

CITIES ALLIANCE MEMBERS' REPORTS



Chil Alporjji/Cities Alliance

Upgraded housing for the poor in Vilo Nilo, São Paulo



ASIAN DEVELOPMENT BANK (ADB)

<http://www.adb.org/urbandev/>

Summary of activities in urban development. Urbanisation in Asia is a multifaceted and complex process, the scale of which is striking: 44 million people are added to city populations every year, equivalent to 120,000 people each day. Thus, each day, the construction of more than 20,000 new dwellings, 250 km of new roads, and additional infrastructure to supply more than 6 megalitres of potable water are required. For the ADB to be relevant to the needs of its developing member-countries, its operations need to maximise the opportunities of urbanisation and address its negative impacts. Institutions that manage urbanisation often lack coordination, capacity, and finance.

Addressing global environmental problems and the Millennium Development Goals (MDGs) will be most challenging in Asia's urban areas. Further, Asian cities investment needs of Asia's are great. The public sector cannot meet them alone. A closer partnership between public and private sectors is essential. Better engagement with urban sector institutions in both the public and private sectors is a high priority. Financing needs are vast and growing rapidly. The ADB estimates that \$60 billion a year is needed in investment to meet the demand for urban infrastructure services between 2007 and 2010.

These services include water supply, sanitation, solid waste management, slum upgrading, urban roads, and mass transit systems. There is a huge funding gap, and the ADB can play a key role in helping finance this need. The nature of urban lending will be different in the future. Decentralisation has provided cities with greater say in their development, but coordination systems often are not adequate to address

multijurisdictional cities, and financing (cost recovery) systems often are not sustainable. In addition to the issues discussed above, and in response to them, the scale and scope of urban economies require a more integrated and coordinated approach to assistance, reflecting the increasing aspirations of urban dwellers for more liveable and sustainable cities. Some Asian urban centres already possess an economy equivalent to many nations both in size and complexity. Problems of inclusive economic development, poverty reduction, and sustainable use of required resources can only be managed transparently and efficiently if support is provided in a programmatic way, including the participation of a broad range of stakeholders.

ADB's urban lending during 2007 approximated 11 percent of its overall lending portfolio of close to \$10 billion. These investments are mostly in water and sanitation, urban roads, public transport, energy, as well as settlement upgrading and basic services for the urban poor. Major urban investments can be found in Pakistan, India, Bangladesh, Indonesia, the Philippines, Vietnam, China, and Mongolia.

ADB can play a leading role in support to Asian cities and can make urban lending a core business. As a financier, ADB can help deliver and leverage much-needed investment in infrastructure services, particularly with the potentials offered under the Innovation and Efficiency Initiative, which allows longer-term investment programmes through multitranches financing and the newly introduced subsovereign lending. As a development institution with extensive experience in urban planning, infrastructure services reform and poverty reduction, ADB is well placed to

deliver knowledge products and finance for sustainable and inclusive growth in the region's cities and towns. Additionally, ADB can act as a strong partner in policy dialogue, work at multiple levels of government, and foster partnerships with the private sector and donors.

Recognising the importance of the growing urban sector, ADB expects further demand and growth for finance in the urban sector. A number of ADB's flagship programmes will lead to longer-term cooperation and will upscale successful pilot experiences into multiyear programmes.

Metro Manila Urban Services for the Poor (MMUSP) Investment Programme. Since 2005, ADB has been working with the Philippine government's Housing and Urban Development Coordinating Council (HUDCC) on the preparation of the Metro Manila Urban Services for the Poor Investment Programme. A Cities Alliance grant has assisted with the preparation of Tranche 2 subprojects in six cities of Metro Manila, the adoption by the city governments of a road map for the "cities without slums" investment programme and a policy reform agenda.

MMUSP is designed specifically to address the basic infrastructure, housing, and livelihood needs of the urban informal settlers and the poor in Metro Manila. The long-term goal of the investment programme is to improve the living conditions and quality of life of informal settlers and urban poor through the provision of basic infrastructure and affordable housing with secure tenure in their existing settlements or in new resettlement sites. The programme also will provide microfinance support to beneficiaries to improve their income and their capacity to pay for their newly acquired or improved housing units. Furthermore, institutional strengthening and capacity development of selected key housing agencies, including local governments, will be integral to the whole project design toward improving the existing housing delivery system. A policy reform agenda will contribute also to the institutional strengthening and capacity development.



Photograph: F. Steinberg, ADB

Makati, Metro Manila, as seen from an informal settlement nearby

MMUSP will consist of a series of subprojects, financed through a Multitranches Financing Facility (MFF) over a period of 10 years. It consists of five tranches and will provide \$494.55 million of ADB financing for the 30 proposed subprojects in all 17 cities and municipalities of Metro Manila. The cities and municipalities there can enroll several subprojects under the MFF, provided they meet the qualification criteria. The MFF will fund approximately 8 percent of the investment requirements of \$6 billion of the estimated 10-year slum eradication and urban renewal plan for Metro Manila.

It is envisioned that MMUSP, with its innovative approaches to sustainable slum eradication and urban renewal, will stimulate additional investments in the sector by private sector groups and other donor agencies when there is tangible progress in the sector reform agenda. The policy and institutional reform agenda seeks to (1) attain wider application of market-based interest rate policy, (2) establish well-equipped and responsive social housing finance institutions with sustainable pro-poor programmes, (3) incentivise local governments to assume and invest in their mandated shelter sector responsibilities, (4) accelerate the distribution of secure tenure, and (5) mobilise more private sector participation in upgrading and social housing supply.

AGENCE FRANÇAISE DE DÉVELOPPEMENT

<http://www.afd.fr/>



A new AFD division, the Local Authorities and Urban Development Division, was set up in July 2007. It is in charge of all AFD's activities in favour of local authorities, both in overseas France and foreign countries. This in-house reform bears witness to AFD's willingness to place local authorities at the centre of its urban development strategy and, more generally, to strengthen local autonomy. In 2007, AFD committed a total of €150 million in the local authorities and urban development sector.

A municipality-based strategy. Support to municipalities is a cornerstone of AFD's strategy and is implemented in all sectors of municipal public policies. It specifically focuses on strengthening local autonomy, improving financial management, and promoting best practices in terms of technical, administrative, and political governance.

The second strategic axis is to develop urban territories by focusing on improving living conditions for the urban poor and strengthening city competitiveness. To reach this objective, AFD allocates grants and soft loans, whether directly to a municipality or through a national structure, thus funding infrastructure projects, commercial facilities rehabilitation, land management projects, urban renovation, and public service management improvement.

The third axis aims at reducing cities' environmental footprint. To achieve this objective, AFD operates on two levels: (1) mitigation of polluting and greenhouse gas emissions; and (2) reduction of city consumption of natural capital, in particular when due to urban sprawl. AFD consequently supports cities by financing public transport networks, energy efficiency

programmes, housing rehabilitation, waste management, and urban biodiversity conservation.

This strategy, based on local authority capacity building, is fully in coherence with Cities Alliance' efforts to promote client execution and local ownership. Furthermore, projects funded by AFD are, from inception, based on partnerships (that is, with other donors, cities from the North ["city-to-city" cooperation framework], NGOs, local associations, civil society, and others).

AFD and Cities Alliance. AFD, as both a sponsor and a cofinancier, is a stakeholder in several CDSs, including those for Tripoli, Douala, Lomé, Dakar, and Cotonou, in addition to slum upgrading programmes, such as those in Morocco and Senegal. In Cotonou, for instance, AFD has cofinanced the CDS and promoted the creation of a single governance body to oversee both the CDS and the AFD-funded project, the Greater Cotonou urban project. AFD plays an active role in this CDS monitoring and will base future investment programming on its results.

2007 highlights. AFD allocated a direct loan totalling €10 million to Dakar municipality—thus far, the largest direct loan allocated by a donor to a West African municipality is the loan is to help finance a municipality capacity building programme focused on financial management, designed in cooperation with the city of Marseille.

In Brazil, AFD is financing the investment programme of the municipality of Curitiba, including a biodiversity conservation component to the tune of €36 million.



© Julis Etchart/Still Pictures

Street scene in Jacmel, Haiti

Similarly, AFD has allocated direct loans to the Turkish municipalities of Buski and Kayseri. This is a first for the Turkish municipal sector.

In Tunisia, AFD allocated a third loan to finance the National Urban Rehabilitation Programme, a comprehensive programme to reduce unsafe housing, conserve the urban cultural heritage in traditional *medinas*, and create serviced land plots (€50 million).

In some least developed countries (LDCs), AFD has further increased its financing in favour of local

authorities, including huge municipal capacity building programmes. In Haiti, for instance, AFD has allocated a €12 million grant to the city of Jacmel. This project comprises three components: flood protection, municipal development, and technical assistance to the Ministry of Public Works. This municipal project is implemented in partnership with the city of Strasbourg, the Inter-American Development Bank, Spanish cooperation, local NGOs, and the French Ministry of Public Works.

BRAZIL

<http://www.cidades.gov.br/>

Ministério
das Cidades



Including slum upgrading in the growth agenda

From a model of urban exclusion to integrated policies. In common with many other developing countries, the rapid growth of Brazilian cities has led to the emergence of substantial distortions of the economic landscape. The transition from a predominantly rural society to one based on ever-expanding cities as the result of massive emigration from the countryside has transformed Brazil into one of the most highly urbanised countries in the world, with 82 percent of its population currently living in urban areas.

A common feature of all Brazilian cities is the existence of a yawning gap between the parts of the city that have developed according to conventional market rules (endowed with proper infrastructure and services and inhabited by fully fledged citizens enjoying rights and benefits) and other disproportionately large protourban areas (generally places that are excess to, or outside, the formally constituted city and often are environmentally fragile and dangerous). The historic footprint of urban growth in Brazil throughout the 20th century produced the present tension between the so-called city and noncity, between people who effectively regard themselves as real citizens and those who are excluded from ordinary urban life and the advantages of true citizenship. During the 1980s and 1990s, in response to the wave of neoliberalism and the generalised absence of comprehensive public policies, this situation deteriorated with the rapid growth of the excluded population living precariously in the informal parts of cities—effectively slum areas commonly known in Brazil as *favelas*.

The establishment of the Ministry of Cities in 2003 was a key step toward reforming the pattern of urban exclusion. The basic goal of the new ministry was, on one hand, to formulate and work to practicalise a wide-ranging public policy aimed at accommodating a series of major policy interventions focused on housing, basic sanitation, land tenure regularisation, land planning, and urban mobility. On the other hand, the Ministry of Cities set out to ensure that investments in urban infrastructure no longer would be considered in terms of current expenditure; rather, in view of the beneficial effects of such investments on improving living conditions for the poorer population over the medium to longer term, such investments would be excluded from budgetary constraints—a proposal that became known internationally as the “Brazilian thesis.”

Investing massively in access to the city. Brazil’s new urban policy, formulated and executed step by step during President Lula’s first term of office (2003–06), took off in earnest in 2007 as a result of Brazil’s economic recovery, monetary stability, fiscal surpluses, and continuing growth performance in the foreign trade area. This new phase of economic growth was really the outcome of a series of parameters that were markedly different from anything previously experienced by Brazil, or indeed by large numbers of other developing countries. In the previous economic growth cycle, which lasted until the 1970s under the military regime, it was generally accepted that the economic cake needed to get larger before it could be cut and shared. The present government’s strategy presupposes that the integration of growth and distribution is mutually beneficial.



