



## 3. Guidelines Orientation

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The goal of these guidelines is to help different actors make the most of CDSs to enable cities to maximise their performance (ultimately measured by the standards of living of their residents, especially the poor), their resilience, and their competitiveness. Given the tough and increasingly uncertain environment in which cities operate, strategies need to be hard-nosed, using limited financial and human resources in the most effective ways. Financial resources going into and out of cities are highly elastic; capital responds quickly to opportunities in urban regions with positive business environments. Conversely, capital, whether generated locally or externally, rapidly flees cities where the future is too unclear. Often, tough tradeoffs are needed; talent and fiscal resources need to be focused for maximum leverage.

These guidelines recognise that CDS processes supported by the Cities Alliance vary widely in quality and effectiveness (as do urban strategies without Cities Alliance support) and that the nature and characteristics of the CDS process can very much affect the performance of cities.

Key themes to be explored include the following:

- **Mainstreaming urban poverty alleviation and prevention**—To date, urban poverty has been compartmentalised, both in analysis and in policy. Slums have been targeted as if they were a discrete form of settlement, rather than part of a broad spectrum of physical development, highly integrated into urban communities. As the recent groundbreaking book by Neuwirth (2005) points out, squatter settlements are a normal part of the urban transition: London, New York, Paris, and Toronto all had large swaths of squatter and slum neighbourhoods. Thus, poverty prevention and alleviation, not slums *per se*, should be the focus of an urban strategy. In some cities, such as Lagos, Manila, or Mumbai, slums constitute close to half the residential structure of the city, containing a wide spectrum of residents from poor to wealthy; to spotlight them as unique or separate makes no sense. However, because slums are so visible, addressing their problems can be catalytic in overall urban development. Slums can be an extremely effective entry point into the wider structural issues in a given city or country, mobilising a wide spectrum of groups. Furthermore, it is often possible to build widespread

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consensus in support of slum upgrading. The right of the political spectrum has historically viewed slums as eyesores and inappropriate in modernising cities (not acknowledging that they are economically critical to the functioning of cities), whereas the left often associates slums with poverty (to some extent, incorrectly). Thus, both sides of the political spectrum want to “do something” about slums. Strategies to improve opportunities for the poor need to recognise that slums cannot be treated separately from the overall development trajectory of the city or from urban land markets, and their development should be consistent with the city’s overall Vision. Such a perception is needed to mobilise capital on a large scale. Win-win outcomes can be generated by releasing the very large amounts of capital that slum dwellers control (directly or indirectly): land readjustment, for example, enables the poor to enter the urban mainstream. Such principles underlie Rio de Janeiro’s Favela-Barrio programme.

- **Preventing Potential Urban Poverty**—The current (2005) urban population of the world is 3.2 billion, of which 0.9 billion live in industrialised countries. By 2030, the developing world’s urban population will have grown by 75 percent. More than 1.8 billion people will have been added to the world’s cities, and more than 93 percent of this increment (1.7 billion

people) will be in developing urban regions. This dynamic, combined with the fact that large increases in urban population will occur in very poor countries, particularly in South Asia and Sub-Saharan Africa, means that preventing urban poverty will need to be a leading policy priority in developing countries for the next 25 years (this is separate from addressing *in situ* urban poverty). Migrants who are poor but highly economically motivated and well educated (compared with educational attainment norms in their source regions) need to be absorbed productively so that they do not add to the stock of poverty within urban areas. Otherwise, the task of urban poverty alleviation becomes overwhelming. Migrants need access to financing to purchase housing affordably close to employment (no longer necessarily in central business districts [CBDs], given the ongoing shift to a more multinodal urban form in most cities). Migrants also need access to basic services (such as water), appropriate training, and good-quality, relevant education for their children, to enable intergenerational mobility. And they need access to microfinancing, particularly for small-business creation. Enabling mobility, not only from rural to urban areas but also from regions with poor opportunities (such as northeast China) to those with greater opportunities (such as the coastal and amenity regions in China), can do much to alleviate poverty while greatly improving national economic efficiency. Such flows have also occurred across borders, as has been the case with Johor (Malaysia), Riau (Indonesia), and Singapore. Because preventing poverty is less expensive than alleviating *in situ* poverty, prevention strategies should be a key element in a CDS; very high returns on investment are possible. For example, for young migrants, training is relatively easy to effect and cost-effective; and less expensive land on the periphery of cities can be made accessible to the poor.

