

GPURL Management Response

FY24 External Evaluation of the Sustainable Urban and Regional Development (SURGE) Umbrella Program

June 2024

Introduction

The World Bank's Urban, Resilience and Land Global Practice (GPURL) Leadership Team ("GPURL Management") welcomes the external evaluation of the Sustainable Urban and Regional Development (SURGE) Umbrella Program. The review is based on thorough research and provides a comprehensive overview of the functioning of the SURGE Umbrella Program from program inception in 2020 to July 2023. We concur with most of the recommendations. The conclusion that *"SURGE has been an effective vehicle for deepening World Bank engagement with clients and strategic collaboration with its donors on sustainable urban development"* is recognized and welcomed.

We acknowledge the good work of the consultants from Universalia, who have in a tight timeframe managed to deliver a strong report based on extensive research, eight case studies, semi-structured interviews, many stakeholder consultations, and three country field visits. We also would like to thank our valuable donors, clients, partners, and other stakeholders who have generously contributed their time to offer their input for this review, particularly those related to the eight case studies and three country visits to Bolivia, Peru, and Serbia.

Based on the external review recommendations, SURGE commits to:

- Including the following in the proposal for the second phase of the global Urban Analytics and Technical Assistance (UA&TA) program:
 - Maintaining the two-phase approach of the UA&TA global program, by ensuring a flexible combination of analytics and targeted technical assistance, for its next phase (Recommendation 1).
 - Prioritizing activities that support governments in securing additional financing and generating their own revenues including to sustain and expand the achievements of phase 1 of the UA&TA program (Recommendation 1)
- Enhancing internal and external communication strategies to disseminate technical deep dive studies and continue engaging in strategic multi-disciplinary deep dive studies (Recommendation 3).
- Improving communication with donors to demonstrate the impact and added value of SURGE and its programs, thereby aiming to mobilizing resources to expand SURGE activities (Recommendation 4).
- Considering promoting – depending among others on fund availability – the sustainability of SURGE country programs' activities by providing support to develop capacities at municipal level for sustainable revenue generation, and for implementing urban planning tools, policies and plans (Recommendation 5)
- Enhancing future knowledge sharing events between SURGE-funded country programs and/or activities under SURGE global/regional programs, for example focusing on specific themes (Recommendation 5).
- Updating the SURGE Theory of Change to ensure coherence with the SURGE Results Framework, detail underlying assumptions, clarify links between different levels of results (output and outcome), and provide guidance to foster a clearer understanding of the links between activities, outputs and long-term outcomes (Recommendation 6).
- Continuing to nurture the Partnership Council both in its strategic guidance role and as a platform for strategic discussions among World Bank urban specialists and representatives of SURGE's donors on priorities in urban development (Recommendation 6).

Management response towards the findings and recommendations of the external review

GPURL Management is satisfied with the overall findings and recommendations related to the SURGE Umbrella Program's relevance, effectiveness and impact, sustainability, and program management.

Relevance

We acknowledge the findings highlighting the relevance of the SURGE Umbrella Program in delivering comprehensive and timely support to its clients through holistic approaches. We recognize the high level of client satisfaction regarding the alignment of the analyzed programs – Urban Analytics and Technical Assistance (UA&TA) global program and three associated country programs – with the needs and priorities of urban development at both national and sub-national levels. Ensuring this alignment remains a top priority. Furthermore, the highly valued two-phase approach of the UA&TA program, comprising analytics and targeted technical assistance, has demonstrated remarkable flexibility and responsiveness to clients, effectively adapting to diverse country contexts. In line with recommendation 1, we commit to maintaining this approach for the subsequent phase of the global UA&TA program. Additionally, we acknowledge the significance of global technical deep-dives in providing relevant foundations for evidence-informed decision-making, lauding their innovative thinking and methodologies. SURGE will continue engaging in strategic multi-disciplinary deep dives, while also enhancing communication strategies for both internal and external dissemination, as suggested in recommendation 3.

We welcome the finding that SURGE serves as a strategic collaboration instrument for the World Bank and its partners. Notably, it has closely aligned with SECO's priorities and facilitated SECO's engagement on urban issues through country programs in Bolivia, Peru, and Serbia. As new donors have joined the umbrella program, its adaptability has been evident, integrating both global and country-specific contributions and allowing donors to prioritize specific regions or thematic areas. However, while the program's flexibility is advantageous, prioritized or preferenced contributions do constrain the allocation of funding to countries outside donor priorities, even where the World Bank sees considerable demands and opportunities to replicate or scale up engagements. In response, SURGE aims to attract additional global contributions and to broaden its donor base, thereby extending its reach to a wider range of countries (recommendation 4). Additionally, it will facilitate more strategic discussions among donors and World Bank urban specialists to guide the umbrella program effectively.

SURGE's holistic, flexible, and responsive design enables programs to be uniquely tailored to each country, addressing their specific needs. This approach not only fosters opportunities for cross-learning exchanges but also ensures that interventions are precisely suited to the context in which they are implemented. The recommendation to enhance future knowledge sharing events by focusing on specific themes is well-founded and aligns with our objective of facilitating more substantive discussions (recommendation 6). Moreover, we concur that involving country program teams (engaged in larger and more long-term activities at country level) is beneficial, as it will allow for deeper engagement and facilitate a more tailored response to the distinct challenges and opportunities encountered by each program. We also acknowledge the relevance of including potential or proposed country programs in these exchanges. By doing so, we can proactively assist them in addressing their needs and priorities, thereby ensuring their readiness to embark on their respective initiatives. In addition, we also believe that knowledge exchange between countries receiving (smaller amounts of) SURGE funding through global programs is relevant, mainly aimed at sharing best practices.

