts in a relatively small area (Figure 7), while some countries such as the Central African Republic, Chad, Niger and Mozambique, exhibit almost the entire urban population living in slums (UNHABITAT (2012)).

Slums are composed of rudimentary and unsafe housing units, sometimes built up just with the available means and materials, depending also on the geographical location. A common feature at all latitudes is the poor living condition that people residing here are subjected to, consisting mostly of a scarcity of clean water, electricity, sanitation and waste disposal systems. In these often overcrowded units, those who are the most exposed to malnutrition and a variety of diseases, such as diarrhea, pneumonia and malaria, are children, which leads to high mortality rates in this segment of the population. On this matter, one of the most urgent needs for intervention concerns the role of public health. This sector of the government machine often doesn't reach slum dwellers, not providing a human and fair treatment that in many cases, through prevention and medical treatments, would drastically decrease mortality rates.

The small presence, that in many cases is a total absence, of the local governments



**Figure 7:** View Of Manila's Financial District From A Slum Area

Source: Noel Celis/AFP/Getty Images

in these areas emphasizes issues not only limited to the single housing units, but also to the slum as a whole. The lack of adequate infrastructures able to guarantee safe drinking water, electricity, sanitary sewers, extends to insufficient paved roads, public transport and exposure to natural disasters and climate change. All these issues are particularly predominant in the newer settlements, while in older slums, residents, in certain cases, succeed in securing some basic necessities wherever local authorities commit themselves to confront these matters.

The low degree of intervention of local and state governments is usually blamed on the lack of resources, which leads to not recognize slum dwellers as regular citizens, entitled to get access to public health and other rights. Another matter regards the fact that these settlements take place without the possession of proper land property rights by the occupiers, and because of the inability to deal with this phenomenon the competent authorities fail to find real solutions. This sort of segregation that slum residents are subjected to results in the creation of an informal economy that bypasses the legal circuits. The low level of skills and education makes it hard to find decently remunerated jobs in often saturated job markets, so many people find employment in a variety of sectors, from domestic work to construction and manufacturing, both within and outside the slum. Low compensations and the lack of regular contracts with social security are typical of these employment opportunities, but this is often the only chance to earn something close to a traditional salary. In the most extreme cases, the need to make a living forces slum dwellers to get involved in drug dealing, weapon trafficking and prostitution. All the above-mentioned activities elude public tracing and all those participating in the informal economy don't produce any type of tax revenues, generating a substantial economic loss for the state in addition to well-known social concerns.

In recent decades slums started to be identified as one of the main issues when it comes to urban spaces and social problems, to the point that they represent one of the focus areas in the Goal 11 of the Sustainable Development Goals set by the

United Nations. The goal is to "Make cities and human settlements inclusive, safe, resilient and sustainable", and calls for large investments if significant results aim to be achieved by 2030, after that between 2000 and 2014 the proportion of the world's urban population living in slums declined by 20%, going from 28.4% to 22.8% (United Nations Department of Economic and Social Affairs (2018)).

The main measures taken to tackle this issue have evolved over the years, and so have the actors involved in shaping up these policies. Andavarapu and Edelman (2013) identified four phases of slum redevelopment policies, that could be summarised as follows:

- Phase 1: Public Housing (1950-1972). In this era the main approach consisted in the demolition of slums and the relocation of slum dwellers in public housing at the outskirts of cities. Those who resided in squatter settlements were seen as responsible for their socioeconomic situation, and not part of the urban community. The general perception was that these areas were a concentration of crime, violence and potential social upheavals, and as such needed to be demolished. This approach found consensus particularly in Europe and in the American continent, as demonstrated by the demolition of the Rio Catacumba favela in Rio de Janeiro in 1970. The residents were moved to apartments in the outskirt of the city, and this relocation had mostly negative effects as it concerns their economic and social situation, considering that it created problems as far as jobs availability and social opportunities, while it had a slight improvement on their health.
- Phase 2: Self-Help (1972-1988). The two main policies adopted in this period have been tenure security and physical upgrading. Tenure security had its successes, especially in alleviating female poverty, but it also received its fair share of criticism because it didn't bring substantial advancements of social and political issues, often turning out to be a temporary solution. The physical upgrading approach followed the ideas of Turner (1977), who was critical of the low-cost public housing programs for slum dwellers, and instead advocated for the improvement of existing squatter settlements, in part implemented by the residents themselves. This approach had particular appeal for the World Bank, which saw this as a low-cost high-reward policy. It culminated in the World Bank's Slum Upgrading Program, which focused on tenure security and the implementation of access to infrastructures. This program was part of the urban development projects that in this phase started to have a greater role in the Bank, with lending in this area that went from US\$10 million in 1972 to more than 2 billion dollars in 1988. Slum upgrading programs had some, at least temporary, successes, as in the case of the Kampung Improvement Program in Indonesia, but they also raised criticism for the insufficient long-term vision reflected in the poor improvements of slum dwellers' lives observed years apart from the end of the programs.
- Phase 3: Enablement (1986-1992). Enablement refers to the provision of the legislative, financial and institutional conditions in order to let communities and individuals develop the housing sector. This framework called not only for the involvement of state agencies, but also of markets operators and non-governmental organizations. The integration of the latter in the shaping up of urban policies was particularly important because these organizations were able to cover that middle ground that often separated slum dwellers from the institutions, adopting more place specific solutions. This strategy entails also privatizations and



de-regulations, with overall mixed results, coming mostly from circumstances in which the parts involved weren't really able to meet citizens' needs.

- Phase 4: National Slum Upgrading Programs - The Cities Alliance (Current). Slum upgrading programs have continued to be at the center of policies promoted both by governments and international institutions. In this framework, The Cities Alliance provides grants and experts support, with the goal of tackling urban poverty and improving slum dwellers living conditions. Partnering with national governments, the organization has taken part in projects such as the Baan Makong Program in Thailand, which focused on providing housing loans directly to poor communities in order to improve structures and other basic services. The program was particularly significant because of the direct involvement of citizens in the process of selection and deployment of the works to be done. Boonyabancha (2005) describes the importance of the involvement of those who are directly interested in these projects, whom in these frameworks are able to have an immediate impact on the development of their communities. Some of the mechanisms employed consisted of long-term leases and land purchases, and overall the self-construction of houses by the squatter themselves allowed to keep the costs low. The strategy of involving slum dwellers in the physical upgrading of their communities has been recognized as a key point in tackling urban poverty, and also in improving the social role of this segment of the population.

### 3.1.4 Urban Sprawl

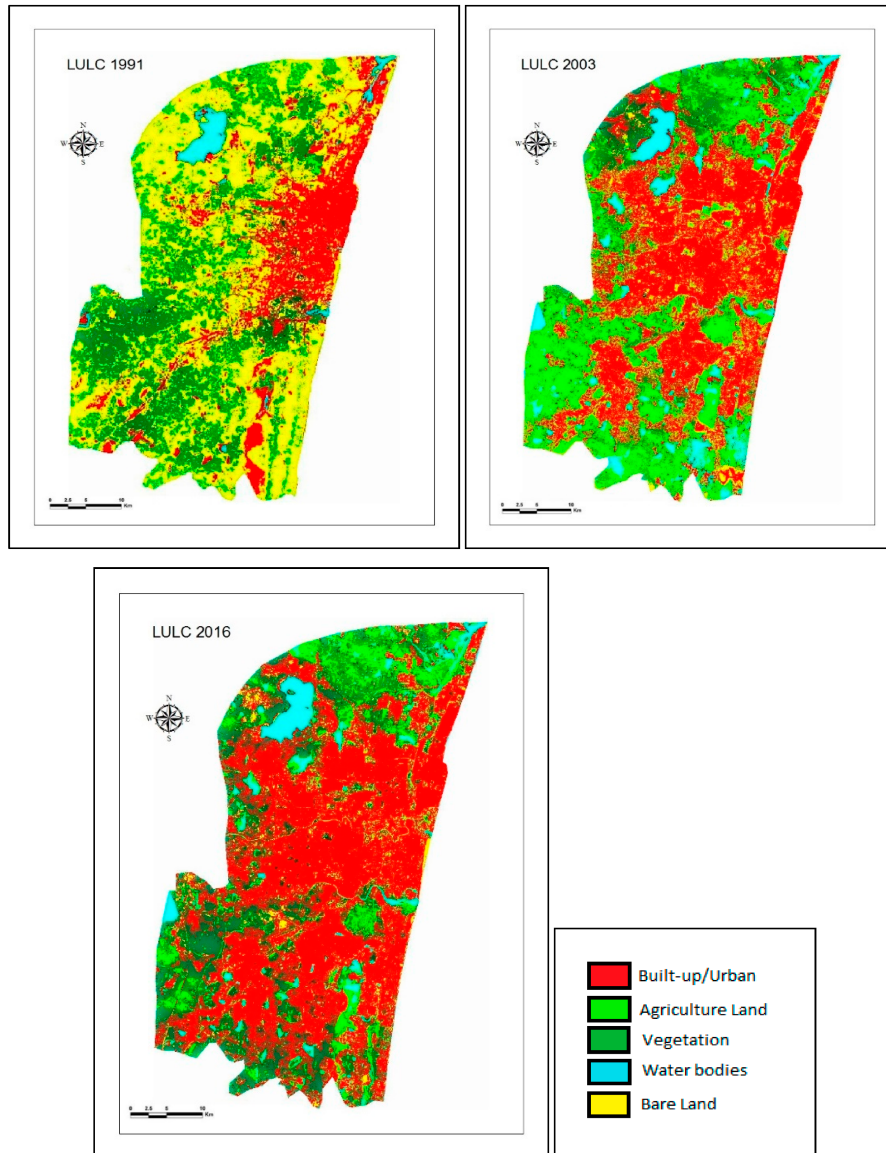
The spatial dimension of the city is always subjected to internal and external alterations, whether planned or not. Phenomena such as urbanization and urban growth accelerate the pace of changes occurring in the city. In particular, when it comes to large cities or metropolitan areas, the trend is moving towards the expansion of urban spaces, that more and more appropriate land formerly part of the countryside. The areas involved in this urban sprawl can be characterized either by low-density residential zones or edge cities (Nechyba and Walsh (2004)), where businesses concentrate to form mini clusters. Historically this evolution of the urban spatial distribution can be connected to population growth and to the decline in transportation costs, the latter following the diffusion of private means of transportation and the implementation of adequate infrastructures. Another factor that plays a role in the urban sprawl growth is the migration of citizens residing in the centre to more suburban areas, where they can enjoy broader spaces.

Urban sprawl is mostly observed critically because of the environmental impacts it has on the territory. The main environmental impacts could be identified with greater air pollution, reduced regional open space, higher energy consumption, loss of environmentally fragile lands and loss of farmland (Johnson (2001)). All these elements have different effects depending on the perspective that is assumed, and as such the timeline and the irreversibility of potential changes vary.

Changes in the territory can happen at different paces in different regions of the world, so that the urban sprawl phenomenon has a variety of impacts. Areas that are subjected to high rates of urbanization present a growth of urban land at the expense of land previously left intact or exploited for agricultural practices. This is the case for Chennai, India, where the growth of urban settlements brought to the loss of valuable

vegetation and agricultural land (Figure 8). As a feature of urban sprawl, the growth of urban settlements has been more compact around the centre, while more fragmented and dispersed for peripheral areas (Padmanaban et al. (2017)). The loss of mangrove forests and vegetation is likely to expose the local population to ecological disasters and an increase in city temperatures and air pollution levels.

**Figure 8:** Land Use Distribution in 1991, 2003, 2016 In Chennai, India



Source: Padmanaban et al. (2017)

To face the phenomenon of urban sprawl, some measures have been taken in order to preserve land and limit the diffusion of urban structures. One example concerns urban growth boundaries, that are designed to draw a line to where urban development is not allowed anymore, protecting natural resources and cultivable land. Another option involves smart growth, which requires a revision of land-use controls in order to "make them more sensitive to problems of lack of housing diversity, traffic congestion and environmental degradation" (Johnson (2001)). In this framework, the focus is

on the development and regeneration of existing urban areas, but without delivering specific spatial limitations of growth as in the previous case. There are also strategies that differ substantially from the ones just described, and rely more heavily on the local communities' ability to develop their territories without disrupting their specific environment.

### 3.1.5 Urban Agglomerations

The growth of cities all over the world in recent decades brought to a reshaping of the territory and to an evolution of the interaction between these cities on a national and international level. As we have seen, the tendency of cities, in particular major cities, to englobe surrounding areas, leads to the expansion of the urban environment and as a consequence to the development of the relations between the elements involved. The greater area which incorporates a central city and the related suburbs, but also the external zone adjacent to city boundaries, is considered as a urban agglomeration. Urban agglomerations differ in dimensions, but also in their configuration, including how many cities and towns are considered part of this cluster. Another aspect involves the administrative boundaries that often do not play the most important role in defining the spatial extension of these agglomerations.

Over the course of the years, different definitions and meanings have been attributed to urban agglomerations, and with the ongoing discussions it will be difficult to find a unanimous interpretation of the term. Fang and Yu (2017) proposed six perspectives in which urban agglomerations could be described, among which an ecological perspective, in terms of the evolution of the spatial organization, and a statistical/quantitative perspective, where certain criteria such as population density and territorial continuity have to be met in order to define the urban agglomeration. Other features that are considered necessary to identify an urban agglomeration are the functional interconnectivity and the accessibility, intended as the integration between different areas of the agglomeration and the distance and the travel time that separate these areas. Three additional parameters involve the minimum population in core cities, the minimum population and residential locations in peripheral areas, and the distance from core cities to peripheral areas (Fang and Yu (2017)).

Beyond the population size, as Friedmann (1986) points out, the importance of urban agglomerations resides in their ability to participate in global socioeconomic activities and in their governance of capital and information.

Different interpretations and methods create many criteria which could be applied to identify urban agglomerations and to describe their features. In general, most of the research and studies on the topic agrees in determining an urban agglomeration as a "continuously urbanized region that is centered on one or more highly urbanized and commercialized large cities that attract population and industries and are densely populated" (Fang and Yu (2017)). Traits specific to urban agglomerations could be found developed around cities such as New York, Chicago, Los Angeles and Seattle in the United States, and around Shanghai with the Yangtze River Delta agglomeration in China, while in Japan what is known as the Tokaido megalopolis involves cities of the magnitude of Tokyo, Osaka and Nagoya.

In each case, the configuration includes what could be one or more centres, with a set of more peripheral cities that are highly integrated with the central nodes of

the network through geographical distribution, advanced infrastructures and socio-economic ties. Inside these areas each region has its own set of specific features, whether social, cultural or economic, and serves a unique function. The advanced level of modernization and economic development, sets up the conditions to create urban agglomerations around one or more mega-cities, which have established integration with their surrounding areas. While the place-specific features remain, at least in the short term, in order for the nodes to be considered highly integrated, it is necessary a joint-development that involves the establishment of regional markets, infrastructures construction, environmental protection and the presence of basic public services (Fang and Yu (2017)).

### 3.1.6 World-Cities

As we saw in the previous chapter, the process of urbanization reshaped territories in different timelines, but overall, in the second part of the 20th century, the role of cities became central in the global network. Different cities have different positions and different roles in the hierarchy of the network. The wide range goes from cities that have local influence that doesn't go beyond the surrounding area, to the main cities at the global level, which are the nodes most integrated in the network. In between there are many levels where cities have different features pertaining to the economic, political and social spheres. This subdivision has been made more pronounced with the evolution of globalization, and maintains a certain degree of flexibility considering that cities can change their role over time. What makes cities important pieces in the global network is their economic attractiveness, which relies on a combination of factors. The main nodes of this global network are centers of international trade, hub of technological innovation and places that foster entrepreneurship. Even aside from the more specific economic aspects, these cities are also culturally and socially dynamic, in a continuous evolution both within them and in relation to the surrounding area. The analysis of cities' roles and interactions could be made at different levels, it could be deconstructed in national spheres or it could be viewed on a larger scale, especially when considering world cities.

World cities have been defined as "Centres of transnational corporate headquarters, of their business services, of international finance, of transnational institutions, and of telecommunications and information processing" by Knox and Taylor (1995). The emergence of studies based around world-cities could be seen as a product of the need to better understand the centers of international relations in a world dominated by a capitalistic system.

Pre-dating the wave of research on world cities, we could find what laid the foundation in terms of the level of analysis of a global and interconnected world. In the 1970s, in fact, Immanuel Wallerstein developed the world-system theory in an attempt to outline the balance of power existing between countries. In this system, countries are classified as part of the core, periphery or semi-periphery, with a dynamic element that allows a potential change of group over time. Here, core countries present a higher concentration of high-skill industries and capital-intensive production, while peripheral countries present low-skill industries, labor-intensive production and a dependence on the extraction of raw materials. Usually, in the semi-periphery category we find developing countries at different stages, including countries on the verge of

becoming central nodes in the system. For example, in recent years, BRICS countries namely Brazil, Russia, India, China and South Africa, have been considered as part of the semi-periphery. The subdivision presented in the world-system theory is used to reinforce the dominance of the core over the periphery. For Wallerstein, the core is able to benefit from the low costs of raw materials coming from the periphery, and uses them to produce high-value commodities. Despite the presence of the dynamic element, which includes the possibility of a potential change of role for a country, the system reproduces a distinctive relation between countries, and in doing so explains the reinforcement of their uneven development.

The world-system theory marked a turning point in the studies of global relations and interactions between countries, providing at least a general model in which the nation is the reference unit. However, at the time of its formulation, and then at the end of the 20th century, it was clear that a model limited to a country-level analysis was not specific enough to detail the configuration of a global capitalist system. In this framework, similar core-periphery structures are reproduced on an intra-country level and on an inter-country level, where for the latter the adequate reference unit is no more limited to national borders, and instead involves specific regions and cities. The shift in reference unit analysis is necessary because of how countries exhibit areas that are more or less developed and more or less integrated with the global flows involving information, goods and capital.

In this analysis, the theory on world-cities, alternatively called global-cities, make its entry to elucidate, in particular, on how some major influential cities are connected. As it was the case in the subdivision tied to the world-system theory, here too the distinction between core, periphery and semi-periphery can be valid, but going beyond a general interpretation it could be made more specific and detailed to better explain the features of each location. Knox and Taylor (1995) made the example of Milan, a very important city globally as far as cultural leadership, a significant financial centre in the Southern European region, but also relatively dependent on a global scale in terms of corporate control and information processing activities.

Friedmann (1986) proceeded to draft a hierarchical list of world-cities that, according to Knox (Knox and Taylor (1995)), it is not appropriate enough because the position of cities could change based on the functions considered. The hierarchy proposed by Friedmann was based on four articulations consisting in the global financial articulations, multinational articulations, important national articulations, and sub-national/regional articulations. This led him to identify New York, London and Tokyo as the three main global cities, a sort of pinnacle of the new international division of labour, where a large number of corporate headquarters were, and still are, located.

The same cities were identified by Sassen too (Sassen (1991)), but the hierarchy based on the headquarters of multinational firms was replaced by the presence of advanced producer services, whether commercial or financial. This work was produced following the financialisation of the world economy that occurred in the 1980s, an evolution made possible especially through the development of information and communication technologies in a post-industrial context (Ancien (2011)). As it was the case for Friedmann hierarchy, this classification also carries its limits because it focuses on certain aspects of the so-called global cities, but it fails to address other aspects that fall outside the defined economic and commercial character of this global scale. There are cities that present global functions not included in the aforementioned categories,

and there are also cities that perform the same functions as the three main global cities but their influence does not extend outside of their continent.

Storper had a similar vision of world-cities as places marked by high concentration and accumulation of capital, and characterized by the presence of new and innovative services (Storper (1997)). The nodes part of the world-cities network grow similarly as far as the type of economic activities that prevail in delivering high integration in the international markets, but at the same time diverge in the specificities relative to their location. For Storper, the combination of knowledge and capital concentration allows world-cities to float above the rest of cities and, beyond the specific functions they perform, it makes them integral nodes of the network.

To pick up from this wave of research, towards the end of the 20th century the Globalization and World Cities Research Network (GaWC) has been set up at Loughborough University in Leicestershire, United Kingdom. The group advanced studies on the world-cities field, and in particular tried to go beyond the mechanisms of influence of cities taken singularly, by looking at the way these cities are in relation to each other in the global network through flows of information, goods and capital. The GaWC carried on the work on a hierarchical division of world-cities, classifying according to alpha, beta and gamma groups, each with multiple sub-categories. An empirical approach brought to the subdivision of cities according to criteria referring to the presence of advanced producer services and global connectivity of cities involved, the so considered measures of economic prosperity which should, as a consequence, give also an approximation of the cultural and social influence in the present time. Since the early 2000s the group compiled regularly a classification of cities, and over time the lists came to reflect more and more the importance of cities as nodes in the world-city network, rather than merely measuring individual attributes. The more recent classification, published in 2020, presents London and New York as the two most integrated nodes in the Alpha ++ group, followed by Hong Kong, Singapore, Shanghai, Beijing, Dubai, Paris and Tokyo in the Alpha + group (Table 2). It is important to notice the number of cities in the list located in Pacific Asia, an area which in a matter of a few decades became increasingly globalized and broadened the flows previously concentrated only in the Western Europe and North America areas.

