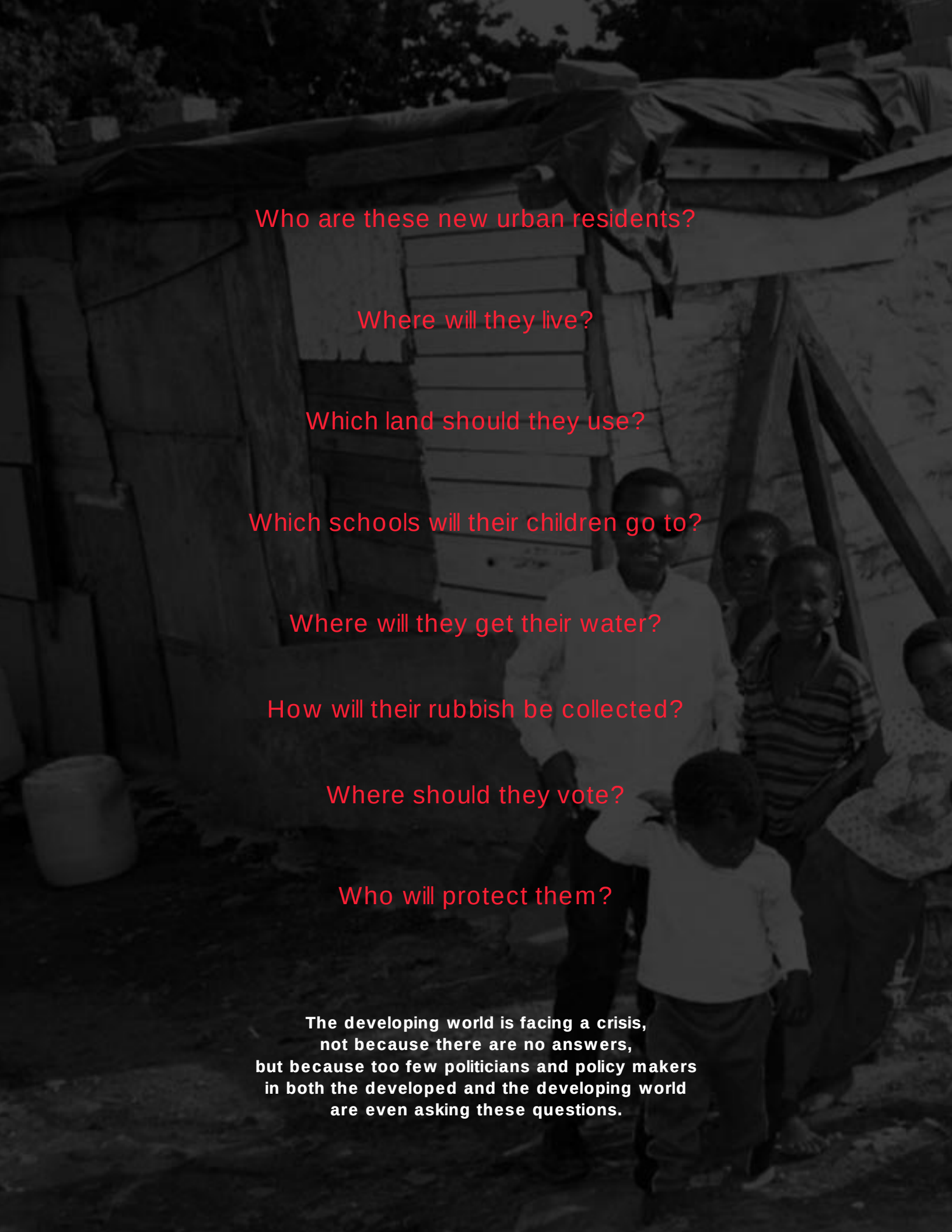
Cities Alliance

Cities Without Slums

2001 Annual Report



Who are these new urban residents?

Where will they live?

Which land should they use?

Which schools will their children go to?

Where will they get their water?

How will their rubbish be collected?

Where should they vote?

Who will protect them?

**The developing world is facing a crisis,
not because there are no answers,
but because too few politicians and policy makers
in both the developed and the developing world
are even asking these questions.**

Cities Alliance
Cities Without Slums

Introduction 2

Organisation.....6

Building Political Commitment ..10

A Learning Alliance 18

Cities Alliance in Action 25

Financials 48

Introduction

In 2030, there will be an additional two billion people living in urban areas – not urbanising, but urbanised. Off the statistical pages, and into the slums. The greatest impact will be felt in the developing world, and nowhere more so than throughout Sub-Saharan Africa and South and South East Asia. In the next 15 years, many cities in Asia and Africa will nearly double their population.

It is a paradox that the greatest global challenge – the growth of poverty – is increasingly being managed at the local level. Even in those parts of the developing world which are already substantially urbanised, cities of all sizes are faced with demands and responsibilities for which they are often ill equipped and ill resourced. Not only will land, water and services have to be provided, so too will political leadership and managerial capacity. Policy and legal frameworks, regulatory authority, planning authority, human skills, revenue base, accounting and accountability will be as much in demand as raw land. The nuts and bolts of urban governance have become a central issue of development.

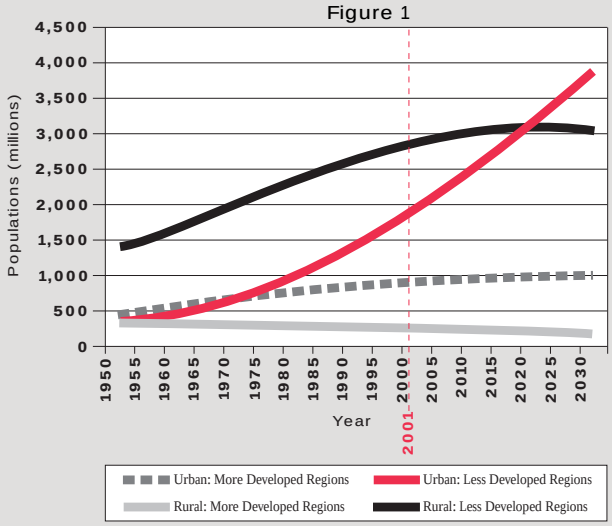
This scenario calls into question policies and strategies of both the developed and the developing worlds. To begin with, according to the development theories of the 1950s, this wasn't supposed to happen. Rural development was going to keep these people in the countryside. The fact that so many governments still adhere to these theories seriously limits their ability to take advantage of the potential benefits and opportunities presented by urbanisation – benefits for the environment, for agriculture, for off-farm employment and, overall, to the national economy and the prospects of increased income for the poor.

The result of these approaches has no real impact on the pace and scale of urbanisation, but it does have two disastrous consequences. The first is to trap the urban poor in an informal and illegal world – in slums that are not reflected on maps, where waste is not collected, where taxes are not paid and where public services are not provided. Officially, they do not exist.

The second consequence is to limit the impact of both national and international efforts to reduce poverty, since the sectoral fragmentation of policy, analytical and institutional frameworks fails to capture the urban-rural and cross-sectoral dynamics which are critical both to sustainable economic growth and the distribution of its opportunities.

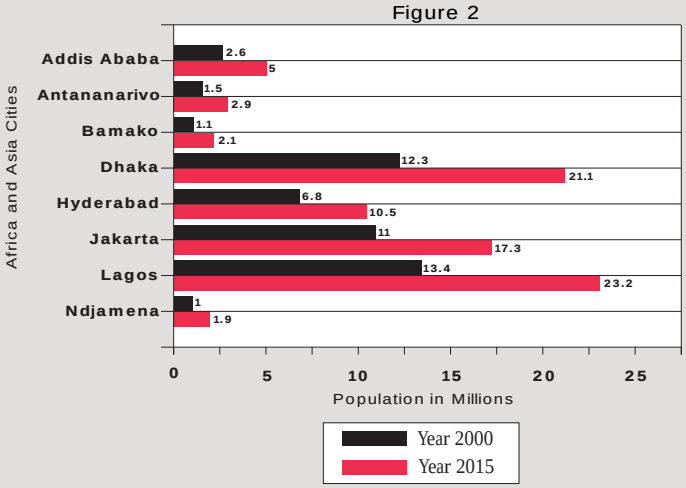
The Urban Transformation: Speed and Enormous Numbers

Figure 1



Source: United Nations World Urbanisation Prospects, 1999

Figure 2



Source: United Nations World Urbanisation Prospects, 1999

Urban Policy Challenges

Who are these new urban residents? Where will they live? Which land should they use? Which schools will their children go to? Where will they get their water? How will their rubbish be collected? Where should they vote? Who will protect them? The developing world is facing a crisis, not because there are no answers, but because too few politicians and policy-makers in both the developed and developing worlds are even asking these questions.

More than half of these new urban residents will be born in cities, some of the fastest growing of which now have relatively small populations; the balance will be poor migrants in search of a better life. Based on current trends, they will live in overcrowded and unserviced slums, often situated on marginal and dangerous land. They will struggle for access to clean water, for which they will pay a premium. Their waste will not only remain untreated, it will surround them and their daily activities and affect the health of their children.

Disputes will be resolved not through the courts, but through informal local mechanisms, often arbitrary and sometimes violent. Although they may reside within the administrative boundary of a town or city, their local authority may well be a slumlord or mafia leader, rather than city council staff, who will often no longer attempt to assert their jurisdiction or even enter the slums. As illegal or unrecognised residents, these slum dwellers will have no property rights, nor security of tenure, but will instead make whatever arrangements they can in an informal, unregulated and expensive parallel market.

This scenario is not only certain, it is already the reality in urban areas in many developing and transition countries, as weak urban governance meets the impact of growing inequality, corruption and imbalances in resource allocation. Ignoring this policy challenge risks condemning hundreds of millions of people to an urban future of misery, insecurity and environmental degradation on a truly awesome scale.

Introduction

Fortunately this status quo is changing, as it is simultaneously being challenged by new approaches from four principal constituencies:

1) the **urban poor** who have demonstrated enormous resilience and ingenuity in mobilising and organising themselves when formal institutions have failed to serve them, and are increasingly positioning themselves both as active participants in development and as an electoral force influencing urban policies and public investments;

2) **local authorities and their associations**, which have organised themselves to contribute to the development policy dialogue from their unique perspective as the level of government most directly accountable for the provision of services and support to citizens, and which are increasingly responsive and accountable to their citizens;

3) **national governments** that have, in increasing numbers, pursued policies of decentralisation and democratisation, devolving decisions to the spheres of government closest to the citizens affected; and

4) **bi-lateral and multi-lateral development agencies** that have produced new urban strategies over the last several years with a clear focus on the central role that well-managed cities can play in reducing poverty and improving the quality of life for all of their citizens.

While sharing a positive vision of the opportunities of urbanisation, each of these constituencies has also recognised that this requires a collective effort. No one can do this alone. The unprecedented scale and pace of this urban transition also make it imperative to move beyond pilot projects to city-wide and nation-wide scales of action. It is this challenge that led to the creation of the Cities Alliance.

Introduction

The Alliance was conceived in 1999 as a coalition of cities and their development partners, committed to address urban poverty reduction as a global public policy issue. In creating the Cities Alliance, multi-lateral and bi-lateral development agencies joined forces with development banks and the world's major global associations of local authorities with the objective of advancing their collective know-how to improve the quality and impact of urban development cooperation.

Building on the common elements of their respective urban strategies, Alliance partners agreed to pool their resources and experience to focus on two key interrelated priorities to promote a more comprehensive approach to urban poverty reduction:

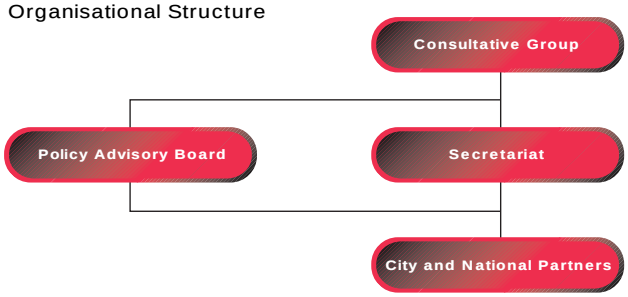
- city development strategies (CDS) which link the process of how local stakeholders define their vision for their city with clear priorities for action and investments, and
- city-wide and nation-wide slum upgrading to improve the living conditions of at least 100 million slum dwellers by 2020 in accordance with the Cities Without Slums action plan.

By focusing on the city and its region rather than on sectors, and by scaling up solutions promoted by local authorities and the urban poor themselves, the Alliance is promoting a framework to improve the coherence and impact of external support to local authorities. And by engaging potential investment partners from the outset, the Alliance is encouraging the development of new public and private sector lending and investment instruments to expand the level of resources reaching local authorities and the urban poor, enabling them to build their assets and income.

This is the first annual report of the Cities Alliance, covering the one and a half years since its launch. This period has seen rapid progress in establishing the Alliance's governance and organisational structure, developing its strategy, launching its activities and putting in place its accountability mechanisms. While it may be premature to measure results in some areas, it is clear that the Alliance has already established a strong foundation on which to achieve its ambitious goals.

Organisation

Cities Alliance
Organisational Structure



In accordance with its charter, the governance and organisational structure of the Cities Alliance includes a Consultative Group, a Policy Advisory Board and a Secretariat.

See charter at Cities Alliance website, ***http://www.citiesalliance.org***

The Consultative Group

The Consultative Group – the Alliance's board of directors – is responsible for setting the Alliance's long-term strategy, approving its annual work programme and budget and reviewing achievements. The Consultative Group is composed of financial contributors to the Cities Alliance Trust Fund and the political heads of the major global organisations of local authorities who have pledged their commitment to achieving Alliance goals. Prospective financial contributors may serve as Associate Members for a period agreed to by the Consultative Group. The Consultative Group is co-chaired by the Vice President, Private Sector Development and Infrastructure, the World Bank; and the Executive Director, United Nations Centre for Human Settlements (Habitat).

