LEARNING AND COMMUNICATIONS

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Learning and knowledge-sharing continue to be integral to the Cities Alliance's ongoing and completed activities, which the Alliance routinely analyzes to assess impacts and garner lessons, both substantive and in terms of its own grant procedures. The transition to new management this year saw a strengthening of that focus, with an increased mandate and budget for the Cities Alliance's communication and knowledge management remit. This has led to a corresponding increase in the number of knowledge products and initiatives the Alliance produces in partnership with its members and partners and disseminates through an expanding network of not just members' distribution infrastructure, but also that of civil-society organizations and the media.

Continuing its practice of continual evaluation, the Alliance undertook onsite evaluations of completed partnership activities in Chile, related to the country's national housing and upgrading programme, and in Indonesia, where the Special Province of Yogyakarta had undertaken a city development strategy (CDS) to develop the region and reduce poverty.

Lessons from the Chile Evaluation

For more than 30 years, Chile's housing policy has centred on a robust subsidy programme for housing the poor. In 2001, the country's Ministry of Housing and Urbanism (MINVU) launched a series of shelter initiatives, including an ambitious Programme for Dynamic Housing without Debt that was to deliver 20,000 new houses and upgrade existing neighbourhoods. These initiatives were to tap into a national Fund for Solidarity Shelter Proj-

ects, the major national instrument for allocating targeted subsidies for the urban poor. This funding mechanism encourages municipalities and organized community savings groups to apply for and bid on the subsidies and development funding.

Principally, the municipalities take the lead, identifying communities and organizing the requisite household savings groups, preparing technical proposals, assembling land if necessary, and negotiating with other stakeholders to package proposals to compete in a bidding process to access funds and subsidies. However, this can be a daunting effort, particularly for smaller and weaker municipalities. Likewise, many families seeking to participate find it difficult to navigate the process and need a lot of time to accumulate the required savings.

Recognizing the obstacles and frustrations that weak municipalities and the poorest families have in accessing the national housing subsidy programme, MINVU, together with the German Agency for Technical Cooperation (GTZ), the Association of Chilean Municipalities, UN-Habitat, and many regional and local stakeholders, and with support from the Cities Alliance, set out to develop and test ways to strengthen municipalities and instruments to improve the access of the poor to national housing subsidies.

The implementation model developed and demonstrated the benefits of organizing and involving communities in the process of applying for national subsidies. The approach should serve the country well as it embarks on its newly launched 200 Barrios programme of neighbourhood upgrading. Other valuable lessons that have emerged from the activity are of relevance not only to Chile but also to other countries embarking on large-scale upgrading and shelter programmes. The lessons include the following:

- The responsible agencies effectively incorporate pro-poor policies into national shelter programmes by emphasizing the role of the community in the process, be it training and organizing community savings groups to apply for the housing subsidy programme, defining house designs, or negotiating with the municipality;

- Municipalities have a clear and pivotal role in such programmes. While local political will and leadership are critical, the general reality is that municipalities often need assistance to build their capacity as local organizing agents for the delivery of pro-poor shelter programmes;

- The integrated and participatory process is an important aspect of the shelter programme that should not be sidestepped. However, a lot of time and project management effort are required to identify and organize the participating households and to orchestrate different levels of government, nongovernmental organizations (NGOs), and the private sector. The challenge then remains one of finding ways to institutionalize the working relationship between the many players at all levels and replicate community development and participation at a much larger scale; and,

- Institutional coherence of effort is a key factor for success, but this may require a considerable realignment of working relationships between levels of government. Adjusting institutions to this approach is difficult, and third-party mentoring can serve this objective well, bringing together the various institutions and actors to coalesce around the task.

Signpost to Chile's Shelter project.

Lessons from the Yogyakarta, Indonesia, Evaluation

The Yogyakarta CDS was initiated in 2003, following the success of the first CDS, which had focused on nine cities. The objective was to coordinate the planning and development of the five jurisdictions within Yogyakarta, a small province adjacent to the province of Central Java and located between the Mount Merapi volcano to the north and the Indian Ocean to the south. With a population of 3.3 million in an area of only 3,600 square kilometres, it is the most densely populated province of Indonesia.