**Table 2:** Classification Of Cities 2020 - Group Alpha

Alpha ++	Alpha +	Alpha	Alpha -
London	Hong Kong	Sydney	Warsaw
New York	Singapore	Los Angeles	Seoul
	Shanghai	Toronto	Johannesbourg
	Beijing	Mumbai	Zurich
	Dubai	Amsterdam	Melbourne
	Paris	Milan	Istanbul
	Tokyo	Frankfurt	Bangkok
		Mexico City	Stockholm
		Sao Paulo	Vienna
		Chicago	Guangzhou
		Kuala Lumpur	Dublin
		Madrid	Taipei
		Moscow	Buenos Aires
		Jakarta	San Francisco
		Brussels	Luxembourg
			Montreal
			Munich
			Delhi
			Santiago
			Boston
			Manila
			Shenzhen
			Riyadh
			Lisbon
			Prague
			Bangalore

Source: GaWC

## 3.2 Urban Sphere And The Sustainable Development Goals

The growing role of cities as centres of economic activities, social movements and migration flows destinations, shed some light on a variety of internal matters that pertain the urban environment. As dynamic and ever-evolving places, cities reflect some of the challenges that contemporary society is bound to face in the present and in the future. The economic growth initiated around the industrial revolution era, and continued with different waves of globalization, had its effects both in the developed and in the developing world. It brought a general improvement of living conditions, even though unbalanced for different territories and social classes, and reshaped the configuration and magnitude of cities. The process of growth has often been uncontrolled, driven by capital accumulation with little to no regard for the effects on the more marginalized population groups and on the surrounding environment. As it pertains to the latter, it became evident, especially in the last few decades, that the actions of mankind had a significant impact on air pollution levels, on the process of climate change and on the increasing risks of ecological disasters. The realization of the need to act, pointed out by the scientific community and environmentalist groups, slowly started to catch the attention of international institutions and national governments.

An important step in the widespread recognition of the finite supply of resources available to the global population was possible because of the "The Limits To Growth" report, commissioned by the Club Of Rome and published in 1972. The Club Of Rome is an organization composed of one hundred between scientists, economists, business leaders and former politicians, committed to confronting global issues. The report published in 1972 was commissioned by the Club to a MIT team, instructed to investigate the limits of the world system and the possible future perspectives if a "business as usual" approach would continue to be predominant. The study was based on a simulated model in which population, food production, industrialization, pollution and consumption of non-renewable natural resources were assumed to continue to grow exponentially, while the ability of technological improvements to provide increasing resources was assumed to be linear. The results of the simulation indicated that under the established conditions the limits to growth would become evident in a matter of 100 years, anticipating a decline in population and industrial capacity. Reactions to the report at the time were mixed, the most critical commentators were complaining about the excessively simplistic model considered inaccurate and pessimistic, while the more enthusiasts of the work applauded the long-term vision and concerns behind the research. Still to this day, the report divides the public opinion, but it was certainly a milestone as far as recognizing the need to revisit the economic model in place and in urging governments to take action to promote changes.

Towards the end of the 20th century, the importance of finding ways of development able to include economic growth, social integration and preservation of the natural ecosystem, began to assume a bigger role inside international institutions. The United Nations, in particular, raised the matter of binding environment and development, and



in this context the concept of sustainable development started to circulate. In 1972, the same year of the publication of *The Limits To Growth*, a United Nations Conference On The Human Environment was held in Stockholm, in which emerged the importance of preserving natural resources, limiting pollution and supporting developing countries in their path to development. The resolutions discussed in the conference, although representing positive intentions, didn't materialize in solid programs in the following years. Results were poor both in controlling the environmental impacts and in alleviating poverty in low-income countries, which were facing the problem of catching-up to developing countries but with an increased global awareness about the use of resources and the impact on the territory. In 1983 the United Nations, by their secretary general Javier Perez de Cuellar, appointed Gro Harlem Brundtland, the former prime minister of Norway, to create a commission independent from the United Nations, and focused on the aforementioned environmental and developmental issues and their possible solutions. The organization was the World Commission on Environment and Development (WCED), also known as the Brundtland Commission. The General Assembly, when establishing the commission, mentioned also the main terms of reference that the Commission should have focused on (UN General Assembly (1983)):

- To propose long-term environmental strategies for achieving sustainable development to the year 2000 and beyond.
- To recommend ways in which concern for the environment may be translated into greater co-operation among developing countries and between countries at different stages of economic and social development and lead to the achievement of common and mutually supportive objectives which take account of the inter-relationships between people, resources, environment and development.
- To consider ways and means by which the international community can deal more effectively with environmental concerns, in the light of the other recommendations in its report.
- To help to define shared perceptions of long-term environmental issues and of the appropriate efforts needed to deal successfully with the problems of protecting and enhancing the environment, a long-term agenda for action during the coming decades, and aspirational goals for the world community, taking into account the relevant resolutions of the session of a special character of the Governing Council in 1982.

The Chairman Gro Harlem Brundtland and the Vice Chairmain Mansour Khalid selected the members of the commission, which for the most part comprised politicians, civil servants and environmental experts. The group in its work pursued the idea that economic growth, social progress and the conservation of the environment need to always be considered as part of the same path, and not mutually exclusive. This was the framework that led to the publication of "Our Common Future", also known as the Brundtland Report, in 1987. The report signalled the importance of strengthening poverty alleviation projects as a path to a more sustainable world, complemented by the recognition of the environmental limits of a certain type of industrial-oriented growth. The document included also what became one of the most quoted definitions of sustainable development, which is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development (1987)). It is indeed the concept of sustainable development that entered the public discussions and sparked a new wave

of research on the topic in the subsequent years, as well as numerous journals citations for the Our Common Future report, especially in Western Europe and North America (Schubert and Láng (2005)).

The publication of the report inspired also a new season inside international institutions, where the sustainability concept assumed a more important role in the shaping up of 21st century-oriented policies. This kind of influence found its way in the Rio Summit held in 1992 by the United Nations that, between several other documents and agreements, led to the initiative of Agenda 21, a non-binding action plan focused on enforcing adherence to global sustainable development by governments both nationally and locally, and other multilateral organizations. In the following years, the Agenda attracted some involvement in different areas of the world and prompted the adoption of new approaches that include sustainability at the centre of developmental processes.

Up to this point, most initiatives promoted by the United Nations referred to general indications directed at raising awareness among countries regarding social, economic and ecological issues, but without a specific and urgent vision. In this regard, something changed with the Millennium Summit, held in 2000 at the headquarters of the United Nations in New York City. The Summit had at the center of its agenda the prospect of the role of the United Nations in the 21st century, with discussions about eradication of poverty, global peace and a more equitable world. These themes have been included in the Millennium Declaration, signed at the end of the Summit by 189 world leaders. The Declaration features 8 chapters, for a total of 32 paragraphs, which are outlined as:

1. Values and Principles
2. Peace, Security and Disarmament
3. Development and Poverty Eradication
4. Protecting Our Common Environment
5. Human Right, Democracy and Good Governance
6. Protecting the Vulnerable
7. Meeting the Special Needs of Africa
8. Strengthening the United Nations

The Millennium Declaration was instrumental in delineating some guidelines to follow for countries all over the world and for the organization itself. The intention of achieving defined results in such areas was particularly reinforced by another product of the Summit, the Millennium Development Goals (MDGs). Based on the OECD and UN work in the 1990s, the MDGs were grouped into 8 goals and with a total of 21 targets to be achieved by 2015. The goals space from social and political targets to economic targets under the framework of the Millennium Declaration, resulting in:

- **Goal 1:** Eradicate extreme poverty and hunger
- **Goal 2:** Achieve universal primary education
- **Goal 3:** Promote gender equality and empower women
- **Goal 4:** Reduce child mortality
- **Goal 5:** Improve maternal health
- **Goal 6:** Combat HIV/AIDS, malaria and other diseases
- **Goal 7:** Ensure environmental sustainability
- **Goal 8:** Develop a global partnership for development

As it can be noted, this set of goals focused mainly on the reduction of income poverty, hunger, diseases, environmental degradation and gender discrimination. In

particular, as far as environmental sustainability in the urban sphere, goal 7 included target 7C and target 7D, set to "Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation" and "By 2020, to have achieved a significant improvement in the lives of at least 100 million slum-dwellers", respectively.

The Millennium Development Goals, beyond a general support for the main themes of the program, attracted some criticism right from the beginning about their formulation and contents. Considering that the issues covered by the MDGs involved especially developing and least-developed countries, Amin (2006) criticized how the process was led mainly by the United States, Europe and Japan, with the complicity of the World Bank, International Monetary Fund and Organisation for Economic Co-operation and Development (OECD). The judgement on the goals themselves saw polarization between those who considered them overambitious and those who considered them unambitious, more specifically according to Langford (2010), the goals for middle-income countries and low-income countries were inadequate because they were too ambitious for some countries and not challenging enough for others. The criticism came also for the content and in particular the targets established, with Ziai (2011) that saw the targets presented more as a technical problem than a political one, with the solution simply based on an increase in financial resources. In some aspects the goal also lacked vision and imposed targets with inadequate benchmarks, as discussed by Di Muzio (2008) and Langford (2010) about the aforementioned target 7D. Another popular criticism concerned the lack of data for many countries and the difficulty in assessing a real measurement of progress for certain indicators and in certain areas of the world.

The Millennium Development Goals came to an end in 2015, and overall the final assessment could be judged more positively than negatively, with many targets completed. However, the general evaluation hides highly unequal results, distinctive of different regions of the world. As far as poverty reduction, for example, overall good results have been reached in particular because of the rapid growth of a few Asian countries such as China, India, Indonesia and Vietnam (Lomazzi et al. (2014)), while in other countries poverty has even increased, with the more challenges ahead in Sub-Saharan Africa. These inequalities in results are noticeable not only when performing an inter-country analysis, but also when comparing urban and rural areas. The target 7D, regarding slum-dwellers, has shown significant improvements between 2000 and 2014 as far as percentage of urban population living in slums in developing regions, going from 39% in 2000 to 30% in 2014, but at the same time absolute numbers offered cause for concern. Because of urbanization, population growth and the lack of appropriate land and housing policies, urban residents estimated to live in slum conditions reached 880 million in 2014, compared to 792 million in 2000 (United Nations Department of Economic and Social Affairs (2016)).

### 3.2.1 Sustainable Development Goals

The Millennium Development Goals experience, terminated in 2015, was considered as a blueprint to be followed up by the United Nations, further expanding the scope of the program. As seen in the previous section, the MDGs were raising some important and urgent issues, but often the agreed targets weren't necessarily established appropriately.

The shortcomings, though, didn't come just from the original program set out by the United Nations, but also from a poor integration of the goals by the countries involved. Such deficits were caused both by underfunding by national governments in fields related, for example, to public health, and from a lack of commitment to projects focused on sustainability, biodiversity conservation and reduction of CO2 emissions.

In order to give continuity to the work carried out in the first 15 years of the 21st century, the United Nations General Assembly opted to proceed on a similar path, by establishing a new program for the subsequent 15 years. With the 2030 Agenda, also known as Agenda 2030, the United Nations set 17 goals, with 169 targets, to be achieved by the mentioned year 2030, defining them as Sustainable Development Goals (SDGs) (Figure 9).

**Figure 9:** Sustainable Development Goals



Source: Unicef

It can be noted that the number of goals increased compared to the previous program and, although the main themes covered are the same, the SDGs focus more heavily on sustainability in its many aspects. The 17 Sustainable Development Goals are articulated as follows:

1. No Poverty
2. Zero Hunger
3. Good Health and Well-Being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reducing Inequality
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life On Land

16. Peace, Justice, and Strong Institutions

17. Partnership for the Goals

As it was the case for the MDGs, the Sustainable Development Goals include specific targets for each goal, with indicators to determine the progress relative to each target. The goals cover a vast range of matters, focusing mainly on health, education, poverty, and issues related to the climate, energy and water. Most of these goals are interdependent, they reinforce each other and can be carried on under a unique framework, but at the same time require structural changes of many economic, social and cultural aspects, in order not to leave anything and anyone behind. Sachs et al. (2019) offered a circular pathway of the transformations that need to be undertaken to implement correctly the SDGs (Figure 10), where these transformations must be mutually exclusive and collectively exhaustive, systems-based, aligned with government organization, easily communicable, few in number.

**Figure 10:** Six Transformations for the 17 SDGs



Source: Sachs et al. (2019)

The 2030 Agenda represented a further step forward on the path to sustainability, intervening to improve and expand every program adopted in the past at an international level. From 2000, the year of the Millennium Declaration, to 2015, the year the Agenda was set, the awareness of urgent interventions needed to face the issues relative to climate change, poverty and sustainability in general increased significantly, and this led to a stronger engagement by national governments, non-governmental organizations, civil society and the United Nations themselves. The bigger scope of the SDGs requires also a huge financial commitment if significant results are to be achieved by the year 2030. According to the United Nations, to achieve the SDGs, annual investments across all sectors have been estimated to be at around 5-7 trillion dollars globally, while others measure the costs required between 2.5-5 trillion dollars per year (Dill (2018)). The huge economic effort needed is particularly demanding for least-developed countries, which present low levels of GDP growth and are already

under-investing in fundamental sectors such as healthcare, education and climate resilience. Given the difficulties in having access to sources of financing, for example through trade and foreign direct investments, the necessary funding could come from Official Development Assistance (ODA) (UNTT Working Group on Sustainable Development Financing (2014)), a tool considered as the gold standard of foreign aid, through which rich countries give access to loans and grants to developing countries. On a financial level the focus should be on long-term investments capable of creating the foundation for major changes even after the end of the Agenda.

The SDGs large scope requires an action plan comprehensive not only of national governments' planning, but also of private parties which should include certain guidelines into their businesses. The embedding of SDGs by private corporations is a fundamental step in the move towards sustainability, an adjustment easier on paper than in reality. This move shouldn't include just greater attention for environmental issues, but also an idea of inclusive growth capable of creating benefits for both workers and external stakeholders.

The reception of the Agenda for Sustainable Development saw different sides dissecting the goals comprehensive of their targets and indicators, giving feedback both positive and negative. While the SDGs touch upon themes of fundamental importance, that involve the global population at large and that have been overlooked in the past, this doesn't exempt from criticism their content and formulation. The large scale they encompass could be one of the possible hurdles in their implementation so, in particular for national governments, it is needed a clear and defined road map that enables to act accordingly in every sector. The sheer number of goals and the target they impose create possible contradictions and challenges in their coexistence. For example, attain a certain level of economic growth and at the same time fight climate change through sustainability projects could be something very hard to combine in order to achieve the set goals within 2030. The issues involve also the targets on a technical level and how they have been set, in certain cases very demanding and in others representing mere symbolic benchmarks that don't imply significant improvements in the real world. The latter case is represented right by the first target of the first goal, which aims to "By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.90 a day". While the international poverty line has already been adjusted from the past, when it was set at \$1.25, it still doesn't reflect fair and human living conditions, leading the target to not having a major impact especially in low-income countries. One big question mark concerns the Agenda and the possibility to proceed, although with some adjustments, with a business as usual approach. By the end of the program some goals and targets will presumably be achieved, but it will be difficult to challenge the status quo. Structural changes able to guarantee a truly inclusive and sustainable growth seem to be still away from being deployed, leaving many issues to be solved especially in the global South.

### **3.2.2 Goal 11: Sustainable Cities and Communities**

The urbanization rates that in recent times have characterized developing countries are leading to an increased focus on the phenomena affecting the urban sphere. While major waves of rural-urban migration in developed countries occurred in the past, these flows are now shaping up cities in the developing world, where also urban growth

plays a fundamental role in the increased importance of cities of different scales. In consideration of the strategic role of cities in a globalized world, the Agenda 2030 for Sustainable Development includes a goal dedicated to the urban sphere, aiming to "Make cities and human settlements inclusive, safe, resilient and sustainable", with relative targets and indicators (Table 3.2).

**Table 3.2:** Targets and Indicators

Targets	Indicators
Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	11.1.1 Proportion of urban population living in slums, informal settlements or inadequate housing
Target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	11.2.1 Proportion of population that has convenient access to public transport, by sex, age and persons with disabilities
Target 11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	11.3.1 Ratio of land consumption rate to population growth rate 11.3.2 Proportion of cities with a direct participation structure of civil society in urban planning and management that operate regularly and democratically
Target 11.4: Strengthen efforts to protect and safeguard the world's cultural and natural heritage	11.4.1 Total expenditure (public and private) per capita spent on the preservation, protection and conservation of all cultural and natural heritage, by type of heritage (cultural, natural, mixed and World Heritage Centre designation), level of government (national, regional and local/municipal), type of expenditure (operating expenditure/investment) and type of private funding (donations in kind, private non-profit sector and sponsorship)
Target 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations	11.5.1 Number of deaths, missing persons and persons affected by disaster per 100,000 people 11.5.2 Direct disaster economic loss in relation to global GDP, including disaster damage to critical infrastructure and disruption of basic services

Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	11.6.1 Proportion of urban solid waste regularly collected and with adequate final discharge out of total urban solid waste generated, by cities 11.6.2 Annual mean levels of fine particulate matter (e.g. PM2.5 and PM10) in cities (population weighted)
Target 11.7: By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities	11.7.1 Average share of the built-up area of cities that is open space for public use for all, by sex, age and persons with disabilities 11.7.2 Proportion of persons victim of physical or sexual harassment, by sex, age, disability status and place of occurrence, in the previous 12 months
Target 11.a: Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	11.a.1 Proportion of population living in cities that implement urban and regional development plans integrating population projections and resource needs, by size of city
Target 11.b: By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels	11.b.1 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030 11.b.2 Number of countries with national and local disaster risk reduction strategies
Target 11.c: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials	11.c.1 Proportion of financial support to the least developed countries that is allocated to the construction and retrofitting of sustainable, resilient and resource-efficient buildings utilizing local materials

Source: United Nations

The articulation and number of targets involving cities and human settlements make clear the growing importance that these themes have assumed in the new Agenda compared to their presence in the Millennium Development Goals. Parnell (2016) identified five ways in which the SDGs would represent a change of pace from the past under the framework of development. First, the SDGs have a universal scope, while the MDGs were mainly focused on issues pertaining the global South. Second, the SDGs entail for the relationship between social, economic and environmental values, recognizing a path of development in which there are clear ecological limits and with a strong concern for climate change. Third, the innovations in technology allow for a better selection and measurement of the indicators, potentially allowing more flexibility for analysis at a local and global level. Fourth, global development and global finance



are considered under the same framework, with the need to improve their interaction. Fifth, the decision of dedicating a whole goal to cities brings to a breaking point with the past because it foresees the urban environment as a home for sustainable development. By examining the targets it is evident that they expand from the past by moving beyond the focus on housing and slum upgrading. The scope widens with the inclusion of safe, affordable, accessible and sustainable transport systems, an integrated and participatory human settlement planning, disasters risk reduction and prevention of social and economic losses, improvement of air quality and waste management, inclusive access to green and public spaces.

The adoption of the 2030 Agenda for Sustainable Development has been embraced globally by governments and civil society, and the United Nations themselves aligned their programs to the established goals. Notably, in 2016, the United Nations Human Settlements Programme (UN-Habitat), held in Quito a conference on housing and sustainable development (Habitat III), a bi-decennial summit that followed Habitat I, held in Vancouver in 1976 and Habitat II, held in Istanbul in 1996. The conference saw a vast and international participation of representatives of regional and local governments, civil society organizations, researchers, independent groups, personalities of the private sectors and members of international organizations. The main focus was oriented towards the adoption of the New Urban Agenda (NUA), an inclusive guide of all the most pressing issues concerning the urban sphere and sustainable development. By aligning not only with the Sustainable Development Goals, but also with the Paris Agreement, a global agreement on the reduction of climate change resulted from the United Nations Climate Change Conference held in 2015, the New Urban Agenda set out principles and standards for the planning, construction, development, management, and improvement of urban areas. These policies should lay around five pillars of implementation constituted of national urban policies, urban legislation and regulations, urban planning and design, local economy and municipal finance, and local implementation. The objective is to cover every level, from local to national, and to include a vast array of organizations from the public and private sectors. The set of commitments in the NUA goes to reinforce the standards set out by the United Nations in recent years, leaving room to turn theory into practice with more concrete goals included in the 2030 Agenda.

The international scope of the 2030 Agenda for Sustainable Development means that goals, targets and indicators set certain global standards, regardless of country specificities and regional differences. When it comes to analyzing urban areas, these differences are particularly pronounced, starting from the simple fact that while it does exist a general common idea of what a city is, most countries use their own parameters to define the spatial extension of a city, based on different sizes of population and the presence of economic activities. Given the importance of having a somewhat common agreement on the definition of what constitutes urban areas and what differentiates cities and towns, in 2020 six international organizations prepared, with the subsequent acceptance of the UN Statistical Commission, the Degree of Urbanization (UN Statistical Commission (2020)) document to facilitate international comparisons, especially in the context of measuring SDGs. The approach taken in the document relies on simplicity using population size and density as the two parameters to define different areas. On a general scale, the three types of settlements are separated in:

1. Cities, with a population superior to 50,000 inhabitants and a density of at least

- 1,500 inhabitants per km<sup>2</sup>.
2. Towns and semi-dense areas, with a population of at least 5,000 inhabitants and a density of at least 300 inhabitants per km<sup>2</sup>.
  3. Rural areas, which present low-density grid cells and population levels inferior to the previous categories.