Consultative Group meetings are held annually in connection with a global Public Policy Forum designed to share the lessons learned from experience and agree on policy orientations and standards of practice in areas related to the Alliance's goals. The Consultative Group has also formed a five-member Steering Committee, made up of a subset of its members, to provide guidance to the Secretariat.

Consultative Group Meetings

- **Berlin**, December 1999: inaugural meeting, launch of Cities Without Slums action plan, and approval of Charter and 2000 work programme.
- **Montreal**, June 2000: first Public Policy Forum, review of application guidelines and approval of Cities Alliance Vision statement.
- **Rome**, December 2000: approval of Charter amendments, 2001 work programme and procedures to establish Policy Advisory Board and Steering Committee.

Organisation

Consultative Group Members — June 2001*

Local Authorities

- International Union of Local Authorities
- Metropolis
- World Federation of United Cities
- World Associations of Cities and Local Authorities Coordination

Governments

- Canada
- France
- Germany
- Italy
- Japan
- The Netherlands
- Norway
- Sweden
- United Kingdom
- United States

Multi-lateral organisations

- UNCHS
- World Bank

* Associate members that have attended meetings of the Consultative Group include: the African Development Bank, Austria, Denmark, the European Commission, Finland, Spain, the United Nations Development Programme, UNICEF and the International Labour Organization.

The Policy Advisory Board

The Alliance's Policy Advisory Board is composed of eminent urban experts from each region. They provide guidance to the Consultative Group on key strategic, policy and regional issues and support the implementation of Alliance activities. At its meeting in December 2000, the Consultative Group approved the initial composition, terms of office and operating procedures for the Policy Advisory Board. The board meets twice a year and is composed of eight members who serve two-year terms on a rotational basis. Six members were nominated initially (two from Africa, two from Asia, one from Latin American and the Caribbean and one from the North). The board's two remaining members will be nominated by the Consultative Group from the Arab States and Eastern Europe.

The Policy Advisory Board held its first meeting June 11–12, 2001, at the United Nations headquarters in New York, on the occasion of the General Assembly's special session on Istanbul+5. During this meeting, the board members familiarised themselves with the strategic issues facing the Alliance and organised their work around immediate and longer term goals. This included elaborating their role in organising the conceptual content and outreach of Public Policy Forums so as to help build strategic alliances in each region to further the Cities Alliance vision and agenda.

Organisation

From left to right: Policy Advisory Board members Jean Pierre Elong Mbassi, Somsook Boonyabancha, Mary Houghton, Sheela Patel and Akin L. Mabogunje at the first meeting in NewYork, June 2001

The board brings together civic leaders and policy advisors with a formidable range of expertise in both the public and private sectors which spans the leadership of community-based organisations, non-governmental organisations and their networks, local authority organisations, community banks, community savings and credit schemes, commercial banks and public sector financial institutions. What they have in common is practical knowledge and political experience in working with poor cities and the cities' poor world-wide.

Policy Advisory Board Members — June 2001

Somsook Boonyabancha is Director of the Community Organisations Development Institute of the National Housing Authority of Thailand; Advisor to the Crown Property Bureau on slum improvement and land-sharing; and Secretary General of the Asian Coalition for Housing Rights, a regional coalition of NGOs, community organisations and professionals based in Bangkok, Thailand.

Mary Houghton is President and Director of Shorebank Corporation in Chicago, USA, a US$1.1 billion asset commercial bank holding company organised to implement community development strategies in targeted urban neighbourhoods and rural areas, and advisor to private banks and micro-credit lending institutions in developing and transition countries.

Akin L. Mabojunge is Executive Chairman of the Development Policy Centre, Ibadan, Nigeria; Chairman of the Board of Trustees, Ijebu-Ode Development Board for Poverty Reduction; and an internationally renowned African development scholar who has published and lectured widely on urban management, rural development and spatial perspectives in the development process.

Jean Pierre Elong Mbassi is Coordinator of the Municipal Development Programme, West and Central Africa, based in Cotonou, Benin; Special Advisor to the Union of African Cities; and an experienced practitioner in urban management and slum upgrading.

Sheela Patel is founding Director of the Society for the Promotion of Area Resource Centres in Mumbai, India, working in alliance with the National Slum Dwellers Federation and Mahila Milan in the federation of community-based organisations of the urban poor and the promotion of women's savings and credit schemes as a means to community mobilisation.

Richard Webb is the President of Banco Latino in Lima, Peru; former Director of the Instituto Cuanto; former President of the Central Bank of Peru; and a widely published scholar on public policy, income distribution, poverty and economic reform.

Organisation

The Secretariat

The Alliance Secretariat is a small team housed in the World Bank that carries out the Alliance's mandate and manages its operations.

Secretariat Staff — June 2001*

Manager, **Mark Hildebrand**

Lead Urban Finance Specialist, **Mohini Malhotra**

Senior Urban Upgrading Specialist, **William Cobbett**

Resource Management Officer, **Kevin Milroy**

Urban Specialist, **Ahmed Eiweida**

Programme Assistant, **Karen Burke**

* Gaetano Leone from UNCHS and Lesly Puyol from the United Nations Environment Programme helped establish the Secretariat and the Alliance's initial operations, and returned to their respective organisations in early 2001.

Building Political Commitment

Slums arrive on the global agenda

Recognizing urbanisation as an inevitable and positive reality, highlighting the importance of cities and local authorities in the social and economic success of a country, conferring upon the urban poor a full and meaningful urban citizenship, engaging slum dwellers as partners not problems, and adopting realistic, long-term planning frameworks – for many governments and development agencies alike, the Cities Alliance raises difficult policy questions.

Heidemarie Wieczorek-Zeul, the German Minister for Economic Cooperation and Development, President Nelson Mandela, Patron of the Cities Without Slums action plan and World Bank President, Jim Wolfensohn at the launch of the action plan, Berlin, December 1999.

"The Cities Without Slums initiative is a creative and daring response to urban poverty. Poverty reduction and upgrading of informal settlements will not be possible unless cities are productive and efficient, and capable of providing the poor with economic opportunities to build their assets and incomes," said President Nelson Mandela, Cities Without Slums Patron.

Building Political Commitment

Building political commitment requires a shared vision around which a consensus can be built and support mobilised. The Cities Without Slums action plan, which was launched at the inaugural meeting of the Cities Alliance's Consultative Group in Berlin in December 1999, conveys such a vision. The remarkable success of this initiative in mobilising political support is largely due to the fact that the patron of the Cities Without Slums action plan is one of the most powerful symbols of political will of the 20th century, Nelson Mandela.

The Cities Without Slums action plan has been endorsed at the highest political level internationally as a challenging vision with specific actions and a concrete target to improve the living conditions of the most vulnerable and marginalised urban residents. In his vision for the world organisation in the 21st century which set the agenda for the September 2000 Millennium Summit, the Secretary General of the United Nations, Kofi Annan, strongly supported the Cities Without Slums action plan and asked all UN member states to endorse and act on it.[1]

The unique capacity of the United Nations to set global norms is reflected in the international development goals that have been adopted over the past decade. These goals, which establish measurable targets for poverty reduction and sustainable development, have been agreed to by the entire UN membership and will justifiably dominate the development agenda for the next decades.

At the UN Millennium Summit, which brought together 150 heads of state and government, the Cities Without Slums initiative was endorsed as a new international development target:

We resolve further:

By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers as proposed in the "Cities Without Slums" initiative.

Millennium Declaration
United Nations Millennium Declaration, A/RES/55/2 18 September 2000.

A number of Cities Alliance partners are leading the way to make sure that this new international development goal moves beyond the conference halls:

- The Commonwealth Heads of Government meeting held in South Africa in November 1999 adopted as a target 'demonstrated progress towards adequate shelter for all with secure tenure and access to essential services in every community by 2015'.
- The Global Campaign for Secure Tenure launched by UNCHS in Mumbai, India, in July 2000 has established a powerful normative mechanism to spearhead actions in support of this goal.
- In its new urban strategy, Meeting the Challenge of Poverty in Urban Areas, the Government of the United Kingdom has strongly supported the Cities Alliance as a global partnership to achieve this goal.[2]
- The World Bank has proposed that 'secure tenure' be used as a key indicator to measure progress in achieving the Cities Without Slums action plan.

1 "*We the Peoples: The Role of the United Nations in the Twenty-first Century*", Report of the Secretary General to the Millennium summit, (A/54/2000, section IIID 'Upgrading the Slums', paragraphs 134-138)
2 DFID, "*Meeting the Challenge of Poverty in Urban Areas*" (April 2001)

Building Political Commitment

Jockin Arputham, President of the National Slum Dwellers Federation (of India) speaking at the Launch of the UNCHS Global Campaign for Secure Tenure. Mumbai 16 July 2000.

The untapped potential of the urban poor as developmental agents rather than recipients of assistance is clearly articulated in Hernando de Soto's *The Mystery of Capital* (Basic Books, 2000). It is their illegality and, in particular, their lack of property rights, which acts as a brake on their economic ability:

> *...the entrepreneurial ingenuity of the poor has created wealth on a vast scale – wealth that also constitutes by far the largest source of potential capital for development. These assets not only far exceed the holdings of the government, the local stock exchanges, and foreign direct investment; they are many times greater than all the aid from advanced nations and all the loans extended by the World Bank.*
>
> *H. de Soto, The Mystery of Capital, p. 34*

The interrelated objectives of unlocking the potential of the urban poor and achieving the Cities Without Slums goal require national leadership and clear national policy and legal frameworks, but ultimately depend on actions at the local level – by slum dwellers and local authorities working in partnership.

This new reality is well understood by both mayors and organisations of the urban poor in all regions:

> *...policies aimed at social inclusion need to go beyond mere sectoral approaches: the right to the city, based on the access to minimum social standards, requires the implementation of a set of integrated policies aimed at social inclusion.*
>
> *Celso Daniel, Mayor of Santo Andre, Brazil, describing Santo Andre's City Development Strategy, U.N. Chronicle No. 1, 2001.*

> *...we as citizens have to develop a new relationship with the city, our state government and business sectors... Our governments are no longer the only actors in development, and that means that both the state and civil society have to change the manner in which they relate to each other.*
>
> *Sheela Patel, at the 15th anniversary of the Society for the Promotion of Area Resource Centres, Mumbai. The Society is an NGO http://www.sparcindia.org in alliance with Mahila Milan and the National Slum Dwellers Federation.*
>
> *Instead of focusing their energies on challenging the state through protest and demands for rights, organisations of the urban poor and their allies can achieve better results by initiating a grassroots-driven, non-hierarchical process of reclaiming the latent power of poor households and communities and using this to identify options and strategies to address their self-identified priority needs.*
>
> *The Brighter the Light, the Darker the Shadow: Backyard Fax, electronic newsletter of the Peoples Dialogue http://www.dialogue.org.za, Cape Town, South Africa, June 2001.*

The Cities Alliance has been inspired by civic leaders in all regions who are demonstrating the political will to invest in these opportunities.

Local Governments Responding to the Challenge of Globalisation

by Joan Clos, President, World Associations of Cities and Local Authorities Coordination

One of the more important, yet less visible, outcomes of the globalisation process is the emergence of local government as an increasingly coherent actor on the stage of world development. To close observers, however, this comes not as a surprise but as a logical outcome of two complementary trends – global moves towards democratisation and decentralisation, and the commitment of the international associations representing local authorities to develop a unified global voice for local government.

Although the decentralisation process continues to be uneven in some countries and regions, the global trend giving local governments more responsibility, along with more authority, has become very significant over the past two decades. The world has entered the urban millennium, and cities are on the front line of development.

It is not only the size and number of cities that have changed, but also the nature and complexity of the issues which they confront. For centuries past, towns and cities have essentially dealt with local issues, the priorities of a local community. Global issues are now also local issues.

Issues of the environment, economic growth, health care, the scourge of AIDS, poverty – all the major global issues are managed at the local level, as they are by other spheres of government. Towns and cities work within the framework of national policies but are the level of government most directly accountable for the provision of service and support to citizens.

Cities are also the incubators of innovation, and advances in information technologies are expanding their ability to learn from each other's experiences, good and bad. In different parts of the world, local governments have taken the lead in forging new ways of doing business – new ways of addressing the challenge of inclusion, of reaching out to the urban poor and of involving ordinary people in deciding city priorities.

Distorted allocations of resources, the rapid growth of poverty and the growing gap between the rich and poor are most visible at the local level. Most urban areas in Africa and throughout Asia, already struggling to manage their existing developmental challenges, are going to double in size within the next two decades. Yet, while most directly affected by the negative consequences of globalisation, local governments have traditionally been marginalised in the international developmental debate.

Over the last several years, the world's major international associations of local authorities have engaged in an elaborate and comprehensive process to strengthen their contribution to this global debate. By joining forces at the World Assembly of Cities and Local Authorities on the occasion of the UN Habitat II Conference in 1996, for the first time local authority associations acted and spoke with one voice with their global development partners. This process of unification was further strengthened during the local authority congresses in Barcelona in 1999, and again in Rio de Janeiro earlier this year. The World Assembly of Cities and Local Authorities

Local Governments continued…

declaration that was adopted in Rio and presented to Kofi Annan at the Istanbul+5 meeting in New York, was a significant step in the United Nations recognising local authorities as indispensable partners. The Community Agenda which was adopted at the IULA-FMCU Unity Congress in Rio reflects another important outcome of this process – local authorities are now speaking with much greater clarity and unity of purpose about their role, and demonstrating a firm determination to take forward their responsibilities with the communities they represent.

As part of this wider process, the political heads of the world's major international associations of local authorities therefore welcomed the invitation of UNCHS and the World Bank in 1999 to create a new global alliance of cities with their development partners. We also welcomed the opportunity to work together, along with the 10 governments which helped establish the Cities Alliance, to negotiate and adopt its charter and governance structure.