Only a limited part of the region is suitable for agricultural production. Although 49 percent of the population derives its income from agricultural jobs, the sector contributes less than 15 percent of the GDP. With few natural resources to support its weak economic base, unemployment is high, and in 2000 an estimated 30 percent of the people were living below the poverty line.

The CDS aimed to:

- Develop instruments for identifying visions for sustainable economic growth, balanced economic development, and poverty reduction;
- Disseminate the practical experiences of, and lessons learned, on how to place urban development in a regional context for the benefit of other provinces and municipalities, both in Indonesia and globally;
- Propose programmes for institutional development and investment to promote regional development and poverty reduction and prepare cross-regional financing plans (this third component was closely linked to a prospective World Bank credit).

The project made a demonstrable contribution to the province's efforts to reduce poverty by:

- Advancing poverty mapping and the institutionalization of a participatory planning methodology;
- Defining a regional investment programme;
- Initiating pro-poor investments in trading facilities and slum upgrading projects; and,
- Developing lending facilities within a local bank for micro- and small businesses.

Less successful were the:

- Creation of necessary linkages to the national level, where much remains to be done to improve the capacity of local governments to

Malioboro, Yogyakarta's busiest street.

develop, finance, and implement their strategies to reduce poverty;

■ Creation of interregional economic synergies with neighbouring provinces;

■ Integration of annual budgeting at the municipal and district levels across the five jurisdictions; and,

■ Improvement of urban–rural linkages.

Key lessons include the following:

■ Indonesian decentralization is asymmetrical and incomplete, and fiscal decentralization is weak (fiscal decentralization lagged behind provincial government decentralization: control over expenditures was decentralized, but control over revenues was not);

■ A champion for the project is needed within the central government (provincial government needs the active support of central government to advocate on behalf of the regional plan and its investment priorities);

■ The many interesting experiences from the project need to be captured, and lessons need to be disseminated;

■ Participatory planning is essential;

■ Investment linkages need to be diversified particularly to reduce the dependence of the regional plan on the central government; and,

■ More Cities Alliance members active in the region need to be engaged.

Knowledge-Sharing Activities

During the year under review the Alliance promoted the urban agenda and key messages through proactive participation at organizing major communication and knowledge events, in collaboration with its members and partners. It worked with the city of Marrakech to successfully showcase the Government of Morocco's *Villes sans bidonvilles*

(VSB) programme at the public policy forum that preceded the Consultative Group meeting for 2005. The Alliance was well represented at the Third World Urban Forum (WUF III), in June 2006 which held in Vancouver, Canada, where it organized three networking sessions, and was a strong participant at the Africities 2006 in Nairobi. In the areas of identification of knowledge gaps, capture, and dissemination, the highlight was the release of the long-awaited *Guide to City Development Strategies: Improving Urban Performance*,[1] which is a rich, direct, and thought-provoking resource base for cities already undertaking or about to embark on the strategizing process. Other major publications by Cities Alliance members include UN-Habitat's flagship report *State of the World's Cities 2006/7*,[2] the World Bank–commissioned *The Dynamics of Global Urban Expansion*,[3] and the Swedish International Development Cooperation Agency's (Sida's) *More Urban, Less Poor*.[4] For its part, the Secretariat also took the first steps towards significantly upgrading its communications portfolio and strengthening its knowledge management plan for the capture and documentation of the increasing volume of knowledge that the Alliance and its partners are generating.

Morocco's *Villes sans bidonvilles* Programme, Cities Alliance Public Policy Forum, Marrakech, November 2005

The sixth Public Policy Forum of the Cities Alliance, hosted by the city of Marrakech and the Government of Morocco, focused on the national VSB programme. The VSB programme is part of the far-reaching *Initiative nationale de développement humain,* aimed at reducing social disparities and fighting exclusion.

More than 300 national, regional, and international participants from 20 countries attended the forum, November 7–9, 2005, which was jointly

Signature of an MOU with French Development Agency in Marrakech.

organized by the Moroccan Ministry of Housing and Urban Development, the City of Marrakech, the Near East and North Africa Urban Forum, Holding d'Aménagement Al Omrane (see below), and the Cities Alliance.