The document further explores classifications pertaining to each category, and divides in units (Figure 11) and grids (Figure 12), each with their own subcategories.

**Figure 11:** Local Unit Classification

<b>Local Unit Classification</b>		
Level	Short terms	Technical terms
1	<b>City</b>	<b>Densely populated area</b>
2	City	Large settlement
1	<b>Town &amp; semi-dense area</b>	<b>Intermediate density area</b>
2	Dense town	Dense, medium settlement
2	Semi-dense town	Semi-dense, medium settlement
2	Suburban or peri-urban area	Semi-dense area
1	<b>Rural area</b>	<b>Thinly populated area</b>
2	Village	Small settlement
2	Dispersed rural area	Low density area
2	Mostly uninhabited area	Very low density area

Source: UN Statistical Commission (2020)

**Figure 12:** Grid Classification

<b>Grid classification</b>		
Level	Short terms	Technical terms
1	<b>Urban centre</b>	<b>High density cluster</b>
2	Urban centre	Dense, large cluster
1	<b>Urban cluster</b>	<b>Moderate density cluster</b>
2	Dense urban cluster	Dense, medium cluster
2	Semi-dense urban cluster	Semi-dense, medium cluster
2	Suburban or peri-urban grid cells	Semi-dense grid cells
1	<b>Rural grid cells</b>	<b>Mostly low density cells</b>
2	Rural cluster	Semi-dense, small cluster
2	Low density rural grid cells	Low density grid cells
2	Very low density rural grid cells	Very low density grid cells

Source: UN Statistical Commission (2020)

The guidelines provided by this new categorization allow for a generalization on the definition of different areas, while at a national level each country has its own set of standards to establish a classification. The decision at a national level on how to classify urban and rural areas, and everything in between, remains very critical because it shapes up the territory in many ways. Considering a certain area as part of the urban cluster or not, can make a difference in terms of allocation of resources by local governments, fiscal policies and delivery of public services, having a ripple effect on national and international comparisons.

Potential shortcomings in comparing the progress regarding SDGs could arise from the lack of data available in different areas of the world. In most cases, it is possible to find aggregated data at a country-level, but it is harder to observe updated and detailed data collected at a sub-national level (Simon et al. (2016)), causing further problems to perform internal comparisons. Lack of data could involve the accessibility of a certain segment of the population to public transport, not to mention living conditions, clean water availability and a broad range of demographic information. The need for adequate data is particularly urgent in developing countries where urban areas are subjected to continuous changes, partly as a result of the process of urbanization. The high number of people migrating to urban areas requires the collection of data at a short interval, which becomes challenging when certain public projects are underfunded and informal settlements continue to grow. The best practice suggested in these cases involves a bottom-up approach, where the analysis of the urban structure starts from the awareness of communities formation and evolution, and operates from there to monitor the needs of urban inhabitants at the roots level. A close connection to the local population is possible when there is a stable structure of local governments, that must be equipped with a qualified personnel and the appropriate tools to operate. In the absence of reliable data at a local level, the realistic monitoring of targets established internationally, with a top-down approach, becomes complicated, and the risk stands in claiming progress that involve only certain communities, without reflecting the whole picture.

The challenges presented by the integration of the SDGs at a city level go beyond the delimitation of urban boundaries, and arise the issue of coordination between different actors that chase after their own goals, with the need for collaboration at various levels. In fact, the path towards sustainability requires collaboration both on a horizontal level, with the involvement of the public sector, civil society, academia and others, and on a vertical one, from the local to the national scale (Valencia et al. (2019)). The lack of integrated governance is a feature that affects countries and cities in both the global North and global South, in particular when each organization or part of an organization focuses strictly on the goals that directly concerns it. The coordination between different actors can be promoted by building projects from the ground up that naturally lead to a convergence of interests, or it can be planned more rigidly starting from a certain level of authorities and creating structures where the higher-ups facilitate the coordination in order to reach the same goals under the banner of sustainability. Alongside the integration necessary at a city level, the Agenda 2030 states the importance of cooperation between different regional and national programs in the global scheme. The SDGs formulation involved a multiplicity of parties that found a common ground to establish goals with a universal scope, but the different degrees of urgency of certain matters in different parts of the world require alliances able to work jointly under certain premises, and from there able to refer to a global agenda. It is the case for the Africa Union that combined forces to adopt the Agenda 2063, envisioning inclusive growth and sustainable development at the center of policies in the continent for the next decades (African Union (2015)). Coordination doesn't necessarily have to be present only through vertical structures where cities interact with national groups which subsequently refer to international organizations, but it can also expand horizontally with cities located in different continents able to keep productive relations through the sharing of information, experiences and ideas.

Multiple parties have been involved in the formulation of the SDGs, following the work realized with the MDGs, but it often tends to be underplayed the role of citizens. In the urban environment citizens, in particular low-income groups, are affected by decisions taken by organizations in which they don't have a say, with direct consequences on their lives whether positive or negative. In some cases, in addition to strengthening the integration with local authorities, non-governmental organizations can establish linkages on the territory to intervene in areas of need or to act as an echo chamber of the voice of regular citizens. This tool becomes particularly important when there is a lack of presence of different actors of the public sector, which focuses on the achievement of certain standards, in this case set at a global level, but doesn't take into account the impact on citizens and how their lives can be improved in the long run.

Balancing the effect on people's lives with the SDGs shouldn't present trade-offs, indeed, according to the guidelines of the Agenda, sustainable development should enhance living conditions while promoting the conservation of ecosystems. Some inconsistencies could arise from different goals, where the conciliation of some targets is apparently complex. In the urban context this could be the case when the need to increase the availability of housing in a certain zone could reduce farmland or green areas, altering the livelihoods of local farmers and affecting the ecosystems, while food production gets further distanced from the final consumers (Lee et al. (2015)). Issues could arise also from urban densification, which could lead to aggravation of air quality, caused in particular by the reduction of green spaces (Valencia et al. (2019)). To analyze the interactions and trade-offs between different goals, Nilsson et al. (2017) proposed a framework to measure the relationship, whether positive or negative, between targets, creating a scale with seven units. The scale goes from indivisible, where one objective is hugely linked to the achievement of another goal, to reinforcing, enabling, consistent, constraining, counteracting and lastly cancelling, where progress in one goal makes it impossible to reach another goal (Nilsson et al. (2017)). For example, reduction of air pollution is indivisible from improved health and reducing non-communicable diseases, while developing infrastructure could be cancelling the reduction of degradation of natural habitats in terrestrial ecosystems (Nilsson et al. (2017)). The mentioned model clearly offers some simplifications, it aims to present possible contradictions between targets, exposing the effects of deficient policies. Nonetheless, it reinforces once again the need for holistic approaches by local and national authorities, which should emphasize integration between different working parties.

All over the world, many cities started to create workgroups to face sustainability in the urban sphere, adopting different strategies according to their necessities and with various ways of integrating with the SDGs. In Hamburg, Germany, in 2017 the city administration made public the report "Implementation of the United Nations Sustainable Development Goals in Hamburg" (Krellenberg et al. (2019)), in which it defines past and future projects linked to the Sustainable Development Goals. In addition, a working group called "SDGs for Hamburg", under the guidance of the Authority of Environment and Energy, conducted a series of meetings that involved government representatives and civil society personalities to discuss topics and initiatives relative to the SDGs in the city (Krellenberg et al. (2019)). The mentioned document touches upon the concept of sustainability in the different areas that involve city policies and projects, aligning with the SDGs content, but without setting up specific indicators or

timeline and with a lack of integration between different aspects of the plan (Krellenberg et al. (2019)). In the city of Belo Horizonte, Brazil, the SDG in Action project developed and tested an indicator framework to monitor the achievement of the SDG 11, with the participation of Metropolitan SDG Observatory (METRODS), University Newton Paiva, and Movimento Nossa BH and civil society organizations (Blanco et al. (2019)). In Asia an ASEAN (Association of South-East Asian Nations) working group, created the SDGs Frontrunner Cities Programme (SDGs-FC), with the goal of supporting cities in the implementation of sustainable development practices. The initiative aims to facilitate city-level integration, especially considering that many countries are still behind in the formation of a cohesive national program. Lack of integration on multiple levels is currently one of the main issues in the implementation of SDGs, creating further hurdles in the context of Agenda 2030.

### 3.3 Smart Cities and Public-Private Partnerships

#### 3.3.1 Smart Cities: Approaches and Projects

The progress in digital technologies in recent times contributed to some innovations in the modern city, with the possibility for cities administrations and private corporations to intervene in some areas of the urban environment. Part of the new ground opened by the ubiquitous presence of technology in the daily lives of citizens flows into the capacity to collect data by public and private actors, both at a micro and macro level. It is in this context that the idea of smart cities originated and grew, with this type of cities that are "seeking to process and manage the real-time data flowing from new digital infrastructure and services" (Han and Hawken (2018)). The huge amount of collectable data is used to advance the implementation of urban management techniques and at the same time it enhances companies' role in the urban sphere and their business potential. Subjected to data collection are mainly citizens, devices and buildings, which provide information then applied on a variety of sectors, from the road network and transportation systems to resource use, crime detection, education and other services.

In smart cities, administrations have the chance to control many aspects of the urban territory according to what standards of efficiency they aim for and what type of investments they are willing to focus on. Potentially, under this framework, many different actors involved in the city can obtain significant benefits. Citizens have the chance to live in more safe spaces, where viability is strictly regulated, transportation systems allow easy access to different parts of the city, and where resource efficiency reduces costs and improves air pollution levels with positive effects on health. In this picture, IT and telecommunication companies, such as Google, Microsoft, IBM, Huawei, Tencent, are brought into play to develop applications to employ for a vast range of services.

The two possible approaches to bring into being a smart city consist either in building from the scratch or in renewing older, established cities (Han and Hawken (2018)). The former requires huge flows of capital and detailed planning, with greenfield smart cities that in recent years started to flourish in different continents, especially in Asia. An example of building from the scratch is the Songdo International Business

District in South Korea (Figure 13).

**Figure 13:** Songdo International Business District



Source: Urbes Magazine

Situated in the Incheon Free Economic Zone, and not far from Seoul, this model of sustainable smart city represents a large urban development project made possible by the involvement of private real estate companies with additional funds provided by the local government. The sustainability side can be observed through the dedicated planning, with 40% of the area reserved for green spaces, multiple kilometers of bicycle paths, widespread presence of charging stations for electric vehicles and an innovative waste collection system that makes the use of trash trucks obsolete, through pipes that lead garbage into an underground mechanism. In addition, buildings in the area were built following the LEED (Leadership in Energy and Environmental Design) requirements, which set specific standards that should lead to energy efficiency, reduced water use and limited environmental impacts. The presence of plenty bicycle paths and walkways aims to minimise the use of private cars while facilitating urban mobility, with a set of necessary services accessible within minutes. The technological infrastructure permeates the area, with sensors found in public spaces to regulate traffic flows and energy use. Aside from the sustainability aspect, the plan aims at economic growth in the area in the long run, with not only the establishment of businesses and facilities but also the presence of foreign universities campuses. The joint development of this smart city involving local and national governments, real-estate developers and corporate technology companies should entail costs exceeding 40 billion dollars. However, the livability of a city cannot be considered just through expensive buildings and visible sustainable standards, even more so when the internal accessibility doesn't reflect the external accessibility. It can be noted that the premises for the development of the area were founded on a top-down approach, more oriented to satisfy the desire of local authorities to attract foreign enterprises and high value-added businesses than to create a stimulating environment for its inhabitants with the presence, also, of socio-cultural infrastructures (Yigitcanlar et al. (2019)). Inhabitants themselves reflect the economic significance of the project because, given the level of costs sustained to develop infrastructures, only a certain segment of the population will be able to afford to live in Songdo. Along with the social and economic aspects, Yigitcanlar et al. (2019)



also point out how the focus on sustainability presents some contradictions, since the area was developed on sea-reclaimed land that caused the destruction of invaluable wetlands. Overall the project seems to be more focused on finding solutions that are not so inclusive, but benefit for the most part the actors that developed the project.

The other approach when it comes to smart cities consists in the redevelopment of older cities, or at least part of them. This is the case of 22@Barcelona, an innovation district in the Spanish city (Figure 14).

**Figure 14:** 22@ Barcelona Innovation District



Source: Cities Today

The project emerged to regenerate a former industrial area by attracting businesses and promoting economic growth in the territory, after years of limited investments. With the concept of compact city as a guideline, the transformation included not only the attraction for companies to establish in the area, which focused mostly around sectors such as ICT, media, bio-medical, energy and design, but also targeted state-subsidized housing units and the presence of green and public spaces. The plan started in 2000 resulted in remarkable economic growth in the area, and at the same time achieved the goal of creating knowledge concentration with the establishment of both companies and universities. While starting more with a top-down approach, over time the city administration has been able to involve citizens' participation in the process of renewal, in particular focusing on affordable housing, but especially in the first few years the paradigm of innovation and economic growth involving the private sector took over, disrupting the lives of former citizens (Bottero et al. (2020)). Overall the project brought satisfactory economic and environmental results, while on the social side struggled to integrate the participation of local communities.

Recent years saw the diffusion of smart cities projects in many areas of the world, with strong governments' commitments to follow this new wave of urban transformation. In this framework, India started the "Smart Cities Mission" in 2015, involving 100 cities to a path of economic growth and better quality of life. The initiative, after a change of plans, shifted from green-field development, which would have saw the building from the scratch of 100 cities, to brown-field development, through the

implementation of existing cities. The national government was the architect behind the mission, with a clear orientation more towards technological innovation than the upgrade of urban life. Given the strong centralization evident from the start, the mechanism of integration and development at the local level came to be weakened, with issues in coordinating different actors involved in the project (Praharaj et al. (2018)). An issue, reflected also in other smart cities programs, concerns the public participation of citizens in decision-making and transformative changes. In this case, specifically in the city of Bhubaneswar, a consultation process with the local population was conducted through a set website and social media engagements, which led to the participation of mostly centre district and info district residents, given the low accessibility that slums and peri-urban residents have to these tools (Praharaj et al. (2018)). A few years removed from the start of the Smart Cities Mission, despite funding superior to 14 billion dollars, only a small part of the identified projects have been completed, with difficulties in the implementation coordinated between national and local authorities, and with additional funds required to achieve the initial vision.

Examples of smart cities projects around the world show the challenges in obtaining inclusive results, and raise the question of what are exactly the purposes behind certain urban transformations. The greater attention on sustainability and the will to implement technologies to improve citizens' lives are certainly good premises, but in many cases the end results show that a different route has been taken, one that doesn't lead to real progress. Ingent investments are needed to support a certain vision of a smart city, but this doesn't necessarily bring to projects shaped around citizens, on the contrary those who often get the most benefits are private corporations that have the chance to get more and more involved in citizens daily lives, and local and national governments which can expand their oversight on the urban sphere. A greater involvement in urban life can be beneficial to residents when it follows certain guidelines, but the general trend shows the implementation of intrusive tools that could potentially have dangerous consequences. In many countries, with probably the best-known example of China, authorities are employing urban surveillance mechanisms that, as well as regulating traffic and other operations in the urban system, employ facial recognition techniques, with potentially harmful consequences on a political and social level. One of the most problematic issues about smart cities programs concerns the top-down approach that often relegates urban citizens to a minor role in the urban transformation. This problem arises in many national projects, and it is something on which international institutions have been criticized for in many occasions. The overshadowing of citizens in the shaping of urban reality is one of the most pressing issues that public and private parties face, and requires a change of course to not exacerbate further the detachment between the different sides involved.

### 3.3.2 Public-Private Partnerships

Limitations in available funds and lack of expertise affect local and national governments operations when it comes to the planning and the development of projects, especially in urban settlements. Over the years, international institutions have pushed for a greater role of the private sector in the building of infrastructures and in the provision of services. Similar schemes can have a support function when the public sector shows clear limitations, and at the same time can be an effective way of promoting economic



growth. This public-private partnership model fits right into programs such as the 2030 Agenda, which requires massive investments and possibly a holistic approach to achieve significant results in the following years. International institutions and private companies perceive the realization of the 2030 Agenda as a great opportunity to boost public-private partnerships especially in developing countries, which could potentially provide markets with great economic returns in the long run. Developing countries, though, are often exposed to unstable governments, where malfunctioning public sectors, corruption and inadequate legal frameworks are in place, creating obstacles in the implementation of successful partnerships (Anwar et al. (2017)). Even in high-income countries the coordination between public and private is not always easy, starting from the preliminary evaluations and proceeding with possible adjustments, especially when it requires huge financial commitments between multiple parties involved in the operations (Kim (2021)). As it is the case for the aforementioned Songdo International Business District, smart cities today attempt to thrive through the establishment of public-private partnerships, where each side has benefits to reap, but usually major green-field development projects present hurdles along the way that end up delivering less satisfying results than originally expected (Kim and Choi (2018)). Joint-development projects can provide positive economic experiences for the sides involved if the coordination is successful over time, but the overall assessment must also realize positive outcomes for citizens. The number of obstacles involved in the realization of infrastructures and other types of projects can lead to situations where each side tries to take care of its own gains, neglecting in this way the social benefits that should be inherent right from the start. This is often the case of projects regarding smart cities, but it reflects a broader issue of low levels of consideration of the citizens' role in decision-making processes.

The World Bank strongly recommended public-private partnerships in the last few decades, in order to face a vast range of challenges involving governments and citizens. In this context, the role of the Bank is to create the proper environment to make national and local governments more attractive for investments, with the aim of fostering successful partnerships. Some of the tools provided by the Bank consist of the Public-Private Infrastructure Advisory Facility (PPIAF), which supports governments in the creation of a thriving environment for infrastructure partnerships, the PPP Legal Resource Center (PPPLRC), able to provide useful legal frameworks to set up and develop infrastructure projects, and the PPP Knowledge Lab, an extensive dataset gathering public-private partnerships implemented in several sectors and countries.

The growth of PPPs makes them one of the most used schemes to carry out development projects in this day and age, showing both points of strength and weaknesses. While they can provide a quality solution in the case of government failures in executing some interventions, public-private partnerships can also exhibit shortcomings when the private sector is not the most fitted to resolve issues affecting the lower-income segment of the population (Ibem (2011), Afridi (2018)).

## Chapter 4

# World Bank Role in Urban Development

Towards the end of World War II, it started to spread inside economic and political circles the need to develop tools capable of promoting financial stability and peaceful cooperation at an international level. At the forefront of these initiatives there were the United States and the United Kingdom, mostly represented through the personalities of Harry Dexter White, of the U.S. Treasury Department, and John Maynard Keynes, of the British Treasury. Discussions between countries and their representatives led the United States to invite allied countries to a conference in order to develop the ideas previously discussed, with the goal of creating stable organizations which could operate on these themes. Between July 1 and July 22 of 1944, the conference was held in Bretton Woods, New Hampshire, United States, with the participation of 730 delegates from 44 countries. With the host nation leading the consultations, the main interest was to find an agreement on what was called International Monetary Fund, an institution with the mission of promoting the stability of exchange rates and financial flows at an international level. Another topic of discussion concerned the creation of the International Bank for Reconstruction and Development (IBRD), which had to address the need of many countries to recover after the losses suffered during World War II, focusing on the economic and infrastructural aspects. Both of the mentioned institutions reflected the desire to establish international integration specifically on an economic level, encouraging the opening of markets through the reduction of barriers to international trade. An important decision involved the pegging of exchange rates to gold, in order to stabilize different currencies and aim for financial stability, a type of fixed exchange rate system that basically would last until 1971, when the United States decided to terminate the convertibility of the US dollar to gold. The negotiations for the establishment of the IBRD were successful, with the required percentage of countries ratifying the agreements the following year, and the inaugural meeting set for 1946.

The IBRD would become known as the World Bank, whose group, with later additions, would be formed by the IBRD, the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). The headquarters were settled in Washington, D.C., and the American influence is something that impacted the institution throughout its existence, with the

appointed president that has traditionally been American. The initial focus was on the reconstruction of countries' economies after World War II, in particular through loans and infrastructure-oriented programs, but over the decades the Bank would transform in a more comprehensive financial institution, concentrating especially on support to low and middle-income countries. Over the course of the chapter the evolution of the Bank will be analyzed, with a specific emphasis on the policies undertaken regarding urban development.

## 4.1 Early Lending Programs And Beliefs Inside The Bank

The initial efforts of the World Bank were, as mentioned previously, focused on the reconstruction of member countries post World War II, particularly through financing for the realization of infrastructures. These first few years were characterized by struggles in funding, that soon proved to be insufficient for the quantity of projects to be undertaken. The shortcomings pertained the lack of resources inside the Bank, and also the difficult conditions of European countries that found themselves in troubles when it came to borrowing (Zanetta (2001)). In this framework, the Marshall Plan adopted in 1948 offered much-needed support, and relieved the Bank from some of the early burdens that was carrying (World Bank (1974)).

This external intervention allowed the Bank to abandon certain projects involving European countries and to focus on promoting the development of poorer member countries (Alacevich (2008)). In this period, the field of development, especially in middle and low-income countries was still to be explored, and inside the Bank the lack of experts and working groups able to tackle this topic proved to be a considerable problem. For this reason, between 1948 and 1949, the institution reduced the number of loans it was issuing, and started to send its personnel to the countries in which projects of development had to take place, in order to gather important information that could prove valuable for future projects (Alacevich (2008)).