The Cities Alliance Consultative Group is providing us with a good opportunity to improve the impact of urban development cooperation. For the first time, local authority representatives are working as full partners with the representatives of the major bi-lateral and multi-lateral agencies that manage international urban development assistance. The Alliance is helping to set a new standard in development cooperation.

Local authorities have also pledged their strong commitment to and engagement in achieving the goals of the Alliance as reflected in its charter. By linking efforts to make unprecedented improvements in the living conditions of the urban poor and to achieve the promise of well-managed cities, the Alliance is sharply focusing global support on two of the most critical issues facing local authorities. There are three specific aspects of the Alliance's strategy that particularly appeal to cities.

First, the approach to city development strategies which the Alliance is promoting is filling a critical gap in the ability of many cities to develop a shared vision and long-term strategy for their economic growth and the well-being of their citizens. The priorities for action which are established in this process also provide a framework for improving the coherence of investments and external support.

Second, the Alliance's Cities Without Slums action plan is providing Alliance partners with the opportunity to move beyond pilot projects to reduce urban poverty and tackle social exclusion on a city-wide scale. Successful cities have recognised that they must work with the urban poor in this process, and that scaling up is imperative if they are to have a realistic chance of meeting existing and future needs.

Third, we welcome the emphasis that the Cities Alliance puts on linking investments and investment partners to its activities. Civic leaders do not have the time or resources to engage in endless rounds of studies and discussions, and are committed to improving the efficiency of investing in the future of our cities. Cities and their associations intend to play an increasingly active role in helping the Alliance achieve these objectives.

THE COMMUNITY AGENDA

DECLARATION ADOPTED AT THE IULA-FMCU UNITY CONGRESS

RIO DE JANEIRO 6 MAY, 2001

We proclaim this Community Agenda as universal guidelines for men, women and all local governments, and commit ourselves to promoting these principles and to guaranteeing their implementation.

Article 1

All citizens have the right, and should be able, to access information and participate in decisions on issues concerning the management and development of their communities.

The strength and foundation of local government is our proximity to the citizens we serve. Public administration should be responsive to the priorities of the citizens. Local institutions should be led by authorities representing the interests of the majority of the citizens.

Article 2

All citizens have the right to elect, through a secret ballot, their local government representatives.

Appropriate means must be developed and made available to all citizens to ensure proper representation. Local and regional governments must ensure a secure atmosphere for citizens to express their opinion.

Article 3

Legally elected local representatives have the right and the duty to govern their communities within the mandate given to them by the community.

Local Government should be adequately recognised in the legislation on the governmental structures of the country, and relations with other spheres of government should be based on partnership, mutual respect and understanding. Local affairs should be managed by local governments, in the interest of their population. Constitutional frameworks should be supported by commensurate resources that allow local governments to take initiatives in local issues.

Article 4

It is the obligation of local representatives to be responsive and accountable for their actions, and citizens must be given the possibility to hold their local representatives to account.

Local government power must be legally and ethically based. Decision-making should be transparent and to this end consultation and feedback mechanisms should be developed. Public officials must submit themselves to whatever scrutiny is appropriate to their office and take decisions solely in terms of the public interest.

Article 5

Decisions should be taken in the sphere of government which is as close as practical to the citizens affected.

Local issues, and issues that will have consequences at local level, should be dealt with by, or in partnership with, Local Government and involving all community actors. Decision-making processes should be efficient and timely.

Article 6

A priority objective of local governments must be the optimal provision of high quality services at reasonable costs guaranteeing the broadest access possible.

Local governments commit themselves to high standards of public service, whether delivered directly, by contract, or through innovative public and private partnerships. Local governments must consistently improve their own capacity in planning and delivering services, taking into account the interests of the underprivileged.

Article 7

Local governments' work should aim to increase people's capacities and choices through the development of social capital as a way to ensure the well being of the present generation without jeopardising that of the future generations.

Sustainable development calls for an integrated approach linking environmental, economic, social and cultural aspects. Local government should develop partnerships within the framework of environmentally friendly policies and universal access to all services. All local governments committed to achieve reductions of greenhouse gas emissions should appeal to their national governments to ratify the Kyoto Protocol.

Article 8

All citizens, men and women, should work to overcome all kinds of discrimination and arbitrary inequalities of treatment within the structures, processes and services of local government. Local governments should aim to ensure that their workforce reflects the ethnic and cultural balances of the populations they serve.

Democracy cannot be realised without the adequate representation, participation and inclusion of all citizens, men and women, in the local governance process. Local governments are committed to ensure that all children have a good start in life, complete a basic education of good quality and have the opportunity to develop their individual capacities in a safe and supportive environment. Equal access to decision-making and services should be ensured for all, as well as equal treatment in these services. Working for changes of attitudes by awareness-raising in the education system and within the political and administrative structure have proven to be a vital tool in integration and participation.

Article 8bis

Local Governments should be able to ensure, in liaison with other legally competent authorities, the security of those who live in their territory.

Within the competences recognised by the laws of their respective countries, Local Governments should be closely involved in the conception and implementation of crime prevention and control policies.

Article 9

Local governments have the right to unite in order to help each other in meeting their obligations towards local communities and to improve the representation and safeguarding of their interests at national, regional and international level.

Local, regional and international cooperation between local governments is of vital importance. Local governments all over the world basically share the same mandate. Partnerships based on a common institutional understanding and experience have not only proven to be effective, but have also led to sustainable improvements in the practices of the institutions involved. Regular channels of communications between authorities are becoming increasingly important in this globalised world.

We call upon the International Community to support Local Government in the values stated above, and we call upon local governments to develop this Agenda for the well-being of our communities, and to unite their strengths and work towards a united voice of local government.

Both IULA and UTO are contributing to this development through their Unification process. This is why we call upon local governments of the world to support and join us to build a strong and unified World Organisation of Local Government.

This is an excerpt of the declaration adopted at the IULA-FMCU Unity Congress on May 6, 2001, in Rio de Janeiro. The full text may be found on the IULA website at http://www.iula.org/.

A Learning Alliance

The Cities Alliance is a unique policy forum in that it brings together representatives of the world's cities in a direct dialogue with bi-lateral and multi-lateral development agencies and financial institutions. From the outset a principle motivating factor for Alliance members to join forces has been their recognition that they have much to learn from each other and that drawing on their collective experience will help fill critical knowledge gaps.

Advancing collective know-how in working with cities is therefore a central objective of the Alliance. The vision is simple. Local authorities and their associations, the private sector and community-based organisations – making a long-term commitment with the support of their national and international development partners – to share lessons foster new tools and agree on policy orientations and standards of practice in areas related to the Alliance's goals.

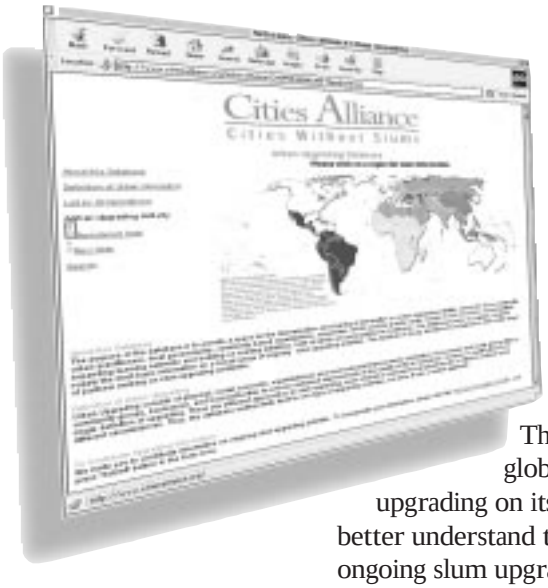
At the global level, the Alliance hosts a Public Policy Forum in conjunction with the annual meetings of the Consultative Group.

- The first Public Policy Forum in Montreal (June 2000) focused on the political dimensions of pro-poor urban policies and related institutional and financial reforms, reviewing lessons from experience in Africa, Asia and Latin America.
- The second Public Policy Forum held in Rome (December 2000) focused on the role of partnerships between local authorities and community-based organisations in Brazil, Mauritania and Cambodia creating the basis for city-wide actions .
- The next Public Policy Forum will be held in Calcutta in December 2001 and will focus on lessons from pro-poor city strategies in relation to local economic development, poverty reduction, and municipal governance and expenditure.

The Alliance's Policy Advisory Board, which held its first meeting in June 2001, will in the future organise the conceptual content and outreach of these Public Policy Forums to help build strategic alliances in each region. Board members will also draw on their own networks to strengthen the constituencies participating in knowledge-sharing at the regional level.

While the Secretariat is helping establish a framework for systematic information gathering and learning in the Alliance's two areas of focus, as is illustrated in the following section, most of these activities are very much driven by Alliance partners in the regions.

A Learning Alliance



Urban Upgrading Database

The Alliance has created a global database on urban upgrading on its website to begin to better understand the scale and extent of ongoing slum upgrading activities world-wide, including who to contact for more information. The process of developing this database is helping to strengthen learning networks at the country and regional levels, and is building on existing initiatives, both of which are prerequisites for scaling up. This is work in progress and is being developed in collaboration with a wide range of partners including NGOs, community-based organisations, local authority associations, universities, development agencies and development banks. So far, 15 Alliance partners have contributed information on over 160 slum upgrading programmes.

As an integral part of these efforts to build a more comprehensive picture of urban upgrading at the country level, the Alliance is engaging in partnerships with universities and other learning institutions in countries where it is active. The first of these partnerships was established with the University of São Paulo. The university is not only providing office space for the Alliance's regional advisor (funded by Italy), but is also engaged in the learning and monitoring aspects of scaling up slum upgrading in Brazil. These activities serve both to build its curriculum as well as create a national cadre of expertise. Future Alliance efforts in this regard will focus on working with existing networks of learning institutions, as well as with regional urban development institutes (such as the Arab Urban Development Institute), to strengthen capacity to sustain national and regional upgrading databases and build a body of regional knowledge and analyses of successful scaling up slum upgrading and CDS experiences.

Upgrading Tools and Lessons from Experience

Under the leadership of the World Bank's Thematic Group for Services to the Urban Poor and the Massachusetts Institute of Technology, an informal community of slum upgrading practitioners from development agencies came together during a global video conference series which included UNCHS from Nairobi, GTZ from Frankfurt, DFID from New Delhi, and the U.S. Agency for International Development and the Inter-American Development Bank from Washington, D.C. Co-sponsored by the Alliance, this video conference series took place from February to April 2000 and began to structure a global effort which also included an electronic discussion between sessions to share perspectives, tools and experiences on scaling up slum upgrading. A well-structured interactive website was established **http://web.mit.edu/urbanupgrading** which is maintained by the Massachusetts Institute of Technology to serve as a primary

A Learning Alliance

resource for urban upgrading practitioners and to disseminate this extensive knowledge base to a wider audience. Two CD-ROMs have been widely disseminated with Alliance support.

Regional Strategies

The Alliance has also supported efforts to build communities of practice at the regional level. The first of these was the **Regional Roundtable on Upgrading Low-Income Settlements in Africa** which was held in Johannesburg in October 2000 to foster interest and commitment among African practitioners and decision-makers. This meeting examined urban upgrading as a cost-effective development programme that can have an immediate impact on improving the conditions of the urban poor. This was seen as a first step in helping to establish a community of upgrading practitioners in Africa.

The Cities Alliance has similarly sponsored the analysis of opportunities for city-wide and nation-wide slum upgrading in **Central America**. The initial findings of this assessment were discussed with most of the bi-lateral and multi-lateral development agencies active in the region, including both the IDB and the World Bank, at a meeting in New York in June 2001. On the basis of this and further analysis currently under way, a series of follow-up actions have been agreed upon which are likely to lead both to new investments and a greater coherence of effort in scaling up slum upgrading in the region.

Learning from Slum-Dwellers

Over the past decade, organisations of the urban poor have become a national force in a number of countries and are increasingly sharing their experiences internationally. In Asia and Africa this process has been consolidated through the formation of Slum Dwellers International, a network of national federations in 12 countries that build organisational strength and procedures through savings and credit activities. A defining feature of these organisations is their willingness and capacity to enter into developmental partnerships that will advance the interests of their members.

Globally, it is clear that the urban poor are the single most important resource in achieving urban development at scale. The importance of involving their representative organisations in planning and executing large urban upgrading programmes has not been well understood by many governments.

The Cities Alliance is supporting an ambitious joint proposal from UNCHS and SDI that builds upon SDI's existing activities in three countries – India, South Africa and the Philippines. In each of these cases, SDI has created a network of urban practitioners able to engage with local and national political leaders.

The objective of this initiative is to support the interaction of these organisations with city managers and higher levels of government to identify and address the institutional, legal and policy obstacles to scaling up slum upgrading. The anticipated outcomes include a combination of policy and regulatory reforms designed to facilitate local partnerships with organisations of the urban poor in scaling up slum upgrading.

A Learning Alliance

CDS Resource Cities

The Alliance is supporting city development strategies in all regions, but it is the cities of Asia which have led the way in knowledge sharing and tool development. Japan is co-sponsoring a number of these initiatives in the region; these are also increasingly benefiting from the strong support of national associations of cities as well as the national authorities responsible for finance and local government, especially in the Philippines, Indonesia and China.

Civic leaders in the Philippines are leading several of these efforts. While the Cities Alliance is providing support to the **League of Cities of the Philippines** to institutionalise and expand poverty-focused city development strategies from seven pilot cities to an additional 10 cities, the original seven cities have formed a support group of resource cities and launched a website **http://www.cdsea.org** in order to strengthen and expand existing local knowledge resources, allowing the cities to solve immediate problems through communities of municipal practitioners with modern information technology.

