

Cities Alliance in Action

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

- **Targeting the objective** – city development strategies and/or scaling up slum upgrading;
- **Government commitment and approval** – approved by local and national authorities;
- **Linkage to investment follow-up** – potential investment partners are involved from the design phase;
- **Partnerships** – conceived in a participatory process with local stakeholders, including private sector and community organisations;
- **Co-financing** – combines seed funding from the Alliance with co-financing from cities as well as other sources;

- **Coherence of effort** – promotes cross-sectoral coordination and inter-agency collaboration;
- **Scaling up** – moves beyond pilot projects to city-wide and nation-wide scales of action;
- **Institutionalisation and replication** – helps cities and their national associations institutionalise city development strategies and city-wide slum upgrading;
- **Positive impact on environment** – achieves significant environmental improvements, especially in the living conditions of the urban poor; and
- **Duration** – achieves deliverables within well-defined time frames, preferably within 24 months.

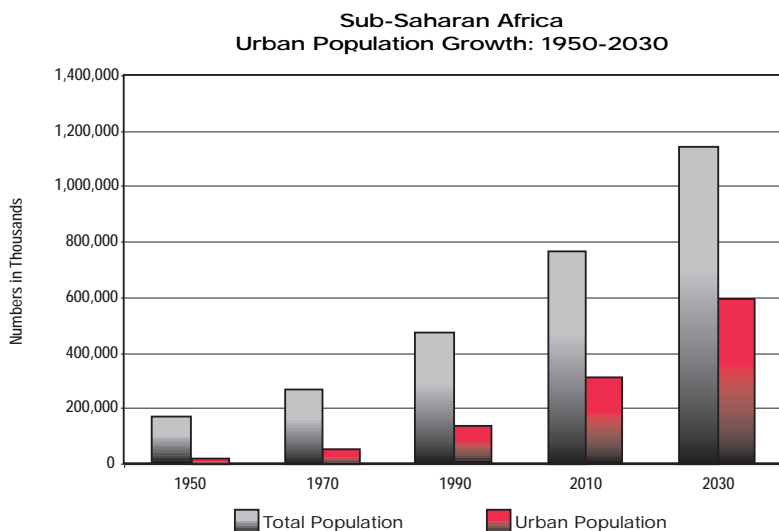
Cities Alliance activities are designed and carried out by Alliance partners, enabling them to marshal their resources to improve the quality and coherence of urban development cooperation and the poverty reduction impacts of their urban investments.

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

Africa



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

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

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

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

The Cities Alliance Portfolio in Africa

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

3. Akin Mabogunje, 'Access to Credit for Local Governments: The African Experience,' keynote address at the Africities 2000 Summit (15–20 May 2000, Namibia).

4. Urban Indicators Programme, UNCHS (Habitat), Nairobi. Reported in *Urban Age*, 'How Much Do Cities Earn and Spend?' (Autumn 1998).

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

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

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

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

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

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

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

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

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

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

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

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

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

5. *Business Day* (21 June 2001).

WUJUD DARI

Asia



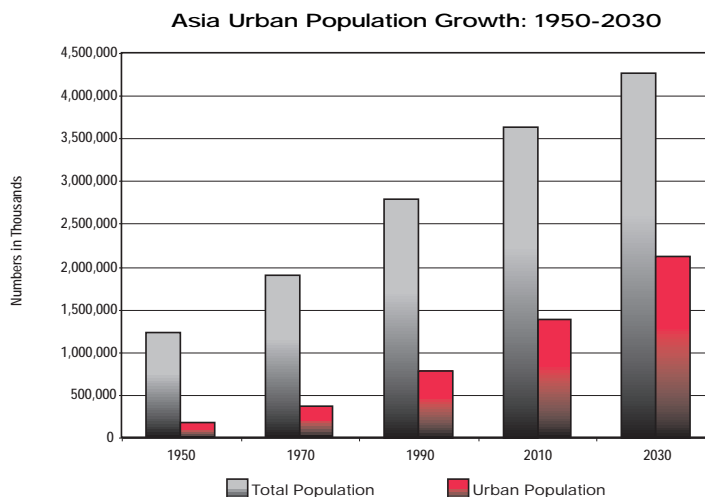
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Asia's urban population is projected to double over the next 30 years. By 2015, 17 of the world's 30 largest cities will be in Asia and will have an average population of 15.9 million. The region's urban areas are critical to national economic competitiveness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

Asia's urban transformation is producing a number of innovations. Several countries in the region have launched supportive national policy frameworks.