The early stages were characterized by a search of identity inside the Bank, which was still determining how to structure loans and how to pick projects. Overall, in the initial years of its existence, the Bank decided to concentrate on the financing of infrastructure works, that could consist of power stations, highway systems, dams, seaports and other projects. In general, most of the lending was concentrated in traditional sectors, with an estimated 90% of funds dedicated to energy and transport projects (Zanetta (2001)). A geographical area of particular interest was Latin America, which received almost a fourth of all the lending put in place between 1948 and 1959 (Zanetta (2001)). The idea behind this strategy was to take part in projects that were considered able to generate a good enough economic return in the host country, so that the borrower was in the position to repay the loan. Part of the reasons behind the selection of infrastructural projects was that, at the time, the belief inside the Bank, and also in most of the public economic debate, reflected the trickle-down approach which suggested that investing in the proper economic infrastructures was enough to lead to a general economic growth that would have benefited all sectors of society (Zanetta (2001)).

The work conducted in the first few years allowed the Bank to examine the potential of urban development and the housing sector, which were starting to get traction in developing and least developed countries, and where the International Labour Organization (ILO) had started to work on towards the end of the 1940s (Alacevich (2008)). The kind of productivity requirements that were used for the projects undertaken at that time were part of the evaluation considered inside the Bank, and it soon became evident that those requirements could not be met in every country, but the return of the investments in certain territories could be measured by the subsequent development processes generated (Alacevich (2008)). After some internal reflections, the Bank decided not to intervene on such a matter in that period, deeming certain types of loans too risky, and not aligned with the core *modus operandi* in place.

Nevertheless, in the early 1950s, it became clear the necessity for interventions aimed at direct issues that were preventing some countries to sustain a real process of development. A variety of matters were involved such as the supply of drinking water, housing, sanitation, education and public health in countries like Cuba, Jamaica, Nicaragua and Colombia (Alacevich (2008)). The reluctance of the Bank to act under certain conditions showed the kind of conservative approach for which it would have been criticized moving on, and furthermore this was a specific moment in time in which the leadership was still trying to understand exactly what could have been the role and the evolution of the institution, opting for a more traditional bank than a development agency (Alacevich (2008)). It is also worth noting that many of the leading economists that were working at the Bank came from the Wall Street context, and they were bearing worries about the bond market and financial stability implications in case of unproductive investments. According to the belief inside the Bank at the time, the financing of big infrastructure projects should have been the kind of push able to lead to economic growth in the long run for developing countries, but this specific approach started to be criticized by many parties, including economists and the countries involved in the programs.

The shift from bank towards development bank started to happen in the second half of the 1950s, as recognized by Eugene Black, the president of the World Bank in that period, even though there were still doubts regarding the procedures of development to adopt as far as countries and economic sectors (Ramsamy (2006)). However, the shift in how the Bank viewed its role didn't immediately change how the institution carried its operations, particularly in the sense of the interventionist role according to which the chosen projects had to be under certain conditions that facilitated the monitoring and the supervision by the Bank, restricting the field of application to very specific and visible projects.

Economic conditions of many developing and least-developed countries didn't allow them to invest appropriately in some social and economic sectors that needed massive interventions both in the short and long run. These countries, in particular those that were considered part of the Third World, started to pressure international institutions, such as the Bank and the United Nations, to set up supplementary funds able to meet the developmental needs in certain regions. Skepticism about the possibility of supplying additional funds and new mechanisms of financing was attributed not only to international institutions, but also to the United States, which always played a big role in international negotiations, from the perspective of who wants to maintain its hegemonic role in the global power structure. The United States, in this period, were

also finding themselves in the midst of the Cold War with the Soviet Union, and this led them to have a particular interest in trying to develop relationships with Third World countries in order to keep them away from the influence of the Eastern Bloc (Ramsamy (2006)).

The pressure applied especially by least-developed countries found concrete results when the World Bank opted for the formation of the International Development Association (IDA), which formally came into existence in 1960 and operated under the banner of the World Bank Group. The function of the IDA was to offer softer loans with fewer conditions attached compared to the ones issued in the past, and the bigger scope should have been able to include more countries in the programs. Inside the World Bank there was still some reluctance to move on from the conservative orientation that characterized the first few years of the institution, where exclusively direct and productive projects were undertaken. The external pressure, though, forced the leadership to reconsider some aspects of the loans selection adopted until then, and this led the Bank to at least not exclude preemptively financing oriented towards social projects (Ramsamy (2006)).

The particular attention that received the Latin American region in the 1950s was maintained even in the following years, so that when the IDA formed in 1960, the institution continued on the same path by providing several loans to Columbia, Nicaragua, Chile, Honduras, Paraguay and Costa Rica. This orientation was justified by the lack of developmental assistance provided by the Bank in the previous years, and also by the need to keep a certain level of cultural influence by the United States, considering that the region was undergoing social movements that expressed hostility towards the rising inequalities and the capitalist model of development (Ramsamy (2006)).

This period inside the Bank saw an increased openness to a type of lending that differed from the infrastructure-oriented kind that defined the first decade of operations. In fact, in addition to loans addressing more social issues, the 1960s also presented an increase in agriculture-related lending (Zanetta (2001)). This choice fell within the need to sustain development processes, considering that many of the countries targeted by the Bank programs depended on widespread agricultural practices. The shift to this type of interventions required the Bank to recognize the complexity of development, a perspective that wasn't displayed through the financing of investments in infrastructures (Zanetta (2001)).

After approximately 20 years from its formation, the World Bank had expanded its programs, moving slowly towards more social lending-oriented projects. In retrospect, the push that led to a reconsideration of its orientation came more from external forces than from an internal will of focusing on development conceived in a certain way. At this point, the leadership inside the Bank was still trying to balance the interests of different parties, and at the end of the 1960s further changes affected the institution.

## 4.2 Change Of Approach

The appointment of Robert McNamara as the World Bank president in 1968 marked a significant change of pace as far as the approach that the institution had kept until that moment. McNamara served as the US Secretary of Defense in the seven years prior to this new assignment, and immediately showed the intention to increase social lending

alongside the willingness to expand the economic significance and the number of countries involved in the Bank's programs (Ramsamy (2006)). Soon, the input provided by the new president made possible concrete initiatives in those areas that the Bank didn't fully explore in the previous years. During its presidency, the number of projects undertaken by the Bank rose significantly, going from 62 in 1968 to 266 in 1981, and also there was a shift from infrastructure-related projects to anti-poverty projects, that tackled mainly matters of urban housing, education and health (Ayres (1983)). In the McNamara era, the Bank also opened its offices to experts and delegates from developing countries, that have gone to increase the dimension of representation of certain regions inside the Bank's staff, and the internal restructuring included even the formation of an urban division, recognizing the strategic importance of cities development (Ayres (1983)).

During the first years of operations, there was the belief inside the Bank that fostering the economic growth of least-developed countries by investing in infrastructure was the right approach, both for the countries involved and for the Bank, that could pursue its conservative policies recommended in particular by the United States. Even if this approach could be regarded as successful in assisting some key projects, it didn't really have an impact on poverty reduction, exposing some shortcomings of the Bank's programs up to that time. McNamara recognized these shortcomings and advocated for more direct social lending, influenced also by other factors.

McNamara's decision to prompt development in certain countries didn't come without geopolitical considerations, which have always been part of the World Bank's policy orientation since its foundation. In this sense, the president continued to look for the establishment of solid international relations wherever the United States felt the risk of revolutionary movements, and believed that this financing orientation towards social development could keep some potentially dangerous situations under control (Ramsamy (2006)).

The first few years of McNamara's presidency showed the intention of the appointed president to tackle poverty alleviation, in particular the most pressing issue concerned rural poverty and the low productivity of agriculture-intensive areas (Maddux (1981)).

A minority group within the Bank thought that focusing on rural areas was a misdirected attempt at addressing many of the issues that were afflicting developing countries. This was a phase in which urbanization rates were increasing, and some urban areas in Africa, Asia and Latin America already exhibited the diffusion of informal settlements, which were destined to grow over time.

Before McNamara's presidency, the policies followed by the World Bank didn't allow to really set up programs aimed at intervening specifically at a urban level with adequate projects. In this respect, the establishment of IDA in 1960 made available funds to tackle urban poverty, but in the first few years the Bank showed some reluctance in exploring this field (Ramsamy (2006)). Financing of housing programs, in particular, was still considered an unproductive way of employing the Bank's funds, that were directed towards the building of infrastructures. Another obstacle was identified in the economic scope required to tackle housing shortages in some countries, with the need for funds quite superior to those made available at that time. In the first few years of the Bank's operations, the orientation established by the leadership didn't allow to prepare social development interventions that improved the social situation of rural and urban inhabitants. When it came to housing availability and living

conditions, the Bank refused to intervene even when some of its missions suggested that such programs would have been beneficial in terms of development. It is the case of a mission in Jamaica in 1952, which led the members of the Bank sent on the field to advocate for investments in the housing sector, both rural and urban (IBRD (1952)). The suggestion was bypassed by the Bank's leadership, because this kind of intervention wasn't aligned with the projects undertaken in that period, and the belief was that other organizations, such as the United Nations, could finance low-income housing (Ramsamy (2006)).

The following years showed little to no progress in tackling directly urban issues, despite the recognition of the importance in terms of development that such interventions would have offered. The Special Project Division released in 1972 a paper in which identified the problems that were arising from rapid urbanization in developing countries (World Bank (1972)). The document highlighted how the urbanization wave occurring in developing countries increased the dissemination of squatter settlements and slums, and how the strict focus on infrastructure building was leading to neglect other projects that could have been efficient in tackling certain issues at a urban level (World Bank (1972)).

In those years the urban agenda inside the Bank was still fragmented, with some projects that were assigned to different departments, but without great importance assigned to urban challenges. Towards the end of the 1960s, a program of urban research was launched within the Development Economics Department (DED), intended to examine the matter of urbanization, while the Special Projects Division was working on the sites-and-services loan that was directed to Senegal (Ramsamy (2006)). In the early 1970s, the Urban Department and the Department of Transportation merged in what was called "Department of Transportation and Urban Development", presided by Edward Jaycox, which encountered some early resistance due to bureaucratic challenges and the vague knowledge and orientation inside the Bank in that period (Ramsamy (2006)). In 1974, the Department of Transportation and Urban Development and the Urban and Regional Economics Department worked side by side in the Urban Poverty Task Force, with the goal of examining urban poverty and finding possible efficient interventions that the World Bank could deploy. The first report produced by the Task Force was titled "The Task Ahead for the Cities of the Developing Countries", in which it addressed the importance of commitments by national and local governments to face the challenges presented by the urban sphere (World Bank (1975b)). The report also stated that the policies pursued by the Bank should have been aimed at increasing the quantity and quality of labor, and also the quantity and quality of public services directed at the urban poor (Beier et al. (1976)). The following year the Task Force released another report, the Urban Poverty Action Program, criticizing the previous urban lending projects of the Bank (World Bank (1976)). Urban projects funded in the previous years didn't have a direct impact on employment or on the lives of urban poor, found the Task Force, which recommended to focus on projects revolving around low-income housing, sanitation and water provision (Ramsamy (2006)). Among those who actively encouraged the Bank to shift its focus there was Edward Jaycox, who in 1973 organized an international conference at the World Bank to discuss urban policies. Despite the good premises the conference didn't lead to concrete policies implementation, but affirmed Jaycox as one of the major advocates for a Bank more oriented towards tackling issues directly involving the urban poor.

In 1975, the Development Economics Department, directed by Douglas Keare, produced a document titled "Housing: Sector Policy Paper", in which it was articulated the importance of funding sites-and-services schemes and squatter upgrading projects (World Bank (1975a)). The paper served to expose the need for intervention in the housing sector through the mentioned operations, which should have also involved governments and other policy-makers, but also reassured economists within the Bank that such projects would have led to economic growth (Ramsamy (2006)).

Eventually, the different personalities and groups that worked around the evolution of the World Bank policies concerning urban development, convinced the leadership of the Bank, in particular Robert McNamara, to implement adequate policies (Ramsamy (2006)). The president held a speech at the Board of Governors meeting in 1975, in which he emphasized the need to help national governments in tackling poverty issues in cities (Ramsamy (2006)). The increased importance of this matter was caused by the rising urbanization in developing countries, and the possible consequences in terms of political instability in the case of augmented social fragmentation. McNamara believed that the path to follow included "increasing earning opportunities in the informal sector, creating more jobs in the modern sector, providing equitable access to public utilities, transport, education, and health services, and establishing realistic housing policies" (Ramsamy (2006)). The speech delivered by McNamara presented a change of pace in urban policies for the World Bank, and it was followed in 1976 by the decoupling of the Urban Department from the Transportation Department, with Edward Jaycox appointed to lead the former.

Cohen (Cohen (1983)) stated that the urban programs of the Bank in the early 1970s had as the main aims to:

- Provide low-cost solutions for the urban population as far as infrastructures, transport and housing
- Show the feasibility of providing services for the urban poor without recurring to subsidies
- Convince of the possibility to apply urban planning procedures able to adapt quickly and able to be inclusive of the whole urban population
- Prove the replicability of certain projects in different regions of the world, on a economic and practical level

All the work carried out in the first few years of the 1970s led the Bank to mainly finance projects relative to housing, transportation, regional development and integrated urban projects (Ramsamy (2006)). In this phase, the budgetary restrictions played an important role in selecting and implementing programs. The quality standards that the projects followed, for example, in the housing sector, were determined by the affordability in terms of the funds placed at disposal, with the goal of not forcing national and local governments to incur in perpetual spending. The difference between demand and supply of housing in developing countries was considered too wide and the limited resources of governments couldn't meet the needs of the majority of urban poor, so the Bank suggested that reducing costs, by lowering standards, was a possible solution (Cohen (1983)). This policy orientation expressed the necessity to upgrade existing settlements, granting leeway to individual households, rather than proceeding with a total displacement. National governments were skeptical towards this position, believing that lowering standards wouldn't solve any issues affecting the urban poor (Ramsamy (2006)). Nevertheless, the contrasting sides reconciled because



of the limited resources available to developing countries, which had no other option but to accept the policies proposed by the Bank. Projects started to be undertaken in which the low costs made diffused interventions possible, as it is the case of Nigeria, where in 1978 the units built through the World Bank program cost less than 10% of the conventional housing that were usually built (Onibokun et al. (1989)). Similar situations could be found in other countries such as Zambia, where the cost of complete houses in sites-and-services projects was less than one-fifth of the price of the cheapest government-subsidized housing, and El Salvador, where the houses relative to sites-and-services schemes envisaged less than half the cost of the cheapest conventional house (Keare and Parris (1982)).

It is estimated that between 1972 and 1981, 62 projects were approved, with total financing for 2 billion dollars, and about 60% of interventions involved the housing sector, with a particular focus on Sub-Saharan Africa (Ramsamy (2006)). In the 29 developing countries covered by the Bank's programs, among which there are Zambia, Egypt (Adegunleye (1987)), Tanzania, Thailand (Laquian (1983)), India (Pugh (1988), Pugh (1989a), Pugh (1989b)), Colombia, Bolivia and El Salvador (Ayres (1983), World Bank (1985)), approximately 310,000 lots were built through the sites-and-services approach, while 780,000 lots underwent upgrading operations.

The sites-and-services projects had different standards in different countries, with constructions that entailed surveyed plots only, plots with sanitary cores, and plots with various housing options (Ramsamy (2006)). The process of building was also different in every country, either based on self-help and mutual help, or based on regular contract labor (Cohen (1983), Laquian (1983), World Bank (1985)). These kinds of projects presented their difficulties both for the organizations involved and the urban dwellers. The ordinary process consisted in the purchase of the land performed by the government from the private holders, which often resulted in delays. But the most problematic matter concerned the locations established for the projects, which often were in the periphery, forcing urban dwellers to relocate and lose their economic and social ties. The limited resources forced governments to look for cheap land, hoping to subsequently develop those areas, but often with poor results (Ramsamy (2006)). Slum-dwellers often resided in a certain urban area because of the opportunities they had in terms of jobs and social offers, so by relocating they often lost the already small chances to make a decent living, which led, for example in Manila, to about 80% of the relocated people to return to the metropolitan area (Ramsamy (2006)).

Taking into consideration that sites-and-services schemes presented some of the problems listed above, the urban projects undertaken by the Bank started to increasingly shift to squatter upgrading. This entailed that in some countries, for example in the period between 1974 and 1978 in Tanzania, the percentage of the total project costs dedicated to operations of slum upgrading went from 16% in the previous period to 32% in this time interval (Ramsamy (2006)). Similarly in Calcutta, the slum upgrading component went from 3% in the project approved in 1973, to 18% in the project approved in 1977 (Ramsamy (2006)). One of the largest projects undertaken by the Bank in this period, as far as slum upgrading, was the Kampung project in Jakarta, Indonesia. The initiative involved around 200,000 plots, with a working rhythm that made possible to work about 1,000 hectares per year, which meant that 450,000 people were benefited every year, for a total of 3.7 million people, consisting of around 60% of the slums in the areas (Ramsamy (2006)). Here the government, in order to cover

the large investment, proceeded by changing regulations in terms of property taxation (Ayres (1983), Payne (1984), Baum and Tolbert (1985)). Another huge project saw the Bank operating in Lusaka, Zambia, to upgrade squatter settlements in four low-income communities. The project benefited almost 20,000 people, and also provided services for additional 7,000 families in the nearby area (Bamberger et al. (1982)), with a total cost of US\$41.2 million, half of which was provided by the Bank. In this period the slum upgrading programs were considered a success for all the parties involved, but they still encountered some relocation issues as it was for sites-and-services schemes. Another problem involved the tenure of the property, with the Bank that refused to intervene in situations where the dwellers didn't possess the title to the property, leading to the exclusion from the programs of some families in need (Ramsamy (2006)). Despite the difficulties and shortcomings, the general evaluation of these projects can be more positive than negative, at least because in this period the Bank attempted to tackle issues directly involving urban poor, showing significant evolution from the pre-McNamara era.

### 4.3 Post-McNamara Era And Neoliberal Establishment

Moving on from the programs put in place in the 1970s, the Bank determined that the scope of those projects was too narrow, it only served certain areas without having an impact on the larger population of a city. The fast-changing pace of urban areas in the developing world couldn't be approached through specific and delimited projects, so the Bank started to push for adjustments in policies conducted by governments in order to achieve some sustainability in the long term.

The first changes involved the internal structure of the Bank in the early 1980s. In 1981, the Urban Department of the Bank was separated into projects and policy sections, where the former was placed under the control of the vice-president for policy planning and research, while the latter was split into six regional divisions (Ramsamy (2006)). Being separated under regional divisions meant that a specific urban department had to face the stance of each regional director, who often didn't present a strong belief in the work performed at the urban level in the previous years (Ramsamy (2006)).

In retrospect, considering the work conducted by the Bank in the 20th century, the McNamara era stands out as an outlier in terms of approach. As described previously, in the first few years since its formation the Bank kept a conservative approach, influenced by the United States and the geopolitical situation at that time. Slowly towards the end of the 1960s, and with a significant acceleration during the 1970s, the Bank got rid of some of the restraints that had been in place in the past, and started to intervene more effectively in middle and low-income countries. The change of pace promoted by McNamara didn't come without discrepancies, in particular with the Nixon administration. The American side showed some skepticism towards the work carried on by McNamara, who was seen as a leader that didn't pay much attention to the interests of the United States (Clark (1981)). Criticism also came from the press and conservative think-tanks, which didn't approve the anti-poverty programs initiated by the Bank, considering them too expensive and repressive in respect of the development of the

private sector (Phaup (1984)).

Robert McNamara stepped down as president of the World Bank in 1981, and was succeeded by A.W. Clausen. This new phase for the Bank is to frame in the political context of that period, particularly in the United States. In the same year, in fact, the presidency of the U.S passed to Ronald Reagan, who restored a conservative approach for the Bank. The new administration wanted to shift the focus from multilateral development to bilateral development, opting for a reduction of the U.S economic commitments to institutions such as the World Bank (Ramsamy (2006)). This came under the newly established neoliberal environment, where many personalities, especially inside Reagan's administration, considered that many initiatives funded by national governments could be performed by the private sector, reducing drastically governments expenditures. The president himself, during the annual meeting of the World Bank's board of governors in 1983, remarked the United States opposition to programs that foresaw development led by the public sector and development projects with a social orientation (Ramsamy (2006)). According to this conservative approach, the path of development in middle and low-income countries should have been led mainly by the free market, and governments should have been initiators of structural changes oriented toward this direction. Inside the Bank, the newly appointed president Clausen decided to name Anne Krueger as vice-president for research, pursuing the conservative approach described, while Mahbub ul Haq resigned as director of policy planning, in open contrast with the policies proposed by the new president.