The VSB programme demonstrates the high priority the government of Morocco attaches to improving access to and affordability of formal housing, especially for the urban poor. Formally launched in October 2004 by King Mohammed VI, the VSB programme aims to provide accommodation by 2010 to some 212,000 households living in urban slums across the country. In his presentation at the opening ceremonies, Minister of Housing and Urban Development Toufiq Hjira outlined the three major objectives of the programme: (i) stopping the proliferation of slums; (ii) preventing the growth of new slums and promoting social habitat; and (iii) reabsorbing existing slums.

To more efficiently manage the implementation of the VSB programme, the government merged existing housing parastatals into a new structure, Holding d'Aménagement Al Omrane, in 2004,

with mandates to (i) increase the supply of serviced land for social housing and new residential developments; (ii) promote partnerships with the private sector to provide low-cost housing and upgrade substandard housing; and (iii) implement the government programme for slum upgrading in partnership with local governments and the private sector.

After one and a half years of implementation, the VSB programme has:

- Mobilized 3,400 of a proposed 5,000 hectares for the programme;
- Built two new cities (Nour Zaer, near Rabat, and Tamansourt, near Marrakech);
- Declared four cities free of slums by the end of 2005
- Achieved full integration in the larger framework of the *Initiative nationale de développement humain;*
- Fostered synergy between the various intra-ministerial departments;
- Encouraged ownership by the *walis*, the governors, and local officials;
- Mobilized public parastatals, such as Holding d'Aménagement Al-Omrane, Établissement régional d'aménagement et de construction, and Groupe caisse de dépôt et de gestion;
- Had positive effects on the lives of the slum dwellers;
- Facilitated the participation of NGOs and similar organizations; and,
- Gained the support of international organizations.

Sida Seminar on Creative Urban Finance for the Poor, Stockholm, Sweden, December 2005

Sida convened a gathering of key stakeholders in urban finance to systematically examine the main

Cross section of participants at the Sida Seminar on "Creative Urban Finance for the Poor."

issues in providing urban finance and upgrading infrastructure, services, and housing. Declaring Sida's long-term commitment to housing and associated infrastructure for a growing number of low-income earners, Rolf Carlman, head of Sida's Department for Infrastructure and Economic Co-operation, noted the pivotal role of urban finance in achieving Millennium Development Goals (MDGs) where there is a need for innovative financing instruments to tap local and international markets.

Some of the speakers at the seminar included:

- Barbara Lee (on secondment to Sida from the World Bank), who emphasized the seminar's objective of sharing and discussing financing solutions targeting the urban disadvantaged;
- Diana Mitlin (Institute for Development Policy and Management, University of Manchester), who advocated the equal weights of financial processes and of finance itself: whereas those with "'somewhat secure tenure'" need access to finance for incremental housing improvement, those with "less secure tenure"—with no opportunity for individualized market solutions—need collective action to improve

infrastructure and shelter with longer term group lending, often coupled with regulatory change;

- Kathleen Wu (U.S. Agency for International Development [USAID]), who saw private sector–led growth as critical for achieving the MDGs. Ironically, although there may be excess liquidity, credit access is often limited, particularly for the urban poor. USAID offers global loans and bond guarantees for housing and infrastructure, and experience has shown that home improvement microfinance loans are particularly suitable for the urban poor;
- Mark Hildebrand (Manager, Cities Alliance), who highlighted the Alliance's focus on citywide and nationwide interventions. He was supported in this regard by Rajivan Krishnaswamy (senior urban finance specialist, Cities Alliance), who suggested that the poor need to be empowered to leverage budgetary resources with domestic capital to invest in infrastructure. Challenges include sorting out a messy decentralization process by supporting the role of cities as proactive developers of infrastructure;
- Malcolm Harper (Cranfield School of Management, Cranfield University; and Homeless International, United Kingdom), who saw microfinance institutions (MFIs) as unsuitable for housing and citywide infrastructure finance, because of the high interest charges on retained savings earnings. MFIs could offer secured base loan credit—but subsector analysis, experimentation, willingness to fail, research, and subsidies are also needed. To provide cheap, long-term shelter credit, MFIs need to know markets; find collateral substitutes; foster relationships with municipal and other authorities; and adjust loan amounts, terms, and target returns;