Effectiveness and impact

We are pleased to note the significant progress achieved by the SURGE Umbrella Program in delivering its intended outputs, as well as its steady advancement towards meeting the majority of its outcome indicator targets. While the analytical and TA activities at the country level have contributed to bolstering policies, institutions, and regulatory frameworks, we agree with the assessment that there is limited access to finance to sustain the benefits of countries' reforms. Consequently, SURGE will consider the recommendation to focus more on supporting governments' efforts in securing additional financing and generating their own revenues to implement recommendations stemming from analytical and TA activities (recommendation 2). We will also explore increasing efforts to develop communication strategies for the sustained dissemination

of deep dive results over time, as well as simplifying key messages to enhance the accessibility of reports to stakeholders. Additionally, in line with recommendation 4, SURGE will enhance the communication of the impact and added value of country-specific programs to donors, potentially facilitating the expansion of country programs.

Regarding additionality, we acknowledge that SURGE-financed activities have demonstrated non-financial additionality by fostering an enabling environment for policy dialogue on urban reforms, as well as financial additionality by mobilizing co-financing and influencing or complementing new or existing World Bank lending operations. In terms of non-financial additionality, certain SURGE country programs have provided opportunities to pilot innovative approaches, serving as platforms to test and learn from new tools and concepts. We concur on the importance of further emphasizing this opportunity through TA, allowing clients to experiment with approaches that can then be integrated into country planning systems or Bank-financed projects. Moreover, we appreciate that country teams recognize SURGE as an effective source of flexible financing for innovative research to initiate and sustain interaction with clients on urban issues. SURGE will continue to facilitate the mobilization of additional finance and reinforce its role in informing or contributing to downstream investment, a role highly valued by governments, donor representatives, and World Bank staff.

Sustainability

We welcome and align with the findings regarding the potential sustainability of the effects resulting from the support provided by SURGE to date. This is most evident in Country Programs where strong client-Bank engagement over time, links to World Bank projects, and approaches to capacity development may enable sustainability. However, we acknowledge that there are limitations in both human and financial capacities to implement new plans, tools, and guidelines across municipalities in all three countries (Serbia, Peru, and Bolivia), which poses a risk to sustainability. Therefore, SURGE will continue to support country programs in their ongoing efforts to develop strategies aimed at addressing the current needs for reinforcing capacity.

We acknowledge that funding is still a major impediment for cities to fully capitalize on TA. On the one hand, municipalities do not all have the capacity to prepare investment plans and large projects for the public and private funding that is required to implement new plans. On the other hand, there are limited funding sources available for municipalities. SURGE will consider the recommendation of providing support to develop capacities for sustainable revenue generation at municipal level (recommendation 5).

We concur that for all three country programs, it will be important to sustain engagement and cooperation between urban experts, government stakeholders, and their World Bank counterparts to ensure continued capacity strengthening. We also agree that engaging civil society and non-state actors through participatory planning and in delivering TA will help in ensuring sustainability for forthcoming initiatives and investments. Moreover, networks and partnerships across municipalities involved in SURGE-financed interventions could be developed and actively encouraged. This would promote sharing of lessons learned and best practices across different national contexts.

Program Management

We welcome the positive feedback on how the SURGE results framework (RF) is relevant and related reporting aligns with expectations of stakeholders who use the data and are appreciated by World Bank TTLs because of streamlined reporting requirements.

We acknowledge that the annual report does not capture the breadth of SURGE contributions in all the results areas given that the findings point out how the UA&TA program contributes to results beyond those articulated under Pillar 2. Internally the SURGE team has discussed this and is considering asking all teams to report on other (intermediate) outcome level indicators. A specific question on this will be included in the progress report template for activities and the team will attach the entire SURGE RF to facilitate this. Reported additional results beyond Pillar 2 will be included in the Annual Report.

Also, on the RF, we acknowledge the assumptions between results levels are not explicit between outputs and intermediate outcomes, and intermediate outcomes and outcomes and how they are currently not reflected in the SURGE Theory of Change, which has not been updated since SURGE establishment in 2020. We concur on recommendation 6 provided which is to detail underlying assumptions to clarify links between different levels of results (at the output and outcome-level) and offer more guidance to foster a clearer, common understanding of links between activities, outputs and prospects for longer- term change (outcomes). We also concur on updating the Theory of Change to improve linkages with the RF and detail assumptions.

At the program level management, we welcome the positive feedback as the program continues to evolve, how SURGE program management should expand its role in learning exchange, communications, monitoring and reporting, and guidance for World Bank teams. We concur with recommendation 6 on continuing supporting learning exchange across SURGE-funded programs, both among World Bank staff involved in Country Programs and UA&TA and among client governments and external partners and enhance the overall communications of SURGE-funded activities and outputs to a wider audience.

The recommendations on encouraging gender and social inclusion in the World Bank teams proposals and progress reporting is consistent with management thinking for future reporting, and we welcome the recommendation 6 of continuing to nurture the Partnership Council both in its strategic guidance role and as a platform for strategic discussions among World Bank urban specialists and representatives of SURGE's donors on priorities in urban development.

Conclusion

GPURL Management acknowledges the important and valuable lessons offered by the external review, which are vital for the SURGE Umbrella Program continued growth and expansion. The findings and recommendations align with SURGE's ongoing efforts to fulfill its overarching objectives and deliver results.

We believe that SURGE's success can be largely attributed to its focus on multifaceted and holistic approaches, additionality, partnerships, flexibility, alignment with donors' priorities, operational linkages, and an agile and accessible trust fund. Additionally, we recognize the importance of enhancing sustainability, communications, knowledge management, and cross-learning support, and we are committed to making improvements in these areas.

GPURL is dedicated to continuing, enhancing, and broadening the initiatives initiated under the SURGE Umbrella Program.