Courtesy: Ministry of Cities/Brazil

Urban scenes from various cities in Brazil: Recife, Guarulhos, Guarujá and Salvador

In this new scenario, together with the real re-adjustments to the minimum salary (increased by more than 50 percent) and the creation of a substantial income transfer programme covering 11 million families (focused on the *Bolsa Família Programme*), the federal government introduced its Growth Acceleration Programme (PAC), under which it proposes to invest more than \$300 billion by 2010. This unprecedented programme, directed to investment in basic infrastructure as well as the more conventional areas of logistics, transport, and energy, has set aside \$107 billion for urban and social infrastructural works, of which a total of \$67 billion has been earmarked for housing alone.

Whereas the first Lula four-year mandate heralded substantial growth in housing investment for lower-income families, involving an overall expenditure of \$22 billion over those four years (with \$3.8 billion allocated to subsidies), the PAC will oversee a 300 percent increase for this sector throughout the next

few years. Furthermore, a substantial part of the total new investment figure (around \$7 billion) is to be targeted at slum upgrading. In addition to the \$2.5 billion to be used to subsidise housing for the poorer segments of the population, that figure includes an allocation of funds to social organisations.

The investments in urban infrastructure undertaken under the aegis of the PAC take into account three important interlocking factors:

1. The investments are the concrete expression of a number of policies and programmes that were (and continue to be) in preparation, with major contributions emerging from the National Housing Plan (*Plano Nacional de Habitação*), which has its roots in the National Social Interest Housing Fund and System and their local components. The slum upgrading programme represents a key part of Brazil's housing policy.



Ciete Silveiro/Municipality of São Paulo

Street Scene in São Francisco, São Paulo

2. The financing of social and urban infrastructure is done through the employment of a particular instrument—the Priority Investment Programme (*Programa Prioritário de Investimento*)—that uses a distinctive approach to budgetary resources, involving no restrictions or cutbacks, in line with the Brazilian thesis.
3. The inclusion of infrastructure investment in an economic growth programme, in addition to incorporating access to cities and urban services as part of the income distribution process, aligns social investment with macroeconomic growth policies in an original way—not solely as a social sideline but as an intrinsic part of the growth policy itself.

Innovations in investment methods. The manner in which PAC investments are being formulated and executed on the microeconomic level represents an innovation in both institutional and methodological

terms. The PAC is effectively a joint effort undertaken under the aegis of the Brazilian Federation, involving the union, the states, and the municipalities. It is based on criteria designed by common agreement to produce projects to benefit particular territorial areas under expertly coordinated execution and supervision.

Slum upgrading projects are selected on the basis of the following priorities:

- Environmental recovery, with special emphasis on the critical river basins with a view to preserving public access to clean water
- Focus on the lower-income population
- Elimination of bottlenecks resulting from the human occupancy of areas required for public infrastructure and streets/highways.

This federative process for coordinating the allocation of resources, involving 26 states plus the Federal District, 184 municipalities, and 12 metropolitan re-

gions, has made it possible over a period of two months to select approximately 300 investment projects in the housing, social, and environmental sectors to be undertaken during the coming four years.

It is obvious that completely upgrading existing slums and slowing down the rate at which slums form remain difficult, long-term challenges. Nevertheless, the road map has been drawn and the entire process certainly is moving in the right direction now.

Establishing the right to “cities for all.” The Ministry of Cities strategy aimed at bringing about effective urban reform in Brazil consists largely of overcoming urban exclusion through the use of integrated policies, giving priority to access to cities and public services for all people by gradually transforming the *precarious settlements* (slums) into properly built urban zones and new neighbourhoods. The concepts of social and urban inclusion form the basis of this strategy, meaning that housing, water supply, and basic sanitation, together with the benefits accruing from properly urbanised land and easy availability of transport, are rights to be enjoyed by all citizens living in urban areas. Furthermore, inclusion involves the population participating in decisions regarding the foregoing rights, all of which together constitute an all-embracing scenario in which urban life and its corresponding social rights are, within the grasp of all people, without distinction. At the same time, community participation, skills training, basic organisation, and the gradual improvement of employment and income conditions should serve to bolster commitment to this sound approach and contribute to the sustainability of the various urban improvements.

Upgrading slums and improving housing conditions normally provide a touchstone, as well as an indisputable framework, for acquiring the right of access to cities proper. In our opinion, including slum upgrading at the core of a new economic growth model based on income distribution represents a fundamental commitment to dealing with the many ills that beset cities in developing countries.



The future of Cities in Brazil



Mayor Gilberto Kassab of São Paulo with Billy Cobbett of Cities Alliance and Elisabete França, also of São Paulo during a site visit to one of the slums

CHILE

<http://www.minvu.cl/>



Chile's Ministry of Housing and Urbanism (MINVU) is currently promoting the development of an Urban and Housing Policy of Social Integration. The aim of this new policy is to articulate three levels of intervention: housing, neighbourhoods, and the city. This policy scheme wants to coordinate those three levels by adding all the different public and private participants' commitments to produce better houses, more integrated neighbourhoods, and sustainable and competitive cities, within a process of growing citizen participation.

Quiero mi Barrio (I Love my Neighbourhood). *Quiero mi Barrio* deals with urban and social issues on a neighbourhood scale. It has social and infrastructural components, involving participation, coproduction, and joint management which constitute the basic elements throughout the process. These make it 100 per cent participatory, thanks mainly to its intervention methodology based on joint work. Neighbours choose the projects to be implemented in their neighbourhoods, through the establishment of a new social structure that gathers all the neighbourhood social organisations, the *Consejo Vecinal de Desarrollo* (CVD, the Development Neighbourhood Council). Furthermore, the programme's professional teams set up offices within every neighbourhood intervened. *Quiero mi Barrio* promotes a different way to inhabit the city, both empowering the neighbours and improving services and infrastructure quality, thus reducing the existing gap between damaged old neighbourhoods and the present standards of the new policy.

Working from the basic premise that the quality of life depends on the satisfaction of a variety of needs—such as physical (housing), environmental (quality of surroundings), emotional (security and relation-

ships), and social and cultural needs (recreational places, neighbourhood histories, education, gender issues)—*Quiero mi Barrio* has generated different agreements and initiatives with other government organisations. These include, *inter alia*: “A Neighbourhood for the Information Society,” through a contract with the Ministry of Transport and Telecommunications; “Creating Chile in My Neighbourhood,” by an agreement with the National Council for the Arts and Culture; implementing measures to eliminate child work in accordance with the Ministry of Labour; training courses for female community leaders and priority given to the National Women's Service (SERNAM) programmes in the neighborhoods, and finally, development of practices to generate secure urban spaces, through an agreement with the Ministry of the Interior.

This work has been reinforced by MINVU's cooperation agreement with Cities Alliance, which consists of a scheme to support the implementation of the 200 Neighbourhoods Recovering Programme (former *Quiero mi Barrio*) through the strengthening of both local participants capacities and public services in five neighbourhoods, to replicate the thriving practices in the rest of them. The goal of this cooperation agreement is to support the construction of the new ministerial policy on a neighbourhood scale through spaces for reflection, training, and pilot programmes.

Quiero mi Barrio is about to embark on its Phase II, which will result in activities and construction agreed to by the neighbours. Those activities and construction arise by way of neighbourhood contracts that have been signed in each case by the MINVU, each municipality, and the neighbours in the CVD.



Courtesy of the Ministry of Housing and Urbanism (MINVU), Chile

Elders Square, Santiago on course

Case study. Santa Adriana is a Santiago neighbourhood defined by its strong organisational capacity and social action. During the 1973–90 dictatorship of General Pinochet, Santa Adriana was characterised as a powerful token of social struggle and vindication of human rights. Its critical understanding concerning social and political processes taking place in the country was outstanding by all measures. This social asset still exists, but it has been losing its presence because of a drug-dealing network that operates there.

María Cárdenas, a community leader, says that at the beginning, like every neighbour, she distrusted the programme, mainly because previous interventions carried out in the settlement had failed. “Now it is not like in the past because now we are participating and watching what is to be done and what is not.” About the programme, she says, “I have liked everything; the most important thing is that the guys working with us are very understanding and they have adapted themselves to us. The guys listen to us, we see them as another neighbourhood member, we are like a family.”

The most important project in the neighbourhood premises is improvement of public space for pedestrians linked with road service, which includes not only road pavement but also urbanisation works, lighting, and urban furniture. The aim of this project is to build secure urban spaces, and its cost is approximately \$10.8 million.



Courtesy of the Ministry of Housing and Urbanism (MINVU), Chile

Participative Diagnostic Workshops



Courtesy of the Ministry of Housing and Urbanism (MINVU), Chile

Meeting with CVD—Development Neighbourhood Council—at the programme office

There is no doubt that the CVD has generated a new scenario of emerging leadership that will enable the community to consolidate as a relevant actor and to promote self-management. People who were opponents of the programme in the past now participate actively in decisions about improving their neighbourhood.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA



Addressing urban unemployment and poverty: a priority agenda. Urban unemployment and poverty are critical challenges faced by Ethiopia. An urban sector strategic development framework within the country's overall Plan for Accelerated and Sustained Development to End Poverty (2005–10) was developed with the prime objective of addressing those challenges. The urban sector agenda for the plan period incorporates two comprehensive programmes, which are being implemented to enhance Ethiopian urban centres' contribution to the country's economic development, and to facilitate the establishment of a system of sustainable good governance.

The Urban Development Programme comprises micro- and small-scale enterprise development and integrated housing development programmes designed to intrinsically reduce urban unemployment and poverty, promote private sector development, alleviate existing housing problems, and upgrade slums. Building the capacity of the domestic construction industry is expected to be an important outcome of the programme.

Encouraging results have been achieved in terms of creating jobs and improving the livelihood of the urban poor. Over the past two years, more than 440,000 permanent and temporary jobs have been created through this programme, a third of them in housing construction. Overall, the total number represents at least 2.3 million people (19 percent of the country's urban population) benefiting from the programme. In terms of reaching vulnerable social groups, 35 percent of those newly employed are women. Moreover, 51,000 new micro- and small-scale enterprises were provided with training, credit, and other

forms of assistance to ensure their business sustainability. These enterprises are expected to revitalise the local economy and serve as a springboard for the creation of a competitive private sector.

With regard to the Integrated Housing Development Programme, 33,000 new housing units have been constructed in Addis Ababa between 2004 and 2008. So far, 56 percent of the new homeowners there are women. Construction of another 100,000 houses in 50 towns is at different stages of completion, and that has large implications for poverty reduction in terms of improving access to decent housing, wealth creation, and as a fallback strategy for low-income urbanites. Using the Integrated Housing Development Programme, more than 2,000 small contractors have been organised and provided with a



Small firms are supported to engage in municipal infrastructure and service delivery: a young woman engaged in cobblestone pedestrian road construction, Adama City, 2007.



Youth groups organised under small-scale enterprises have received skill development training and are producing pre-cast beam for condominiums built under the Integrated Housing Development Programme, Yirgalem, 2007.



Newly constructed condominium houses under the Integrated Housing Development Programme, Addis Ababa, 2007.

package of support services in line with the government's policy of building a credible private sector in the construction industry.

The housing development programme implementation is not immune to the effects of global phenomena that are causing shortages and price rises in the construction sector. Moreover, limited local engineering and construction capacity is hindering the objectives set by the programme. To address these challenges, capacity building programmes designed to enhance competences in the construction sector and in engineering are in their first phases of implementation.