- Sheela Patel (founding director, Society for the Promotion of Area Resource Centres [SPARC], and chair, Cities Alliance Policy Advisory Board;), who noted the importance of community-initiated self-help shelter schemes. A relationship between organizations of the disadvantaged and banks exists in India. This relationship offers a platform for regular dialogue and negotiations for scaled-up interventions—with either party knowing each other's functions, including risk management and mitigation. Effective cooperation needs a community-driven process, governments willing to change, a banking system that views informal sectors as a potential market, local all-stakeholder solutions, and familiarity with risks and mitigation; and,

- Michael Mutter (UN-Habitat), who outlined the objective of the Slum Upgrading Facility (SUF), which is to show that housing development or upgrading projects can access domestic capital markets for loans. SUF aims to scale up serviced land for housing development, with finance for all. Being multiphased, SUF also aims to help attract local private financing in the domestic capital market. Pilot project financing mechanisms will be executed through 2006 in Ghana, Indonesia, Sri Lanka, and Tanzania; domestic capital for low-income housing and home improvement loans will be attracted, in collaboration with local banks, housing cooperatives, and special purpose vehicles (that is, joint ventures to raise debt finance in local capital markets).

Presentations were followed by break out groups focusing on how to make finance for housing and infrastructure available to the urban majority. Groups discussed differences and similarities (and related issues and implications) between finance for housing and finance for infrastructure, and the role of financial institutions and markets: "how commercial lenders can be encouraged to make finance available for housing and infrastructure for the urban poor" and "how local private savings be mobilized by financial markets to provide finance." The groups identified infrastructure as a public good; individual housing, as a private one.

UCLG Executive Bureau Meeting, Washington, D.C., February 2006

The Secretariat partnered with the World Bank to host the first meeting of the United Cities and Local Governments (UCLG) Executive Bureau, held in Washington, D.C., at the Preston Auditorium of the World Bank Group. More than 200 mayors attended the meetings, convened at the

Cities Alliance

Left to right: Anthony Williams, Joan Clos, Bertrand Delanoë, José Sera, Paul Wolfowitz, Paco Moncayo, and Clarence Anthony.

invitation of Anthony Williams, District of Columbia mayor and past president of the U.S. National League of Cities.

Chairing the opening session, "Financing Local Development," World Bank president, Paul Wolfowitz, said, "The World Bank is pleased to co-host this event with the city of Washington DC, because we know that cities—and the people who make them run—have a vital role to play in creating opportunity for some of the 1.2 billion people who today live on less than $1 a day." He added that mayors are "on the frontlines of these development challenges. The choices you make can either alleviate these challenges or aggravate them. And the policies you pursue can either draw upon the strengths and opportunities of urban areas, or dilute them."

Wolfowitz stressed the importance of good governance and transparency in local management and announced that the Bank wished to develop its partnership with UCLG: "Traditionally, the World Bank worked exclusively through states, and today we have a tool for financing private corporations. Now we are trying to develop new instruments in order to lend directly to local authorities without sovereign guarantees." He invited local governments, through UCLG, to collaborate with the World Bank.

UCLG representatives underlined the need for the World Bank to decentralize its actions to directly benefit cities. Such a move would recognize the fact that cities currently provide services for 50 percent of the world's population and that this figure is inexorably increasing. UCLG aims to improve the performance of cities, according to Bertrand Delanoë, mayor of Paris and president of UCLG: "The World Bank needs to recognize us as a partner. . . . We need support in the form of loans and naturally the World Bank can be our partner in this." Paco Moncayo, mayor of Quito and co-president of UCLG, declared, "Effective and transparent financial management, supported by inter-national investment that really takes into account the priorities of local governments, can really transform the daily life of citizens."

Cities Alliance at the Third World Urban Forum, Vancouver, Canada, June 2006

Evidence of the Cities Alliance's renewed commitment to enhancing its communication and knowledge-sharing focus was seen in the strong delegation it sent to the Third World Urban Forum which was held in Vancouver from 19th to 23rd June, 2006, and its organization of three well-subscribed networking sessions.

Close to 15,000 people from over 100 countries, representing governments, UN agencies, non-governmental organizations, urban professionals, local authorities, the private sector and academia, attended the conference, convened by UN-Habitat and the Canadian government under the theme of "Sustainable Cities—Turning Ideas into Action." WUF III marked the 30th anniversary of the first UN Conference on Human Settlements, which was

Dr. Manfred Konukiewitz of the German Development Cooperation, Dr. Sameh el Alaily representing the Governor of Giza, Egypt, and William Cobbett of the Cities Alliance—panelists at the GTZ/CA session of WUF III.

also held in Vancouver and led to the creation of UN-Habitat. The WUF III Report will be submitted for consideration and appropriate action to the 21st session of the UN-Habitat Governing Council in spring 2007.