- **Environmental Quality, Public Health, and Energy Efficiency will increasingly matter**—Given the challenging environment in which cities will have to develop and function, environmental, energy, and public health performance will become increasingly important. Such

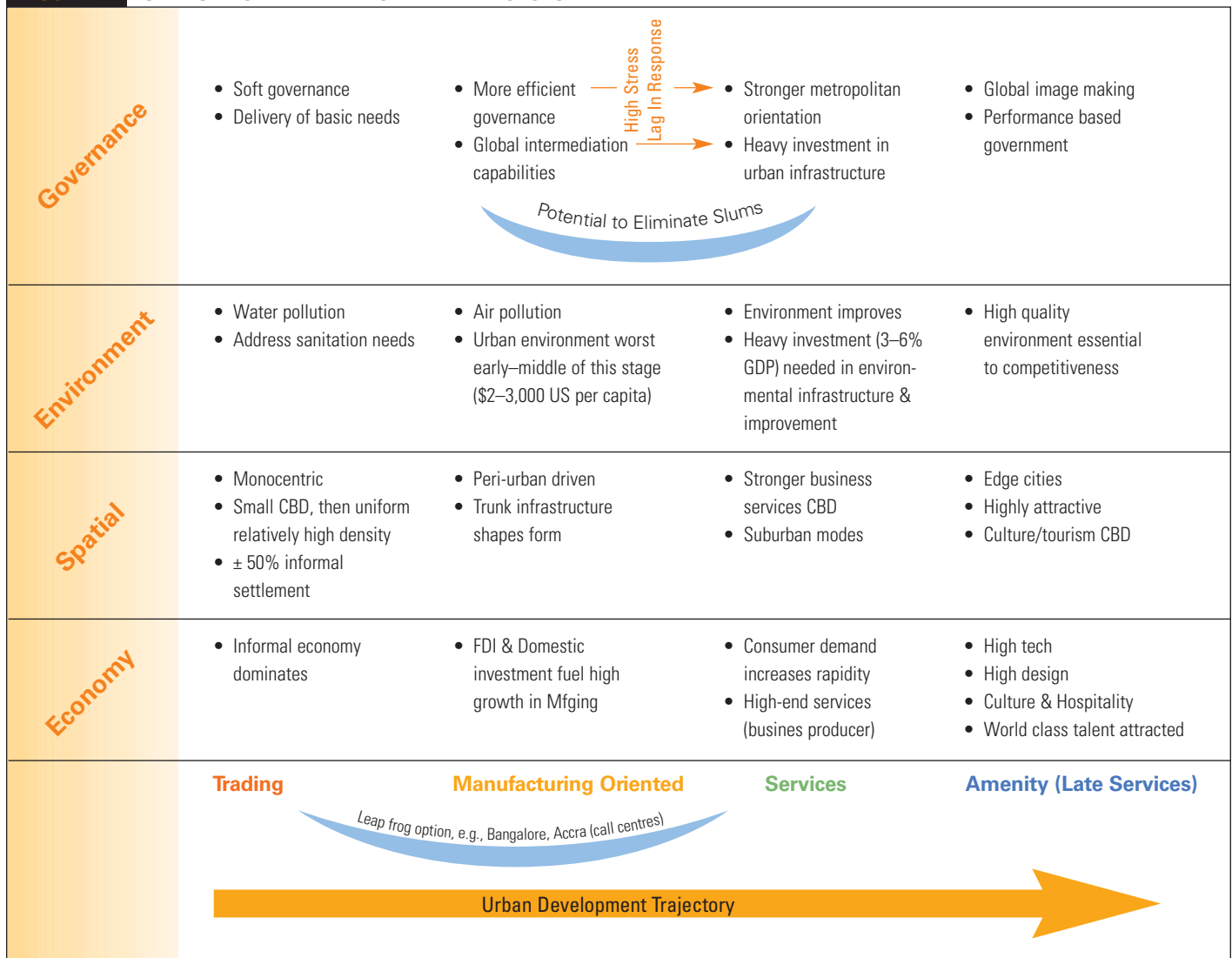


Aerial view of Lanzhou along the Yellow River, China

considerations need to be integral to the CDS process, driving strategy. For example, to date, urban form has been largely the product of market forces and, to a lesser extent, planning frameworks. That is, it is the product of urban economic function, motorisation, land markets, and access to financing for city building (particularly residential). Future planning and policy frameworks should consider and incorporate market signals to generate more efficient urban forms. Similarly, in most CDS processes, environment and energy considerations have been “add-ons,” for example, programming water supply and wastewater systems

according to conventional civil engineering standards, using conventional technologies to supply urban communities wherever they evolve, accepting the energy demands of spread settlement, or allowing the construction of buildings with scant attention paid to their energy performance. Now energy considerations need to be reflected in spatial form and building design, driven by appropriate policy frameworks, and supported by strong political will. Buildings consume more energy than transportation in cities, and this energy consumption should be an important point of focus (Fry 2005). Systems that rate green and