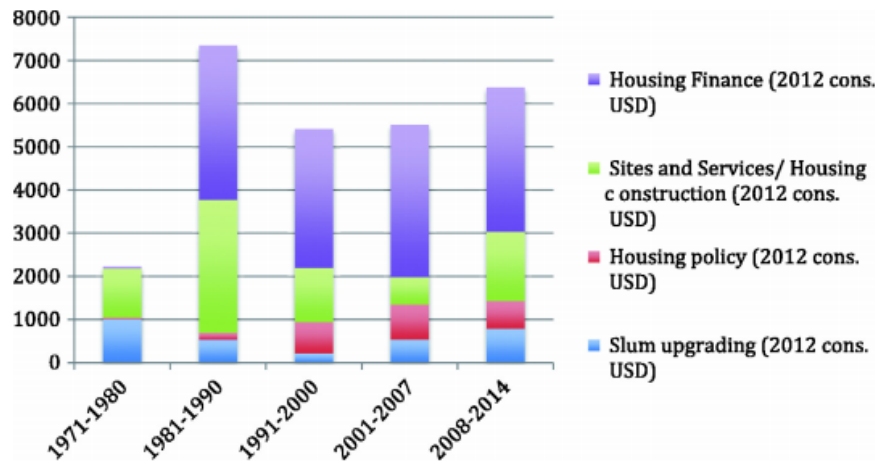
Throughout its history, the loans allocated by the Bank always had some degree of conditionalities that accompanied the projects, but in the 1980s the scope was further expanded. In this period the Bank launched a specific form of development through financing, under the name of structural adjustments loans (SAL). These new types of loans, in contrast with the past, separated the financial aspect from the object of the project, and also attached specific policies change conditions to implement at a national level, leading to major economic reforms (Mosley et al. (1991)). The intention behind the introduction of this financial tool was to reshape the countries involved by cutting governments spending and facilitating the attraction of foreign investment in their territories (George and Sabelli (1994)).

The 1980s entailed the increase of structural adjustment loans in relative and absolute numbers (Kapur et al. (1997)), in particular in Africa, with subsequent widespread criticism for the conditions they imposed. Beginning in 1987, the successor of Clausen at the presidency of the World Bank, Barber Conable, tried to keep under control the criticism by reaffirming the willingness of the Bank to focus on poverty alleviation (Ramsamy (2006)). This intention, though, has to be contextualized in the conservative political atmosphere that dominated both the Bank and the United States in those years, and which led to major shifts from the policies conducted under McNamara's presidency. The amount of influence accumulated by senior managers in the previous years made the task of reversing the trend extremely difficult, to the point that Conable was replaced just two years after his appointment, and was succeeded by Lewis Preston. Criticism for the imposed conditions came also from other international institutions, such as the United Nations Children's Fund (UNICEF), which emphasized how the adjustments required by the Bank's projects led to aggravations as far as health, income, education and employment (Ramsamy (2006)).

The kind of approach taken by the Bank during the 1980s spread also to touch the

urban agenda, with the focus on low-income housing that lost its central role in the Bank’s urban operations (Ramsamy (2006)). This meant that the Bank and governments roles in urban programs shifted from provider of public services to enabler of development for the private sector (Ramsamy (2006)). This resulted in a greater financialization of the Bank’s policies, which changed the distribution of its interventions in terms of housing programs, with fewer resources allocated for slum upgrading projects (Van Waeyenberge (2017)) (Figure 15). The departure of public sector intervention in the housing sector had as a consequence the transfer of significant costs directly to low-income residents, leading many households to opt for lower quality standards in order to afford housing.

**Figure 15:** World Bank Group (IBRD, IDA and IFC) Shelter Portfolio, in Constant 2012 US\$ Million.



Source: Van Waeyenberge (2017)

During the 1980s, and then also the 1990s, the Bank, when confronted with the shortcomings of its interventions, pointed out to national governments failures in applying the adequate policies to stimulate inclusive economic growth. By doing so the Bank didn’t recognize the inefficiencies of markets in circumstances that would require a strong welfare state to alleviate the conditions of the poor.

Among the projects undertaken by the World Bank in the urban sector, there is the case of Zimbabwe, which started to partner with the Bank to address concerns pertaining housing supply. Zimbabwe in the 1980s was still in the early phase of development following the independence from the colonial control that created severe social and economic disparities. The available resources proved to be insufficient to tackle the housing shortage, with the government not being able to achieve the objectives set. In order to find a solution to the matter, the government sought the support of the Bank and the USAID, the United States Agency for International Development. After having assessed the situation, the Bank decided that the optimal way to reinforce housing supply would be through increasing home ownership and through the intervention of the private sector in providing housing finance, while also keeping the incumbent local governments’ role and the recovery of costs (Ramsamy (2006)). The first project in this field launched in 1985 in four major Zimbabwean cities, with the goal of providing

about 12,000 serviced residential plots (Ramsamy (2006)). In this phase, a point of contention pertained the housing standards that the national government intended to meet, but that were considered inapplicable in terms of cost recovery for the World Bank and the USAID. Ultimately, the parties involved reached a compromise to guarantee a certain minimum standard level for the housing structure with the possibility to implement further operations in the case of resource availability. Another important area for the Bank concerned the involvement of local building societies in the financing of low-income housing, in particular without guaranteeing government subsidies. Building societies decided to take part in the program overcoming the skepticism they showed in the past, influenced, among other things, by the opportunity for an improvement of their public image and by financial incentives (Ramsamy (2006)). The second project in this area was launched in 1989, with total costs of US\$580 million, of which US\$80 million provided by the Bank, intending to widen the scope of the program to the national level. Overall, the policies implemented resumed from the results of the first project, but with an even bigger economic contribution from building societies and more funds allocated to government agencies. These programs undertaken by the Bank in Zimbabwe benefited urban dwellers to a certain degree, but they also presented some distinct shortcomings. The schemes implemented by the actors involved weren't able to reach the poorest segment of the population, who didn't meet the eligibility criteria and couldn't afford to access finance, but also the programs didn't have a big enough impact in the time period they were effective and didn't bring to better future practices (Ramsamy (2006)).

The results of the policies promoted by the World Bank, and also by the IMF, led to further protests during the early 1990s, which involved civil society organizations and NGOs exhibiting aversion towards the Washington Consensus, mostly, but not exclusively, recognized as a series of policies promoting a neoliberal approach. In this climate the Bank was looking for a renovation of its public image, to reconnect the Bank to anti-poverty programs that were predominant during the 1970s. Bill Clinton, the president of the United States in 1995, appointed James Wolfensohn as the new president of the World Bank, who immediately tried to open conversations with NGOs representatives in order to clarify the willingness of the Bank to reconcile with anti-poverty programs and to explore debt forgiveness and environmental concerns. Wolfensohn was successful in bringing back to the Bank some credit at the eyes of international observers, and stressed the importance of not remaining stuck in the free market dogma, with also the concept of sustainable development that started to make its way into the Bank's hallways. It was during Wolfensohn's presidency that the World Bank, in tandem with the UN-Habitat programme, helped to launch the Cities Alliance in 1999 which, among other programs, proposed Cities Without Slums, to improve the living conditions of 100 million slum residents in the subsequent 20 years.

Some of the criticism for how the Bank decided to conduct its operations in the 1980s and 1990s was also coming from inside the institution, where notably vocal was Joseph Stiglitz, the chief economist at the Bank. Stiglitz criticized the heavy privatization promoted by the Bank, which led to neglect the more marginalized (Stiglitz (1998)). Stiglitz commissioned also the 2000 world development report, in which, in the first draft circulated, the policies implemented by the World Bank were considered as having positive impacts on the high-income groups, while mostly hurting low-income households (Ramsamy (2006)). The draft, which was also critical of the World Bank

and IMF handling of the Asian crisis, caused increased turmoil inside the Bank, with many economists lobbying to change the ideas expressed in the report. Eventually, Stiglitz continued to be vocal about his criticism toward the institution, and was basically forced to leave office because of contrasting visions.

Under Wolfensohn's presidency, the Bank tried, at least on a public level, to change how it was perceived, but actually made little to no changes to its policy orientation. In 2000, the Bank launched the Capital Markets at the Sub-National Level program, to further promote the local governments' capacity to access external financing through international capital markets. This was accompanied by the encouragement addressed to developing countries to issue municipal bonds, following the path of US municipal bonds. Regardless of the effectiveness of these tools, they reinforce the idea of applying measures able to lead to a widespread international convergence on a similar development path. On a local level, the intention of the Bank was also to improve efficiency in the management of fiscal resources by municipalities, and while in some cases it led to the development of better practices, in others all it did was to deliver further cutting of public spending with severe impacts on the poorer residents (Zanetta (2001)).

In the World Development Report 1999/2000, the Bank continued to stress the importance of decentralization of political and economic power, with the goal of fostering cities to become links in the global production chain and attractive destinations for foreign investments (World Bank (1999b)). The report also points out the shortcomings of the public sector urban planning and delivering of services to the population in developing countries, but not without acknowledging some of the successes that this method of operating obtained in the past. This doesn't mean that private provisions are automatically the solution, in fact the private sector needs the right regulatory frame to operate and aim at long-term investments (World Bank (1999b)). The report is right in pointing out the need for public sector efficiency in preparing the ground for fundamental interventions in urban areas, but neglects the role of local governments to be more than simple enablers. In this context of finding the right path of development for cities, the efforts must include not only public and private parties, but also NGOs and local communities that have a first-hand awareness of the main issues present in certain areas. As far as housing for low-income residents, the recommendation is to undertake upgrading programs, given the impossibility of the public sector in certain regions to accommodate new housing for everyone in need. To reduce costs and respond to fast demand changes, the path indicated is that of market forces to assist in the provision of land, construction, building materials and financing, with NGOs and public sector agencies providing additional financing (World Bank (1999b)).

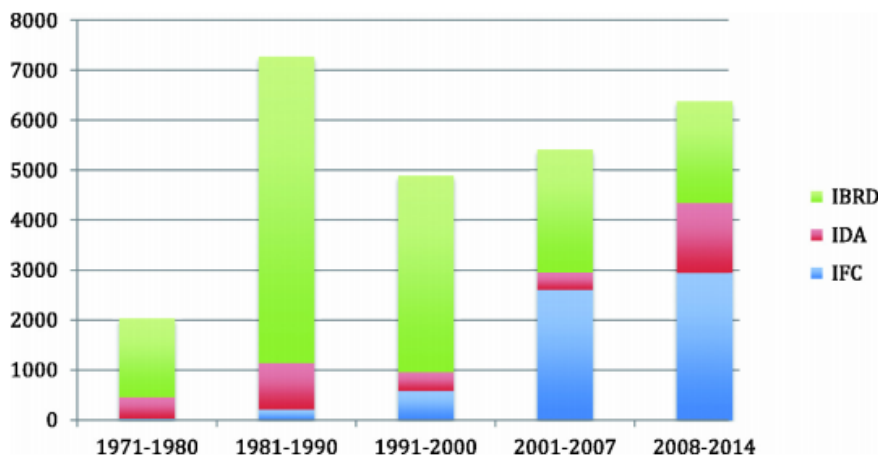
Another aspect that often arises problematic issues in developing countries is water supply, particularly for low-income residents. To solve this inefficiency, the Bank proposed either a centralized private concession or, for smaller cities, a competitive and decentralized system with private firms providing the service (World Bank (1999b)). In this case, as it is for many other urban services, the Bank emphasized the need for public-private partnerships, which would also be the main type of initiative recommended in the present day.

## 4.4 World Bank in the New Century

The dawn of the 21st century saw the Bank continuing on a similar path to the one undertaken in the previous years, although with some adjustments. The evolution of the Bank and its policies over decades shaped what the Bank became and what are the main ideas that guide it. From the focus on poverty alleviation through public interventions in the 1970s, the Bank followed with the internalization of the neo-liberal approach in the 1980s and in the 1990s. This period established the focus on access to finance for developing countries, in particular in sectors such as housing (Buckley (1999)). Between 1982 and 1991 housing finance accounted for almost half of the World Bank's shelter lending, when in the previous decade it only represented less than 2% (Van Waeyenberge (2017)). In addition to the sheer volume of financing involved, the shift implicated also the turn to private financial intermediaries, that took the lead over public sector housing authorities (Van Waeyenberge (2017)).

The criticism received for its departure from anti-poverty programs led the Bank to involve itself in initiatives such as the aforementioned Cities Alliance, while prompting for an expansion of the finance-led model that could also concern lower-income households, especially through the International Finance Corporation (IFC), a branch of the World Bank Group, which began to play an increasingly central role in the Bank (Figure 16). In the 2000s the Bank attempted to reconcile the financial orientation with the slum upgrading programs that were being neglected in the previous decade, and that more generally lost their role since the end of McNamara's presidency.

**Figure 16:** World Bank Group Shelter Portfolio Distribution, in Constant 2012 US\$ Million.



Source: Van Waeyenberge (2017)

This recent era of the World Bank has been characterized by the diffusion of financing, in the housing sector, with the diffusion of public-private partnerships and microfinancing schemes to serve the poor with limited resources on hand (Van Waeyenberge (2017)). Basically, in the last couple of decades, the Bank integrated the policies promoted in the 1970s and those promoted in the 1980s-1990s, expanding the financialization process while reviving the slum upgrading programs implemented in the past.

The changes in terms of the role of the Bank saw the institution acting initially as something similar to a simple bank, with a subsequent orientation towards development that took some time to be realized into practice (Alacevich (2008)). This path led all the way to the most recent era of the Bank, which entails an all-around involvement in reducing poverty and promoting shared prosperity. Projects touch a vast spectrum of themes across what are considered as the main sectors of development, and this has a major imprint on urban development policies.

Although the tradition of having an American representative as the president of the World Bank continued, in recent times the voting powers of the member countries were adjusted, in order to increase the importance of developing countries. Generally, the voting power of each member country depends on the quotas allocated at the time of their membership and on the capital contributions that they commit, with different numbers of votes for the IBRD, IDA, IFC, MIGA. This model entails a significant weight of high-income countries in the decisions taken inside the World Bank Group, with a few middle-income countries that recently gained some voting power. In the case of the IBRD, for example, the countries that hold the most number of votes are the United States, Japan, China, Germany, France, United Kingdom, India, Saudi Arabia, Canada, Italy and Russia. The disproportionate voting shares allocated to high-income countries give them the possibility to maintain a certain stability in terms of orientation of the Bank's policies, while middle and low-income countries are relegated to a minor role. The distribution of power in place reflects a historical hierarchy, and ensures that countries with rich economies can dictate the path to follow for those who are trying to grow. Middle and low-income countries, in fact, are the recipients of the Bank's programs, centered on alleviation of poverty and inclusive growth. Regardless of the effectiveness of the Bank's policies, this dynamic risks creating a single way of development through a top-down approach that aims to sustain the current balance of power.

In combining many nuances of the development process, the World Bank undertook a path to integrate many urgent issues in its urban agenda. In recent times, partly as a result of the initiatives taken by other international institutions, the Bank increasingly incorporated the sustainability factor into its programs, to tackle economic, social and environmental aspects. To achieve a large set of significant results, the sponsored programs encourage the cooperation between different agencies, including other multilateral development banks, in particular to facilitate the access to capital and financial instruments.

It is the case for the City Resilience Program (CRP), which is a partnership between the World Bank and the Global Facility for Disaster Reduction and Recovery (GFDRR), with the latter that works under the management of the Bank. The program, supported also by the Swiss State Secretariat for Economic Affairs (SECO) and the Austrian Federal Ministry of Finance, was launched in 2017 with the objective of increasing financing for urban resilience in developing countries. In order to build resilient cities able to address the impacts of climate change, by saving lives and making the most of the human capital on the territory, the CRP is intended to facilitate the planning, the financing and the fostering of partnerships. The program, which by the end of 2020 had engaged with 105 cities in more than 50 countries around the world (World Bank Group (2021)), combines financing and expertise in helping cities to prevent instead of facing further challenges in the future. In the FY2020, on the planning

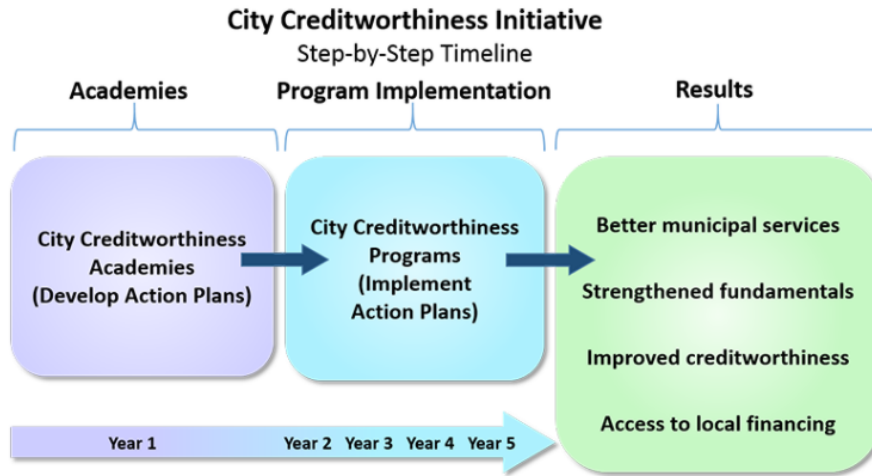


side, the CRP team helped to create and develop city scans able to identify and analyze hypothetical risks in different urban areas. In Saudi Arabia, for example, a team developed a digital technology product that, through the use of open-source satellite data, helps to monitor urban heat islands (World Bank Group (2021)). Similar tools have been applied in other countries such as Colombia, where a scan has been produced to assess the flooding risks associated with the potential construction of a rail system in Cali. As far as financial support, the funding provided by the CRP went to assist project preparation in cases such as the National Urban Cadaster and Municipal Support Project in Peru and the Urban Resilience Project in Bolivia, which received approval by the World Bank's Board of Directors in 2020. In this context, the funding provided by the CRP was instrumental in supporting the technical reviewing of disaster risk management in urban areas and the national policies in land use planning (World Bank Group (2021)). On the fostering partnerships side, the CRP focused on building opportunities for investments and co-financing, in which private actors can increase their intervention in building resilient infrastructures while limiting costs (World Bank Group (2021)).

The recent history of the Bank's operations shows the determination to give local policy-makers access to private financing, under the assumption that such *modus operandi* can give a boost to the urban development process. In this framework, the World Bank gave rise to the City Creditworthiness Initiative (CCI) (Figure 17), with the intention of supporting local authorities in improving their financial performances to better attract investments. A higher appeal can be generated through the enabling of the adequate regulatory framework that can strengthen resource management and creditworthiness, accompanied by projects in which the sustainability factor plays a central role. The CCI envisages the institution of City Creditworthiness Academies, programs with the purpose of educating city leaders in the field of municipal finance and other aspects of resource management. This concerns preparation in revenue and debt management, capital investment planning, expenditure control and asset maintenance. City leaders have the chance to use a self-assessment tool through which they can identify the most pressing challenges they face and prepare a proper action plan able to improve their creditworthiness. The Academies serve as a preparatory step that is followed by the Implementation Programs in which, operating on a multi-year basis, the initial action plans are further explored with the assistance of the Initiative's promoters. The program of the CCI saw the participation of more than 250 cities across middle and low-income countries, which underwent the required stages. Results indicate that in countries such as Tanzania and Uganda, the City Creditworthiness Initiative assisted some local governments in adopting climate-smart capital investments plans and led to the assessment of PPP projects and municipal finance.

In light of the recent international efforts to tackle climate change at a global level, the World Bank started to include environmental sustainability into its programs, sometimes pushing the theme at the center of the agendas. To address the issue at the urban level, the World Bank coordinates the Global Platform for Sustainable Cities (GPSC), which supports cities in their path towards urban sustainability (Figure 18). The platform, funded by the Global Environment Facility (GEF), provides cities both financing and knowledge that should be used to strengthen urban resiliency and inclusiveness, and in its first few years of operations collaborated with 28 cities across 11 countries.

**Figure 17:** City Creditworthiness Initiative Steps



Source: World Bank

**Figure 18:** Global Platform for Sustainable Cities Pillars

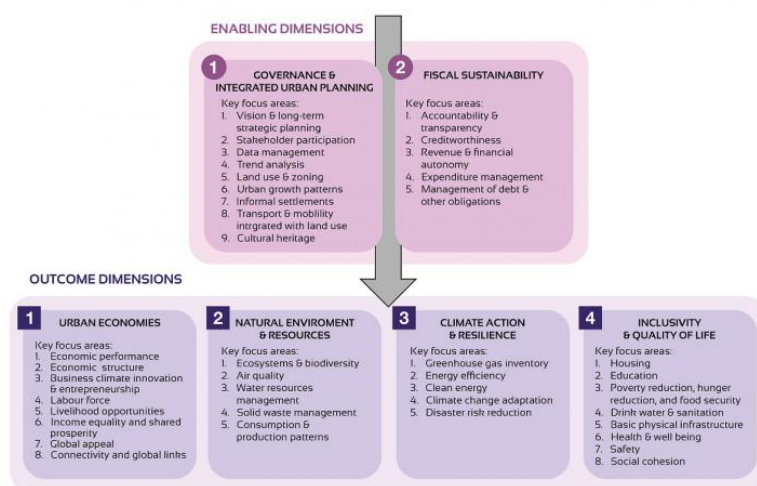


Source: Global Platform for Sustainable Cities

The GPSC promotes a type of integrated urban planning that concerns the city as a whole, in which every element must be considered not only by itself, but also in connection with all the other elements of the city context. The example used to make the point is transit-oriented development (TOD), which entails a broad approach of the city in its form and scope. This type of urban development requires an in-depth analysis of the territory to promote the coexistence of adequate housing, decent jobs, urban mobility and sustainable urban growth. As it happens in other programs backed by the Bank, the GPSC stresses the importance of municipal finance, linking it to creditworthiness. The Platform supports the creation of a fiscal enabling environment that allows attracting private financing and investments. The assistance serves also to plan climate-smart capital investments and to improve local resource management. In order to track progress and give cities authorities the possibility to better implement their action plans, the GPSC developed the Urban Sustainability Framework (USF),

which comprises a four-stage approach. The stages consist of the diagnosis of a city’s current situation, the identifying of a vision in which priorities are established, the analysis of the viability of financing solutions, and lastly the monitoring and the evaluation of the process (Global Platform for Sustainable Cities and World Bank (2018)). The desired outcomes address the dimensions of interest of the Bank’s programs, in the form of economic growth, inclusiveness, mitigation of greenhouse emissions, resiliency enhancements and preservation of ecosystems and natural resources (Figure 19). The indicators provided by the USF integrate the Sustainable Development Goals, in particular the Goal number 11 that refers to make cities and human settlements inclusive, safe, resilient and sustainable. This falls within the path of alignment followed by international institutions in order to achieve the desired results by 2030.