Throughout the weeklong, well-organized conference, participants met in plenary, dialogue and special sessions, and attended 13 roundtables and over 160 networking events, which explored various aspects of sustainable urban development. The three networking events that the Alliance held in collaboration with its members and partners, were:

- *How to integrate environmental aspects in city long-term strategic planning*—hosted in collaboration with the United Nations Environment Programme and the International Council for Local Environmental Initiatives. Speakers, including Jeremy Harris, former mayor of Honolulu, Hawaii, and Mayor T. Krishna Reddy of Hyderabad, India, highlighted urban sustainability as the major challenge of the future. They gave evidence of how cities can benefit in multiple ways by factoring the environment into city planning and manage-

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Participants at a Cities Alliance session during WUF III.

ment: for example, sustainable transportation models that do not depend on fossil fuels (in Bayamo, Cuba, horse-drawn carriages were introduced for public transport because of the lack of petrol); hybrid public buses; waste management initiatives introducing recycling options; cogeneration power plants; refuse-derived fuel plants; innovative public–private partnerships (contracting public services, such as waste collection, to local community groups); and leapfrogging technologies.

The speakers promoted a new urban paradigm, seeing the environment as an asset; and cities as managers of natural ecosystems. Other key recommendations include managing urban growth and using ecosystem boundaries as city boundaries; and taking a systems approach to planning, instead of a sectoral one. Ecocity planning, the Local Agenda 21 process, and the CDS were presented possible tools for sustainable urban planning.

- *Empowering cities to mobilize domestic capital*—This session was designed to improve understanding of the process required for cities to mobilize domestic capital for urban infrastructure investments. It highlighted the need for systemic interventions in situations of imperfect decentralization of responsibilities and powers to cities and identified actions needed at the city and provincial levels, as well as on the supply side.

Practitioners representing each level of responsibility in the municipal financing system underlined the theme with case studies. These included Cornelia Richter, director-general of the Planning and Development Department of GTZ; Jason Ngobeni, chief financial officer, Johannesburg, South Africa; Swaminathan Malathi, commissioner of economics and statistics, Government of Tamil Nadu, India; and Mindia

Gadaevi, executive director, Municipal Development Fund of Georgia. At the core of their discussions was the need for partnerships between cities, national governments, and their development partners that are based on inclusive city strategies.

■ *Understanding local economies: tools and methodologies*—This session focused on strategic planning for economic development. Strategic planning requires city managers and private sector and local stakeholders to understand the local economy, including its constraints and prospects.

Participants discussed the findings of the recent study, "Cities Alliance Local Economic Development Initiative", by the London School of Economics and Kaiser Associates Economic Development Practice which the Alliance, with the support of the government of the Netherlands, commissioned to identify tools, methods, and good practices for cities taking steps to understand their local economies. Local economy assessment was positioned as a crucial part of city development strategy, and the more robust the assessment, the more likely a successful economic development strategy will be designed. Key elements of the study include (i) LED Indicators – key elements; (ii) Tools and Sources for Data collection; (iii) Tools for Data Analysis; and (iv) Strategic Frameworks. Case studies were presented by Dr. Mostafa Madbouly who highlighted the Egyptian experience of strategic urban planning for local economic development; Glen Robbins of the University of KwaZulu, Natal, South Africa who presented a case study of eThekwini (Durban); and, Deepali Tewari of the World Bank who presented the Karu, Nigeria local economic development experience.

WUF III concluded with a call for strengthening partnerships for urban development, as well as with a growing recognition of the need to address the underlying causes of urbanization in order to achieve the vision of sustainable human settlements for all.