Asian CDS Networking

With 23 cities from 13 Asian countries participating, mayors, agencies and donors gathered in Fukuoka, Japan, July 11 and 12, 2000, for a conference to report progress on CDS implementation. The **Asian City Development Strategies Conference 2000**, sponsored by the World Bank, UNCHS, the Cities Alliance, the Ministry of Construction of Japan, Fukuoka City, Fukuoka Prefecture and the Development Bank of Japan, was the second Asian CDS conference. It was structured around the theme of implementing CDS in an urbanising and decentralising Asia.

The participating mayors developed the Fukuoka Declaration 2000, which clarifies and strengthens the mutually supportive role of central and local governments, and promotes institutionalisation of CDS approaches so that they would be sustained beyond the terms of office of current political leadership. It recognises CDS as a tool for good urban governance where the vision and course of action for future urban development are guided by the norms of participation, responsiveness, transparency, accountability, equity, security and sustainability. And the cities pledged to share information and lessons on their CDS experiences with each other and with future generations of CDS cities.

A Learning Alliance

Guiding the Process and Identifying CDS Knowledge Gaps

Globally, the World Bank, UNCHS and the Urban Management Programme initially took the lead by producing a draft CDS action plan, guidelines and progress reports which were presented to the Cities Alliance Consultative Group. DFID, UMP and the World Bank's Development Grant Facility are also supporting efforts to draw lessons from the experience of the first round of CDS, particularly with regard to urban poverty reduction.

Given the fact that these initiatives are being developed by so many different partners in each region, the Secretariat organised a two-day workshop in March 2001, bringing together the task managers in order to refine the framework used to guide the CDS process, identify the issues that require further thinking and structure a related learning agenda. The consensus of these task managers was that more guidance on the CDS process would be useful.

Accordingly, a draft discussion paper was widely disseminated in May 2001. It outlines the strategic focus and key elements of city development strategies from the Alliance's perspective. The next step in this process will be the development of a CDS resource framework, modelled after the above-cited upgrading resource website, to provide a platform for the exchange of CDS ideas and experiences and facilitate further CDS tool development. The primary source of this knowledge will continue to emerge from cities themselves, and the task of the Alliance will be to maintain the framework in which these lessons can be captured and shared. This CDS website and CD will be developed with local authority organisations so as to generate and disseminate this information through their networks.

Institutionalising CDS in the Philippines

Despite relatively favourable economic growth in recent years, poverty – and, in particular, urban poverty – remains a serious problem in the Philippines. This is a growing challenge to local government units which, following the decentralisation process begun with the Local Government Code of 1991 to promote local democracy and governance, are responsible for delivering basic services and alleviating urban poverty. Yet they need support to build capacities to govern effectively in partnership with local civil society and to have a vehicle to access and disseminate knowledge on effective and proven innovations in urban governance and poverty reduction from other experiences.

The CDS programme will develop: a toolkit based on local and international CDS experiences; training programmes for local government officials and trainers to expand and sustain the initiative; 10 new city development strategies inclusive of action and investment plans, mechanisms for sharing knowledge and the latest thinking on CDS; and a small coordinating team to drive the process. In addition, national policy institutions such as the Municipal Development Fund Office, the Housing and Urban Development Coordination Council, the Department of the Interior and Local Government and the Asian Institute of Management will join to institutionalise the process at a national level.

A Learning Alliance

New Knowledge Frontiers

In addition to its learning agenda, the Alliance has launched several initiatives which are designed to identify and fill knowledge gaps that are central to achieving its goals. Several examples follow as illustrations.

Sustainable Housing Finance for the Poor – Innovations and Good Practices. Access to credit for the poor is a global policy challenge, which has a direct impact on incremental shelter delivery as well as local economic development. Innovations in providing sustainable financial and other services to poor people for shelter are emerging from different quarters, particularly in micro-finance. Several organisations have focused on gaining tenure and property rights for the poor and are also innovating with financial services for communities. To date, many of these experiences have not been documented, or at least analysed according to a common framework. Many commercial financial institutions, including those that started as micro-finance institutions, are interested in learning from other experiences in order to improve their own product offerings to poor clientele. Governments and their funding partners are also interested in learning from successful and efficient housing finance schemes to improve their own models of support.

The Cities Alliance has launched a primary analysis on this topic, initially through assessing innovations from field programmes. The Alliance is partnering with Accion International, the Cooperative Housing Foundation and Frontier Finance, each of which is a network of financial institutions with a long history of commitment to and experience and success in delivering sustainable financial services to the poor. This will be a learning exercise, with the different institutions working together to learn from each other's models and experiences and applying these lessons throughout their networks. The three networks of financial institutions engaged as partners in this exercise collectively represent over 100 of the leading financial institutions involved in micro- and shelter finance provision to the urban poor. Over 60 per cent of their clients are women.

The three networks are selecting best practice cases from among their member institutions for field analysis and documentation on innovations. Lessons from this initiative will be widely disseminated to inspire replication, adaptation and further entry into this area by commercial financial institutions. In addition to the three implementing partners, Consultative Group to Assist the Poorest, International Finance Corporation, Plan International, USAID and UMP are co-sponsors and participants in this initiative.

Building Latin American and Caribbean Capacities in Urban Knowledge Management. Renewed interest in the urban development agenda has prompted new questioning on how best to support cities as engines of growth and of poverty alleviation. Although rich documentation on urban development experiences have been produced, the results of all these efforts are not strictly comparable due to the diversity of conceptual approaches, as well as the diverse statistical indicators used for analysis. Accordingly, there is the need to build a

A Learning Alliance

knowledge base on urban development strategies and processes to which municipal authorities and urban stakeholders can have easy access – a base where comparable indicators can be found as well as documented best practices.

The Cities Alliance is supporting an initiative launched by UMP and IULA to develop such information in Latin America and the Caribbean. This project intends to contribute to the building of a knowledge base on urban development strategies that can become a tool for policy decisions. A comparative study and analysis will be carried out in 8 to 10 cities that have achieved economic growth and significant poverty reduction, on the basis of a common methodology. The study will involve work by various urban development partners (cities, national city associations and NGOs specialised in urban management), which will contribute to the production of knowledge – and, at the same time, benefit from training activities.

CIVIS Notes Series

As a learning alliance, one of the Cities Alliance's objectives is to act as a clearinghouse to distil, disseminate and expand knowledge of CDS and scaling up slum upgrading. Cities Alliance launched the short note series – CIVIS – as a forum for sharing practical experiences and successful examples among policy-makers and practitioners. The focus is on practical cases and examples of what has worked and why, as well as on policy issues. The first two issues published are *The Cities Alliance Vision* and *How Swaziland Is Upgrading Its Slums*. CIVIS is published in English, French and Spanish. Future topics will be solicited from Alliance members and partners, and feedback and additional topics will be sought systematically from the readership (via email-based surveys, website-based feedback, etc.). CIVIS is distributed via print copies and the Cities Alliance website.

All Cities Alliance materials are available from its website at http://www.citiesalliance.org.

Cities Alliance in Action

Alliance funds are catalytic. They are seed funds used to help Alliance partners build strong foundations for city-wide and nation-wide slum upgrading and city development strategies. They also leverage the public and private sector capital investments required for implementation. Since its inception, the Cities Alliance has invested US$15 million in 22 countries and in 15 regional and global learning activities. The Alliance is selective in the initiatives it funds. All proposals are evaluated against the 10 core criteria that are reflected in its charter:

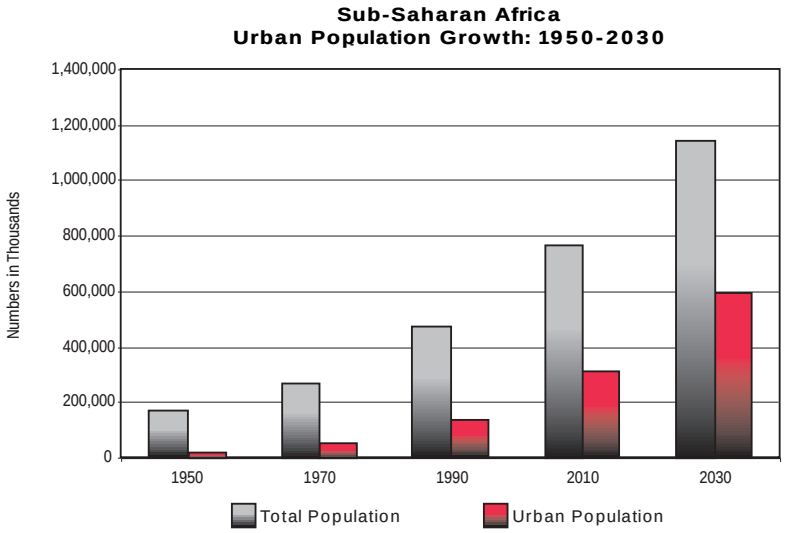
- **Targeting the objective** – city development strategies and/or scaling up slum upgrading;
- **Government commitment and approval** – approved by local and national authorities;
- **Linkage to investment follow-up** – potential investment partners are involved from the design phase;
- **Partnerships** – conceived in a participatory process with local stakeholders, including private sector and community organisations;
- **Co-financing** – combines seed funding from the Alliance with co-financing from cities as well as other sources;
- **Coherence of effort** – promotes cross-sectoral coordination and inter-agency collaboration;
- **Scaling up** – moves beyond pilot projects to city-wide and nation-wide scales of action;
- **Institutionalisation and replication** – helps cities and their national associations institutionalise city development strategies and city-wide slum upgrading;
- **Positive impact on environment** – achieves significant environmental improvements, especially in the living conditions of the urban poor; and
- **Duration** – achieves deliverables within well-defined time frames, preferably within 24 months.

Cities Alliance activities are designed and carried out by Alliance partners, enabling them to marshal their resources to improve the quality and coherence of urban development cooperation and the poverty reduction impacts of their urban investments.

The following sections illustrate initial Alliance activities in each region, their linkages to investments and how these activities fit within the regional context.

Africa

Cities Alliance in Action



Source: Adapted from Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (1998). World Urbanization Prospects: The 1999 Revision.

Sub-Saharan Africa, currently the least urbanised region in the world, is experiencing an extraordinary demographic shift. Its urban population tripled over the last 25 years and is projected to triple again by 2030. Yet Africa has the lowest per capita GDP growth and is the only region in the world where the urbanisation process has not been accompanied by economic transformation and growth.

Many African cities are characterised by weak systems of urban governance, poorly maintained infrastructure, poor service delivery and stagnant or declining rates of economic growth. Sustained urbanisation of poor people has led to the rapid expansion of slums and shanty towns, often on marginal land and on the urban periphery. Insecure tenure, informal and unregulated land and housing markets, and a lack of formal service provision especially affect the urban poor and undermine the ability of cities to provide secure environments for their populations – and for growth.

Africa's urban areas produce around two-thirds of GNP, yet local governments have access to around 1 per cent of GDP in fiscal and financial resources. Democratisation and decentralisation policies, however, are creating opportunities to improve urban management and service delivery, and urban citizens are demanding improved accountability. Financially, local governments in Africa still have a very limited fiscal capacity to attract the capital to make necessary investments.[3] Average local government revenue per capita per year (averaged over 1994–97) ranged from a low of US$15.21 in Africa compared with $78 in Asia, $252 in Latin America and $2,764 in industrialised countries. Annual per capita expenditures ranged from

The Cities Alliance Portfolio in Africa	
Madagascar:	Slum upgrading and community development through CDS in four secondary cities
	CDS for Antananarivo focused on infrastructure development, urban services improvement and city poverty strategy
Mauritania:	Nationwide slum upgrading and urban poverty alleviation
Nigeria:	Scaling up upgrading through a CDS approach in Karu
Regional:	Regional roundtable on upgrading low-income settlements in Africa
Rwanda:	Kigali economic development strategy
South Africa:	Johannesburg city level comprehensive development framework
	Preparation of a Southern Africa Cities Alliance

3. Akin Mabogunje, 'Access to Credit for Local Governments: The African Experience,' keynote address at the Africities 2000 Summit (15–20 May 2000, Namibia).
4. Urban Indicators Programme, UNCHS (Habitat), Nairobi. Reported in *Urban Age*, 'How Much Do Cities Earn and Spend?' (Autumn 1998).

Cities Alliance in Action

$10.23 in Africa to $100 in Latin America and $1,133 in industrialised countries; only Asia, at $7, had a lower level of expenditures.[4] The Alliance's Policy Advisory Board has identified not only the poor in cities but also the issue of poor cities as a critical area for Cities Alliance focus.

Working with strongly committed local and national leaders, Alliance activities in Africa reinforce locally driven participatory initiatives. Through support to slum upgrading efforts in Madagascar and Mauritania, the Alliance is aiming to expand access to urban infrastructure and services for the urban poor, and promote participatory approaches that empower governments and communities to make better investment decisions for the poor. By supporting CDS efforts in Antananarivo and four secondary cities in Madagascar, Johannesburg, Kigali and Karu, the Alliance aims to reinforce and strengthen the decentralisation wave spreading across Africa, assist in the financial and institutional reforms necessary for sound cities, promote local economic development, and engage the private sector in making urban investments. In several cases, such as in Madagascar and Nigeria, the Alliance is assisting CDS initiatives which are incorporating slum upgrading as a priority emerging from these exercises. The Alliance is also developing partnerships in the region with the Municipal Development Programme which will focus on secondary cities and their regions, as well as with other regional programmes such as MELISSA.