**Figure 19:** Dimensions of the Urban Sustainability Framework

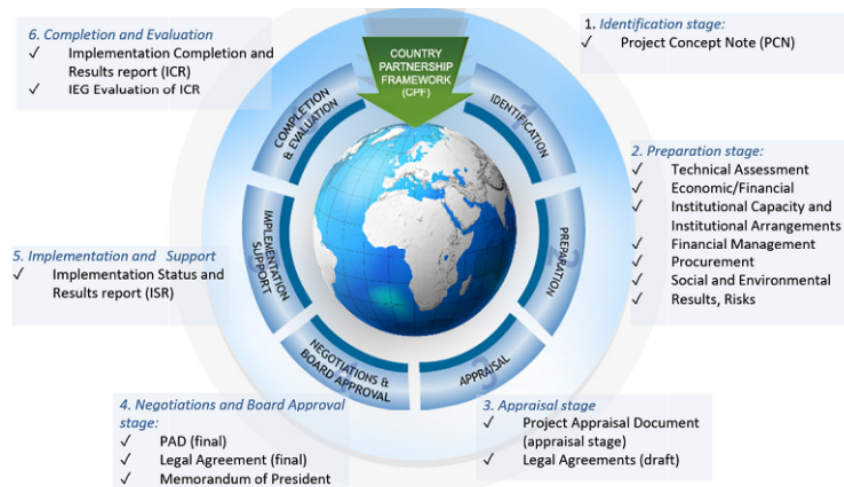


Source: Global Platform for Sustainable Cities

#### 4.4.1 Projects Life Cycle

As described in previous sections, besides general programs that different cities and countries decide to join, there are many projects that the World Bank undertakes in collaboration with local and national governments to tackle specific issues. When it engages with cities, the four priorities for the Bank are to enhance planning system and local capacity, strengthen fiscal and financing systems, promote territorial and spatial development, build climate-smart and urban resilience. These priorities translate into concrete projects, where the Bank also partners with other institutions to operate in middle and low-income countries.

A World Bank project usually consists of six stages, which could be labeled as identification, preparation, appraisal, negotiation/approval, implementation/support and completion/evaluation (Figure 20).

**Figure 20:** Country Partnership Framework

Source: World Bank

The identification stage features the Bank communicating with the borrower country's government to assess the need for intervention in a specific area through the establishment of the Country Partnership Framework (CPF). In this phase, the Bank also proceeds with the presentation of three documents. The first document is the Project Concept Note, which functions as the backbone of the Bank's possible intervention, outlining the objectives, the possible risks and the timetable for the approval of the project. The second document is the Project Information Document, instrumental in specifying the scope of the project, while the third document is the Integrated Safeguards Data Sheet, in which the Bank's safeguard policies for environmental and social issues are presented.

Project preparation is a phase in which the borrower government carries feasibility studies for the potential project, consulting with different entities and the beneficiaries to detect shortcomings and roadblocks. In this phase, the Bank plays more of an advisory role, and also communicates with the borrower to organize overall project management. Based on the Bank's safeguard policies, the borrower prepares an Environmental Assessment Report in the case of potential environmental risks, and through the Environmental Action Plan describes the roadmap to follow in order to deal with the issues presented. This is all part of the Environmental and Social Framework (ESF) promoted by the Bank, which outlines specific standards and requirements to follow as far as environmental and social protection. In the case of the project's intervention in indigenous areas, the borrower government prepares an Indigenous Peoples Plan that should be aimed at limiting the potential negative impacts on the community.

With the appraisal, the Bank and the government continue the work developed in the previous phases, where each party confirms its commitments and assesses the potential success of the project. In this phase, a final agreement on the timetable is reached and the necessary documentation is publicly disclosed. It should be noted that it is not unusual to observe a project extension announced at some point during the realization of the project, often caused by delays in the implementation and with additional financing provided to cover the new timetable.

When all the previous phases are successful, the project comes under the scrutiny of the Bank's Board of Executive Directors, which has the responsibility to proceed with the approval. To get the outcome, the project team presents either the Project Appraisal Document, for investment project financing, or the Program Document, for development policy financing, although both offer a comprehensive picture of the project. These documents are provided along with further financial and legal documents, so once all the necessary documentation is reviewed and the approval has been given, the project can enter the implementation phase.

During the implementation, the funds put at disposal by the World Bank, and in some cases by the borrower too, are used to carry out the necessary functions aimed to deliver the target set. The role of the Bank during the implementation phase is to provide technical assistance and to monitor the correct use of the project funds through financial management and procurement specialists. The regular progress is communicated by the implementing government agency, while the Bank and the government publish the Implementation Status and Results Report twice a year.

Once a project is completed, a Bank operations team delivers the Implementation Completion and Results Report, with inputs from the implementing government agency and other partners that participated in the project. The report provides the final results obtained, and describes whether are satisfactory and aligned with the initial objectives established. The different steps of the implementation process are laid out, with an evaluation of the adherence to the Bank's operation policies. An additional evaluation of the project is provided by the Independent Evaluation Group (IEG), which judges the obtained results and the Bank's performance (Figure 21). The IEG examines the Implementation Completion and Results Report and contributes to the evaluation of the work done by an external and independent position. Occasionally, the IEG publishes Impact Evaluation Reports which, time-removed from the completion, assesses the impact of the undertaken projects.

#### 4.4.2 Examples of Projects in the Urban Sector

Between the different programs and projects undertaken by the Bank, the total lending provided over time started to grow significantly from the year 2009, after the stagnation of the previous years, reaching 59 billion dollars in 2020. The urbanization process occurring in some middle and low-income countries, and the subsequent urban growth observed, lead cities to play an increasingly central role in the Bank's policies. The sectors involved in urban development projects cover a vast range of issues, which governments and international institutions jointly tackle.

One of the areas of interest could be identified in urban resilience and disaster risk management, which gained significant attention in the last few decades. An example of this work is the cities and climate change project in Mozambique, designed to strengthen especially urban resilience in Beira and Maputo. The project, approved in 2012, saw a commitment of US\$120 million by the International Development Association (IDA), with major interventions to rehabilitate the drainage system and to prepare green infrastructures in the city of Beira. In response to the cyclone that hit the country, the IDA Crisis Response Window committed an additional US\$350 million to restore the water supply and compensate for other damages. Despite some of the obstacles faced, the project had its closing date set in 2020, with the last incomplete

**Figure 21:** IEG General Outcome Ratings between FY2000 and FY2020. The Number at the Top Represents the Number of Projects Evaluated per Year, while the Percentage at the Top of the Bar Indicates the Proportion of the Projects that Belong to the Top Half of the Scale Considering their Rating.



Source: IEG World Bank Project Performance Ratings, World Bank Group

implementation ratings that reported satisfactory results.

On a similar note, the Bank undertook the Climate Resilient Infrastructure Project in Belize with the goal of improving the resilience of the road infrastructure against flood risks and climate change impacts, and the goal of improving the country’s capacity to respond to crises or emergencies (Pedroso (2019)). The project, declared effective in 2015, was set to provide a US\$30 million IBRD loan, working in tandem with the Ministry of Works (MoW), the Ministry of Natural Resources (MNR) and the Ministry of Economic Development (MED), in an attempt to improve the infrastructure system and intervene particularly to solve some public transport issues. The poor coordination between line ministries and the project leaders led to obstacles in the adequate implementation of the project, with notable delays to the completion of the required works, resulting in early unsatisfactory ratings (Pedroso (2019)). After the poor performance, the government representatives and the Bank’s unit leaders agreed to push back the deadline to terminate the project, with eventual additional costs that will not be eligible for financing if the newly set timeline won’t be respected.

A field often neglected, but which causes many problems in urban communities, is waste management and disposal. On this front, the World Bank undertook a project in order to contribute to significant changes in Azerbaijan’s capital, Baku. The main objectives of the ARP/II-Integrated Solid Waste Management project consisted in reforming the Greater Baku solid waste collection and disposal operations in the fields of data collection and strategic planning, capabilities of the responsible agency, rollout of collection services and environmental conditions at the existing waste disposal sites (Ionkova (2014)). The project approved in 2008 featured a US\$29.5 million commitment from the IBRD, and a US\$12 million commitment from the government of Azerbaijan, but with the revised commitment for additional financing agreed in 2013

the Bank increase its disbursement to US\$76.6 million (IEG Review Team (2019)). The additional financing served to enhance programs with the expansion of disposal capacity at the Balakhani landfill and the extension of the site for 20 years. Some of the activities enabled by the additional financing consisted in the full closure of the old waste disposal parts of the site, installation of water and leachate controls, opening of new waste cells and installation of a methane gas capture system (IEG Review Team (2019)). The project ended up providing satisfying results on multiple levels, and reinforces the positive effects of an inclusive plan that unfolds over time (IEG Review Team (2019)).

The World Bank also focuses on projects that, through a holistic approach, aim to intervene in multiple aspects of cities. This is the case of the Punjab Municipal Services Improvement Project (PMSIP) initiated in Pakistan in 2006 and ended in 2013. The main objectives of the project were to "improve the viability and effectiveness of urban services provided by the Tehsil Municipal Administrations (TMAs), and to make such improvements sustainable and replicable in other TMAs through the creation of a performance-based management framework at both TMA and provincial levels" (Independent Evaluation Group (2015)). The Bank disbursed US\$48.5 million through the IBRD, while the borrower added US\$5.74 million, to address the sectors corresponding to water supply (40%), solid waste management (20%), roads and highways (20%), sub-national government administrations (10%) and sewerage (10%). In the structure of Pakistani institutions, the TMAs play an important role because the Tehsil is an administrative division which usually coordinates at least a city and some villages, with fiscal and administrative power over its jurisdiction. The resources made available served to strengthen TMAs performances in the areas of urban planning, financial management, investment planning for service delivery, and identification, prioritization and implementation of infrastructures sub-projects (Independent Evaluation Group (2015)). The overall achievements in the improvement and delivery of urban services were rated substantial, with 105 TMAs that benefited from the project initiatives (Independent Evaluation Group (2015)). The main operations that led to progress in the TMAs involved:

- The creation of a computerized financial management system to serve as a tool for budgeting, accounting and financial management, and also to improve reporting to the provincial level
- The procurement of planning tools such as geographical information system (GIS) maps
- The development of specific websites to facilitate access to information, improve transparency and improve coordination with provincial authorities
- The inclusion of over 3000 officials from the involved TMAs that received training to improve their knowledge of computerized systems and business processes
- The adoption of the Complaints Tracking System (CTS) resulted in increased efficiency of resolution time
- The deployment of the Performance Management System (PMS) allowed TMAs to assess municipal service coverage and determine potential areas of intervention
- The provision of a Computerized Financial Management System (CFMS) that brought benefits in the generation of financial reports and in the presentation of financial data

The Punjab Municipal Services Improvement Project (PMSIP) resulted in improve-



ments as far as disposal of solid waste, considering that previously landfill sites weren't present, and also led to better conditions of road and street after interventions, while the least satisfying results concern water supply quantity and quality (Independent Evaluation Group (2015)).

Some of the projects taken into consideration present a comprehensive approach that aims to intervene in different sectors for the urban development of a certain area or city. Such is the case of the Casablanca Municipal Support Program, which features as main goals the increasing of the investment capacity of the Moroccan city municipality, the advancement of the business environment in the municipality, and the improvement of the basic services in some areas of the city (Maria (2019)). With the project approved in 2017, the Bank opted for a loan of US\$200 million, including some disbursements made available depending on the achievement of certain parameters defined as Disbursements Linked Indicators (DLI). The increased investment capacity objective is evaluated by the increase in revenues administered by the municipality, the increase in operating surplus in the budget and the annual rate of execution of the investment budget, while the business environment is merely assessed by the upgrade in the digitalization and simplification for administrative transactions, and the reduction of the time needed to obtain building permits and authorizations. In this framework, for the improved access to basic services, the selected indicators refer to the number of kilometers of streets upgraded and the number of households that benefited with improved access. Almost halfway through, the project presented decent results for the first two objectives, with less encouraging achievements pertaining the accessibility to basic services for households in disadvantaged neighborhoods (Maria (2019)).

The alleviation of poverty goal set by the World Bank took many shapes over the years, according also to the kind of interventions required in a set region. In 2004, the Bank approved the Urban Upgrading Project in Vietnam, to address in particular water supply, sanitation, flood protection and housing (IEG Review Team (2016)). The development objective of the project referred to the alleviation of poverty in urban areas by improving living and environmental conditions of the poor through the use of participatory planning methods and the promotion of inclusive and pro-poor urban planning processes (IEG Review Team (2016)). Four cities (Ho Chi Minh City, Can Tho, Hai Phong and Nam Dinh) were involved, with a delivered IDA credit of about US\$350 million, a borrower (Government of Vietnam) contribution of US\$150 million and a provision of less than US\$4 million by the government of Japan (IEG Review Team (2016)). During the course of the project, which ended in 2014, the funding put at disposal was spent to build tertiary infrastructure and provide services in low-income areas, in interventions around water supply, drainage, paved access, electricity, sanitation and solid waste management, while also improving the conditions of primary and secondary infrastructure (IEG Review Team (2016)). In the housing sector, the project financed the resettlement of migrants who had settled along canals and lakes, where they were living in non-optimal conditions for their health, with the Bank funds that also served to finance housing for the poorest, who couldn't afford to build houses on the resettlement plots, and to strengthen the housing microfinance system by partnering with local organizations (IEG Review Team (2016)). The overall outcomes of the project were considered moderately satisfactory with alleviation of urban poverty through the undertaken programs. The Bank's performance was considered positive as far as the expertise provided in engineering, project management, financial manage-



ment, procurement, monitoring, and safeguards, but showed shortcomings in terms of supervision, resulting in weakness of the results framework and missing targets that could have facilitated the monitoring of the process (IEG Review Team (2016)).

Throughout its history, in terms of issues to tackle at the urban level, the Bank showed a particular concern for the housing sector, with many national and local governments in middle and low-income countries that were tested by the increasing urbanization. This trend has not been abandoned, and many projects in this area are still being undertaken. An example is the Metropolitan Buenos Aires Urban Transformation Project, which has the main goal of improving housing conditions and access to basic services and infrastructure in disadvantaged neighborhoods in the Buenos Aires Metropolitan Area (AMBA), and the enforcement of the institutional capacity for urban management at the metropolitan level (Eraso Puig (2020)). The project, approved in 2017, sets out a loan of US\$200 million by the IBRD, with an additional US\$42.5 million disbursed by the borrower, represented by the Province of Buenos Aires. Two are the main components that require the most resources deployment and that have represented the main focus in the initial stage of the project. The first component regards the urban and social integration of Barrio 31 in Autonomous City of Buenos Aires (CABA), which consists of the improvement of basic infrastructure and housing conditions, while the second focuses on improving the living conditions in disadvantaged neighborhoods in Greater Buenos Aires (Eraso Puig (2020)). The project, with closing date established for 2025, showed some early satisfactory results in the progress of the mentioned components.

## Chapter 5

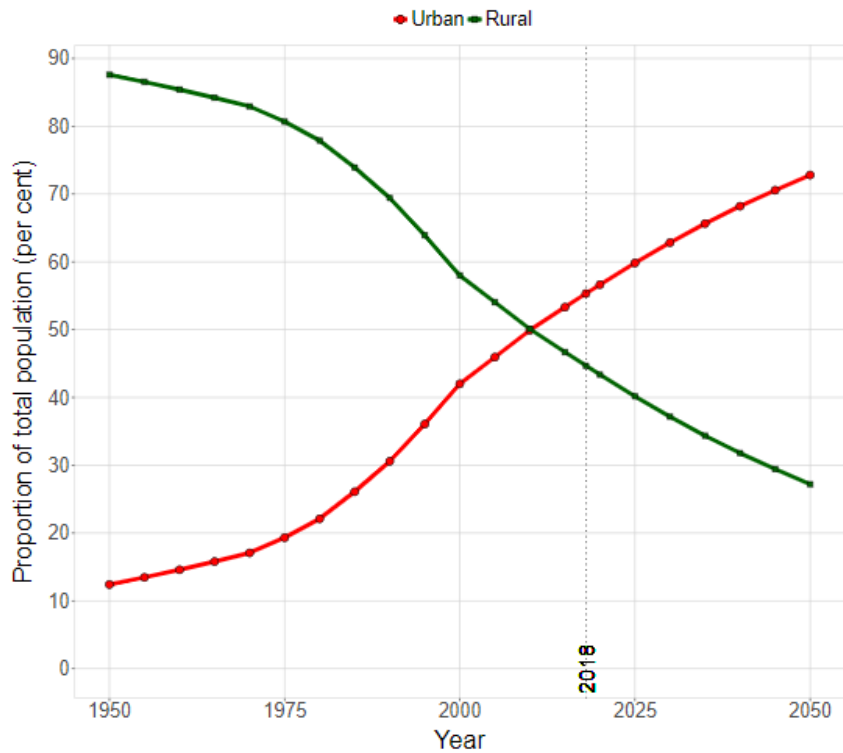
# Case Study: The World Bank and the Urban Sector in Indonesia

The process of urbanization has invested different regions of the world in different timelines, each with their own features. In most of the Asian continent, this process started to take place in the 20th century, with significant rural-urban migration and urban growth observed in the area. This is the case for Indonesia, which underwent a substantial urban population growth in the last 50 years. The first movements that signalled migration flows to urban areas started in the 1950s and 1960s, because of civil unrest in some parts of the country, but in the following decades industrialization and economic growth have made these flows increasingly consistent (Roberts and Kanaley (2006)). This process led to the urban population overtaking the rural population toward the end of the first decade of the 21st century, with the trend that should lead to a further increase of the former and a further decrease of the latter over the next few decades (Figure 22).

The living conditions of urban residents, around the middle of the past century, weren't fitting particularly high standards, and the situation was made even worse when migrations started to occur, with the new urban residents that settled in informal buildings. Most of these buildings consisted of the so-called kampungs which, in the urban context, refer to the houses inhabited, for the most part, by the low-income segment of the population, often overcrowded and lacking basic services. These types of settlements are characteristic of the region, often forming high-density areas which are referred to with the above-mentioned term, where the inhabitants develop social and economic relationships.

The history of kampungs in urban areas and the assessment of possible interventions date back to the beginning of the 20th century, and in particular to a time when the Indonesian territory was still under the Dutch control. The colonial regime didn't approve these types of settlements, which, with their poor sanitary conditions, basic infrastructure and unstable social context, contrasted with the idea of modern development that the administration pursued (Tunas and Peresthu (2010)). In this context, the colonial government planned to take property of these kampungs, and improve the physical conditions of these settlements through a Kampung Improvement Program. The Program was carried out from the early 1920s to the start of World War II (World Bank (1995a)), but the implementation didn't bring particularly positive outcomes

**Figure 22:** Distribution of Population in Urban and Rural Areas in Indonesia



Source: United Nations, DESA, Population Division

because of budgetary limitations and the methods employed, which led to numerous forced evictions following the revaluation of the land where these settlements stood. The interventions during the colonial period didn't allow for progress in living conditions for the urban poor, and it took years after the recognition of independence by the Dutch control in 1949 to see the birth of a massive improvement program.

## 5.1 Urban I - Urban V: Implementation of the Kampung Improvement Program

In the 1960s, kampungs were in a phase of expansion in urban areas, and presented concerns about the living conditions of their inhabitants, considering that most of these settlements had no private toilet and lacked access to piped water and electricity. In this context, the residents of these areas were considered as part of the urban environment, but many also argued that these types of settlements weren't proper of modern cities. This is the case for Jakarta, the capital city of Indonesia, which was developing as the main center of attraction of the country on many levels. In order to improve the living conditions of kampung residents, and upgrade the state of their settlements, the government decided to undertake the Kampung Improvement Program (KIP) in Jakarta, with 1969 as the starting date. To better frame the program, a pilot project was conducted in five Jakarta's kampungs, focusing on building infrastructures and public facilities, including streets, drainage systems, sanitation facilities, clinics and

schools. The effort that boosted the program was initiated by the local residents which, through self-help methods, intervened to improve their conditions, eventually getting the recognition from the government of the importance of such work. To reinforce the scope of the program, the Indonesian government was looking for additional financing, which led to the involvement of the World Bank. The Bank, from that point forward, provided multiple loans to improve the conditions of the urban poor and more generally to foster the urban development of several Indonesian cities.