The Urban Good Governance Programme has been launched not only to ensure the effectiveness and sustainability of unemployment and poverty reduction strategies, but also to enhance efficiency and effectiveness, equity, transparency, and accountability in public service delivery. Decentralisation and empowerment of urban local governments through institutional reforms and capacity building initiatives, and enhanced public involvement to promote participatory democracy and inclusiveness, are strategies adopted by the programme. Concerted efforts are being made in the urban sector to strengthen the democratisation process under way in the country.

A number of projects in urban land development and management, infrastructure services, urban finance and financial management, human resource capacity building and public sector organisation, urban planning, and the justice system are being implemented across Ethiopian urban centres.

Projects to enhance direct and representative public participation in socioeconomic and political decision making are also under way. Councils at city and lower administrative units (that is, the Kebele level), established through democratic elections, are expected to represent the interests of the people and mobilise their constituencies to triumph over poverty. Activities geared toward improving the financial management system in cities also are being undertaken as an important aspect of improving good governance in urban centres. Large urban management training programmes have been launched to ensure that cities are managed effectively. These governance reform initiatives will be scaled up to bring about remarkable improvements in Ethiopian cities and towns.

GERMAN FEDERAL MINISTRY FOR ECONOMIC COOPERATION AND DEVELOPMENT



In 2007, the German Federal Ministry for Economic Cooperation and Development (BMZ) supported approximately 215 urban development projects in more than 60 countries, most of them through the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and KfW Bankengruppe (KfW).

Among the most notable events is the start of the Programme for Sustainable Urban Development in Syria (UDP). The programme builds on the wealth of operational experiences gained by the former Old City of Aleppo Rehabilitation project. The UDP will extend those approaches to the development of informal settlements in Aleppo and to the rehabilitation of the Old City of Damascus. In addition, the programme will advise on urban policy at the national level. The UDP is representative of the GTZ approach—namely, a long-term engagement that aims at scaling up local experiences to the national policy level.

The prestigious Aga Khan Award for Architecture 2007 was given to the GTZ-supported project “Rehabilitation of the City of Shibam of Hadramaut, Yemen.” The award honoured the integrated development concept applied to this World Heritage Site, which included, among others, infrastructure improvement, economic development, and social inclusion in a culturally sensitive environment. The success of this approach motivated the government of Yemen to cofinance the replication of the approach in another World Heritage Site, the city of Zabid.

The KfW-supported Violence Prevention Project in Khayelitsha, Cape Town, South Africa, successfully addresses the challenge of insecure neighbourhoods. In a joint effort made by both the population and the mu-

nicipal administration, the programme aims to change the physical and environmental conditions that generate crime and fear of crime through improved urban design and planning (situational crime prevention). It is hoped that this will prevent and reduce the impacts of crime or violence on the residents (social crime prevention), and mainstream crime prevention principles within the city of Cape Town’s standard project implementation frameworks (institutional crime prevention). Preparations are also under way to replicate the concept in other municipalities.

Urban development is one of the focal areas of the BMZ in Asia. The recently established City Development Initiative for Asia is a joint facility of the ADB, the BMZ via the GTZ, KfW, International Weiterbildung und Entwicklung GmBh (InWEnt), and Swedish International Development Cooperation Agency (Sida). The initiative provides technical support to cities to facilitate their access to infrastructure financing from international and domestic sources.

The German-Chilean Fund for Strategic Planning and Implementation of Self-Financed Reforms supports the development of a national urban strategy that focuses on slum upgrading in Chile, in cooperation with the Cities Alliance. The fund represents an innovative mode of delivery of the German Development Cooperation designed to facilitate advanced forms of client execution and ownership of projects (in this case of Chilean partners). During Germany’s European Union and G8 presidencies, as well as at the Bali conference on Climate Change last year, the German government made firm commitments regarding climate change. It has launched a comprehensive ac-



Courtesy: BMZ

Shibham Mountain dwelling, Yemen

tion programme, Climate and Development. The BMZ, as well as the German ministries of research and of environment, have allocated considerable resources to mitigation and adaptation activities in cities. Increased energy efficiency in the energy sector, transport, and buildings has long been a subject of BMZ-supported projects, as examples from Mongolia and Malaysia illustrate. Through KfW, the BMZ supports programmes to improve solid waste management (for example, in 25 municipalities in Chile and three cities in Turkey) so as to avoid production of methane. However, considering the magnitude of the challenge, more comprehensive and large-scale responses are necessary. These will need to focus on urban governance, integrated urban development, and social inclusion to reduce the disproportionately negative effects of climate change on the urban poor.

Municipal networks and associations have long been partners of German cooperation. A recent example is the support to the Ethiopian City Network, cofinanced by the Cities Alliance. Networking and cooperation with urban associations in Europe and at the global level is ongoing. Direct interchange of experiences among cities is considered a very effective means of international cooperation, so the BMZ supports the participation of partner cities in international events, such as the Second World Congress of UCLG in the Republic of Korea (“Changing Cities Are Driving the World”) and the Cities Alliance Public Policy Forum in Manila, the Philippines. Moreover, Germany continues to support Cities Alliance through its financial contribution and secondment of a senior staff member to the Alliance’s secretariat.

ISTED:**Institut des Sciences et des Techniques
de l'Équipement et de l'Environnement
pour le Développement**

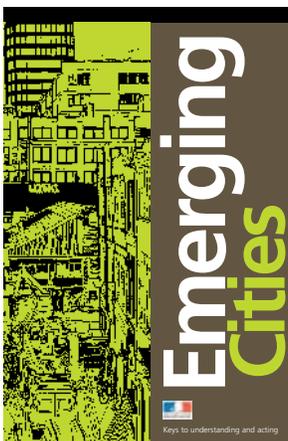
<http://www.isted.com/pole-ville/pole-ville.htm>



Throughout its Cities Department, l'Institut des Sciences et des Techniques de l'Équipement et de l'Environnement pour le Développement (ISTED) is coordinating and consolidating a number of activities to capture the cumulative experience of its partners in the developing sector, to promote the exchange of experience among northern and southern countries, and to support the international activities of its members.

The activities of the Institute, which most often are implemented in connection with other public or private organisations, local, national, or international, are primarily focused on these key areas:

- *Creating knowledge opportunities:* studies, thematic think tanks, missions of expertise, and so forth
- *Strengthening skills:* training, research programmes, and seminars
- *Facilitating networks and partnerships*
- *Knowledge dissemination:* conferences, publications, and so forth.



Emerging Cities, keys to understanding and acting. In July 2007, Isted published *Emerging Cities* and launched a website dedicated to it (www.villesendevenir.org). The website is the main medium for accessing and linking to further resources on the content of the report. *Emerging Cities* provides succinct, educational, and illustrated insights into 12 major issues in urban development, including housing and land, financing cities,

access to basic services, safer cities and cultural heritage. It can be used as basis for discussions between local or national authorities and donors, and as a training guide by all urban development stakeholders. The topics are divided into two broad sections: the first deals with knowledge and management of cities, while the second examines the main areas of urban development. The publication ends with a review of city to city cooperation, which are now being called upon to play a growing role in French and international development cooperation. The publication was translated and disseminated in both French and English versions and soon will be available in Arabic, Chinese, Japanese, and Spanish.

Supporting the local governance in Priority Solidarity Zone countries. This is a programme launched in July 2007 by the French Ministry of Foreign and European Affairs. Its primary objective is to strengthen local governance and development both in Africa and in some countries of the French Priority Solidarity Zone. The project is focusing on three major components to be implemented by the following three structures:

- Supporting African actions, to be implemented by the Municipal Development Partnership;
- Supporting decentralisation policies and sustainable development in western and central Africa, to be implemented by United Cities and Local Governments of Africa;
- Supporting urban governance, to be implemented by Isted.



Courtesy: ISTED

Entrance to Addis Ababa University, Ethiopia—an urban pole of excellence

That last theme will be addressed by three kinds of activities: (1) supporting the planning of urban governance strategies—to this end, ISTED leads a workshop comprising all concerned French stakeholders, including French researchers who have provided a general report on urban governance; (2) helping to establish the urban governance strategies in some developing countries, and (3) improving the worldwide availability and dissemination of information and publications connected with this topic.

Reinforcement of the capacity of Addis Ababa University and creation of an urban pole of excellence. Since 2006, ISTED has been part of a French Ministry of Foreign and European Affairs initiative to develop in Ethiopia a professional and university level competence to face urban growth (the current *annual urban* growth rate is around 17 percent). The project is improving the response of Addis Ababa University to the needs of the country in terms of postgraduate training, applied research, and consul-

tancy in urban development and management. A master's programme was launched in 2007 and a doctorate-level programme focusing on main urban issues (planning, governance, basic services, and urban transports) will soon follow. An excellence centre, gathering professionals and stakeholders with the support of a network of foreign experts, was established in 2007. This urban development centre is aimed at enhancing good development management by producing qualified professionals, conducting applied research, giving short-term training, and offering consultancy services to the government and NGOs working in urban areas.

Publications connected with the Cities Alliance. (1) A special issue of *Villes en développement* magazine, dealing with CDS, was prepared with Cities Alliance in March 2007; and (2) ISTED provided the French translation of the "Guide to City Development Strategies—Improving Urban Performance."

JAPAN

http://www.mlit.go.jp/index_e.html / <http://www.mofa.go.jp/>



Slum upgrading project in Cambodia. The Japanese government is supporting a slum upgrading project in Cambodia, expanding its scope of activities through a Cities Alliance programme to enhance the improvement of the environment in Asian cities. A large and growing part of the urban population in Cambodia lives in poorly serviced slum areas with inadequate water, sanitation, and waste disposal facilities. The number of slum dwellers in the capital Phnom Penh has doubled in recent years, reaching around 25 percent of the city population—at least 300,000 individuals. That number is increasing continuously with the creation of new settlements on the urban fringe. Many of these slums are located in low-level, wetlands that are highly vulnerable to such natural disasters as floods. In addition, many children and adults are infected by and die every year from falling in or being exposed to the contaminated water.

Furthermore, given that the high vulnerability of slum dwellers is often aggravated by poor slum management policies, it is important to strengthen the policy environment for the urban poor and the pro-poor strategies that aim to improve their living standard and the environmental conditions in the urban slum areas.

This Cambodia slum upgrading project is intended to demonstrate community-based waste management strategies that will improve the living environment in flood-prone slum areas in five major Cambodian cities. The project designed to formulate effective citywide strategies and build local capacities for improvement of the urban environment. Overall, the project, which will involve extensive field surveys, will have the following functional components: (1) review of slum management policies and strategies, (2) assessment of safe sanitary requirements, (3) a feasibility study on household domestic wastewater treatment facilities, (4) a feasibility study on providing community-based composting, (5) key stakeholder public awareness workshops, and (6) formulation of a citywide pro-poor slum environment improvement strategy.

The Ministry of Environment, the implementing agency, will consult with relevant national government agencies, such as the Ministry of Industry, Mines, and Energy, the Ministry of Interior, and the Ministry of Land Management, Urban Planning, and Construction, as well as with municipal and other city government authorities, in close coordination with and under the supervision of the United Nations Centre for Regional Development and UN-HABITAT.



