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NEWS RELEASE

## Ethiopia: The WB to support improved local government performance in expanding key infrastructure and services in booming cities

**WASHINGTON, May 2, 2014**—The World Bank's Board of Executive Directors today approved a US\$380 million credit to help improve the capacity and performance of local urban governments to expand sustainable urban infrastructure and services in cities across Ethiopia. .

As the first phase of the program is nearing completion; the government is now embarking on a second phase, and has requested the World Bank to continue its support. Through the use of the Program for Results (PforR) instrument, the International Development Association (IDA\*) credit for the **Second Urban Development Program (ULGDP II)** will scale up support to 26 new Urban Local Governments—for a total of 44 ULGs—across nine regional governments.

*"Ethiopia is rapidly becoming more urban which means poverty becomes more of a city phenomenon. In 2000, 11 percent of Ethiopia's poor lived in cities, but this rose to 14 percent in 2010/11," said Guang Zhe Chen, the World Bank Country Director for Ethiopia. "Through efforts to leverage well-functioning and productive urban centers, the operation is expected to maintain a focus on the urban poor and increase access to basic infrastructure services, spur inclusive growth and fuel job creation."*

The ULGDP aims to address institutional and fiscal gaps at the urban local government level by supporting improved performance in the planning, delivery, and sustained provision of urban services and infrastructure by local governments.

The ULGDP II aims to enhance the institutional performance of participating urban local governments in developing and sustaining urban infrastructure and services. *"The ULGDP II will consolidate and expand the achievements of the first phase by providing grants to urban local governments based on their performance across a range of areas including fiduciary management, asset management, revenue generation, management of environmental and social systems, , planning and budgeting practices, execution of planned operations and maintenance, governance, transparency and participation, among others,"* said **Abebaw Alemayehu, the World Bank Task Team Leader for the program.**

The program funds are disbursed on the basis of the performance of the participating local governments and are earmarked for investment in urban infrastructure and services.

The success of the first phase has shown great promise that this program will help the urban population in Ethiopia. As of July 2013, around 2.6 million people have benefited from the infrastructure and services financed under ULGDP. Some 670 kilometers of roads and 588 kilometers of drainage system, 171 latrines and 110 community water points have been constructed, with 29,000 people given access to

\* The World Bank's International Development Association (IDA), established in 1960, helps the world's poorest countries by providing loans (called "credits") and grants for projects and programs that boost economic growth, reduce poverty, and improve poor people's lives. IDA is one of the largest sources of assistance for the world's 82 poorest countries, 40 of which are in Africa. Resources from IDA bring positive change for 2.5 billion people living on less than \$2 a day. Since 1960, IDA has supported development work in 108 countries. Annual commitments have increased steadily and averaged about \$15 billion over the last three years, with about 50 percent of commitments going to Africa.

improved water sources. As a result of the roads built by program funds, particularly cobblestone, mobility for residents has increased, flooding has diminished, property values and small enterprises have increased. These changes are transforming city and town centers into lively and welcoming places in which to live and work.

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