**FIGURE 1. STYLISED URBAN DEVELOPMENT TRAJECTORY**



Source: Webster (2005)

sustainable development include the Leadership in Energy and Environmental Design system, developed by the US Green Building Council. Environmental quality, including effective and sustainable delivery of environmental services, is important at all points along the urbanisation trajectory (see Figure 1), from the delivery of economic benefits through improved population health in poorer cities and the provision of basic services at one end of the trajectory to the attraction of talent, investment, and high-value economic activities at the other.

### **BOX 1. MISSED OPPORTUNITIES IN TUNIS, TUNISIA**

Tunis is in an enviable situation. It has the largest concentration of businesses in the country (its economic weight is 2.5 times its share of population); one out of five workers has a university education; and only 4 percent of its households are officially below the poverty line. Yet a quarter of Tunis's population live in informal settlements, and nearly a third work in the informal sector. The government was already spearheading several poverty redistribution programmes (in actuality, slum upgrading) when the city began its CDS process. The city subsequently incorporated these programmes into its vision and development strategy and outlined the latter in the *White Book*, a publication for public dissemination and validation. To some extent, the *White Book* has successfully galvanised several stakeholder groups to organise activities around central strategic concepts. For example, it gave rise to 'Re-appropriate the City,' a women's movement to make coffeehouses and other locations in the city safe for women in the evening. But the strategy formulation missed key opportunities to capitalise on the city's strengths. Most notably, the business community lost interest because it felt that the *White Book* lacked targeted strategies for economic development. The business community's disengagement severely limited the ability of the city government to catalyse and leverage private investment to orient development along new directions. The city lost an opportunity to improve the employment and housing prospects and incomes of its current and future residents, including those in the rural areas, who, lacking economic opportunities, continued to migrate to the capital and into these informal settlements.

Source: UMP/UN-Habitat (2002).

- **Address Causes, Not Symptoms of Poverty**— Making cities look good and function well is important, but that doesn't provide real opportunity for less advantaged people. The focus of policies and scarce investment needs to be on significantly reducing intergenerational poverty, primarily through changes in education, health, and livelihood (jobs, business creation). Intergenerational thinking is particularly important in very poor cities. Turning a city around takes 10–20 years, corresponding to one human generation. The Tunis CDS process (Box 1) failed to gain the support of the business community. It failed to leverage support from probably the most important agent of poverty alleviation, the business community, which is instrumental in employment creation.

The focus of these guidelines is on CDS processes in developing cities. Developing cities differ from industrialised ones, as Figure 1 indicates, and therefore they require different strategic responses, as Figure 2 indicates. Furthermore, the conditions in developing cities vary enormously, from those of very poor cities in inland Sub-Saharan Africa typified by Bamako, through those of transitional-economy cities such as Prague and Sofia, to those of soon-to-be-rich cities such as Chengdu, China.

Industrialised cities also use CDSs to enhance their competitiveness, liveability, and so forth. They may also use CDSs to correct reversals in fortune, as in the Glasgow case (Box 2). In fact, industrialised cities actually have a long history of deploying strategic planning to achieve community goals. This may partially account for the generally higher technical quality of strategic plans produced by industrialised cities than produced to date by CDS cities. Although the substantive content of CDSs will obviously vary widely between industrialised and developing cities, there is no inherent reason why the technical quality of such processes and products should vary, given the access of all world cities to funding; comparative urban experiences; and knowledge resources, such as consultants, universities, and international organisations. By the late 1980s, the methodology was highly developed, and many cities had implemented CDSs, often