The organization of the KIP used to follow a certain procedure to prepare and implement the approved arrangements (Devas (1981)), with the major steps that consisted of:

1. Preliminary survey. Data was collected about the social, economic and physical conditions in the kampungs in a certain area, with an early evaluation of the type of interventions needed.
2. Selection of kampungs. The data obtained in the previous stage was compared with the criteria established for the program, to determine whether the kampungs could be included or not. Some kampungs were not considered for the improvement programs, and this refers to settlements located in areas destined for other purposes, and settlements which were considered placed in areas that entailed health and safety hazards, as it was often the case for canal banks or in the proximity of railway lines. Apart from these exceptions, the worst kampungs, in terms of structural conditions, had the priority. Once a list was completed, it was object of approval first of the steering committee, and then of the governor, with the final list that occasionally underwent changes due to political and administrative reasons.
3. Planning. The list prepared had to be reviewed by the planning division, which conducted additional inspections in the areas to check for the feasibility of the program. In the process of evaluation were also involved the Camat, the sub-district head, and the Lurah, the village head, who could provide more insight into the local context. When the plan was finalized, it was up to the Camat to sign it.
4. Land clearance. In certain cases, the scheduled operations required interventions on existing settlements that prevented the construction of adequate roads or footpaths. It was the Camat's responsibility to make sure that the accesses were cleared when it was time to intervene in a certain area, but the eventual interventions on the buildings were up to the owners, who had to act with their own resources, and in the case of relocation or economic struggle could receive some help with the money provided by neighbors and collected by the Camat.
5. Detailed design. This phase consisted in the measurement of the area, which led to an estimation of the expected costs, based on the DKI (administration of greater Jakarta area) public costs unit prices.
6. Contracting. At this point a tendering was set up, with tenders selected from a list of contractors considered qualified by the DKI public works department. Contracts were assigned on a kampung to kampung basis, with the perspective of finishing up most of the work before the end of the year.
7. Supervision and monitoring. The daily activities of supervision were conducted by the technical staff that referred to the Camat, while the weekly and monthly monitoring was responsibility of the supervision division. Additionally, consult-

ants hired by the Ministry of Public Works had the task of assessing the completed work before the due reimbursements were given to the World Bank. When it came to contractors, they were subjected to penalties in the case of non-compliance, while they were remunerated according to a stage-payment system in which 5% of the sum was retained for the first three months after the completion of the project to cover eventual defects.

The first project that the Bank-financed in this area, known also as Urban I, entailed a loan through the IBRD of US\$25 million, for a total disbursement of US\$76 million, fitting into the general framework of Repelita I, the first five-year plan launched by the government of president Suharto. The project was articulated in multiple components for the urban development of Jakarta, including the KIP, benefiting 890.000 low-income residents, a sites-and-services program involving 7.930 residential lots, and technical assistance to the National Urban Development Corporation (PERUMNAS) for the project preparation and execution (World Bank (1995b)). An evaluation report published by the Bank years removed from the project (World Bank (1995b)), stated the overall positive implementation of the KIP component, while more delays and difficulties involved the implementation of the sites-and-services program, mainly due to a lack of experience of the parties involved. The lives of many residents were improved, operating mostly on infrastructure improvements regarding water, sanitation and sewerage.

After the successes of Urban I, the government of Indonesia and the World Bank agreed on extending the interventions to other cities. In 1976, with Urban II, the loan of US\$52.5 million provided by the Bank, for a total disbursement on the project of US\$104.8 million, served to implement the already existing program in Jakarta and to initiate the KIP in Surabaya. As far as Jakarta, the continuation of the KIP had the goal of improving the physical infrastructure of 3000 ha (1 ha = 1 hectare) of kampungs, benefiting a total of 1.2 million low-income residents (World Bank (1995b)). In Surabaya the funds provided were destined to enforce the Supratman program, improving a total of 375 ha of kampungs, with the residents contributing 50% of the costs. The Bank also committed to provide technical assistance for the project preparation and execution, and to revise the property tax in place. The experience accumulated with Urban I in Jakarta enabled the successful continuation of the KIP, alleviating some of the rising pressure caused by the increase of the urban population.

Positive results led to the expansion of the KIP to secondary cities such as Ujung Pandang, Semarang and Surakarta, and also led to the broadening of the program to include investments aimed at improving general public health, with interventions, for example, in the solid waste management area. Following these guidelines, Urban III was initiated in 1978, with a US\$54 million loan provided through the IBRD, and the rest of the costs covered by the government to reach a total of US\$96 million spent on this phase. With this renovation of the program, the KIP was introduced in Ujung Pandang, Semarang and Surakarta, while also always active in Jakarta and Surabaya, with interventions in 750 ha of kampungs and a total of 210.000 people reached. The solid waste management activities concerned Jakarta and Surabaya, but other interventions were carried out to improve drainage systems, to foster small business development, to provide assistance for land registration and technical assistance as in the past phases (World Bank (1995b)). The blueprint given by the previous experiences allowed for a smooth implementation of the program in the cities involved as far as execution,

although some issues emerged in the operation and management front.

By 1980, it was estimated that the programs undertaken by the government of Indonesia, with the assistance of the Bank, were successful in upgrading around 7,700 hectares of kampung, improving the conditions of about 3 million people in Jakarta, half the population of the city (Devas (1981)).

When the implementation in secondary cities proved to be successful, the government of Indonesia proceeded to expand the KIP at a national level with Urban IV, involving even more cities. With the start in 1981, the project was extended to Palembang, Padang, Banjarmasin, Samarinda, Pontianak and Denpasar, for a total cost of US\$85.93 million, of which US\$43 million provided through a IBRD loan. For the KIP component, interventions were planned to cover 1900 ha of kampungs, for a total of 500.000 beneficiaries, while also sites-and-service programs were put in place to purchase the necessary land and to build housing and other facilities. Assistance was provided to plan and implement the KIP, improve the municipal tax collection and strengthen the role of PERUMNAS and of the Bank Tabungan Negara (BTN) (World Bank (1995b)).

Overall, the four projects assisted by the Bank, from Urban I to Urban IV, are estimated to have supported 4.3 million people and a total of 11,331 ha in 11 Indonesian cities (World Bank (1995b)).

Urban V, launched in 1984, closed the multiple collaborations between the Indonesian government and the World Bank as far as projects centered around the KIP, which involved an increasing number of cities throughout the years. This time around, the program focused on Surabaya, Semarang, Surakarta and Ujung Pandang, with the goal of improving basic urban services, strengthening municipal administration and enhancing the capacity for local resources mobilization (World Bank (1995b)). The total costs of US\$64.4 million, of which US\$39.25 million was provided through an IBRD loan, served to improve the basic infrastructure of 2,430 ha, upgrade the solid waste management and drainage systems, strengthen municipal management and provide technical assistance at the city level. At this point the projects undertaken were repeating the same patterns of development based on previous experiences, having success in the specific components affected.

The projects promoted did not represent a direct burden, at least initially, for the residents, considering that the expenses for the operations were covered by the institutions involved, while the residents only had to handle some maintenance work and had to pay the slightly increased property taxes (Devas (1981)). The needed work of maintenance of infrastructures exposes a possible shortcoming of these types of projects, considering that they are a one-off intervention which solve some issues at least temporarily, but in the long run the investments of the government tend to be inadequate, and the residents don't have the necessary resources to intervene effectively. In the evaluation of the KIP, some criticisms have been directed to the lack of community participation in the projects coordinated by the government and the Bank. The type of interventions conducted could be seen as targeting general necessities, which everybody agrees on across the board, and that benefit in the first place the residents. While the interventions had overall positive outcomes, it is possible that this lack of consultation between parties created a separation that was reflected in the lack of maintenance following the completion of the works, with residents and government's representatives that were blaming each other for these shortcomings (Devas (1981)).

Especially in the early phases of the KIP, the major focus was on the physical upgrade of infrastructures, through the evaluation of kampungs as a whole. Interventions on paved roads, electricity and water drainage helped to improve the living environment in these areas, which previously lacked some basic services. The focus on certain elements of kampungs led to direct positive effects in the life of residents, even though the changes provided didn't solve all the issues that afflicted households. Overcrowding, poor sanitary conditions and buildings resilience were the main problems that persisted after the initial programs conducted by the government and assisted by the Bank. Through the KIP, kampungs were provided of communal toilets and washing blocks, but shortages of water supply and poor maintenance limited the positive effects of these interventions (Werlin (1999)).

A downside for the government was represented by the tenure system and the taxation scheme applied to properties in kampungs. Land tenure has historically been an issue for Indonesia, and in this particular context the government had to deal with many residents that didn't own the land where they settled in, with an inefficient system of property taxation as a result of malpractice and forms of corruption disseminated inside local institutions (Werlin (1999)).

## 5.2 Post KIP Projects in the Urban Sector

The urbanization trend that prompted a significant growth of the urban population was still going on when the first few projects assisted by the Bank came to an end, signaling the need for further interventions. In all the main cities the growth of the population resulted in the increasing need for housing, especially for middle and low-income citizens that couldn't afford to build or settle in expensive apartments. The government was struggling to satisfy the demand that invested the housing sector, and so decided to target more specifically the lowest income groups while expanding the role of the private sector in providing financing for the rest of the population. This initiative to tackle issues affecting the housing sector was consolidated in 1986 through a disbursement of US\$1,298.7 million, included 270 million provided by an IBRD loan. The project served to introduce new ways to access housing finance, in order not to be an excessive burden for government funds, while also strengthening the role and efficiency of BTN and PERUMNAS (World Bank (1995b)). Private interventions were only possible because of the collaboration with the public sector, which employed forms of subsidies that made low-cost housing more attractive for private developers. Overall the project was successful in achieving most of its objectives, particularly in opening the way for the private sector, but the problem of affordable housing for low-income groups was still to be really deciphered.

The end of the 1980s saw the government of Indonesia, with the economic assistance of the Bank, tackle further matters relative to urban development. In 1987 the government launched a program to improve the expenditure capacity in the following two years, and also to promote the increasing role of sub-national governments in planning, implementing and financing urban services, taking some of the load off of the central government. The funding, consisting of US\$1 billion, of which US\$270 million was provided by the World Bank, had to be instrumental in offering technical assistance for property tax improvement programs, training in sector financing reforms

and development of urban institutions (World Bank (1995b)). The wide scope of this program didn't lead to the expected results at least in the short term, partly because the focus was shifted from the physical improvement of infrastructures to institutional enhancement, which entails different dynamics in order to reflect significant results (World Bank (1995b)).

Between the end of the 1980s and the first half of the 1990s the World Bank continued to extensively finance projects for urban development in Indonesia. Notably, in 1987, it was undertaken the Regional Cities Urban Transport program for Bandung, Medan, Semarang and Surabaya, tackling issues overlooked in the previous years. The program with total costs of US\$88.1 million, inclusive of a US\$51 million loan by the World Bank, was aimed to promote transport efficiency and relieve traffic congestion, integrating national and local agendas as far as urban transport. These premises had to materialize mainly in construction and improvement of roads, with associated programs launched to improve transportation planning and traffic engineering (World Bank (1995b)). The project ended up providing positive outcomes for the physical interventions planned, with road construction for over 46 km and road improvement for 16.5 km, while the institutional objectives set out gave mostly positive results at the central government level, with more difficulties encountered at the city level (World Bank (1995a)).

In this period the majority of urban centers were growing significantly, and among them there was Jakarta, the capital city which also represented the largest and most populous Indonesian city. The process of urbanization was affecting not only the city, but all the surrounding area, presenting substantial challenges for the national and local government. The former, assisted by the World Bank, set out three Jabotabek Urban Development programs, referring to the Jakarta metropolitan area, more recently known as Jabodetabek, launched in 1988, 1990, 1991 respectively. These three projects, initiated in rapid succession, had total costs of US\$669.5 million, with the World Bank that provided loans for a total of US\$401 million (World Bank (1995b)).

The first project was composed of the technical assistance building block, in particular for urban transport and urban management, and of the infrastructure upgrade element, with a program focused on road improvement and construction. As it has been the case with past projects, the Jabotabek Urban Development achieved most of its physical objectives, while on the institutional side, although the technical assistance led to an upgrading of the skills within local institutions, the project didn't result in the formation of an integrated infrastructure development plan for the region and, ultimately, the land acquisition and resettlement process had some negative effects on the local residents (World Bank (1999a)).

In 1990 the second Jabotabek Urban Development project was launched, the one with the higher costs out of the three. In this case too, the project consisted of an institutional intervention through technical assistance and a physical intervention, here concerning urban water supply, waste water disposal, drainage control and water resource management (World Bank (1995b)). The project resulted in an additional 2.3 million people having access to piped water, a significant achievement, but on the institutional side the shortcomings of the past were reiterated, with negative repercussions on the quality of the water service, considering that the number of standpipes in operation in 1997 was less than in 1990 (World Bank (1998)).

This set of projects was completed by the Third Jabotabek Urban Development



program initiated in 1991. In addition to the ever-present technical assistance provided, the project focused on the provision of basic infrastructure and community services in kampungs, along with solid waste management and environmental protection (World Bank (1995b)). The project was rated satisfactory for most of its objectives, with about 2.5 million people estimated to have benefited from the KIP activities, despite floods afflicting the area in the mid-1990s creating further difficulties, and while still presenting some lack of coordination in the implementation as occurred in the past (World Bank (2000)).

In the following years, multiple projects have been undertaken by the Bank for the urban development of Indonesia, economically one of the key nations in Southeast Asia. Overall, in the 1990s, the two biggest projects funded by the Bank have been the Surabaya Urban Development Project and the Semarang Surakarta Urban Development Project, both approved in 1994.

The first project, which had total costs of US\$617.60 million, entailed a commitment of US\$175 million by the World Bank, that ultimately materialized in a loan for US\$93.6 million (World Bank (2001)), along with disbursements from the Overseas Economic Cooperation Fund and foreign private commercial sources. As main objectives, the project aimed to finance infrastructure investments in Surabaya, improve financial management and local revenue generation, strengthen local institutions, particularly the Integrated Urban Infrastructure Development Project (IUIDP), improve O&M and contribute to urban poverty alleviation and environmental protection (World Bank (2001)). Compared to past projects, the Surabaya Urban Development Project, terminated in 2000, encountered more obstacles, including land acquisition issues and continuous renegotiations involving local authorities, the East Java Province and the central government of Indonesia. All these hurdles resulted in a highly unsatisfactory outcome according to the implementation completion report, affecting negatively all the components of the project (World Bank (2001)). As far as upgrading of urban services, the original objectives were not achieved, with unsatisfactory results for roads and traffic management, human waste, water supply and the anticipated sanitation program, with similar poor results for other components such as the strengthening of local institutions and the poverty alleviation. Most of the shortcomings were attributed to the lack of effort by local and national agencies, which underwent multiple changes in leadership, and had their task made more difficult by the economic crisis that affected the area towards the end of the century (World Bank (2001)). On the other side the Bank, which besides financing and providing technical assistance plays a supervisory role in these projects, displayed a poor performance because of discontinuity of task management and supervision staffing, which resulted in a lack of positive contributions to the project outcomes (World Bank (2001)).

In the same year of the Surabaya Urban Development Project approval, the World Bank decided also to undertake the Semarang Surakarta Urban Development Project, with a commitment of US\$174 million that eventually, when it closed in 2001, translated in a loan for US\$115.9 million (World Bank (2002)). As far as objectives, the two projects followed a similar path, with the program in Semarang and Surakarta that focused on improving the provision of urban infrastructure services, promoting the management and planning capacity of municipal governments and contributing toward urban poverty alleviation (World Bank (2002)). Most of the budget provided for the project was targeted at intervening on the physical components, which were recognized

in urban roads, water supply, sanitation and sewerage, drainage and flood control, solid waste management and low-income housing. In these areas, the results were mixed, with positive impact given by road investments, drainage works and improvement of low-income kampungs, while interventions on solid waste disposal and sewerage and sanitation didn't deliver the expected improvements (World Bank (2002)). On the local governments' side, the goals were partially achieved, with a view of poor leadership and poor efficiency inside these institutions that continued to persist.

### 5.3 Projects in the 21st Century

With the start of the new century, the World Bank-financed projects relative to the urban sector continued, in the attempt to impact positively the low-income segment of the population. In particular, under the framework of tackling urban poverty, the Bank worked alongside the government of Indonesia in three projects approved over a period of a few years.

The first Urban Poverty Project in this area was approved in 1999, right before the dawn of the new century, with the main goals involving the improvement of basic infrastructure, the fostering of sustainable income generation for local residents and the strengthening of local agencies' capabilities in assisting poor communities. An element of change, compared to past projects, is represented by the income generation objective, which has to be contextualized in the economic situation of that period, when the country was trying to recover from the 1997 Asian economic crisis. The total project costs consisted of US\$126.2 million, of which US\$103.2 was provided by the Bank, to finance four components. The first and main component of the project involved the physical intervention in building or upgrading infrastructure and the setting up of funds for income generation activities, while the other components, with inferior allocated funds, focused on technical assistance for management, implementation, monitoring and evaluation of projects and to support increased government administration costs (World Bank (2005)). In terms of infrastructure improvement, the project supported over 18,000 infrastructure sub-projects, including the construction of roads, public toilets, and education and trade facilities. As far as income generation, the funds made available were deployed to finance economic activities for urban residents. This form of micro-credit involved about 940,000 households that had the opportunity to expand their business activities, eventually reaping benefits with increased profits and savings, while still having the financial means to repay the loans (World Bank (2005)). An important caveat is that programs of micro-credit usually lead to the involvement of a certain portion of the population which doesn't include the poorest who can't afford to apply for such schemes, instead they mostly benefit from infrastructure and social programs (World Bank (2005)). In this project, the strengthening of local agencies' capabilities to assist the poor was pursued through the development of community organizations, in order to have a more direct impact on the local population, with positive results in terms of participation. Overall the outcomes of the project were satisfactory on many levels, obtaining substantial results in all the areas of interest.

As mentioned earlier, in the first few years of the new century the Bank participated mainly in three projects to tackle urban poverty in Indonesia. After the first one, the Second Urban Poverty Project was launched in 2002 and closed in 2010, with a big-

ger economic significance considering that total costs reached US\$507.35 million after multiple rounds of additional financing, including loans by the Bank for an amount of US\$257.69 million (World Bank (2013a)). With this second installation, the work on the community participation was continued, with the goal of further increasing the role of the poor in public decision making, improving the integration with local governments. In addition, the project comprised the goal of improving infrastructure and services for the urban poor. Part of the project budget was deployed to foster community integration with local agencies and expand their role in the development of their areas, through the formation of a board of community trustees (BKM) and community development plan for each kelurahan (sub-district) involved. More than US\$300 million were deployed as grants to the participating kelurahan in order to finance activities included in their community development plans, where infrastructure works had the priority, but also micro-credit loans and social programs were incorporated (World Bank (2013a)). Other grants were reserved for poverty alleviation programs, always in the framework of partnerships between local governments and communities, with the purpose of including sub-projects that were left out from the kelurahan grants. Ultimately, adequate support was provided to the project management of the specific unit in the Ministry of the Public Works, which received technical assistance in project implementation from consultants and facilitators at a national and provincial level. The outcomes of the project have been such to exceed the set target for the participation of boards of community trustees in the process of creation of community development plans. According to the monitored indicators, 66% of the kelurahan population was aware of the project and its objectives, with the target set at 25%, even if only 19% of the population participated in community discussions during the project implementation, when the target was set at 30% (World Bank (2013a)). The results for the poverty alleviation programs were rated substantial, with higher than expected contributions from the local governments in co-financing grant-supported initiatives. This kind of result was possible also because of the additional financing provided during the implementation of the project, which, furthermore, enabled the expansion of the project to cover more areas, with about 58% of grants destined to kelurahan that were applied to infrastructure improvements, mainly in roads, bridges, irrigation, drainage and water supply (World Bank (2013a)). In its entirety, the programs undertaken brought significant improvements as far as the services provided to the poor, and were helpful in fostering integration and awareness of local communities when it came to these kinds of projects, while more moderate results in terms of sustainability came from the micro-credit schemes, which saw lower than targeted levels of repayments. The performance of the Bank was considered satisfactory because of the active supervisory role it played, even though in the project preparation not all the risks and outcome indicators were properly assessed (World Bank (2013a)). On the borrower side, a better arranged approach would have avoided some delays and inefficiencies that occurred during the implementation, but overall the commitment to community-driven development was a move in the right direction.