A fishing village on stilts in Cambodia

NIGERIA

<http://www.fmhud.gov.ng/>



Summary of activities in urban development during the year under review. Nigeria's urban and socioeconomic development efforts in the past five years have been driven largely by the National Economic Empowerment and Development Strategy (NEEDS) devised in 2003, and reinforced by the Seven-Point Agenda of the current President Yar'Adua administration. These documents jointly constitute the country's poverty reduction strategy. NEEDS is focused on accelerating economic growth, engendering enhanced public sector efficiency, addressing challenges of human capital development, and promoting balanced regional development, especially in the Niger Delta region. The supporting Seven-Point Agenda has a four-year implementation time frame focusing on the priority policy sectors of power and energy, food security, wealth creation, transportation, land reforms, security, and education. The ultimate goal is to reposition Nigeria to become one of the major players in the global economy, by the year 2020.

In commitment to MDG 7, Target 11, urban upgrading projects are ongoing in several slum communities spread across the country, including implementation of a World Bank-supported, community-based urban development programme with its focus on rehabilitation of township roads and provision of basic infrastructure and services in core slum areas in eight cities. Progress is also being made with the preparation of a State of the Cities Report for Nigeria, supported by the Cities Alliance. The studies will document the growth trends and development prospects of Nigeria's 20 largest cities and towns in order to plan adequately



Market scene in Abeokuta (before intervention)

Courtesy: Ministry of Housing and Urban Development, Nigeria



After intervention

Courtesy: Ministry of Housing and Urban Development, Nigeria



Courtesy: Ministry of Housing and Urban Development, Nigeria

Road improvements in Ogun State (before intervention)



Courtesy: Ministry of Housing and Urban Development, Nigeria

After Intervention in same location

for their improved growth and performance. Strategic regional development plans are being prepared for urban centres, in collaboration with the United Nations Habitat Programme Support Office (HAPSO), to guide orderly growth and balanced development.

In the housing sector, increased access to housing is being facilitated in partnership with the private sector, with large-scale housing projects ongoing in large urban centres, such as Abeokuta, Ado Ekiti, Akure, Uyo, Asaba, Ibadan, Kaduna Lagos, and Yenagoa. A new housing finance strategy is in place to deliver robust mortgage finance through secondary mortgage and capital market operations to deal effectively with the huge housing deficit and to deliver a high homeownership rate in the near future.

Nigeria hosted the second session of the African Ministerial Conference on Housing and Urban Development (AMCHUD II) in the federal capital city of Abuja from July 28–30, 2008. Some 26 ministers of Housing and Urban Development and representatives from about 40 countries pledged to tackle the finance and resource challenges that have inhibited provision of homes and development of sustainable cities on the continent. Ministers endorsed an Abuja Implementation Plan with five broad decision areas and some 40 specific action points.

Currently under way are comprehensive, large-scale land reforms involving the computerisation, harmonisation, and standardisation of land administration processes across the country. Cadastral surveys and township mapping also are being addressed as strategic tools for effective and efficient land administration.

Protection and enhancement of the quality of the environment and its natural resources are receiving priority attention as well. Mitigation measures include actions directed at addressing natural desertification

and drought, land degradation, erosion, flood and coastal zone management, pollution control, environmental health and sanitation, loss of the nation's biodiversity, and climate change.

Summary of how these activities can be improved to enhance the coherence of effort and contribute to the Cities Alliance MTS. Nigeria's commitment to achieving sustainable urban development and cities without slums is demonstrated in a recent Memorandum of Understanding signed with the Cities Alliance for long-term engagement to address urbanisation challenges. The agreement will support a national slum summit and the development of a national strategy on slum upgrading. The goal is to facilitate a better understanding of the dimension, nature, and characteristics of slums in Nigeria; to enable nationwide assessments; and to set priorities and strategies for short-, medium-, and long-term intervention. Furthermore, the agreement would support local economic development and develop action plans for equitable and sustained economic growth in cities, environmental sustainability and poverty reduction, and collection of data and information for planning and knowledge sharing.

Increased financial resources, capacity building, expertise, and technical support are essential and will need to be leveraged from international financial institutions, bilateral donors, and the private sector to support and sustain current urban development efforts.

GOVERNMENT OF NORWAY, MINISTRY OF FOREIGN AFFAIRS



<http://www.regjeringen.no/en/dep/ud.html?id=833>

New urban policy document. Little attention has been paid in Norwegian development assistance to the challenges and opportunities of urbanisation. The year 2007 marks a watershed in this respect. In late October, at the Norwegian University of Science and Technology, Trondheim, Anna K. Tibaijuka, the executive director of UN-HABITAT, launched the Ministry of Foreign Affairs policy document, “Cities—Hopes and Challenges. Urban Development and International Cooperation.” The policy stresses that any development policy that does not take the urbanisation process into account will rapidly become ineffective and out of date. Norway’s aim is to increase knowledge about a global process it can no longer ignore. The first step is to provide insight, attract interest and increase engagement in urban development issues in Norwegian development assistance, research, and the higher education sector. Greater knowledge about the many aspects of urbanisation will enable Norway to take the right action. In that respect, engagement and cooperation with international players such as the Cities Alliance is needed.

Increased financial contributions to urban development. An immediate follow-up to the new policy document is the significant increase in Norwegian financial contributions to UN-HABITAT and Cities Alliance. Both organisations in their unique ways represent the main axis for Norway in their efforts in the field of urban development. They both carry a huge potential for coordination of multilateral, bilateral, private, and civil society actors within the political, social, and economic frameworks of cities. Increased

support for Cities Alliance will also facilitate a higher profile in international development cooperation. The 2008–09 programme agreement with UN-HABITAT that focused on excellence in management, water and sanitation, slum upgrading, global land tools, cities and climate change, gender mainstreaming, and youth employment, has received a 30 percent increase over the previous period. The contribution to Cities Alliance has been increased from NØK 5 million to NØK 15 million in 2007. Part of the Norwegian contribution will support international civil society organisations working with human settlements, including Slum Dwellers International. According to the policy document, it is important to be aware of the potential of these and other organisations, both because they promote the interests of weak and vulnerable groups and because they strengthen local participation. Their voices also need to be strengthened within bilateral and multilateral forums. The Cities Alliance has a particular role to play in coordinating their efforts.

Cities Alliance as a knowledge generator. The Alliance also is becoming increasingly important as a knowledge generator on urban development, as pointed out in its new MTS. Relatively little experience has been accumulated in this field. Therefore, it is difficult for the development assistance community to know where to begin addressing the enormous challenges posed by promoting urban development within the framework of global sustainable development. Knowledge of physical, environmental, social, cultural, economic, and political conditions at the local level is necessary for establishing sustainable local



Courtesy: Ekurhuleni Municipality, South Africa

Improving the lives of the urban poor through knowledge and learning

communities. The Cities Alliance, with the assistance of its member countries and organisations, can play an important role in both the South and the North by building local and national expertise across sectors and disciplines. Universities colleges are key players because of their leading role in research and their master's and doctorate programmes for train-

ing researchers. Students and researchers are important advocates of change, and Cities Alliance can stimulate knowledge development on urbanisation issues by bringing such agents together—the forum function—and disseminating new knowledge through new media networks that focus on urbanisation.

REPUBLIC OF THE PHILIPPINES

www.hudcc.gov.ph/



Housing the Poor: The Philippines Experience

Background/rationale. The Philippines has one of the highest rates of urbanisation in the world, with an average annual growth of 5.14 percent between 1960 and 1995. That unprecedented rate of urbanisation has resulted in the proliferation of slum colonies all over the country.

In a study conducted under the Cities Alliance and ADB-funded Metro Manila Urban Services for the Poor Project, it is estimated that the demand for urban poor housing in cities and in first-class municipalities outside Metro Manila is 1.2 million and 828,000, respectively, for the period 2000–10. The population of slums places tremendous pressure on the government because it engenders high costs in terms of congestion, housing, environmental degradation, urban services, and rising urban unemployment rates.

Promoting urban development through secure tenure, decent housing, and addressing slum issues. As the main Philippine government agency tasked to formulate goals and strategies for housing and urban development and the National Urban Development and Housing Framework, the Housing and Urban Development Coordinating Council (HUDCC) pursued various initiatives and sustained existing programmes to promote urban development in the country. In particular, the government focused on pursuing programmes that would regularise the tenure of informal settlers, provide them decent and affordable housing, and address slum issues in general.

A holistic approach was used in the implementation of these programmes, involving the coordination of efforts of all stakeholders to ensure the establishment of sustainable communities and improve peo-



Slum colonies along the *esteros* in Metro Manila



Resettlement site for families affected by priority rail project

ple's quality of life, which would contribute to the overall development of urban areas in the country.

Specific programmes implemented to attain the above objectives are the following: the Presidential Proclamations, which declare government lands as socialised housing sites for qualified residents; the Community Mortgage Programme, which provides financial assistance for land acquisition, site development, and vertical development of private lands occupied by informal settlers; and the provision of relocation sites for families, especially those affected by priority infrastructure projects.

Partnership with development organisations. In addition to the programmes described above, the government implemented projects geared toward slum upgrading and urban renewal, with the support and assistance of international development organisations, such as the Cities Alliance, the ADB, and UN-HABITAT.

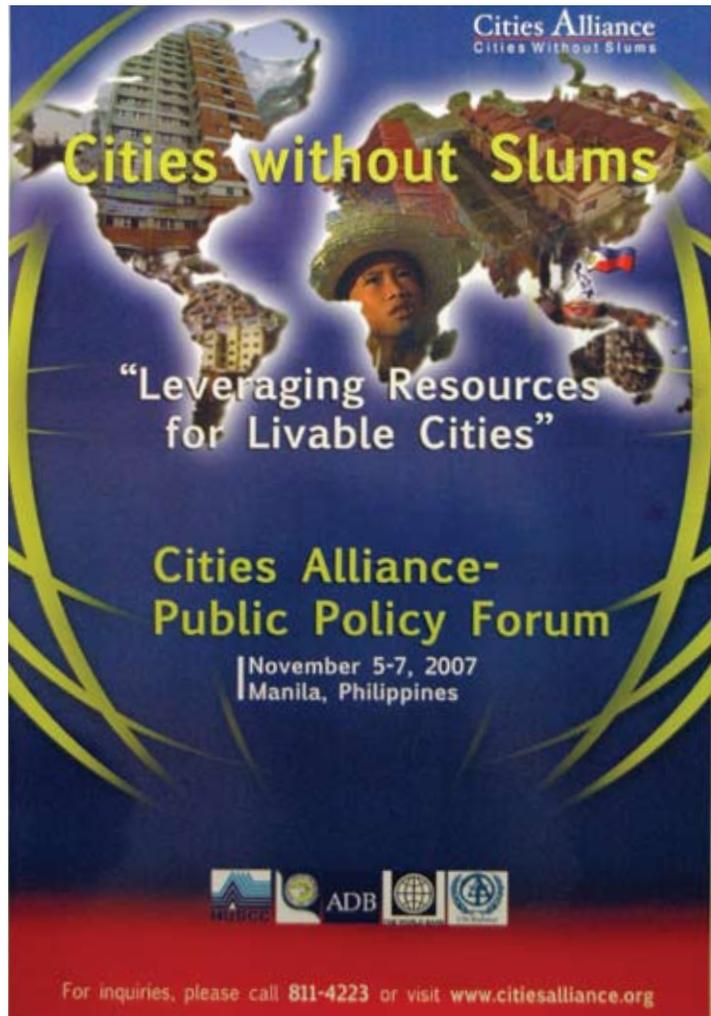
In 2007 the Philippine government's development partnership with the Cities Alliance came to fruition. The Alliance has provided assistance to the Philippine government in previous years, but it was only in 2007 that the Philippines became a member of the Alliance. The Cities Alliance Public Policy Forum held in Manila on November 5–7, 2007, under the theme "Leveraging Resources for Livable Cities," demonstrated the first joint activity of the two parties after the Philippines was made an official member of the Alliance. The forum showcased the Philippine experience with CDSs, mainstreaming access to financing for local authorities and stakeholders for urban development and slum upgrading, and institutionalising collaboration and leveraging mechanisms of various stakeholders and resources for various programmes.