**FIGURE 2. STRATEGIC FOCUS: PRO-POOR DEVELOPMENT**

<b>Trading/Informal</b>		<ul style="list-style-type: none"> <li>• Health &amp; education</li> <li>• Inter-generational mobility</li> <li>• Community infrastructure—water —sanitation</li> <li>• Enterprise enabling actions</li> </ul>
<b>Manufacturing</b>		<ul style="list-style-type: none"> <li>• Allocating accessible land for migrants</li> <li>• Land adjustment</li> <li>• Housing finance</li> <li>• Wide coverage lean social service delivery (economically feasible)</li> <li>• Access of poor to quality technical education</li> <li>• Technical education aligned with emerging clusters</li> </ul>
<b>Services</b>		<ul style="list-style-type: none"> <li>• Sustainable social programs open to all (contributions by employers &amp; employees)</li> <li>• Geographically accessible city</li> <li>• Enable creative activity</li> </ul>
<b>Amenity</b>		<ul style="list-style-type: none"> <li>• Address poverty caused by social/psychological factors &amp; slowing of middle class opportunities</li> <li>• Ensure equal access to education (student loans, etc.)</li> <li>• Affordable housing policies</li> </ul>

**BOX 2. GLASGOW, SCOTLAND, REINVENTS ITSELF AS A CULTURAL CENTRE**

When Glasgow's traditional industries, particularly shipbuilding, fell into permanent decline—a casualty of a new global division of labour that favoured other locations—this former economic powerhouse had to reinvent itself. With factories closing and unemployment levels soaring, the district council set about recasting Glasgow's image from that of a polluted, rust-belt industrial city to one of a cultural city, with a focus on the arts, media, and business services. The district council was following the lead of local community groups, which had started an arts festival and opened a new museum, the Burrell Art Collection, in 1983. When the Scottish Development Committee hired McKinsey & Co., an international consulting firm, to prepare a redevelopment plan for the city, the firm proposed building on these initiatives to promote Glasgow as a cultural centre. The plan called for attracting international companies, encouraging creativity among city residents, and reinvigorating the city centre by converting old warehouses and factories into lofts and building new luxury housing in the docklands.<sup>i</sup> These efforts resulted in an economic renaissance for Glasgow. To sustain Glasgow's success, the Glasgow Economic Forum, a public-private partnership of economic stakeholders, prepared an economic strategy for 2003–2005.<sup>ii</sup> The strategy builds on existing strengths to sus-

tain growth and improve international competitiveness. It calls for the redevelopment of Kelvingrove Art Gallery and Museum, the creation of new visitor areas (such as Merchant City), and the development of high-quality business locations along the River Clyde, Glasgow's key territorial asset, according to the OECD. Riverside development projects include the Digital Media Campus, the international financial services district, and the Glasgow Harbour Project. The development of City Science will position Glasgow as the largest science and technology centre in Scotland for business and research development. Another key objective of the city's economic strategy is to improve the link between the unemployed Glasgow residents and opportunities in job-rich and growth sectors. The strategy calls for improving and creating innovative training or retraining and employment linkage programmes and enhancing transportation connectivity between disadvantaged neighbourhoods and key centres of employment. Finally, recognising the need to compete in the place market, Glasgow continues to strengthen its brand recognition with a new city marketing plan and is working on increasing direct and indirect international air services from Glasgow Airport.

<sup>i</sup> OECD (2002), UN-Habitat (2004).

<sup>ii</sup> GEF (2003).

*Between 2000 and 2005, the Cities Alliance supported CDS processes in about 140 cities.*

with considerable success, as summarised by Bryson and Einsweiler (1988), Kemp (1992), and Bryson (1999).

The Cities Alliance is the most important resource supporting CDS processes in developing cities. However, other groups are getting more involved, particularly in middle-income and transition cities. For example, the Shui On Corporation, based in Hong Kong and Shanghai, produces complete CDSs in partnership with municipal governments and key stakeholders before undertaking property development in Chinese cities. To date, Shui On has completed CDSs for Chengdu, Chongqing, Fuzhou, Kunming, Wuhan, Xiamen, and Xi'an. Consortia in Europe, including the European Union, support CDSs in that region, especially in transitional cities, such as Prague. Last, but not least, public agencies within cities

(such as economic development agencies) and public-private consortia (such as innovation councils) often undertake CDS processes without external support or funding. Although more common in industrialised cities, this approach is becoming a trend in developing cities as well. For example, a citizens' consortium, led by the business community, initiated the *Mumbai First* development strategy, in Mumbai.

Between 2000 and 2005, the Cities Alliance supported CDS processes in about 140 cities, contributing \$22.5 million. These guidelines abstract from lessons learned from those processes and a variety of similar ones, including locally driven processes and those supported by other international bodies or private corporations. In some cases, Cities Alliance activities have inspired CDS efforts it has not officially supported.