Madagascar – Slum Upgrading and Community Development in Four Major Cities and CDS for Antananarivo. Madagascar's primary challenge is rapidly deepening poverty. Chronic malnutrition, weak health and education facilities, and cholera epidemics are aggravated by an annual growth rate of 3 per cent and an urbanisation rate of as high as 6 per cent. Madagascar has recently experienced extremely strong urbanisation, partly driven by urban economic growth. As a result, some 70 per cent of national annual demographic growth is urban. Much of this has concentrated in and around the capital of Antananarivo, and has resulted in very high levels of urban poverty, with severe overcrowding and urban environmental degradation amidst dilapidated physical infrastructure. The functioning of Antananarivo has a direct and significant impact on the national economy.

The Alliance is supporting the development of pro-poor CDS in Antananarivo, as well as in four secondary cities – Antsirabe, Antsiranana, Mahajanga and Toamasina. These CDS use a participatory approach to empower both communities and local governments and to identify priority areas for investment in under-serviced urban areas.

Since a broad range of Alliance partners – notably the World Bank, the French and German development agencies, the Region of Ile de France, USAID, Japan and the European Union – as well as the domestic private sector are supporting related programmes in Madagascar, these city development strategies are helping strengthen the coherence of these efforts. Already, strong investment linkages have emerged as a direct result of the coordinated CDS process:

Cities Alliance in Action

- France's AfD has coordinated a transport study it is financing to link with the CDS process and may help finance the resulting transport investment priorities.
- Madagascar is expected to include an urban transport component, which would otherwise not have been included, in an upcoming World Bank transport project, as well as in a forthcoming urban project.
- CDS outcomes, particularly work on the development strategy and capacity building of local authorities and their civil society partners, will be used in the design and preparation of a forthcoming World Bank municipal capacity-building project with an estimated value of US$30 million.

Mauritania – Slum Upgrading and Urban Poverty Alleviation. Although it is slowing down, the rate of growth of Mauritania's urban population since 1950 has been extraordinary – its current rate of 5 per cent per annum is half the rate of the 1950s, yet still more than double the total growth rate. In 1950 there were 19,000 people classified as urban in the whole country. This had reached 1.5 million by 2000 and will double again in the next 20 years. One of the most obvious consequences of this growth has been a concurrent rise in urban poverty, as well as the inability of local governments to keep pace with critical infrastructure and institutional changes. Mauritania is a good example of the sort of challenges current in West Africa – challenges which will continue to affect the entire continent over the next two decades.

The Government of Mauritania is refining its urban development strategy, which includes a thorough reform of regulatory and institutional frameworks. Mauritania has initiated a comprehensive and national approach to urban upgrading, building upon the priorities that have been identified through participatory processes. The prominent role given to the extension of secure tenure, the role of the affected communities and the private sector, economic development, affordable housing and credit for the poor comprise a model approach to nation-wide slum upgrading. The government's urban development programme emerging from this strategy and related activities supported by the Alliance's grant will be funded by the government, the World Bank, the African Development Bank, AfD and KfW in the amount of US$97 million, beginning in 2002.

Rwanda – Kigali Economic Development Strategy. The city of Kigali plans to undertake an economic assessment in order to develop a strategy for economic growth and poverty reduction for its estimated 600,000 inhabitants. This economic strategy will complement a master plan detailing land use and infrastructure recommendations for Kigali being conducted with UNDP assistance. The assessment will also permit Kigali to provide solid data on its potential revenue base so as to better understand the potential benefits of the

Cities Alliance in Action

Government of Rwanda's decentralisation reforms, including restructuring of the public finance system to provide sub-national governments greater autonomy and accountability. The participatory economic assessment is being done under the guidance of an advisory group made up of small and large businesses, private and quasi-private financial institutions, poor communities, civic associations and national departments including local government and revenue and local authorities. USAID and the Cities Alliance are jointly supporting this effort. The primary output will be an action plan for public and private leaders within the Kigali community to strengthen the city's economic future. Lessons on the Kigali model will be disseminated to other Rwandan cities through a case study and capacity-building workshops.

Johannesburg City Level Comprehensive Development Framework. In 1998, Johannesburg was financially bankrupt, with a wide variety of services being provided inefficiently by an administration noted for duplication of staff and overlap of functions. Moreover, although greater Johannesburg is the financial and services hub of the national economy, the HIV/AIDS epidemic is taking a terrible human toll, reducing life expectancy to 44 years by 2010. Unemployment and poverty are rising, and significant numbers of people lack access to basic housing, services and skills.

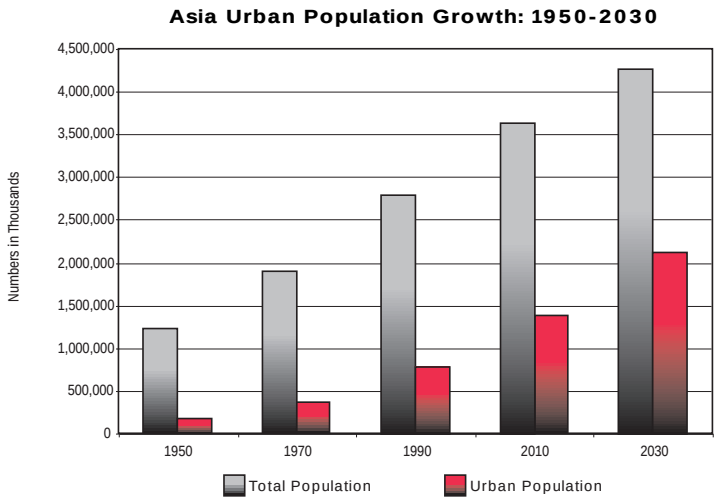
In response to these myriad problems, the city of Johannesburg initiated a process of major fiscal, financial and institutional reform. The reforms enacted include an upgrading programme of one of the largest urban informal settlements in South Africa, the creation of metropolitan utilities, a programme of local economic development, inner city reform, the implementation of an urban safety net programme, the creation of a metropolitan health district, the establishment of a metropolitan police system, a unified fiscal management system and a strategy for restructuring the city's financial debt. Support from the Cities Alliance, the World Bank, the UMP and a number of other partners augmented the Greater Johannesburg Metropolitan Council's own investment of about US$3 million to produce the strategic plan, known as iGoli 2010. The council has engineered a comprehensive – and, at times – controversial restructuring process and has regained its creditworthy status.

The council is implementing about R500 million in capital investments during 2001–02. The iGoli 2010 model has been widely disseminated and is considered a world-class initiative. *Business Day* credits Johannesburg's operating surplus of R153 million in 2001, up from a capital budget deficit of R259 million in 1999 to its iGoli restructuring plan, which saw non-core assets sold off, corporatisation and the creation of utilities to be run by the private sector.[5] The World Bank, USAID and DFID are working in partnership in response to a request from South Africa's major cities to establish a Southern African Cities Alliance to help promote the CDS experience more widely.

5. Business Day (21 June 2001).

Asía

Cities Alliance in Action



Source: Adapted from Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (1998). World Urbanization Prospects: The 1999 Revision.

Asia's urban population is projected to double over the next 30 years. By 2015, 17 of the world's 30 largest cities will be in Asia and will have an average population of 15.9 million. The region's urban areas are critical to national economic competitiveness and growth, accounting for 80 per cent of incremental economic growth.

Asia's urban transformation is producing a number of innovations. Several countries in the region have launched supportive national policy frameworks. China, for example, has a national policy to promote the growth of secondary cities as an integral part of its environmental and agricultural policies to promote off-farm employment and take population pressures off rural areas. The region has also pioneered large-scale micro-finance and slum upgrading programmes, and is home to some of the largest NGOs and community-based organisations in the world. Organisations of the urban poor – many led by women – have created city-wide networks, some of which have already expanded state-wide and across national boundaries. Examples include the National Slum Dwellers Federation of India, India's SEWA Bank and the Payatas Scavengers Association in the Philippines.

Many Asian cities are capitalizing on these reforms and institutional frameworks to conduct holistic and poverty-focused CDS, and are also building learning networks using information technology both within and across nations.

The Cities Alliance Portfolio in Asia	
Regional:	Asian CDS Workshop 2000
Bangladesh:	Khulna: Options for sustainable urban upgrading
Cambodia:	Scaling up community-driven development processes for slum upgrading in Phnom Penh
China:	Metropolitan-level CDS in Changsa/Zhouzhou/Xiangtan city-region, CDS in Giuyang, and CDS – urban indicators in Giuyang and Shengyan
India:	Hyderabad – poverty-focused CDS
	Gujarat state urban slum policy
Indonesia:	Institutionalising poverty-focused CDS in 10 cities
Nepal:	Kathmandu CDS and informal settlements study
Pakistan:	CDS and slum upgrading initiative for Peshawar
Philippines:	Scaling up poverty-focused CDS
Vietnam:	Enhancing access of the urban poor and vulnerable groups to basic infrastructure and housing

Cities Alliance in Action

The Alliance's Asian initiatives respond to regional priorities and innovations. Examples include support to the state of Gujarat in India to frame a state-wide slum upgrading policy and in China to develop CDS for city-regions; and support to poverty-focused CDS in seven cities in the Philippines, poverty-focused CDS in 10 cities in Indonesia and others in Peshawar, Hyderabad and Kathmandu. The Alliance is responding to the existing rich institutional frameworks and demand for lateral learning from its partners through support to networks of the urban poor and of local authorities. It provides support via UNCHS to the Slum Dwellers International network to assess legal and regulatory barriers to slum upgrading across three countries; and it also supported the Asian City Development Strategies Conference in Fukuoka which, with Japan's support, brought together 23 cities in the region to share their CDS experiences. The Alliance is also supporting a regional initiative with CityNet working through existing networks of local governments in the region to strengthen local capacity to institutionalise the CDS process.

Given the challenge of urban poverty in South Asia, the Cities Alliance placed a regional advisor in India to help build on innovations in the region and its enormous human and institutional capacity to move slum upgrading to scale, with a special focus on India. DFID is funding this position.

China – Metropolitan Level CDS and Urban Indicators. The pace of economic growth and urbanisation in China over the past 20 years has resulted in the emergence of a number of metropolitan regions centred around one or several large cities. These city-regions have been playing a leading role in national economic growth and are likely to remain the main engines of growth for the country. Despite their unprecedented growth, serious difficulties exist that will hinder their efficient and sustainable growth in the future and prevent the spread of economic prosperity to a larger population. These difficulties include economic inefficiency from trade barriers, local monopoly and restrictions on mobility, duplicative and wasteful investment in urban infrastructure, over-exploitation of natural resources such as land and water, and institutional and policy weaknesses regarding urban governance and planning, with no framework for stakeholder involvement and consensus building for essential cross-boundary issues.

Since May 1999, the district of Fuling has been preparing its CDS with assistance from the World Bank to address these issues. The Alliance is providing support to extend this pilot CDS to the city of Guyiang in Guizhou Province, as well as at a broader metropolitan level to the Changsa / Zhuzhou / Xiangtan region in Hunan Province, an effort involving the participatory formulation of regional development strategies.

Cities Alliance in Action

One key interim outcome of the ongoing China CDS activity is the proposal by Hunan Province to the World Bank to finance an urban development project for the three cities included in the CZT region exercise. The CDS provided the opportunity to link financial support from the World Bank to the cities' overall development strategy as well as lay the foundation for participatory strategy formulation, linkages between economic development strategies and physical plans, and the financial viability of investments, leading to strengthened plans to address the city-region's infrastructure needs. The total project cost is preliminarily estimated at US$250 million, with a proposed loan from the International Bank for Reconstruction and Development of $100 million.

Linked to this activity, policy-makers and managers at the central and local levels in China have agreed to participate in a pilot exercise to develop performance indicators for CDS. The participating city-regions include the CZT region, Guiyang and Shenyang City in Liaoning Province where a similar exercise is being carried out under the UMP aegis. This pilot initiative will set a standard of practice and guidelines for CDS performance indicators in China and more generally.

India – Preparation of Gujarat State Urban Slum Policy. The State of Gujarat is undertaking a participatory process to develop a state-wide urban upgrading policy. This would be the first state slum policy in India, with demonstration effects for other states considering similar initiatives. The activity is designed to create the policy platform upon which slum upgrading will be brought to scale in Gujarat, building on the state's long experience in slum upgrading and on partnerships between local urban bodies such as the Ahmedebad Municipal Corporation and SEWA Bank, a cooperative bank of poor women. The slum policy intends to address issues of tenure, resettlement and rehabilitation, and increasing poor slum dwellers' access to financial, social and environmental services, among other issues raised in the consultation process.

Indonesia – Institutionalising Poverty-Focused CDS. While legislation enacted in 1999 empowers local governments with new roles, capacities and accountabilities towards their local citizenry, the mechanisms and capacity necessary to manage cities in a newly decentralized system are not in place. The success of this decentralization is critically dependent upon the creation of a framework for effective and inclusive city management, as cities move to control their own destinies. Three parallel developments are influencing the evolution of a city management framework. Since the Asian economic crisis, urban poverty has risen to the forefront as one of the major urban challenges; good governance – transparency, accountability, inclusion - tops the governments' and donors' development agenda; and a nascent but strong civil society which wants an active role in determining the future of cities. In response, the Government of Indonesia wants to build inclusive and poverty-focused city management capacity.