The forum has raised recommendations and proposed solutions embodied in the "The Manila Declaration," which affirmed various sectors' commitment to and advocacy for the following principles:

- *National governments:* the adoption of the CDSs as an integral part of the overall national framework, the accelerated upgrading of slums as a continuing priority, the creation of a policy environment con-

ducive to the promotion of long-term and sustainable financing for community shelter programmes, and support to local authorities through sustained capacity building

- *Local governments:* the development of holistic, integrated development schemes that can lead to the creation of liveable cities, scaling up the provision of basic municipal services, and deepening multi-sectoral partnerships by the local government units (LGUs)
- *Civil societies:* the continuation of their role as catalysts in conducting meaningful and productive dialogues among stakeholders and in generating addi-



tional resources from different sources for the development of pro-poor programmes

- *International development partners:* the continued provision of knowledge, financial, and technical support to sustain programmes for the creation of liveable cities and the eradication of slums.

In line with its commitment to ensure the attainment of “Cities Without Slums,” the HUDCC also tapped the technical assistance of the following Cities Alliance member-donor agencies for the implementation of the following projects:

- *Development of Poor Urban Communities Sector Project (DPUCSP)* aims to improve the urban poor’s quality of life through provision of secure tenure, basic infrastructure services, shelter finance, and capability building for the stakeholders.

As of April 2008, the DPUCSP has benefited about 13,300 families through housing and livelihood financial assistance amounting to a total of 168 million pesos and it has paved the way for the approval of the Housing Micro Finance Loan Product Policies and Procedures Manual that governs

the provision of housing loans to poor families using microfinance principles and techniques.

- *Integrated Approaches to Poverty Reduction at the Neighbourhood Level—A Cities Without Slums Project* Complementing the DPUCSP this project, a UN-HABITAT-Cities Alliance technical assistance recognises the potential of the Homeowners Associations as the direct conduit of the DPUCSP fund. It has now emerged as a major track to finance urban poor housing opportunities for the remaining term of the DPUCSP and other similar projects, and has paved the way for the institutionalisation of direct lending by a commercial bank to community associations.

This project also paved the way for the development of a local shelter planning template, which is being used in helping the local government units (LGUs) in formulating their local shelter plans.

- *Metro Manila Urban Services for the Poor Investment Project (MMUSP-IP)* is another technical assistance grant from the Cities Alliance to help LGUs in Metro Manila address the challenge of



Pulungbulo Housing Project in Angeles City, Pampanga, the first project under the DPUCSP

slum upgrading and urban renewal by providing housing to homeless and underprivileged families all over the region.

The MMUSP-IP also facilitated formulation of the Metro Manila Sector Roadmap containing an assessment of the housing backlog in Metro Manila, including the 15-year investment plan and the required policy reforms to address the housing backlog.

Lessons Learned and Recommendations. One of the lessons learned in dealing with slum upgrading in the Philippines is that the proper development of cities and upgrading slum areas requires utmost political will. The state decisions should manifest a dedication to the common good rather than to the benefit of a few powerful groups or individuals.

The affected communities on their part need to accept development interventions slum upgrading. They can become alternative centres of power at the local and perhaps even national levels, willing and able to engage government in constructive dialogue.

To realise the goals of the Cities Alliance in transforming slums into liveable communities and making community-based organisations partners in development, specific areas requiring improvement are:

- Capacitating LGUs and decentralising the delivery of housing services at the local level. Effective programmes can only be implemented at the local level, within a decentralised framework, where the different stakeholders work together to support the LGU's housing projects for the poor;
- Mobilising resources, particularly those of microfinance institutions. The experience of those institutions has shown that poor people can save money and that they can repay their loans when there is appropriate social intermediation and collection schemes properly tailored to their consumption patterns;
- Community driven pro-poor housing, which should adopt participatory community action planning processes facilitated by the LGUs or NGOs.



Pinagmangalucan HOA Housing Project, San Vicente, Palawan

SHACK/SLUM DWELLERS INTERNATIONAL

<http://www.sdinet.co.za/>



Shack/Slum Dwellers International (SDI) was set up in 1996 by eight national federations of the urban poor. These represent an emerging innovation in urban activism in which resident communities of slum dwellers organise themselves into federations organised from neighbourhoods to city and national levels to demand participation in city development processes, especially those that focus on issues pertinent to the urban poor. Recognising that slum dwellers always have been the authors and architects of their settlements, SDI has developed a set of rituals that enable communities to broker deals with governments and to enable them to participate in the design, innovation, and construction of pro-poor cities. SDI's membership has now spread to 33 countries where it works to open spaces for a more politically informed and financially equitable approach to urban development.

In early 2008 SDI became a member of Cities Alliance, which means that SDI may become a part of the innovations that the Alliance seeks to sharpen and deepen in its agenda for cities without slums.

With the modest funds that it has managed to provide to community federations, SDI has developed trusteeship capacities within organisations of the community federations to develop and implement solutions at neighbourhood and city levels that blend community, city and international resources. As a result of both internal demands from members and support from foundations and bilateral agencies, SDI has developed a financial facility for urban upgrading and relocation that can weave together monetary packages to support the development initiatives of the most vulnerable members of every city, the un-

bankable poor. The first contribution to the fund has provided SDI affiliates with \$4.5 million, which has been leveraged, in turn, into more than \$35 million of infrastructure and housing stock. That contribution also has generated considerable social and political capital for SDI affiliates. SDI now seeks to harness these innovative investment strategies as effective mechanisms to develop local partnerships among communities, city mayors and managers to address city development and slum issues.

SDI's overall challenge remains to contest development that does not work for the poor and to help city and national governments explore solutions to produce equitable development investments in which the poor are partners, rather than supplicant beneficiaries.

There have been several major highlights in terms of development cooperation with other stakeholders. These include

- MOUs with the governments of South Africa, Malawi, Namibia, Sri Lanka, and Brazil;
- Associated upgrading projects in Cambodia, Malawi, South Africa and Namibia;
- Partnership with Lilongwe Municipality, Malawi, for the rollout of water service to city slums;
- Relocation and sanitation projects in India developed with various government departments and engaging with government the residents of Dhara-vi, Mumbai;
- Programme with the Iloilo Municipality in the Philippines, as part of an Alliance-supported project.



Courtesy: Slum/Shack Dwellers International

Clockwise from top left: South African Housing Minister, Lindiwe Sisulu with slum dweller federation members in Sri Lanka. Minister Sisulu with Jockin Arputham on a site visit. SDI members undertaking an enumeration survey.

SDI and the Cities Alliance MTS

As a member of the Cities Alliance Consultative Group, SDI has the potential to provide three crucial inputs to the Alliance: First, to demonstrate early-warning systems that come from member federations who see local development in cities where investments are being made by national governments or members of the Alliance. Such systems can change the nature of engagement between the poor and cities from one of confrontation to one of collaboration or critical engagement. It will be able to initiate and reframe discussions, projects, and proposals to incorporate the agendas of organisations of the urban poor, especially those who will be affected directly by large-scale development initiatives.

Second, SDI has a wide range of locally and nationally emerging projects and processes that highlight the ways in which governments, corporate interests, and foreign contributors can work with organised communities of slum dwellers to broker solutions that are mutually beneficial. Given that Cities Alliance seeks to develop a knowledge focus of solutions and strategies for city development, these bottom-up approaches

will enrich the scale and range of what Cities Alliance has to offer cities. Third, including SDI in Cities Alliance offers real scope for genuine global-to-local partnerships emerging between associations of cities and associations of the poor, supported by international aid providers and by Alliance country-members.

SDI and Cities Alliance partners will develop three major studies in the coming year to examine the role and contribution of slum dwellers in citywide development debates: The first study will consider the relationship between upgrading main transportation arteries and evictions in Asian cities; the second will explore the strategies of slum dwellers to mitigate human-made disasters (eviction, unemployment) and natural disasters (tsunamis, floods, fires, mudslides); and the third will be a comparative study of 20 national housing policy environments to assess what makes an enabling context for the social production of habitat or incremental housing.

More vital than specific projects, however, is that SDI will work with Cities Alliance on an ongoing basis to explore ways to refine and scale up city development that works for poor people in Asia, Africa, and Latin America.

SPAIN

<http://www.aecid.es/>



Urban development activities. Consistent with the priorities set forth in the 2005–08 Master Plan for Spanish Cooperation, Spanish Cooperation has maintained an upward trend in its budgetary contributions to municipal and local development. Among the programmes in line with Cities Alliance objectives to which Spain contributes are:

- The Ibero-American and Caribbean Forum on Best Practices, established in 1997 by UN-HABITAT with sponsorship from Spain. The forum is designed to be an ongoing process and a meeting place where different social agents and public and private institutions at all levels can hold discussions and benefit from the experience of others by exchanging knowledge, methodologies, and so forth. It is also designed to promote collective work methods to improve the dissemination of relevant information to network of stakeholders involved in the implementation of the habitat agenda.

In September 2007, Spain and UN-HABITAT signed a cooperation agreement to implement the 2007/08 action plan of the Ibero-American and Caribbean Forum on Best Practices. In addition to guaranteeing the sustainability of the work that has taken place over the forum's decade-long existence, the Action Plan provides for new activities aimed at strengthening the Forum and widening its network of partners in the region. Spain has contributed a total of €1.1 million for the execution of Forum-related activities.

- The **Water and Sanitation Trust Fund (WSTF)**, established in 2002 by UN-HABITAT to make headway in achieving the MDG relevant to access to

water and sanitation. It executes programmes on the ground in more than 20 countries and produces global or national publications on best practices and policy recommendations for water management in developing countries. Since late 2007 Spain has been a new donor for UN-HABITAT's Water and Sanitation Trust Fund, with a 2008 contribution of €8.2 million, making it the leading donor with close to 40 percent of the total funds. Among the priorities that Spain wishes to reinforce are: (1) the launch of the Water for Cities programme in Latin America, similar to those programmes that already exist in Africa and Asia; and (2) the strengthening of the solid waste management area of work, beginning with two pilot experiences in Nicaragua and Egypt.

- The **Experimental Reimbursable Seeding Operations and Other Innovative Mechanisms** is a new UN-HABITAT initiative to finance access to housing for the poorest population groups. Spain's contribution for 2007 rose to €2 million.

Other activities include

The **ART Programme** Spanish Cooperation's on active multilateralism, an area in which Spanish autonomous communities have begun to engage in cooperation activities, and which provides a framework to coordinate with others and share expertise. ART is an initiative that links the programmes and activities of different UN agencies, promoting multilateralism where work is done with governments and fostering the active participation of local communities and social actors from countries all over the world. Spain currently supports this initiative in Colombia, Cuba,



Edwin Huffman/World Bank Photo Library

Engineering water supply in Quito, Ecuador

Uruguay, Bolivia, Ecuador, Morocco, Mozambique, Sri Lanka, and Libya.