Only three years after the start of the Second Urban Poverty Project, the board of executive directors of the World Bank approved financing for the Third Urban Poverty Project in Indonesia, which was launched in 2005 and closed in 2011. This third and last project under this label had more contained costs compared to the second one, with the Bank that loaned for US\$137.98 million, while total costs for the project

reached US\$208.5 million (World Bank (2013b)). The intention was to continue the efforts of the previous projects, expanding the programs to provinces that were excluded in the past, while strengthening community organizations in the ones already included. This continuity is displayed by the components of the project, which revolved around community development and local governments' capacity building, kelurahan grants, poverty alleviation grants and implementation support (World Bank (2013b)). Moreover, the project objectives aligned with the nationwide poverty reduction program launched in 2006 by the government of Indonesia, composed by the National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat) and by the Conditional Cash Transfer Program referred to poor communities. The experience accumulated from the other projects undertaken in those years was beneficial in providing a positive impact on the communities involved, and generally the operations were ran smoothly. The grants provided at the kelurahan level were invested for about 49% in physical infrastructure, particularly roads, drainage, water supply, sanitation and house rehabilitation, and the package of poverty alleviation grants allowed to extend the reach of the project to more cities than initially targeted (World Bank (2013b)). Improvements were made as far as establishment and participation of community organizations that formed partnerships with local governments to invest in infrastructure and social programs, with the referenced governments that financed more than 40% of the costs of sub-projects through their own budgets. In these types of projects, it has been observed how an increased participation of communities in the planning of programs is also translated in high levels of voluntary labor by residents of the interested areas, which contributes to lower total costs even though there is an offset in the technical quality of the job and some difficulties in performing adequate maintenance (World Bank (2013b)). The past experiences helped in setting easily measurable targets by the Bank, with an improved supervision system which facilitated the communication of eventual complaints and the integration with project operators and communities. The final outcome ratings were satisfactory, and some small delays in the execution eventually didn't force to move the closing date set for 2011 (World Bank (2013b)).

This set of three projects revolving around urban poverty has introduced the community-driven development component that wasn't applied at this scale in the past. The increased awareness and involvement of the impacted residents in the process of development is a key point to aim at an inclusive growth that goes beyond a typical top-down approach. Particularly in the case of weak governmental apparatus, the integration with local communities may be difficult, considering that the trust toward public agencies is at low levels, and residents rely heavily on the informal sector. To overcome this separation, governments at the national and local levels need to pursue comprehensive policies that put citizens, in particular the urban poor, at the center of the discourse. Increasing the participation in development programs is a step in the right direction that needs to be complemented by sufficient investments in critical areas.

In this phase of World Bank-supported programs is also possible to find the emergence of micro-financing schemes that have the purpose of reaching those who can't afford traditional financing tools. The sums involved in these operations are still significant for low-income residents, who direct them to upgrade their small businesses or to intervene in infrastructural issues that affect their living environment. Throughout

the three urban poverty projects, the results of these schemes were mixed, considering the difficulties for some of the borrowers to repay the agreed amount, and the exclusion of the lower-income segment of the population who hadn't the necessary means to get involved. The spreading of such financial instruments falls within the path of financialization that the Bank embarked on especially in the 1990s, and that has continued to expand since then.

After the three projects on urban poverty, the government of Indonesia decided to continue with a series of programs centered around infrastructure improvements, with the assistance of the World Bank. In particular, this series was formed by four Infrastructure Development Policy Loans (IDPLs) undertaken between 2008 and 2011, with total costs around US\$1,730 million dollars, which included the contribution from the Asian Development Bank and the Japan International Cooperation Agency (World Bank (2014)). Roughly, the IDPLs focused on four policy areas, with the first about central government spending, planning and budgeting, the second on sub-national government spending, the third on private investments and public-private partnership framework, and the fourth on land acquisition, environmental protection, procurement and audit processes under the control of the Ministry of Public Works (World Bank (2014)). The Implementation Completion Report Review, taking from the Project Appraisal Document, contains the background of this policy decision, meaning the decreased investments in infrastructure, around 3% of the GDP, when before the 1997 East Asian economic crisis the investments exceed 7% of the GDP (World Bank (2014)). The main issues pertained electricity shortages, road network construction and maintenance, access to piped water and sewage treatment, with the main objectives referring to the four policy areas addressed above. Overall, the results of the undertaken programs have shown to be modest, in all the goals established. Infrastructure spending did register just a slight increase, following the trend of the previous years but without representing a significant acceleration. As far as physical improvements, little to no advancements were made for electricity provision, the road network wasn't extended even if it registered some improvements in its conditions, and access to piped water and sewerage treatment didn't show significant progress (World Bank (2014)). The objective of increasing private investments and developing public-private partnerships didn't achieve positive results, instead private commitments to infrastructure went from 0.5% of GDP in 2005 to 0.3% in 2010 (World Bank (2014)). In the overall failure of the programs, the Bank performed poorly in the support of cost recovery schemes, planning and supervision, without applying corrective measures in-between programs. The results from the four IDPLs represented a missed opportunity to intervene in critical sectors for Indonesia, with shortcomings caused by poor preparation and implementation.

The three urban poverty projects described previously found further continuity with the PNPM-Urban, the National Program for Community Empowerment in Urban Areas (NCEP), aimed to improve socio-economic and local governance conditions. The original project was approved in 2008 and received a round of additional financing the next year, to bring total financing up to US\$292.68 million, with other contributions provided by the Islamic Development Bank (IDB), the borrower and local communities (World Bank (2009)). Components of the project followed the path undertaken in previous commitment by the Bank and the government of Indonesia, in particular focusing on community and local government capacity building, kelurahan grants and technical

assistance in the implementation process. The project served to carry on investments aimed at alleviating poverty on a national scale, with increasing local participation enabled by community-driven development that revealed positive outcomes.

In the 2010s the urban projects sponsored by the World Bank in Indonesia decreased, but two projects in particular were undertaken, with a significant commitment by the Bank.

The first project is the National Slum Upgrading Project (NSUP), approved in 2016 and centered around the improvement of access to urban infrastructure and services in targeted Indonesian slums. In clarifying the need for this type of intervention, the Project Appraisal Document provides some context to the NSUP, and the evolution of the urban setting over recent years (World Bank (2016)). In the period between 1990 and 2014, Indonesia was one of the ten fastest urbanizing countries in the world, with migration flows involving millions of people, while this also resulted in an increase of urban population density between 2000 and 2010, going from 7,400 people per square kilometer to 9,400, the largest increase in urban population density in the East Asia region. The growing urban population emphasizes the issue of urban poverty, which in the period between 2004 and 2012 declined of 6.5%, a substantial lower decline than the one occurred in rural areas, and in the period between 1995 and 2011 the inequalities increased in urban areas, with the GINI coefficient going from 0.35 to 0.42 (World Bank (2016)).

With the NSUP, the goal is to intervene in infrastructure and reduce the portion of the population living in slums, which despite the past efforts are both areas that need significant improvements. Issues related to the public water supply network continue to persist, affecting disproportionately urban poor, who also encounter more barriers in accessing improved sanitation facilities and decent sewerage and waste disposal systems. The government has to face the challenges given by slums, with the reduction pace of these settlements that slowed down in recent years, after a decrease between 1990 and 2005 that led to halving the proportion of the urban population living in slums. The poor living conditions of the residents and the growth of the urban population projected for the near future require rapid interventions in these areas, that the government aims to achieve through the NSUP. The National Slum Upgrading Project fell within the Rencana Pembangunan Jangka Menengah Nasional (RPJMN), the medium-term development plan structured by the government of Indonesia for the period 2015-2019, which, among others, included the target of 100-0-100, meaning 100% household access to water supply, zero slums and 100% access to safe sanitation. The program for the slum upgrading on the national scale is also known as KOTAKU, which refers to cities without slums, and although unrealistic for the achievement of the medium-term target, it set an ambitious plan that required the collaboration of multiple partners such as the World Bank (World Bank (2016)).

The project aims to benefit 9.7 million of slum dwellers living in 153 cities and the DKI Jakarta province, a significantly wider reach compared to when the Bank started to finance these types of projects in Indonesia. However, only the infrastructure interventions and the institutional capacity building support are set to be conducted in all the cities involved, while slums-related improvements affect only 50 cities.

Five are the components that form the project, identifying the main areas of intervention. The first component relates to institutional and policy development, involving primarily central government agencies. The purpose is to facilitate inter-agency co-

ordination during various stages of the project and help to develop policies that lead to the sustainability of slum upgrading and prevention efforts (World Bank (2016)). The second component focuses on support and capacity building for local governments and communities, including the development of Slum Improvement Action Plans (SIAPs) and Community Settlement Plans (CSPs). SIAPs are prepared on a city level, comprised of technical guidelines, indicative investments and financing over the duration of five years. The same time interval applies to the CSPs, with the involvement of communities, urban planners consultants and facilitators to address infrastructure planning at the kelurahan level (World Bank (2016)). Component three concerns infrastructure and services at the urban level, with two sub-components addressing different types of infrastructure. More specifically, the reference is to primary and secondary infrastructure, which include mainly roads, sanitation facilities, water and drainage systems, and tertiary infrastructure, following a community-driven development approach. The fourth component covers implementation support and technical assistance, directed both at the Project Management Units (PMUs) and at the Project Implementation Units (PIUs). The fifth and last component is dedicated to the disaster response, with rapid measures to be applied in the case of catastrophic natural disasters (World Bank (2016)).

All the interventions planned are estimated to bring the total costs up to US\$1,743 million, with an IBRD loan of US\$216.5 million, an Asian Infrastructure Investment Bank loan of the same amount, and the rest of the costs covered mostly by national, provincial, local governments and communities contributions (World Bank (2016)). It should be noted that about 90% of the estimated costs should arise from the third component of the project, related to infrastructure and services investments.

The executing agency responsible of the project is the Ministry of Public Works and Housing (MPWH), which has the task of managing all the necessary contracts. Inside the MPWH, a Project Management Unit (PMU) under the Directorate General of Human Settlements (DGHS) is the main reference for the project, supported by consultants and coordinators, while some implementing responsibilities are assigned to the National Development Planning Agency (BAPPENAS) (World Bank (2016)).

In recent years, urban development projects undertaken by the Bank have been increasingly inclusive of the participation of local communities, in several stages of the process. The consultations start in the planning phase in which residents, usually through their representatives, describe the main issues that afflict their living environment and the potential interventions needed to overcome the barriers in place (Sari et al. (2018)). Following this preparatory stage, community participation continues during the implementation and supervision phase, which can include a concrete contribution to the work. The final stage consists in the evaluation phase in which the local residents give their feedback on the achievement of the project, with the success in the long run that is often influenced by the degree of participation in the process by the communities affected.

Throughout different stages, issues can arise for multiple reasons, but the involvement of local communities since the initial phases of a project is a fundamental step toward the success in improving citizens' lives. When operating in slums areas, often there are barriers that concern land tenure and the potential relocation of many households that illegally occupy state-owned land or private land (Nurdiansyah (2018)). The negotiations and the exploration of long-term solutions that can satisfy the different

sides involved should be a requirement when these areas are covered by urban development projects, while often the extreme approaches deployed tend to ignore the situation or proceed with forced evictions (Sanjaya and Shiki (2016)).

An open and fruitful dialogue is possible when the communities are put in the conditions to properly communicate with their interlocutors, throughout every phase of the project. To reach a successful participation, it is fundamental that the side usually represented by the central or sub-national government is able to create conditions of trust and reliability, considering that often these institutions don't have a high reputation in low-income areas, given the levels of corruption and malpractice. An early involvement in the slum upgrading process is helpful to increase participation and awareness of the interested residents, that perceive the potential to gain significant benefits from the project by working together on the improvement of their neighborhoods and districts (Purwanto et al. (2017)).

Under the KOTAKU program, authorities set out to increase communities participation, starting with surveys at the neighborhood level and then aggregating the data obtained. The seven indicators were used to get a better understanding of slum conditions, through data about settlement regularity and density, settlement quality, neighborhood accessibility, drainage, water sanitation and solid waste management (Aditya et al. (2020)). In addition, community groups had the chance to present development plans based on the information they had access to and based on the supervision of project facilitators. Overall, the increased community participation has been a positive feature of the recent urban development programs, that by promoting an approach inclusive of the population's feedback have the chance to experience more positive results in the long term.

A consistent topic addressed throughout multiple urban development projects in Indonesia concerns land tenure and the often illegal status of kampungs. While the interventions have been mostly successful in providing some basic needs that were missing in the past, the established programs couldn't account for all the urban poor that needed help, sometimes voluntarily deciding not to comprise extreme cases such as those which involved settlements nearby rivers or canals. The lack of legal rights over the occupied land entails instability for the residents, subjected to potential evictions that disrupt their livelihood considering that they often establish economic and social ties through the local informal sector. These patterns of instability and illegality have been present in the country for a long time, with difficulties in finding permanent solutions to regulate the settlements of urban poor, in a process that is affected by corruption and lack of transparency (Tunas and Peresthu (2010)). The complicated variety of property titles and rights relating to land use makes the process even more challenging, with kampung residents that, often unaware of the specific regulations, rely on the informal land market (Tunas and Peresthu (2010)). The Indonesian system of property registration and land regulation does little to encompass these households that cannot afford to go through a long and draining process which ends up to be very expensive for a segment of the population that is already in challenging economic circumstances (Monkkonen (2013), Tunas and Peresthu (2010)).

The latest NSUP implementation report indicates overall satisfactory results as far as achievements of the intermediate objectives, on pace to meet all the set-out targets for the end of the project. The operations carried out so far have led to the provision of improved infrastructure to 7.2 million people and to the upgrade of 7,345 hectares



of slum areas (Hermirasari (2021)).

On a similar timeline to the NSUP, the World Bank approved a loan of US\$450 million for the National Affordable Housing Program in Indonesia. An intervention in the housing sector was deemed necessary considering the issues affecting, in particular, the low-income segment of the population. As of 2016, only the wealthiest 40% of households in metropolitan areas was in the position to afford to acquire housing through the formal commercial market, leaving a significant part of the population to rely on self-built housing with poor infrastructure and services (World Bank (2017)). The shortcomings are both on the demand and supply side, with low-income households that don't have access to banking and other financial services through which the sector is built upon, and the annual production of houses that is sub-optimal, due mainly to under-investment and complex land acquisition procedures.

The government of Indonesia launched multiple initiatives to assist mortgage schemes and provide subsidies that can offer support through local governments or can create incentives for the expansion of the private sector, but overall the results have not been substantially positive. The central government budget allocated on the housing sector in recent years was insufficient even compared to other countries from the South-East Asia region, with Indonesia spending 0.06% of the GDP in 2013, compared to the 2.15% of Thailand and the 0.3% of Philippines (World Bank (2017)). Furthermore, the distribution of the funds allocated for the sector has been regressive, with the programs designed to have a bigger impact on middle and upper-middle class households. In light of these problems, the government decided to undertake the above-mentioned program, which has the goal of improving access to affordable housing for lower-income households. Improved access refers to the acquisition of a new, existing or self-constructed house through down payments linked to mortgage finance, and also to the transformation of a sub-standard house into a habitable house through the subsidies put at disposal with the program (World Bank (2017)). The development objective indicators consist of 126,000 targeted households assisted for affordable house ownership, and 450,000 targeted households to receive house improvement, with the subdivision of the project in three components.

The first component concerns financing for mortgage-linked down payment assistance (BP2BT) to lower-income first-time home-owners, targeting the household income segments that are between the 30 and 60 percentiles of all household income (World Bank (2017)). The component sets out certain parameters that have to be respected in order to take part in the program, including a certain degree of financial stability of the households involved, that should provide a minimum down payment of 5% of property value and must demonstrate savings capacity for 6 months at 10% of monthly household income, as well as the formalization of the property title. Other parameters involve income definition according to the geographical area, assistance methods, property value range and control and supervision coordinated by the MPWH.

The second component refers to the scaling up of the Home Improvement Assistance Program (BSPS), targeting the household income segments pertaining the bottom 40 percentile of all households as measured by gross household income, with the goal of supporting 450,000 home improvement solutions to reach a total of more than 1.8 million people (World Bank (2017)). Through the program, the intention is to increase the implementation of house improvements, coordinating actions with the NSUP, and expanding also the eligibility to cover basic sanitation investments.

Lastly, the third component has been established to provide financing for technical assistance to support policy reform, improved governance and enhanced capacity in the housing sector (World Bank (2017)). The goal is to strengthen the primary and secondary mortgage markets and, more generally, improve access to housing finance, overcoming the constraints that prevent the provision of affordable housing.

As it was the case for NSUP, the MPWH represents the executing agency for the program, dealing with the procurement and management of all contracts, the financing of loan proceeds and the implementation of the adequate safeguards aligned with Bank's policies and guidelines (World Bank (2017)). The executing agency is set to communicate and coordinate operations with a steering committee (Pokja PKP) established at the central government level, chaired by BAPPENAS and formed by officials from the MPWH, the Ministry of Finance, the Ministry of Home Affairs, the Ministry of Agrarian and Spatial Planning, the Ministry of Home Affairs and the National Bureau of Statistics.

The latest implementation report for the National Affordable Housing Program shows moderately unsatisfactory ratings in the implementation progress and the achievement of the project's objectives, which could be mostly attributed to the technical assistance activities that are still lagging behind schedule. However, on the positive side, the project reached and surpassed the 2020 target for home financed under the BSPS, and it is on track for the expected disbursement concerning the BP2BT (Harrison (2021)).

# Chapter 6

## Conclusions

Nowadays the urban environment is continuously subjected to mutations that lead to the reconfiguration of the social and economic ties that are typical of every city, in developed, developing and least-developed countries. The ongoing transformations combine the impact of a variety of agencies, such as national and sub-national governments, private entities, non-governmental organizations and international institutions, that interact with each other by pursuing their own set of goals. The variety of actors involved and the different outcomes desired can lead to several shortcomings in the case of development projects, especially those that require comprehensive interventions to address critical matters. In most cases these projects aim to benefit, directly or indirectly, the poor segment of the population, which experiences first-hand the positive or negative results that emerge from the implemented measures.

Over the course of its history, the World Bank financed and assisted several projects relating to different fields in developing and least-developed countries, presenting itself as one of the main multilateral development institutions operating at a global level. The presence of an organization of this scope has led many potential beneficiaries to engage in programs with the Bank, in order to access funds and knowledge. Often the decision of opting for this specific type of partner can be attributed to the large sum of capital that the institution is able to deliver at favorable conditions compared to other sources of financing. However, this choice is not limited to the potential economic advantages, but also relies on the technical assistance that the Bank staff can provide based on decades of on-field experience. These circumstances allow the Bank to apply its status in shaping some major policy decisions that the interested countries have to face on their development process.

As the social, political and economic beliefs inside the Bank shifted depending on the senior management of the institution and on the external pressure in a specific period of time, the projects undertaken altered some features to reach certain cornerstone goals through different methods. In the urban development field, the main issues always pertained to some critical matters that define most developing and least-developed countries, although with different scope and country-specific peculiarities. The most recurring projects involve housing, water supply, drainage and sewerage systems, waste management, roads and electricity provision. All the infrastructural works and initiatives part of the Bank-financed projects aim to tackle urban poverty and build resilient cities, following the priorities that the institution set out for this particular

field. Alongside these types of interventions, a recurring aspect is represented by urban management and governance related to sub-national and local governments. The goal is to provide the necessary tools to improve the public authorities' capacity to manage all the challenges and opportunities that a city displays, with programs that help to stabilize fiscal performances and enhance the ability to attract private investments.

The successful outcomes desired for the projects depend on several factors, partly common for every project and partly specific to some of them. Throughout the history of the Bank projects and their end results, it may be noted the crucial importance of the institutions involved, usually consisting of the Bank itself and the national and local institutions of the country concerned. The relationship between these partners and the commitment they present can be decisive factors in the implementation of the agreed project. It starts from the early stages, where the project is prepared and appraised, with the necessity of laying the foundations for the subsequent implementation. What is presented as the original plan often undergoes some changes in future phases, but without revolutionizing the initial objectives. The implementation is usually arranged and coordinated by the governments of different levels that take part in this process, while the Bank performs supervision duties and provides technical assistance and the support needed in this stage. Considering the attribution of roles between the parties involved, the responsibility of the project implementation falls mostly on the government's side, with the Bank plays an important role mostly, but not exclusively, in the initial stages that end up establishing the scope, beneficiaries and objectives of the project.

The economic significance combined with the areas of intervention that involve the World Bank projects allow to positively impact many people in need in different regions of the world. However, this doesn't mean that every initiative isn't exempt from criticism and can't be improved according to mistakes made in the past. Most of the projects that exhibit shortcomings experienced some issues during the implementation phase, because of failures in performing the planned works. The responsibility often falls upon the public agencies competent for the execution, but part of the Bank role consists in guaranteeing that these institutions have the appropriate means to carry on operations as originally scheduled. Furthermore, the Bank has the chance to heavily influence the components of the project in the initial stages, where an in-depth appraisal of the circumstances should lead to an accurate action plan to tackle the issues that affect a certain country or city. The goal of eliminating urban poverty should translate in comprehensive projects that really assist the poorer segments of the population, who, because of how these interventions are structured, sometimes are left behind and don't see their living conditions improved. According to the Bank itself, the organization commits an average of 5\$ billion per year in building sustainable cities and communities, a substantial sum that should be directed to address the most pressing issues that today's urban areas present. This path requires the involvement not only of public authorities at different levels of the national scale, but also of local communities that are the direct beneficiaries of these projects and often have a better understanding of their own people's needs.

The World Bank continues to be one of the main global actors in the development field, and as such has the duty to convey its resources and knowledge towards the global poor, changing modus operandi when necessary. Past orientation shifts had direct and severe impacts on low-income countries, which deserve to be at the center of the policies

pursued by governments and international institutions in the global framework. In this context, cities are the epicenter of the social, economic and cultural process that will shape future generations in every continent, and the World Bank has the chance to support a sustainable and inclusive growth for everyone.

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