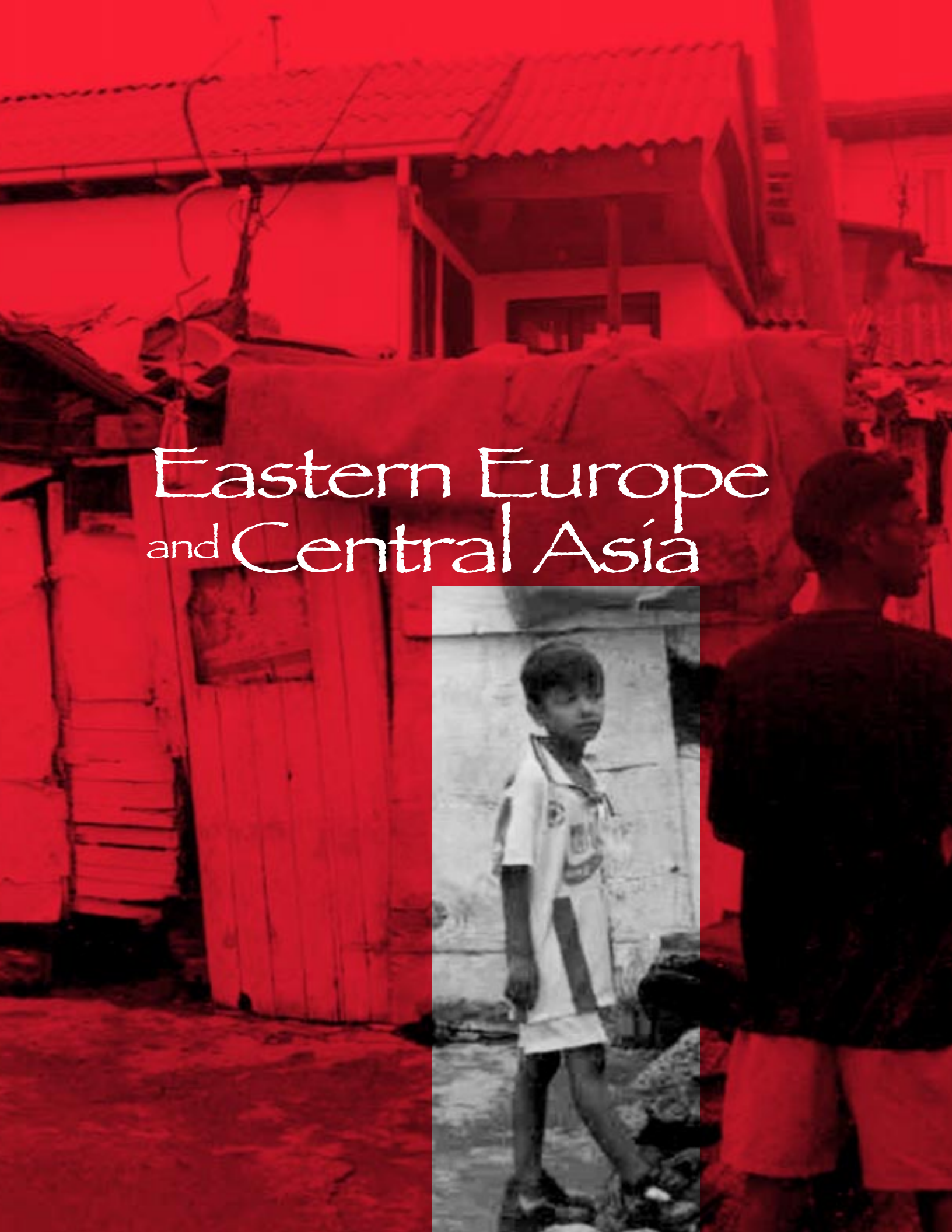
Cities Alliance in Action

The Alliance is supporting an effort spearheaded by the Indonesian government to institutionalise poverty-focused CDS as part of the country's overall national urban policy. This initiative will work with 10 cities selected on a demand-driven basis to develop workable CDS processes for opening up local decision-making processes and improving the accountability of local governments to their citizenry; these techniques will then be mainstreamed to all local governments in Indonesia. UNCHS, the World Bank and UNDP are supporting these efforts, as is GTZ in a parallel initiative. These actions should improve the quality and impact of urban investments, including follow-on investment to be provided by the World Bank, through a US$150 million community-driven urban development project and a proposed $300 million urban local governance reform project.

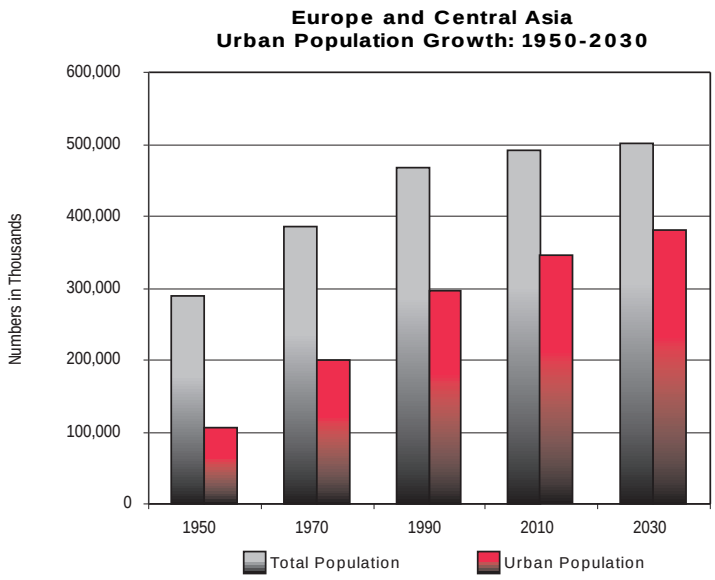
Vietnam – Enhancing Access of the Urban Poor and Vulnerable Groups to Basic Infrastructure and Housing. The severe impact of decades of under-investment in housing and infrastructure is being compounded by high urbanisation rates throughout Vietnam. Notwithstanding recent strong economic growth, urban poverty is extensive and deepened by exclusion and marginalisation. Urban infrastructure is in very poor condition, whilst the housing situation is characterised by severe overcrowding and dilapidated stock. In order to meet agreed national targets, an additional 300 million units of housing stock needs to be produced by 2010 and the worst housing stock renovated.

The Vietnamese Ministry of Construction has used the Cities Alliance with the support of the World Bank, UNDP, UNCHS and other partners to formulate a national urban upgrading programme targeted at the poorest urban residents. This work will build upon the CDS activities already completed in Haiphong and Ho Chi Minh City, and strengthen recent reforms in the housing sector undertaken by the Vietnamese Government. These activities complement and support the Government's preparation of a large-scale urban upgrading project focused on basic infrastructure and low-cost housing improvements, to be financed by the World Bank in 2003, as well as a joint Swiss-UNDP project in seven provincial cities.

Eastern Europe and Central Asia



Cities Alliance in Action



Source: Adapted from Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (1998). World Urbanization Prospects: The 1999 Revision.

The countries of Eastern Europe and Central Asia face unique challenges. Already highly urbanised, 300 million of the region's 450 million total population reside in cities and towns. The political transition following the collapse of the socialist bloc led to severe economic shock throughout the region – of the 27 countries that had output declines for the entire decade of the 1990s, 21 were in the Eastern Europe and Central Asia region. This has most dramatically affected urban areas as large-scale enterprises failed, exposing the structural weakness of the urbanisation that fed post-war forced industrialisation. Policies which led to higher rates of industrialisation and urbanisation were not matched by higher productivity or an adequate services sector. For example, Russia, which has a per capita income one-tenth that of the United States, has the same level of urbanisation – 74 per cent.[6]

In Eastern Europe and Central Asia, the urban poor are twice as numerous as the rural poor. However, the incidence of urban poverty is highest in the region's secondary cities, as they have often been most exposed to the effects of economic decline. More recently, conflicts in the Balkans have created further migration into urban areas.

Throughout the region, cities are reconstructing and re-inventing. They are having to deal with issues of resource efficiency – with distorted land markets, collapsed social services, the over-production and mismanagement of urban assets and infrastructure, inappropriate institutional frameworks and a lack of skills and accountability. Decentralisation, democratisation and fiscal devolution are taking hold in parts of the region, and local initiatives are showing promise.

The Cities Alliance Portfolio in Eastern Europe	
Bosnia-Herzegovina:	Mostar – local economic development strategy
Bulgaria:	Sophia CDS

The Alliance is supporting two dynamic local leaders in this region in their efforts to establish a participatory vision for their cities. The principles embodied in the Alliance's approach to CDS are being applied in these two cities, in a sharp departure from the 'master planning' model of the past, and are already creating ripple effects across the region.

6. This material draws extensively on *From Commissars to Mayors: Cities in the Transition Economies*, a report prepared for the World Bank-International Monetary Fund Annual Meetings, Prague, September 2000, by Robert Buckley and Federico Mini.

Cities Alliance in Action

Bosnia-Herzegovina – Preparation of Mostar's Local Economic Development – Capacity Building and Business Improvement Programme. Prior to the war, Mostar had been the economic centre of the Herzegovina region and beyond, and was one of the most developed regions in the former Yugoslavia. Its wealth was based on essentially government-controlled and -owned factories. Six years after the end of the war, Mostar continues to suffer from critical economic, social, environmental and physical damage – damage caused by the war and resulting from the former centrally planned and controlled environment. For example, it is estimated that the current economic output of the city is between 10 and 20 per cent of 1991 levels and unemployment levels are at at least 50 per cent. What industry remains is very traditional, much of it still in the public sector, much of it retrenching in the face of increasing global competition and lack of investment.

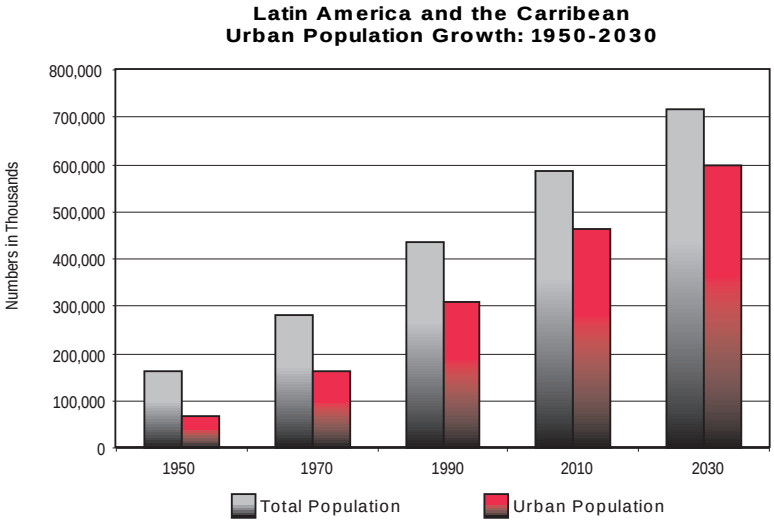
The city of Mostar is working with a wide range of local and international partners to help meet the severe economic, social, physical and cultural challenges it currently faces. The Alliance is providing support for a preparatory grant to enable Mostar to develop and implement a comprehensive CDS that will focus on alleviating the high unemployment and resulting poverty in the city. In addition to local partners, international partners have been mobilised in this effort – the European Union through CARE International, the World Bank, DFID and the Konrad Adenauer Foundation.

Bulgaria – Sofia CDS. The city of Sofia is formulating a CDS in a broad-based consultative process with key stakeholders and is developing institutional capacity to ensure its implementation. The aim of this CDS process is to enhance the development of a democratic and self-reliant municipal management system to generate sustainable, long-term benefits for its residents. To this end, the city's mayor has engaged in a broad and very successful participatory process to elicit stakeholder feedback on development priorities. At the consultations, citizens and experts from the public and private sectors reviewed impediments to local development and brought new perspectives on infrastructure and social needs and opportunities. The experience of this process and the outcomes of the strategy formulation will be shared with other municipalities in the country.

The CDS process financed by the Alliance and supported by the World Bank has also helped to integrate fragmented donor assistance in the urban sector and generated positive synergies; USAID co-financed the consultation process with contributions from both a Canadian and European trust fund. Sofia has initiated discussions with the European Bank for Reconstruction and Development and the Japanese government to secure financing for its transport, infrastructure, energy retrofits and improvement of panel housing. Sustained dialogue with UNDP, GTZ, DFID and the European Union has served to better position Sofia in future technical assistance programmes. The process has provided much-needed input into the ongoing effort to define and implement regional plans in Bulgaria and disseminate learning experiences throughout the country. Plovdiv, Bulgaria's second largest city, has requested that the World Bank support its development activities through a CDS process.

Latin America and the Caribbean

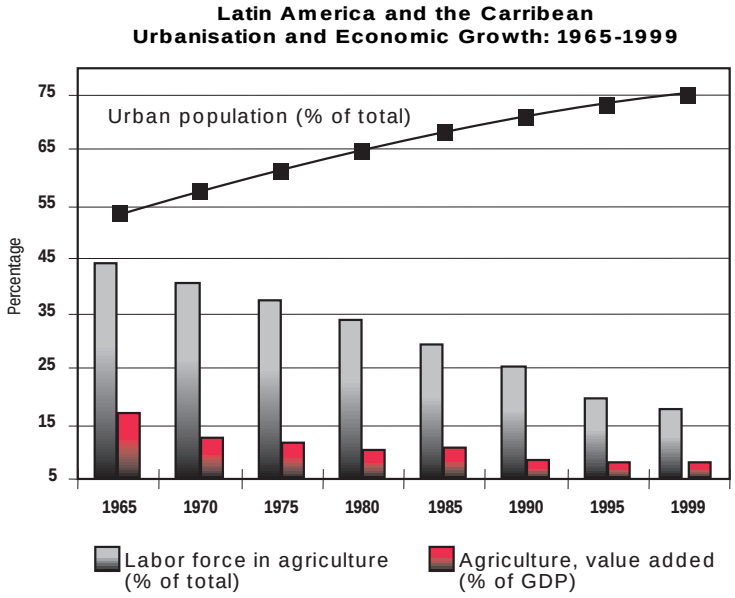
Cities Alliance in Action



Source: Adapted from Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (1998). World Urbanization Prospects: The 1999 Revision.

Latin America and the Caribbean is a highly urbanised region: 75 per cent of its population is urban, 81 per cent – or 540 million of its projected population – will be urban in 2020, and 83 per cent by 2030. This urbanisation has been the normal outcome of economic transformation and growth.

Several countries in the region have dramatic urbanisation rates. For example, by 2030, Argentina, Chile, Venezuela and Uruguay are projected to have populations exceeding 90 per cent urban; Brazil will follow closely at 88 per cent urban.