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

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



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

The Cities Alliance Portfolio in Asia

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

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

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

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

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

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

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

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

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

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

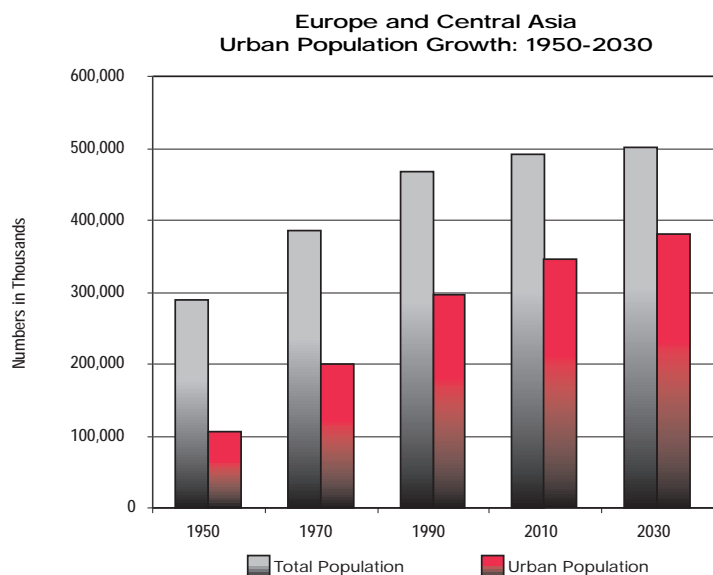
Vietnam – Enhancing Access of the Urban Poor and Vulnerable Groups to Basic Infrastructure and Housing. The severe impact of decades of under-investment in housing and infrastructure is being compounded by high urbanisation rates throughout Vietnam. Notwithstanding recent strong economic growth, urban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

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

Eastern Europe and Central Asia



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

The countries of Eastern Europe and Central Asia face unique challenges. Already highly urbanised, 300 million of the region's 450 million total population reside in cities and towns. The political transition following the collapse of the socialist bloc led to severe economic shock throughout the region – of the 27 countries that had output declines for the entire decade of the 1990s, 21 were in the Eastern Europe and Central Asia region. This has most dramatically affected urban areas as large-scale enterprises failed, exposing the structural weakness of the urbanisation that fed post-war forced industrialisation. Policies which led

to higher rates of industrialisation and urbanisation were not matched by higher productivity or an adequate services sector. For example, Russia, which has a per capita income one-tenth that of the United States, has the same level of urbanisation – 74 per cent.⁶

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

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

The Cities Alliance Portfolio in Eastern Europe

Bosnia-Herzegovina: Mostar – local economic development strategy

Bulgaria: Sophia CDS

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

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

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

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

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

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



Latín América
and the Caribbean

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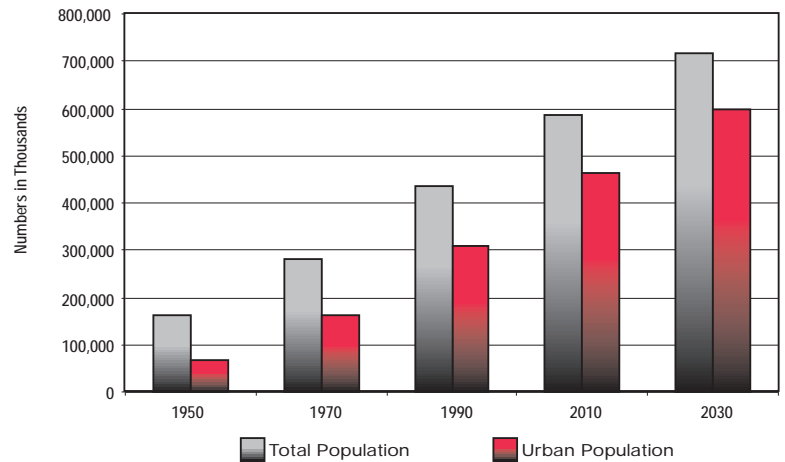
Latin America and the Caribbean is a highly urbanised region: 75 per cent of its population is urban, 81 per cent – or 540 million of its projected population – will be urban in 2020, and 83 per cent by 2030. This urbanisation has been the normal outcome of economic transformation and growth.