The Municipal Cooperation Programme (MUNICIPIA), initiated in 2006, is especially designed to raise the institutional profile and fuel the democratic drive of municipalities and other local entities in developing countries. It will also help build their capacities for promoting social well-being and sustainable local development, broaden and deepen their national and regional integration processes, and systematically ensure progress in decentralised territorial management with social and gender equity. MUNICIPIA is also geared toward securing and strengthening the institutional framework of municipal systems to promote effectiveness in the design and application of public policies and programmes. The aim is to

achieve balanced, equitable, and sustainable development at the local and regional levels. The Spanish Agency for International Cooperation gave MUNICIPIA a €5 million boost in 2007 to help achieve the programme's objectives.

During the year under review also, as a member of multilateral development Spain financed projects implemented by the Inter-American Development Bank (IDB), through the Fund for Consultants, with a contribution of \$147,420 for urban development in the Ciudad Colonial in Santo Domingo, Dominican Republic. It also financed activities by the ADB, another Cities Alliance member, providing \$200,000 in financing to a tourism sector project for the Vietnamese city of Thanh Hoa, which included urban development components.

SOUTH AFRICA

<http://www.housing.gov.za/>



South Africa's population is estimated at 48.5 million, more than 50 percent of which is urbanised. The phenomenon of urbanisation and related migration is creating challenges for local government planners with regard to provision of services—educational facilities, housing, water, electricity, transport, and others. The development of informal settlements and overcrowding in some urban areas has created additional challenges in terms of pollution and waste.

However, cities are also areas of most rapid economic growth in South Africa. According to the *State of the Cities Report* of 2006, the five largest cities (Johannesburg, Cape Town, Tshwane, eThekweni, and Ekurhuleni) provided 44 percent of the national number of jobs, and made the most significant contributions to the national economy (55 percent of national geographic value added [GVA] in manufacturing, 61 percent in trade, 75 percent in financial, real estate, and business services and 53 percent in community, social, and personal services). There is a correlation between urban-driven economies, the economic opportunities they produce, and the resultant population growth.

South Africa has accepted the migratory trend toward urban areas. In 2004, after a comprehensive review of 10 years of democracy, it developed a comprehensive plan for sustainable human settlements. The plan recognises that the country needs to do more than merely prove a housing/shelter solution. Instead, South Africa will focus on making the housing subsidy programme a strategy for creating assets, responding to the specific and changing demographics of each city/town/region and seeking local solutions through public consultation.

The South African Constitution states that people can move freely and choose where they wish to stay. It enshrines the right to adequate housing and commits the government to ensuring a conducive environment for the progressive realisation of this right. Legislative competence is assigned concurrently to national and provincial governments. Further more, the Housing Act of 1997 vested the power to set national housing policy and programmes and to negotiate funding for these programmes with the Minister of Housing. Implementation of the policy and programmes was to be undertaken by provincial governments. The Housing Act also compels all three spheres of government (national, provincial, and local) to give priority to the needs of the poor in the field of housing development.

In response to the challenge (and opportunity) of urbanisation, South Africa has catalysed a number of programmes including a National Spatial Development Perspective, Provincial Growth and Development Strategies, and Integrated Development Plans (IDP) at the local level. All spheres of government cooperate, although each is autonomous in creating the means and mechanisms to guide and direct the people investment strategy, consistent with the needs for economic growth, social responsibility, and environmental considerations. Through integrated development planning, local municipalities consider social, environmental, and economic impacts of any activity that they embark on and they develop five-year strategic integrated development plans for their jurisdictions. Doing so enables them to respond strategically to the challenge of urbanisation. Similarly, provincial governments are also required to devise multiyear



Courtesy: South Africa Department of Housing

Social Housing in Kliptown, Soweto

housing development plans. There is also an alignment of funding and planning across the various government sectors and the three spheres of government that converges at the local level through the IDPs.

In South Africa, government continues to be the main provider of adequate shelter for its people, contributing more than 75 percent of all housing opportunities through its various housing programmes. The country has made much progress in the provision of water, electricity, housing, and other services to both urban and rural areas. Since 1994, the government has provided some 2.6 million houses, including basic services, thus providing security of tenure and access to shelter to 12 million poor people. Of this figure, around 70 percent of houses were constructed in urban areas. In terms of basic services, more than 31 million people have access to basic free water. Seventy-three percent of households in urban and rural areas, 80 percent of schools, and 95 percent of clinics have been electrified.



Courtesy: South Africa Department of Housing

Street scene in Ekurhuleni

GOVERNMENT OF SWEDEN, SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY



www.sida.se/urban

Urban Development and Housing in South Africa. The Sida-financed Urban Development Programme in South Africa has been running successfully for 10 years. It was initiated in 1996 and has involved cooperation with three South African municipalities: Sol Plaatjie, Nelson Mandela Bay Metro, and Buffalo City. Because the agency presently is phasing out its development assistance programmes in South Africa, the programme was concluded in 2007. However, the demonstration projects within the Urban Development Programme have the potential to be replicated elsewhere. Therefore, an effort was made to spread the lessons learnt from the programme through publications and dissemination to municipalities, relevant government departments, and development partners in South Africa and elsewhere. Seminars were held in South Africa and in Sweden. The publications have the potential of functioning as inspirational triggers for other municipalities and development institutions in South Africa and other countries, and could contribute to Sida's institutional knowledge.

The following eight booklets were produced and are readily available:

- Integrated Municipal Development
- Township Upgrading and Community Development
- Housing
- Transport and Traffic Safety
- Environment, Waste Management, Water and Sanitation
- Municipal Partnerships
- The Urban Development Programme 1996–2007.

Cooperation with development banks. Development banks play a crucial role in providing capital to necessary for urban infrastructure investments, although, traditionally, urban development has not always been the focus of these banks. Sida has assisted the African Development Bank (AFDB) in devising its urban development policy and will continue the support to the bank with the aim of increasing its urban portfolio. Sida and Germany, in partnership with the ADB, have established the City Development Initiative for Asia (CDIA), which will be a facility to prepare projects for financing from ADB and other institutions.

Method development. A Sida manual for support to environmentally sustainable urban development in developing countries, *The Sustainable City Approach*, will be tested in two cities, Visakhapatnam, India, and Skopje in the former Yugoslav Republic of Macedonia. One of the primary objectives of the Sustainable City concept is to promote an integrated and multi-disciplinary approach by focusing on possible synergies between different subsystems or fields of action. These may contribute to better solutions in the end. One ambition is to contribute to an approach that facilitates working holistically as a supplement to specialised thematic guidelines.



Market scene in Accra, Ghana

HIV and AIDS in urban settings. A study titled, “HIV, AIDS and Urban Development Issues in sub-Saharan Africa” was published in 2007. There is also a 12-page summary of the report available with the same title as is an urban issue paper titled “HIV and AIDS in Urban Settings in sub-Saharan Africa.” The report shows that urban development programmes have much more to offer HIV prevention than merely adding an awareness-raising component or condom distribution activity to existing programmes. If all people living in slums got access to the basics of clean water and safe spaces, not only would they run a lower risk of contracting HIV, but those who are already living with the virus also would become less infectious and would stand a greater chance of living a long, healthy life.

Publications. Fifteen urban issue papers have been developed as complements to the policy “Fighting Poverty in an Urban World—Support to Urban Development,” which was published in 2006. The issue papers deal with different themes, such as climate change, urban development planning, and urban transport.

Cities Alliance. In 2007, Sida and Norway conducted a joint evaluation of Cities Alliance because both countries’ support to the organisation was to be extended. In line with the Paris Agenda, Sida is positively disposed to similar joint exercises between different stakeholders within areas relevant to the agency and, in fact, would like to strengthen donor coordination even more in its future work within the Alliance.

UNITED CITIES AND LOCAL GOVERNMENTS



United Cities and Local Governments
Cités et Gouvernements Locaux Unis
Ciudades y Gobiernos Locales Unidos

<http://www.citieslocalgovernments.org/uclg/index.asp>

The international agenda of local governments: sustainability, peace, and finance. Nearly 2,000 mayors, councillors, and representatives of cities and of local and regional governments from around the world came together on the island of Jeju, Republic of Korea, in October 2007 for the 2nd UCLG World Congress. At the meeting, they expressed their future hopes for local and regional governments, which concerned the protection of the environment, the fight against climate change, the promotion of peace through respect for human rights and cultural and ethnic diversity, and the expansion of local democracy within the collective pursuit of the MDGs.

UCLG is aiming to put urban issues on the international development agenda and to promote the developmental role of local government. It is clear that the international system increasingly is recognising the need to work with all actors in this process. The First Global Report on Decentralisation and Local Democracy, produced by the world organisation of local authorities and published with the support of the Cities Alliance, points out the disparity that exists among the different states of decentralisation around the world. In many regions, reforms are either too recent or still facing considerable problems in their implementation stages. Also, issues of local finance and staffing are particularly crucial for local authorities.

Urban development with local perspective. With an increasing level of responsibility on the local government level, the expanding gaps between local revenue and staffing capacity, on one hand, and the expenditure needed, on the other, are contributing to fundamental structural problems.

The thematic committees of UCLG, such as the Local Finance for Development Committee and the Strategic Planning Committee, are developing an active international agenda advocating for more attention to be paid to urban growth. The positions developed by the mayors and local government representatives will serve as the local reference for Cities Alliance members and should help in the development of new policies and new working methods that will give local governments in developing countries greater control of support programmes.

Peer-to-peer collaboration. UCLG promotes the development of peer-to-peer working mechanisms through which cities and associations support each other by sharing experiences and giving hands-on advice to cities seeking to implement their CDSs.

Local perspective of the Paris Agenda on aid effectiveness. UCLG is paying special attention to the Paris Agenda from a local perspective. Like many other state-driven initiatives, it does not account properly for local government realities. Many local governments have been investing in decentralised development cooperation over the past decades. They do not identify with the current debate and see it as a big challenge to the national strategic orientation of the decentralization agenda. Furthermore, in countries where decentralisation is not a part of the national strategy, local governments have great difficulties accessing funding and contributing to policy development.



Courtesy: UCLG

UCLG President, Bertrand Delanoe with Deputies at the UCLG Congress in Jeju, South Korea



Courtesy: UCLG

Participants at the UCLG CDS Workshop in Johannesburg, South Africa

Although local governments generally avoid aid tied to conditionalities prescribed by donors, they embrace that which is tied to performance based on indicators relevant to policy environments. Such indicators include sound macro policies, favourable investment climates, transparent policies, and decentralisation mechanisms for efficient local policy choice. It is hoped that the Cities Alliance MTS will follow these established principles.

It also will be important to increase the volume and quality of loans directed at local governments, with or without sovereign guarantees, and to boost aid directly channelled to local governments. A coherent global strategy to meet the investment needs of small and medium-size authorities will be instrumental in meeting the MDG targets.

UNITED NATIONS ENVIRONMENT PROGRAMME



<http://www.unep.org/>

During the past year, the United Nations Environment Programme (UNEP) has concentrated on three environmental issues affecting cities, especially those in developing countries: climate change, the depletion of biodiversity and ecosystems, and sustainable urban planning and management.

Climate change. Cities in developing countries are facing the challenge of responding to the effects of climate change, with poor urban dwellers being most at risk. At the same time, cities in those countries are the fastest-growing urban areas in the world. Energy consumption, increasing transport, and building activities all will lead to carbon dioxide emissions.

To assist cities in developing countries to respond to such challenges, UNEP has developed a proposal on “climate resilient cities in Africa,” focusing on both adaptation to risks and mitigation of emissions. If approved, the project will provide funds for UNEP, the International Council for Local Environment Initiatives (ICLEI), and other partners to assist three African cities in devising CDSs that will take climate change into consideration.