Source: Danny M. Leipziger and Marianne Fay LCSFP, World Bank 2001

Poverty in the region is urbanising – and so is extreme poverty. Up to 25 per cent of the urban population, or 90 million people, live in slums. Nowhere else in the world is the urbanisation of poverty more evident, and the increasing inequity and disparity threaten stability and sustainable development profoundly. For example, 85 per cent of the population of Tegucigalpa, Honduras, has access to safe water, but in the poorer neighbourhoods there is water for one hour every four days; and the poverty incidence varies from 1.7 per cent to 77.3 per cent across neighbourhoods of São Paolo, Brazil.

There is growing recognition in the region of the need to address urban poverty as the basis for sustainable economic growth and environmental management. Major innovations in the region are fuelled by this recognition. Examples include the pioneering work led by Hernando de Soto on property rights and land titling in Peru, the emergence of an industry of financial institutions specialised in profitable service delivery to the urban poor, large-scale integrated slum upgrading programmes in several of Brazil's major cities, and the increasingly active role of the private sector in urban upgrading and low-income housing delivery in El Salvador.

Cities Alliance in Action

The Cities Alliance Portfolio in Latin America and the Caribbean	
Brazil:	Developing a national enabling strategy for housing and urban upgrading
	Scaling up slum upgrading in Salvador, Bahia
	Recife metropolitan region development strategy
Central America:	Regional strategy for sustainable city-wide upgrading
El Salvador:	Strengthening capacity for city-wide slum upgrading in the metropolitan area of San Salvador
LAC Regional:	Building a knowledge base of city development strategies in LAC
Mexico:	Scaling up upgrading and managing informal urban growth in the metropolitan area of Mexico City

Alliance activities in Latin America are focused on innovations in the region to develop city-wide strategies and to scale up slum upgrading to metropolitan and national levels. These activities include support to Brazil to establish a national enabling strategy for housing and upgrading, and for a major slum upgrading initiative in Salvador, Bahia; strengthening capacity for slum upgrading with 14 municipalities in the San Salvador metropolitan area in El Salvador, and in the metropolitan Mexico City area; and promoting lateral learning and knowledge-building efforts on successful city strategies that have led to poverty reduction and economic growth.

The Alliance has a regional advisor located in Brazil (funded by Italy) to support the Alliance's major upgrading initiatives in that country as well as related initiatives in the region in order to help achieve the targets established in the Cities Without Slums action plan.

Brazil – Building an Enabling Strategy for Moving to Scale. Already substantially urbanised (80 per cent) and with a long history of urban upgrading, Brazil is in a unique position to tackle urban upgrading on a national basis. However, market failures and a lack of systematic learning from previous innovations and city-level projects will need to be resolved in order to create the conditions necessary for a national approach. Brazil can serve as a role model for developing countries wishing to implement a decentralised national upgrading programme. Its government is, with World Bank and UNCHS support, developing partnerships with a wide array of local, national and international players to extract lessons from Brazil's rich experience in upgrading to date and channel those lessons into a national upgrading strategy and plan. This is the first phase of a multi-year effort of urban upgrading and decentralisation strategy in Brazil. The partnerships for this phase will be developed around five themes: a critical retrospective assessment of Brazilian upgrading experience from which lessons can be drawn for future application, urban land markets and access to secure tenure by the poor, increasing the private sector's role in upgrading, market-based financial mechanisms and cost recovery for scaling up, and generating employment and income opportunities for the urban poor.

Cities Alliance in Action

Brazil – Salvador, Bahia, Technical and Social Assistance Project. In Salvador, the capital city of the state of Bahia, Ribeira Azul is the city's highest risk area, where in four square kilometres, around 40,000 households live in informal subdivisions and squatter settlements. Ribeira Azul is highly polluted by household and industrial wastes, is low-lying and flood-prone, and has the worst social indicators (income, literacy, health) in Salvador. Nearly half the people of working age earn no income, and almost 60 per cent of the households live on about US$45 a month. Working with the Metropolitan Planning Authority (CONDER) and other state and local authorities, the Italian Development Cooperation has supported slum upgrading here since the early 1990s. Part of this support has entailed a partnership between an Italian NGO (AVSI), the government of the state of Bahia and the municipality of Salvador to implement the successful Novos Alagados pilot project, which has addressed infrastructure, land tenure, housing and social development issues for a population of 15,000. The government of Bahia, with Italian support of US$5 million in grant funding through the Cities Alliance, plans to extend the Novos Algados programme on a much larger scale to Ribeira Azul. The programme features extensive community participation and consultation from inception, land titles to be given predominantly to women to ensure that they are consulted in any property decisions, and an emphasis on cost-recovery in order to be able to sustain slum upgrading programmes citywide. Alliance support will help ensure sound use of the entire US$60 million programme budget, as well as support the development of a city-wide upgrading strategy with Salvador. Numerous institutions from all levels of government are involved in the effort, working with AVSI and the residents of Novos Algados, with support from regional and international development banks, universities, urban think tanks and local NGOs.

El Salvador – Improving Execution Capacity for Urban Upgrading Programme in Metropolitan Area of San Salvador. The 14 municipalities that comprise the Metropolitan Area of San Salvador have combined forces to outline a visionary urban development strategy. The mayors involved see slum upgrading as their biggest challenge for their current term in office which end in 2004 and are coordinating efforts to implement urban upgrading in the entire metropolitan area. Their strategy involves building the institutional capacity of a central technical agency, the San Salvador Metropolitan Planning Office (OPAMSS), to carry out city-wide upgrading. With UNCHS, the World Bank and Cities

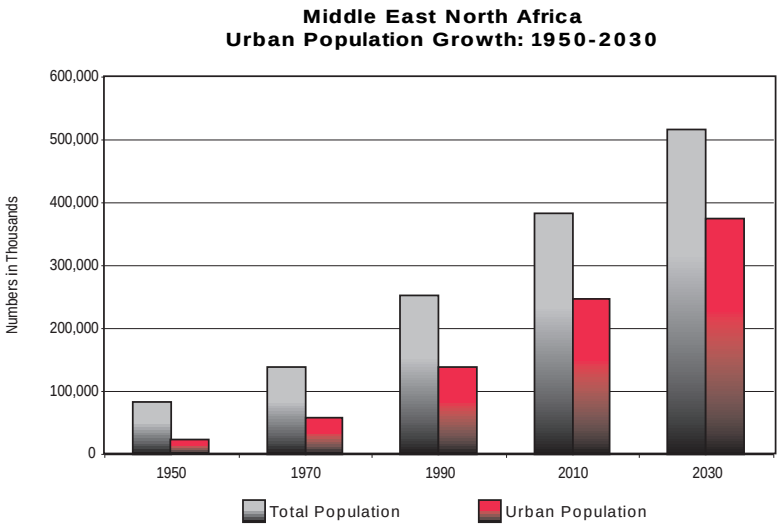
Cities Alliance in Action

Alliance support, OPAMSS will incorporate best practices, including community participation and cost recovery methods in upgrading. The upgrading programme aims to reach 140,000 people and will initially create a proper storm drainage system to prevent flooding in slums, grant land title to residents and connect every house to water, sewerage, drainage, electricity and waste collection services. OPAMSS will also aim to provide better roads and public transportation links in and across slums; and create employment opportunities through vocational programmes, hiring slum dwellers as construction workers, and through micro-finance programmes aimed at self-employment. The planning and execution of this ambitious scheme will occur in different communities across greater San Salvador, with all decisions and actions coordinated through the Mayors' Council. This programme is geared towards long-term impact, with a 30-year time horizon and a clear strategy for investment.

Mexico – Scaling up Upgrading and Managing Informal Urban Growth in the Metropolitan Mexico City Area. Mexico City is the third largest city in the world, home to 24 per cent of the Mexican population and responsible for 23 per cent of the country's GDP. Nearly half of the population is poor, living in informal settlements with insecure tenure, inadequate services and poorly constructed housing. Informal land and housing markets have emerged, particularly on the urban periphery, through the inability of the public authorities to keep pace with demands for regularisation and service provision. The urban poor have demonstrated an ability to improvise in the face of government constraints, resulting in informal processes predominating in the release of land. The Cities Alliance is supporting work being undertaken by the state of Mexico with the World Bank and Metropolis to develop a model for scaling up slum upgrading and managing the growth of new informal settlements. A key policy issue is how best to manage the relationship between informal delivery systems and statutory authority. This initiative should provide the basic components for a state-wide programme for urban upgrading to include an institutional and financial model for infrastructure and service planning and delivery, and a set of tools for facilitating access to urban lands and shelter finance, particularly for low-income populations. It is also expected that these activities will provide a key learning experience for Cities Alliance partners, as policy issues that have proven difficult in many other cities and countries are raised.

Middle East and North Africa

Cities Alliance in Action



Source: Adapted from Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (1998).World Urbanization Prospects:The 1999 Revision.

In 1970, only 42 per cent of this region's population lived in cities, by 2030, an estimated 72 per cent of the region's population will be urban.

Urbanisation in this region has tended to accompany and spur economic growth. While urban residents currently number slightly over half of the population, urban areas are the location of a disproportionate share of economic activity i.e., manufacturing and services. Cities and towns in the region are not only the location of a significant share of economic activity, but also reflect a rich cultural heritage and include numerous archaeological sites.

While overall poverty as measured by income levels tends to be low, urban poverty in the Middle East and North Africa, as elsewhere in the world, is multi-dimensional. It is expressed not only in terms of income, but also in terms of access to basic infrastructure and shelter, spatial segregation and social exclusion. These circumstances are often the result of poorly managed urbanisation and inappropriate policy and regulation. Compounding these problems are the highly centralised systems of urban governance, with limited autonomy and accountability at the local level for core basic services, and urban management. In recent years, the overall regional outlook seems to have grown more favourable to some form of devolution of responsibility for the delivery of services to the municipal level and reform of the local finance system. The agenda of decentralisation reform is in its initial stages in most countries, and much needs to be done to strengthen the local revenue base and clarify expenditure responsibilities.

The Cities Alliance Portfolio in the Middle East and North Africa	
Morocco:	Upgrading project for the Koraat Shaa neighbourhood in Tetouan
Egypt:	Upgrading informal areas in Ismailia Governate

The Alliance is supporting two programmes in the region. Key elements of the Alliance's strategy are prevention of slums and scaling up slum upgrading, promoting participatory CDS in support of growing decentralisation trends, and supporting lateral learning linkages, including engaging the private sector in these processes. The Alliance is also working in partnership with the Arab Urban Development Institute in building awareness around these issues.

Cities Alliance in Action

Morocco – Upgrading Project for the Koraat Shaa Neighbourhood in Tétouan.
Morocco is currently implementing a host of reforms addressing various issues related to local development and management, including decentralisation, land management, housing development and urban upgrading. In many medium-sized Moroccan cities, access to water, electricity and solid waste management is limited. There is no sewage system, no road facilities, no street lighting; and vast areas are subject to an informal land tenure system. In Tétouan, more than 40 per cent of the population lives in such informal settlements.

Cities Alliance support to Tétouan was designed to develop an innovative methodological framework for participatory upgrading, management and prevention of informal settlements. The initiative was developed as a joint effort by the municipalities of Al Azhar, Barcelona and Rio de Janeiro, with support from the United Towns Organisation and MEDCITIES. The integrated approach adopted (social, economic, urban planning and infrastructure) in the Koraat Sbaa neighbourhood will also build local capacities to develop participatory tools for investment prioritisation in infrastructure, basic social services and poverty reduction. The approach aims to strengthen the capacities of local governments and their partners in developing city-wide strategies and frameworks for neighbourhood upgrading, including security of land tenure.

Cities Alliance in Action

Egypt – Upgrading Informal Areas in Ismailia Governorate. UNCHS is supporting the Governor of Ismailia's efforts to upgrade the informal urban areas in the governorate's five main cities, starting with two areas, El Hallous and El Bahtini. El Hallous, an 18-hectare development with a population of 4,000 inhabitants, comprises some 600 dwelling units. Most of these are built in mud-brick with some two- to four-story reinforced concrete skeleton structures. Infrastructure networks are practically non-existent. El Bahtini, a 10-hectare settlement located north of the lake, is only 300 metres away from the centre of Ismailia City. It houses 5,000 inhabitants at a density of 500 persons per hectare, mostly residing in one-story mud-brick load-bearing structures. Only about 50 per cent of El Bahtini's residents have access to potable water and sewage services. Sewage from unconnected units is dumped in the lake, polluting the water that is the livelihood for this fishing community. UNCHS is providing technical inputs to local authorities to strengthen their capacity to undertake the management of both the physical and financial aspects of upgrading. The Alliance is supporting these inputs, and all investments for the upgrading effort are being provided from local and national sources.

Financials

Setting Targets...

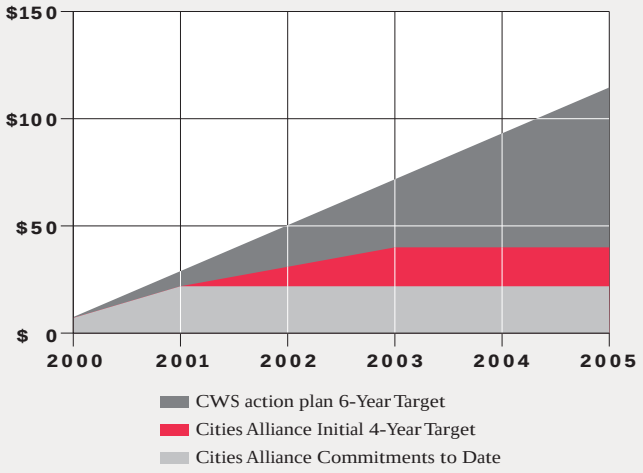
The Cities Without Slums action plan sets a target of improving the lives of 100 million slum dwellers by the year 2020 and an interim target of improving 5-10 million lives by 2005.