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

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

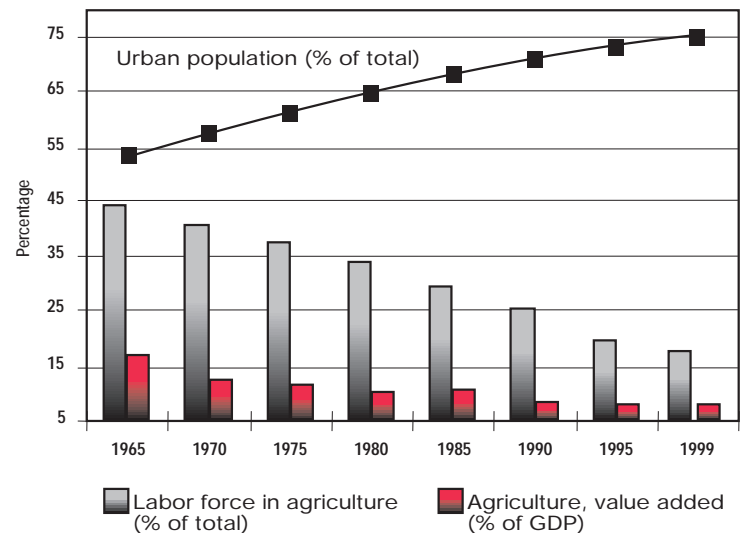
There is growing recognition in the region of the need to address urban poverty as the basis for sustainable economic growth and environmental management. Major innovations in the region are fuelled by this recognition. Examples include the pioneering work led by Hernando de Soto on property rights and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

Latin America and the Caribbean
Urban Population Growth: 1950-2030



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

Latin America and the Caribbean
Urbanisation and Economic Growth: 1965-1999



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

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The Cities Alliance Portfolio in Latin America and the Caribbean

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

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

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

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

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

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

Cities Alliance in Action

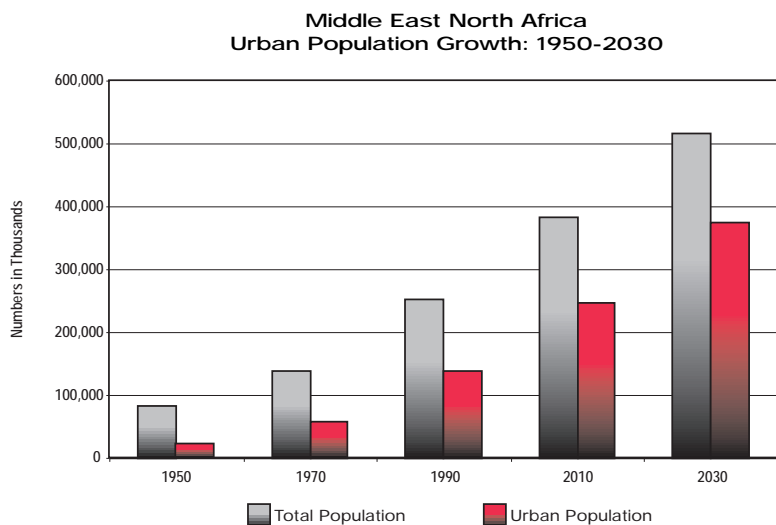
Alliance support, OPAMSS will incorporate best practices, including community participation and cost recovery methods in upgrading. The upgrading programme aims to reach 140,000 people and will initially create a proper storm drainage system to prevent flooding in slums, grant land title to residents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

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



Middle East and North Africa

Cities Alliance in Action



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

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

Urbanisation in this region has tended to accompany and spur economic growth. While urban residents currently number slightly over half of the population, urban areas are the location of a disproportionate share of economic activity i.e., manufacturing and services. Cities

and towns in the region are not only the location of a significant share of economic activity, but also reflect a rich cultural heritage and include numerous archaeological sites.

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

The Cities Alliance Portfolio in the Middle East and North Africa

Morocco: Upgrading project for the Koraat Shaa neighbourhood in Tetouan

Egypt: Upgrading informal areas in Ismailia Governate

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

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Morocco – Upgrading Project for the Koraat Shaa Neighbourhood in Tétouan.

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

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

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