To make the voices of local governments heard in the global debate, UNEP actively supported ICLEI in organising the Local Governments Climate Sessions in Bali, Indonesia, on December 10–11, 2007. The sessions ran parallel to the United Nations Climate Change Conference.

Sustainable urban policy decisions have far-reaching effects on the global climate and, at the same time, they benefit a city in a variety of ways. A climate action handbook for cities developed by ICLEI,

UN-HABITAT, and UNEP seeks to support urban policy makers in monitoring carbon dioxide emissions and to guide them in learning how they can improve their city’s resilience while reducing carbon dioxide emissions.

Ecosystems and biodiversity. Cities draw on their surrounding ecosystems for goods and services; and their products and emissions can affect regional and even global ecosystems. Cities, therefore, are important managers of ecosystems and users of biodiversity.

The international community has set itself the target to reverse the loss of biodiversity by 2010. Together with international organisations, such as the Convention on Biological Diversity, ICLEI, the International Union for Conservation of Nature (IUCN), and others, UNEP assists cities to meet this target. Following the Curitiba meeting on the theme “Cities and Biodiversity: Achieving the 2010 Target” (March 2007), UNEP continues to support the set-up of a global partnership to meet this challenge. It also provided active assistance in the preparation of the Mayors’ Conference on Cities and Biodiversity at the ninth meeting of the Conference of the Parties at Bonn, Germany, in May 2008. In collaboration with ICLEI, UNEP is coordinating a publication of city case studies from around the world, with a focus on local action for biodiversity.

Sustainable urban planning and management. In most developing countries, development is slowed by environmental degradation and the contribution of environment to social and economic develop-



Courtesy, UNEP

NBI Park, Nairobi, Kenya

ment often is poorly understood. To address these challenges, UNEP is supporting developing countries in Africa to mainstream environment into their national development strategies through the United Nations Development Programme (UNDP)-UNEP Poverty and Environment Initiative. The collaboration between UNEP and UN-HABITAT and the development of a joint partnership framework also aim at better integrating urban environment in the formulation of national policies and strategies.

Contribution to the goals of the charter and to the Cities Alliance MTS. *The environment is the biggest asset of the poor.* Under that premise UNEP works with cities and national governments. It promotes city planning that enables cities to develop on the basis of the continued availability of environmental resources. Sustainable urban development also will minimise health risks and reduce environmental impacts at local and global levels.

The programme's primary objective for its engagement in the Cities Alliance has been to improve the environmental dimension in Alliance projects so that sustainable urban development may be achieved. To that end, several activities have been undertaken under the Environment Initiative begun by UNEP in late 2005.

UNEP made suggestions on how the environment could be addressed in the Alliance MTS, including a one-page guidance to cities on the environment. Together with Cities Alliance, UNEP now is working on the development of a CDS-gearred tool combining an ecosystem-services approach, strategic environmental assessments, and ICLEI's ecoBUDGET tool.

UNEP also is giving technical support to a number of CDSs, namely in Sana'a, Dakar, Yangzhou, Haiphong City, and San Jose.

UN-HABITAT

<http://www.unhabitat.org/>



In 2007, humankind as a whole crossed the rubicon to become a predominantly urban species. The majority of the human population globally now is residing in urban centres, with all the attendant effects and consequences. It is an urban era characterised by climate change and globalisation on a scale not witnessed before. Another phenomenon of the year was that the global number of urban slum dwellers reached the 1 billion mark.

As of the fourth quarter of 2007, UN-HABITAT had 137 technical cooperation programmes and projects under execution in 63 countries. In response to increasing demand, UN-HABITAT's technical cooperation activities have grown significantly from a total budget of \$18.7 million in 1988 to \$303.1 million in 2007. Roughly 12 percent of the financing for these 2007 technical cooperation projects came from various UNDP funding sources, with the re-

mainder derived from governments and third-party cost sharing.

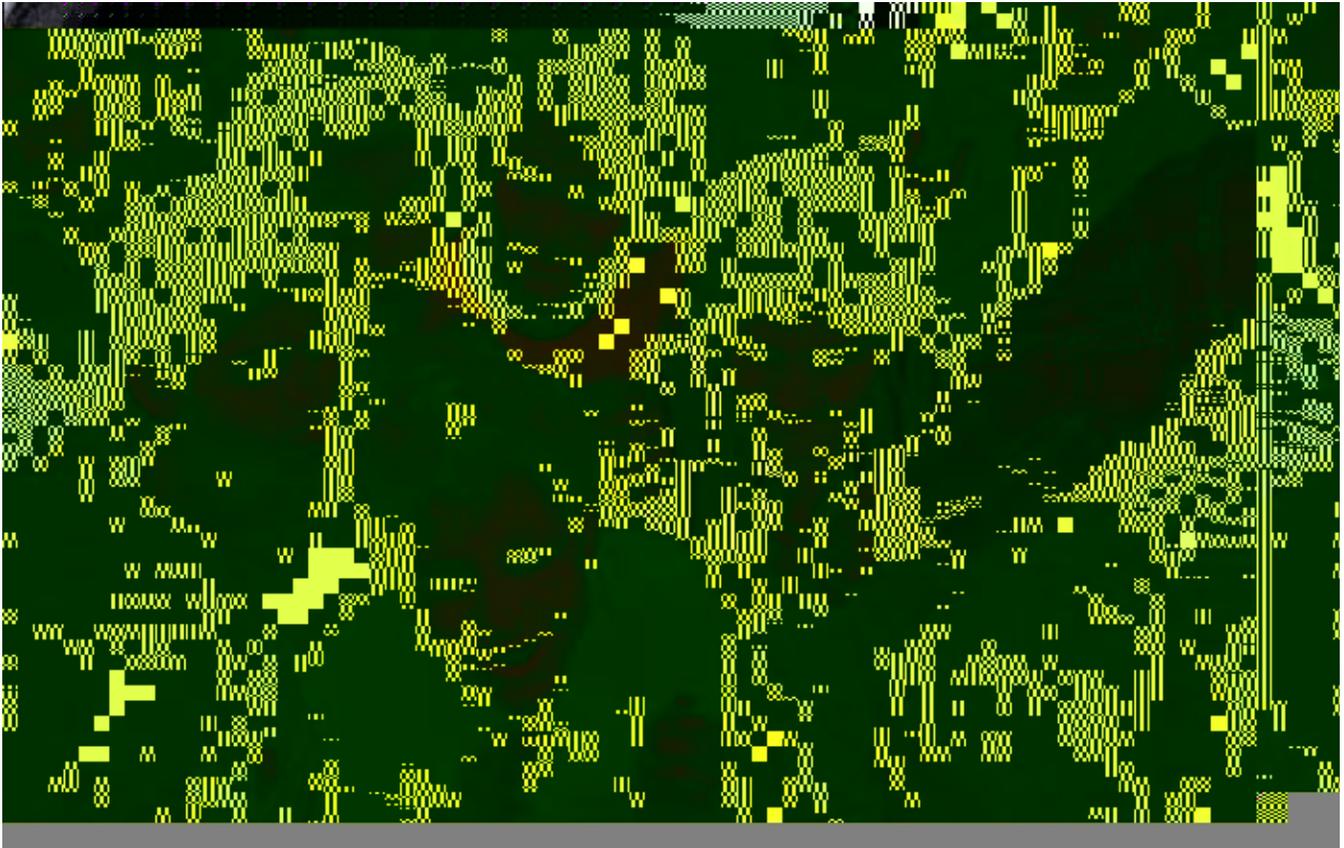
UN-HABITAT's operational work around the world is coordinated from four regional offices. These are based in Fukuoka, Japan, covering the Asia-Pacific region; Warsaw, Poland, covering eastern Europe and the former Soviet states; Nairobi, Kenya, for Africa and the Arab world; and Rio de Janeiro, Brazil, for Latin America and the Caribbean.

At year's end, UN-HABITAT employed Habitat Programme Managers (HPMs) in 35 developing countries, all of them nationals of the countries in which they work.

Research published by UN-HABITAT showed that unless immediate and effective interventions are made today, the slum crisis will become a major threat to social stability—and thus to global peace and security.

Box 16: UN-HABITAT in Africa and the Arab States

In 2007, the Regional Office for Africa and the Arab States ran 62 projects in 32 countries, which all helped to make a real difference to people's lives. The agency's programme in Iraq, for instance, includes rehabilitation, policy and institutional reform, as well as training and capacity building in the urban, housing, and community infrastructure sectors, much of it thanks to funding from Japan. In Sudan, UN-HABITAT worked in the capital Khartoum, East Sudan, and the troubled Darfur district, as well as with the government of South Sudan. In Somalia, the agency was part of the Somalia Urban Development Programme, funded by the European Commission, UNDP, Japan, and the DFID. In Chad, the government was given help to improve housing delivery and policy. With funding from the European Union, CyprusAid, Finland, and the Netherlands, UN-HABITAT continued a postconflict reconstruction programme in Lebanese areas damaged during the 2006 Israeli bombing raids. In Egypt, the agency helped develop new strategic plans for 50 cities, including the capital, Cairo; and in Indonesia, to cite a final example, work continued apace on longer-term post-tsunami rehabilitation.



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Young people have a right to safe and secure cities

Research during the year under review also showed that how people plan, manage, and live in growing cities will determine, to a large extent, the pace of global warming. With half of the world's population living in cities, they are already responsible for most of the global energy consumption and greenhouse gas emissions. Roughly half of those emissions are caused by the burning of fossil fuels for urban transport; the other half comes from heating, cooling, and running our buildings and homes.

Last year's UN-HABITAT analysis of national development plans and budgets among rapidly urbanising countries revealed that, with few exceptions, housing and urban development ranked among the lowest in terms of national budgetary allocations and public expenditure—or political priorities.

UN-HABITAT's 2007 *Global Report on Human Settlements* carried a record of more than 20 high-profile terrorist incidents between 1997 and 2006 that exacted a heavy toll in human lives, causing untold injuries and serious damage to property. They included attacks in Luxor, Egypt; to the World Trade Centre in New York; and bombings in Bali, Madrid,

Box 17: UN-HABITAT in Latin America and the Caribbean

In 2007, the Regional Office for Latin America and the Caribbean had 56 projects in 16 countries. These projects included technical cooperation, disaster management, policy, and capacity building programmes. Technical cooperation programmes were initiated in Mexico, Colombia, and Ecuador. The agency also worked with Cities Alliance projects in Brazil (Belo Horizonte), Chile, and Ecuador. Other countries with project pipelines that will be initiated during 2008 include Peru, Haiti, Paraguay, and Argentina. Collaboration with the main regional bodies like the Association of Ministers of Urban Development and Housing; the Latin America Federation of Cities, Municipalities and Associations; and such others as the Habitat International Coalition have been valuable in helping position the office. The year also was marked by excellent cooperation with the International Development Research Centre/Environmental Management Secretariat in reducing disaster vulnerability and municipal management in Central America. HPMS in Costa Rica worked closely with the agency's headquarters in this regard.