The action plan also sets a target of mobilizing US$295 million in grant assistance, with a target of US$115 million by 2005. These grants will help develop citywide and nationwide upgrading and city development strategies and help mobilize the private and public investment funds for implementation.

...and Achieving Results

The Cities Alliance, committed to achieving the results called for in the action plan, set an initial fundraising target of US$40 million during FY00-FY03. We are half way to the target at the end of FY01. The Alliance must continue to scale up these efforts by pooling core resources in the Cities Alliance core Trust Fund, making use of strategic non-core resources earmarked for specific purposes, and improving linkages with private sector investments. With the strong endorsement of the United Nations Secretary-General, the 150 Heads of State and Government who participated in the Millennium Summit pledged to achieve the goal of the Cities Without Slums action plan. We must now build on this political commitment to mobilize the resources required.

Progress in Meeting Cities Without Slums Grant Assistance Targets



2000-2005 Targets:	US$115 million in grant assistance
2000-2003 Cities Alliance Budget:	US$40 million
Cities Alliance Commitments to Date*:	US$21.6 million

* Includes Italy's US$5.0 million non-core contribution to the Salvador, Bahia, Brazil slum upgrading initiative.

Financials

Summary of *Cities Without Slums* Action Plan

	2000	2001 - 2005	2006 - 2020
Actions	Mobilize global political and financial commitments to slum upgrading and gear up the capacity to support large-scale actions	20 citywide and/or nation-wide programmes under-way in five regions changing the lives of five million urban poor	50 nation-wide programmes launched with slum improve-ments as a central element of urban development strategies in most countries; 100 million slum residents with basic services; and slum formation stopped
Support in Grants [1]	$4 million	$111 million	$180 million
Urban Budget Increment [2]	$3.5 million	$35 million	$100 million
Upgrading Investments [3]	$200 million	$2,300 million	$47,500 million
Accomplish	Mobilise Capacity	5 Million Lives Changed	100 Million Lives Changed

1 Grants for country capacity-building and programme preparation.

2 Proposed increase in World Bank's urban budget to strengthen upgrading capacity and ensure phased implementation of complementary components of Bank's new urban strategy.

3 Total cost of upgrading, funded by governments, private sources, and upgraded community; supported by development bank lending and bilateral cofinancing. World Bank share estimated to be about 25 percent of total.

Financials

SOURCES OF FUNDS FY00-FY01

(U.S. dollars as of 30 June 2001)

Summary	Pledges	Paid-In
Core Funding	11,150,000	6,388,940
Non-Core Funding	6,725,000	1,652,846
Secretariat Funding	3,760,000	2,481,500
Total Funding	**21,635,000**	**10,523,286**

Core Funding	Pledges	Duration	Paid In*
Canada	500,000	2000-2001	502, 717
France	250,000	2000	243,184
Germany	1,000,000	2000-2003	373,233
Italy	700,000	2000-2001	316,644
Japan **	1,500,000	2000-2001	1,000,000
The Netherlands	2,250,000	2000-2001	2,250,000
Norway	250,000	2000	249,512
Sweden	500,000	2000-2001	252,016
United Kingdom	3,000,000	2000-2002	1,067,041
United States	500,000	2000-2001	134,593
World Bank	700,000	2002	0
Total Core	**11,150,000**		**6,388,940**

Non Core Funding***			
Italy	5,475,000	2001-2003	952,846
Japan	500,000	2000-2001	0
United Kingdom****		2001-2002	
World Bank	750,000	2001-2002	700,000
Total Non-Core	**6,725,000**		**1,652,846**

Secretariat Funding*****	Cash	In-Kind	Total
World Bank	2,950,000	0	2,950,000
Habitat	310,000	500,000	810,000
Total	**3,260,000**	**500,000**	**3,760,000**

* Amounts may vary from amount pledged due to exchange rate fluctuation.

** Japan's FY00 included $750,000 earmarked for Asian CDS activities, but this contribution is reflected here as part of Core Funding since the funds were programmed as part of the regular Core Work Programme development.

*** Non-Core funding is earmarked for specific region or type of activity. Italian funds earmarked $5,000,000 for Salvador, Bahia, Brazil slum upgrading programme (including $2,500,000 for technical assistance) and $475,000 for Latin America and Caribbean activities; Japan for Asian CDS networking activities; and World Bank $700,000 (FY01) for United Nations partnership activities and $50,000 (FY02) for independent evaluation.

**** In-kind contribution of staff secondment for South Asia region for FY01-FY02.

***** Includes amount paid-in for FY00-FY01 and amount pledged for FY02.

Financials

USES OF FUNDS FY00-FY01

(U.S. dollars as of 30 June 2001)

Summary (FY00-FY01)	Approved Allocations	Actual Disbursements
Grants from Core Funds	8,785,000	2,157,000
Grants from Non-Core Funds	6,175,000	1,129,000
Budget from Secretariat Funds		
Operations	2,013,000	1,894,000
Administration	505,000	455,000
Total Uses of Funds	**17,478,000**	**5,635,000**

Grant Approvals by Type of Activity	Core Funds	Non-Core Funds
City Development Strategies	2,220,000	700,000
Scaling Up Upgrading	3,124,000	5,000,000
Both CDS and Upgrading	3,441,000	475,000
Total Approved Grants	8,785,000	6,175,000

Grant Approvals by Region	Core Funds	Non-Core Funds
Sub-Saharan Africa	1,565,000	
Asia	3,103,000	250,000
Eastern Europe and Central Asia	400,000	
Latin America and The Caribbean	1,698,000	5,475,000
Middle East and North Africa	425,000	
Global / Multi-Regional	1,594,000	450,000
Total Approved Grants	8,785,000	6,175,000

Secretariat Expenditures	FY00	FY01
Operational:		
Secretariat Staff	286,000	585,000
Consultants, Other Labour Costs	219,000	104,000
Travel	121,000	117,000
Other Costs	390,000	72,000
Sub-Total	1,016,000	878,000
Administrative:		
Secretariat Staff	207,000	221,000
Overheads, Other Costs	20,000	7,000
Sub-Total	227,000	228,000
Total Secretariat Expenses	**1,243,000**	**1,106,000**

Financials

APPROVED GRANTS

(U.S. dollars as of 30 June 2001)

Grant Amount (US$)	Start Date	Country	Activity Title
SUB-SAHARAN AFRICA REGION			
143,000	(1)	Kenya	Nairobi CDS and Upgrading of Informal Settlements
152,000	Sep-00	Madagascar	Slum Upgrading and Community Development in Four Major Cities: Antsirabe, Antsiranana, Mahajanga and Toamasina
286,000	Jun-01	Madagascar	CDS for Antananarivo - Infrastructure Development, Urban Services Improvement and City Poverty Strategy
75,000	Oct-00	Mauritania	Slum Upgrading and Urban Poverty Alleviation
254,000	Nov-00	Nigeria	Scaling Up Upgrading Through a CDS Approach in Karu
100,000	Sep-00	Regional	Regional Roundtable on Upgrading Low-Income Settlements in Africa
165,000	Apr-01	Rwanda	Kigali Economic Development Strategy
350,000	Sep-00	South Africa	Johannesburg City Level Comprehensive Development Framework
40,000	Jan-01	South Africa	Preparation of Southern Africa Cities Alliance
ASIA REGION			
150,000	Apr-00	Asia Regional	Asian CDS Workshop 2000
75,000	Jan-01	Bangladesh	Khulna: Options for Sustainable Upgrading
185,000	Mar-01	Cambodia	Scaling up Community-Driven Development Process in Phnom Penh
500,000	Oct-00	China	Metropolitan Level CDS in One Major City Region and One Provincial Capital
250,000	Jun-01	China	Changsha City Region, Giuyang and Shengyan City Development Strategies: Urban Indicators Project
226,000	Jun-01	India	Local Partnership for Poverty-Focused CDS in Hyderabad
67,000	May-01	India	Preparation of Gujarat State Urban Slum Policy
30,000	Apr-00	Indonesia	Proposal Preparation: Poverty-focused CDSs
600,000	Mar-01	Indonesia	Institutionalizing Poverty-focused CDSs

Financials

ASIA REGION (continued...)

160,000	Sep-00	Nepal	Katmandu CDS and Informal Settlement Study
30,000	Apr-00	Pakistan	Proposal Preparation: Peshawar CDS and City Assistance Programme
150,000	Apr-01	Pakistan	CDS and Cities Without Slums Initiative for Peshawar
30,000	Apr-00	Philippines	Proposal Preparation: Expansion of the CDS Programme
600,000	May-01	Philippines	Upscaling Poverty-Focused CDSs
300,000	Apr-01	Vietnam	Enhancing Access of the Urban Poor and Vulnerable Groups to Basic Infrastructure and Housing

EASTERN EUROPE and CENTRAL ASIA REGION

75,000	Jun-01	Bosnia-Herzegovina	Preparation of Mostar's Local Economic Development - Capacity Building and Business Improvement Programme
75,000	Sep-00	Bulgaria	Sophia CDS - Phase I
249,800	Jun-01	Bulgaria	Sophia CDS - Phase II

LATIN AMERICA and CARIBBEAN REGION

180,000	Jan-01	Brazil	Recife Metropolitan Region Development Strategy
560,000	Apr-01	Brazil	Building an Enabling Strategy for Moving to Scale in Brazil
5,000,000	Jun-01	Brazil	Salvador, Bahia, Technical and Social Assistance Project
96,000	Aug-00	Central America	Urban Review
84,000	Sep-00	Central America	Regional Coordination Towards a Sustained Programme for Upgrading
320,000	Mar-01	El Salvador	Improving Execution Capacity for Urban Upgrading Programme in Metropolitan Area of San Salvador
475,000	Apr-01	LAC Region	Moving to Scale in Latin America and the Caribbean
213,500	Jun-01	Latin America	Build LAC Capacities in Urban Knowledge Management
245,000	Jun-01	Mexico	Scaling up Upgrading and Managing Informal Urban Growth in the Metropolitan Mexico City Area

Financials

Grant Amount (US$)	Start Date	Country	Activity Title
MIDDLE EAST and NORTH AFRICA REGION			
130,000	Sep-00	Egypt	Upgrading Informal Areas in Ismailia Governorate
295,000	Jul-01	Morocco	Upgrading Project for the Koraat Sbaa Neighborhood in Tetouan
GLOBAL and MULTI-REGIONAL ACTIVITIES			
50,000	Mar-00	Global	Urban Indicators Linkages
150,000	Mar-00	Global	Preparatory Assistance Fund
49,000	Mar-00	Global	Cities Alliance Website
50,000	Mar-00	Global	Public Policy Forum - June 2000
60,000	Mar-00	Global	Urban Upgrading: A Resource Framework
75,000	Jul-01	Global	CDS Action Plan
70,000	Jun-00	Global	CG/PPF meeting - Dec. 2000
30,000	May-01	Global	Policy Advisory Board Meetings
20,000	Jun-00	Global	Building Political Commitment
5,000	Sep-00	Global	Millennium Summit Product/Activity
20,000	Jun-00	Global	Short Note Series
5,000	Jun-00	Global	Technical Peer Reviews
500,000	(2)	Global	Pro-Poor Slum Upgrading Frameworks in India, the Philippines and South Africa
210,000	Jun-01	Global	Housing Finance for the Poor -- Innovations and Good Practices from the Field
450,000	May-01	Global	Consolidation of the Experience from Seven City Development Strategies of the UMP
300,000	Mar-01	Regional	Regional Action Plans
14,960,300	TOTAL GRANT APPROVALS		

(1) - Activity is on hold pending compliance with conditions of approval.

(2) - Activity has not commenced; implementation arrangements are being finalised.

Acronyms

AfD	Agence française de développement [French Development Agency]
AVSI	Associazione Volontari per il Servizio Internazionale [Association of Volunteers in International Service]
CDS	city development strategies
CONDER	Companhia de Desenvolvimento Urbano do Estado da Bahia [Bahia Metropolitan Planning Authority]
CZT	Changsa / Zhuzhou / Xiangtan
DFID	Department for International Development [UK]
FMCU	Fédération Mondiale des Cités Unies [World Federation of United Cities, formerly United Towns Organisation, UTO]
GTZ	Gesellschaft für Technische Zusammenarbeit [German Agency for Technical Co-operation]
IDB	Inter-American Development Bank
ILO	International Labour Organisation
IULA	International Union of Local Authorities
KfW	Kreditanstalt fur Wiederaufbau [German Development Bank]
MEDCITIES	Mediterranean Cities
MELISSA	Managing the Environment Locally in Sub-Saharan Africa
NGO	non-governmental organisation
OPAMSS	Oficina de Planificación del Area Metropolitana de San Salvador [San Salvador Metropolitan Planning Office]
SDI	Slum Dwellers International
SEWA	Self-Employed Women's Association
UMP	Urban Management Programme
UN	United Nations
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNEP	United Nations Environment Programme
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	U.S. Agency for International Development

Photo Credits

Cover: David Frazier / Stone
Inside Covers: Christianna Johnnides
Page 8: Mohini Malhotra
Page 10: Fabrizio Bensch / Reuters
Page 11: Mandela staff
Page 12: Sheela Patel
Page 13: City of Barcelona
Page 26: Christianna Johnnides
Page 31: Sarine Rajagukguk
Page 36: Ahmed Eiweida
Page 39: AVSI / CDM Archives
Page 44: Ahmed Eiweida

Contributors

Margaret Bergen: Editor
Randy Cook: Designer

Cities Alliance
Cities Without Slums

1818 H Street, NW

Washington, DC 20433 USA

Tel: (202) 473-9233

Fax: (202) 522-3224

info@citiesalliance.org

www.citiesalliance.org