Green Structural Adjustment in the World Bank’s Resilient City

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https://www.gfdrr.org/en/crp
Green structural adjustment in the World Bank’s climate city

- Character, scope and extent of Green Structural Adjustment
- As a program intended to foster the conditions of bankability in cities not currently legible to investors
- With the goal of sopping up excess capital from the Global North
• Rapid urbanization and climate change causing infrastructural crisis

Average annual losses: $300bn per year; to grow to $425bn by 2030.
• Rapid urbanization and climate change causing infrastructural crisis
• Investing in urban resilience could abate losses

“the estimate is $400 billion to $1.1 trillion a year is needed just to make infrastructure climate and disaster proof”

A $6bn resilience package could generate $6bn in savings
• Rapid urbanization and climate change causing infrastructural crisis
• Investing in urban resilience could abate losses
• But, there is not enough public finance
• Thankfully, the world is awash in private capital

“Investment capital seems to be abundant” and $106tn of institutional and sovereign capital is willing to invest
• Rapid urbanization and climate change causing infrastructural crisis
• Investing in urban resilience could abate losses
• But, there is not enough public finance
• Thankfully, the world is awash in private capital
• Need to reformat cities to access this capital – governance, data

“One of the biggest obstacles to money flowing into cities, is the lack of financeable projects... cities just don’t know how to put together investments”
• Rapid urbanization and climate change causing infrastructural crisis
• Investing in urban resilience could abate losses
• But, there is not enough public finance
• Thankfully, the world is awash in private capital
• Need to reformat cities to access this capital – governance, data

Need to “create incentives for, and improve the tracing of, global progress on adaptation and resilience” ... “potentially unlocking significant amounts of capital” (World Bank 2019, 2015)
GSA in motion:

City Resilience Program (CRP), “the investment banker to cities.”

By 2030...

Weather-related and other disasters will cost cities $314 billion
(more than the GDP of South Africa) every year, threatening urban residents’ homes, health, and livelihoods. Climate change may force up to 77,000,000 urban residents back into poverty.

The Solution

We need to help cities in the developing world overcome the four major obstacles to

- Lack of government capacity
- Lack of private sector confidence
- Challenges in project preparation

For every $100 that the world spends on development aid...
CRP in Can Tho City, Vietnam; the “economic engine” of the Mekong Delta region

Rapid Capital Assessment identified potential for PPPs and LVC.

• Need to enhance “structuring and management” of PPPs at the sub-national scale; establish regional scale facilities to act as “second tier lender encouraging first tier lenders (commercial banks)”.

• The paper cadaster means a lack of “local market transparency” hindering LVC; an online cadaster is needed to clarify property market.
JUFMP begun with “invest[ing] in information, on data... the whole spatial infrastructure... [so as to be] able to build proper analysis.”

If “you value that with the value of land for ... apartments going in there, the city government can actually pay the entire loan for the World Bank. ... It’s just simple economics. Jakarta... anything they do, if they do it right, it can pay [for] itself. ... But the systems to capture that rent is not there.”
GSA in motion: City Creditworthiness

“The CCI helps:
- city financial officers in conducting thorough reviews of their municipal revenue systems,
- in understanding how ratings agencies and potential investors assess credit quality,
- and in taking the first steps to qualify for a rating while recognizing that achieving an investment grade will likely take several years of effort.

Improving credit standing is important even where private capital lending is not yet possible because the factors that contribute to creditworthiness can be broadly interpreted to stand for good governance and administration.”

(Podevin 2018, 232).
GSA in motion

GSA in Kampala, Uganda:

- City Creditworthiness Academy in 2015
- Increased local government revenue by 250% since 2012; good lending risk
- Adopted PPP policy, but no ability to borrow at sub-national scale
GSA in motion

The Future of Resilience

Banking on Cities
Of capitalist realism and resilience
From GSA to GND
Thank you

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