Box 18: UN-HABITAT in the Asia-Pacific Region

With 18 projects in 14 countries, the UN-HABITAT Regional Office for Asia and the Pacific celebrated its 10th anniversary in 2007. These projects included a regional post disaster seminar in January, an Experts Meeting in June on ensuring that gender concerns are incorporated into disaster and post conflict programmes, an Asia City Journalists' Conference in August, and a special meeting in September that assessed where the regional office stands today and how it moves forward. For this seminar, the office produced a brochure titled, "Accommodating People in the Asia-Pacific Region," that covered its achievements during the period 1997–2007. Major projects in 2007 included ongoing post-tsunami and post-earthquake projects in Indonesia, Maldives, Sri Lanka, Thailand, and northern Pakistan continued in 2007. The agency's huge post conflict programme in Afghanistan grew and grew, with its \$74 million portfolio making it by far the largest portfolio managed by the regional office. Other projects also were under way—for example, in Nepal, Pakistan, Papua New Guinea, the Philippines, the Republic of Korea, and Vietnam.



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Adding a touch of paint to her new home, an Indonesian beneficiary of UN-HABITAT's post-disaster reconstruction programmes in Asia.

London, and Mumbai, to cite a few. Yet, the threat to security and stability within the urban context remained limited not only to crime and violence. Indeed, the incidence of natural and human-made disasters in 2007 continued to rise. Surveys have shown a threefold increase in the number of natural disasters between 1975 and 2006, while human-made disasters multiplied tenfold in the same period. In this connection, climate change alone has led to a 50 percent increase in extreme weather events between 1950 and 1990.

It is no coincidence that climate change emerged at the forefront of international debate in 2007, at the same time and virtually at the same pace as the world becomes urbanised. For that reason UN-HABITAT reported to the United Nations Economic and Social

Council (ECOSOC) of 2007 that reducing the vulnerability of cities to the effects of climate change should and needs to be seized as an opportunity to improve the living conditions of the most vulnerable segments of our urban populations.

The UN-HABITAT Governing Council passed 10 resolutions directly aimed at providing the muscle needed to improve global urban development. There is no doubt that two of these—the Medium-Term Strategic and Institutional Plan and one titled "Strengthening the Habitat and Human Settlements Foundation: Experimental Financial Mechanisms for Pro-Poor Housing and Infrastructure"—will prove instrumental to the future of UN-HABITAT, and the 2007 Governing Council could well prove to be a watershed.

Box 19: UN-HABITAT in Eastern Europe and Beyond

Opened in October 2006, UN-HABITAT's youngest regional office is located in the Polish capital Warsaw to serve countries in central and southern Europe (the Balkans) and others farther east (the Caucasus). As the new regional office began building its portfolio, it convened two special ministerial-level Advisory Council meetings—an inaugural session in Warsaw in February, followed by a meeting in Bucharest, Romania. The Warsaw office offered to ministers and high officials responsible for housing and urban development in the countries of the region a platform for enhanced cooperation and knowledge sharing and a mechanism to keep housing and urban management challenges high on the agenda. Significant attendance clearly confirmed the need to vigorously improve exchanges on urban challenges in the region. The meetings also resulted in the “Warsaw Declaration” by which participating countries demonstrated their commitment to improved housing and integrated urban planning and management. In southeast Europe, UN-HABITAT provided the agency's latest guidelines and supported governments and its partners with capacity building projects in areas ranging from housing and informal settlements upgrading, to basic services access, land management, integration of vulnerable groups, local leadership, integrated local and regional development, and reconstruction and post crisis management.

Box 20: Delivering Disaster Relief

The agency's disaster management work intensified in 2007 as more pressure was placed on the UN system to respond to the increasing number of natural disasters afflicting the world. From its post-earthquake rehabilitation programme in northern Pakistan, to similar longer-term shelter rehabilitation for countries afflicted by a tsunami killer wave induced by undersea seismic activity in the Indian Ocean, UN-HABITAT teams were at work around the clock. The agency also was helping rebuild homes and lives in post conflict zones as far afield as Iraq, Kosovo, Afghanistan, and Somalia. Last year, UN-HABITAT took on new assignments in Uganda and the troubled Darfur region of Sudan, as well as southern Sudan, Bosnia and Herzegovina, southeastern Europe, and Peru. As a member of the United Nations Executive Committee for Humanitarian Affairs, UN-HABITAT continued during the year to advocate for more sustainable response policies and strategies in collaboration with major humanitarian agencies. As a focal point agency in the new Humanitarian Response System, UN-HABITAT supports an interagency forum for incorporating housing, land, and property policies and strategies into operational responses for effective transition from disaster or conflict relief to development. These engagements are based on the unique position of having the mandate within the UN, for addressing shelter and human settlements both in crisis and in development.

Active participation in the wider UN humanitarian system enabled the agency to develop its normative work in 2007 through increased human and financial resources.



Rebuilding in Afghanistan

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT



http://www.usaid.gov/our_work/economic_growth_and_trade/urban_programs/index.html

USAID and its partners support cross-sectoral solutions to the challenges of rapid urbanisation by building the capacity of local governments, the private sector, and communities to enhance local economic development and improve service delivery. A key component of USAID's approach is the development of sustainable financing options for basic infrastructure and services. The agency aims to help establish links between the community, private sector, and government to reduce poverty and ensure more equitable access to services in countries worldwide. During the past year, USAID worked to strengthen and expand successful public-private partnerships.

These efforts include the Entra 21 Alliance implemented by the International Youth Foundation (IYF), an innovative workforce development programme with a great track record for placing youth in jobs or in advanced training and education. To promote more systemic approaches to poverty reduction, USAID has worked with the IYF to modify its approach to maximise links with the local governments as part of a broader local economic development strategy. USAID also has continued to support city-to-city partnerships that introduce greater transparency, participation, and accountability in local government and improve service delivery in cities to demonstrate the tangible benefits of a more democratic society.

Partnerships in Bulgaria, India, Russia, and Albania that drew to a close in 2007 helped improve local economic development in more than 30 cities. The programme in Afghanistan that was initiated in Ka-

bul to support improved local governance and delivery of basic public services now has been expanded to six provinces. Finally, USAID's partnership with Evensen Dodge International continues to promote innovative financing for municipal development in Mexico and is piloting initiatives in Paraguay, Morocco, Vietnam, and South Africa. By partnering with national and local governments, associations, the private sector, NGOs, and other donors, USAID aims to bring greater resources to improve the lives of the urban poor.

Ghana's Municipal Finance Authority—an example of a merging of USAID's and Cities Alliance bilateral priorities

Working across a range of sectors, including democracy and governance, economic growth, and health, USAID supports the goals of the Cities Alliance by leveraging public and private sector resources to reduce the causes and effects of urban poverty. With a strong focus on capacity building at the municipal level, USAID's decentralisation and local governance strengthening programmes introduce participatory approaches to planning and aim to increase transparency and accountability at the local level. By building the foundation of good governance and management at the municipal level, it is possible for local governments to access resources from the private sector to finance improved urban services.

USAID also has worked through the Cities Alliance to support Slum/Shack Dwellers International (SDI), a unique global coalition of grassroots slum



Kevin Millroy/Cities Alliance

The local chief (Tema Mantse) addressing the local federation of the Urban Poor

dwellers' organisations. The Cities Alliance has created an excellent coordination mechanism that reduces the management burden of having to deal with multiple donor requirements. This mechanism has enabled donors to give greater political legitimacy to pro-poor development processes and begin development of a sustainable financing mechanism for SDI.

In the future, the Cities Alliance and its members should increase its emphasis on developing stronger connections with organisations, like SDI, that are deeply rooted in the community and on developing closer ties with the private sector—particularly the financial community, which will provide the bulk of future infrastructure investment needs.

THE WORLD BANK

<http://www.worldbank.org>



Portfolio update. World Bank lending approvals for urban operations in fiscal year 2008 amounted to \$2.0 billion and showed an upward trend in urban lending by a number of projects. Notable among the 36 new urban operations approved are the following projects:

- Gansu (China) Cultural and Natural Heritage Protection and Development, which generates benefits for local communities from the development of sustainable cultural tourism in the province. It also focuses on the conservation of cultural and natural assets and the development of priority infrastructure;
- Mexico: Affordable Housing and Urban Poverty Reduction Development Policy Loan III, which supports the government's efforts to improve national policies and institutions for housing and urban development;
- Ethiopia: Urban Local Government Development, which supports improved performance in the planning, delivery, and sustained provision of priority municipal services and infrastructure; and
- Azerbaijan: Integrated Solid Waste Management, which supports the reform of the Greater Baku solid waste collection and disposal operations in an effective and sustainable system.

Urban strategy update. Preparation of the Bank's Urban Strategy Update is well under way, with initial consultations with development agencies and donor partners, as well as with practitioners and of-

ficials in selected regions taking place. The process of preparing the update is intended to be consultative and will include input from a variety of sources where Bank and other donor programmes are under implementation. In addition, it will take into account new urban developments. The climate change agenda will figure prominently in the new strategy, as will the challenges of urbanisation and urban expansion, cities and economic growth, linked to the topic of spatial development as addressed in the 2009 *World Development Report*, and scaled-up approaches to monitoring and evaluating urban operations based on city indicators. A major thrust of the strategy will be to propose new approaches to urban development that enable countries, cities, and their donor partners to scale up their impact through more broadly based programmes, working closely with regional development partners and strategically engaging with countries at the national level.

The Fifth Urban Research Symposium, scheduled for June 2009, in Marseille, France, will focus on cities and climate change, dealing with both adaptation and mitigation strategies. Its first partners include the French ministries of sustainable development and foreign affairs, AFD, GTZ, UCLG, the Urban Climate Change Research Network, and the Cities Alliance. The symposium will feature commissioned research on salient topics and highlight empirical work from cities around the globe. It will mark the beginning of a multiyear research programme on cities and climate change.

World Development Report 2009—Reshaping Economic Geography. The World Bank's *World Development Report 2009* has a special focus on urbanisation and growth. The report will be launched during the Bank's annual meetings in October 2008.

Cities and Climate Change. The Bank has scaled up its focus on cities and climate change. In addition to the Urban Research Symposium 2009 with the theme "Cities and Climate Change: An Urgent Agenda," the Bank has increased resources for analytical work on sustainability and climate change in the urban sector. Work on the impact on coastal cities is being undertaken by a number of regions, including East Asia and the Middle East and North Africa. *A Mayors' Handbook on Climate Change* is under preparation; and urban project task leaders increasingly are working on climate change aspects of urban development.

Highlights from the past year

World Bank Urban Forum, Sustainable Development Network Week. The week featured sessions on the dynamics of urbanisation and cities and climate change. The keynote address during the Urban Forum was delivered by New York City Mayor, Michael R. Bloomberg, who spoke on "Building Better Cities: New York's Experience in Urban Transformation." Participants comprised 160 World Bank urban staff and such distinguished speakers as Mayor Omar Maani of Greater Amman Municipality and Shirley Rodrigues of the London Authority. The World Bank Institute also launched its multimedia source book, *Approaches to Urban Slums*.

Global City Indicators Programme. This programme is designed to establish comparative indicators and benchmarks that can be linked to the MDGs and national-level development strategies. Key stakeholders reviewed a summary document with a proposed rollout strategy that will be presented in Nanjing at the Fourth World Urban Forum in November 2008.



Slum shacks alongside highrises in Shanghai, China.

Urbanisation and the Growth Commission. The independent Growth Commission completed its work, which included urbanisation as one of the key themes for its deliberations. State-of-the-art reviews on such topics as urban productivity, regional inequalities and rapid growth, policies for housing affordability, and financial innovations and housing were completed during the year.

New publication. The Bank released a monograph, *Lessons for the Urban Century: Decentralized Infrastructure Finance in the World Bank*, which examines the track record of urban infrastructure funds and what can be learned from almost 30 years of experience in implementation.