Cities Alliance at the annual Congress of the Federación Latinoamericana de Ciudades, Municipios y Asociaciones, Cali, Colombia, July 2006

The Alliance's senior urban upgrading specialist, Jörg Haas, represented the Alliance at the annual Congress of the Latin American Federation of Cities, Municipalities and Associations (Federación Latinoamericana de Ciudades, Municipios y Asociaciones; FLACMA), which took place in July 2006 in Cali, Colombia. Present were more than 500 mayors from Colombia and representatives from two-thirds of Latin Americas' national municipal associations, from bilateral donors and multilateral agencies, from NGOs, and from the private sector. The Congress comprised high-level meetings, thematic sessions, dialogues, site visits, and cultural side programmes. Speakers included the mayor of Cali, Apolinar Salcedo, President Alvaro Ulribe of Colombia, and Secretaries-General Guillermo Torro of FLACMA, and Elisabeth Gateau, of UCLG.

Cali city centre.

Cities Alliance at Africities 4

The Cities Alliance had a very successful outing at the fourth African summit for local governments, which was held in Nairobi from September 18 to 24, 2006. More than 6,000 participants representing local authorities, central government, the donor community, the media, civil society including the urban poor attended the triennial summit organized by the Municipal Development Partnership (MDP), United Cities and Local Government, Africa (UCLGA) in collaboration with the government of Kenya and other partners, and focused on theme of "Building local coalitions for an effective implementation of the MDGs in African local governments."

Catherine Farvacque (World Bank), Pelle Persson (Cities Alliance), Sithole Mbanga (South African Cities Network) and Colin Bruce (World Bank) at the "Rethinking Planning and Programming Processes" session at Africities 4.

Opening the conference, Kenya's President Mwai Kibaki said that it was already becoming evident that African countries will not achieve all the MDGs by 2015 unless local authorities are strengthened: "The African experience has shown us that in order to achieve rapid progress in attaining the MDGs, it is necessary to involve the people in the identification and implementation of the programmes, and to strengthen local authorities in order to attain substantial progress towards development".

During 37 special sessions, 23 thematic sessions and roundtables, participants examined the current state of the implementation of each of the eight MDGs and concluded : ". . . that Africa is seriously behind in meeting the targets."

The fight to arrest this regression must rest with local authorities, who were adjudged 'custodians of the goals'. Addressing mayors and other city officials at the session, Dr. Anna Tibaijuka, UN Under-Secretary-General and executive director of UN-Habitat said, "For the people of Africa, you are the closest institution that mediates the bulk of their everyday lives. Indeed, you are the ultimate custodians of the MDGs," Her sentiments were echoed by Jean-Pierre Elong Mbassi, Secretary General of UCLGA, and chair of the Municipal Development Partnership, who said that "Unless local authorities in this continent are empowered to achieve their goals, no progress is going to be made."

Achieving the goals will also depend on how well urbanization in Africa is managed. This, according to experts, requires that local governments and key stakeholders take the challenge of urbanization seriously. "The movement and transformation of human settlements into urban centres cannot be

The Kenyatta International Conference Centre, venue of Africities 4.

Cities Alliance

Improving Urban Performance; and the South African Cities Network's *State of the Cities Report 2006*. Clients and visitors were able to freely avail themselves of these and other publications which the Alliance prepared for Africities, including the *2005 Annual Report*, a basic informational brochure on Cities Alliance and a popular Africities poster with the thought-provoking message: "More Urban Growth . . . Less Rural Poverty", which, as intended, generated lively discussions.

The Alliance also hosted, in collaboration with its members, the following sessions:

"Rethinking Planning and Programming Processes"—which discussed how integrated planning and programming approaches support the development of well governed, environmentally sustainable, productive and socially inclusive cities.

stopped. It only needs to be managed and directed to improve the wellbeing of Africans and the development of their nations", concluded Mrs. Tibaijuka.

For the Alliance, Africities was a tremendous opportunity to implement reinvigorated knowledge and advocacy outreach activities. The Alliance Secretariat hosted a large booth to allow members to co-exhibit, an invitation which was taken up by the German Development Cooperation (GTZ), the South African Cities Network (SACN), the South African Local Government Association (SALGA), United Nations Environment Programme (UNEP) and Sida. These contributed to making Cities Alliance booth 819 one of the most visible, active and popular at the exhibition, hosting a continuous stream of visitors enquiring about Alliance's members and activities and how to access Alliance learning and support.

The booth was also the venue for the well-attended launches of the Alliance's recent publications: *The Urban Transition in Sub-Saharan Africa: Implications for Economic Growth and Poverty Reduction*, by Christine Kessides of the World Bank; *Guide to City Development Strategies:*

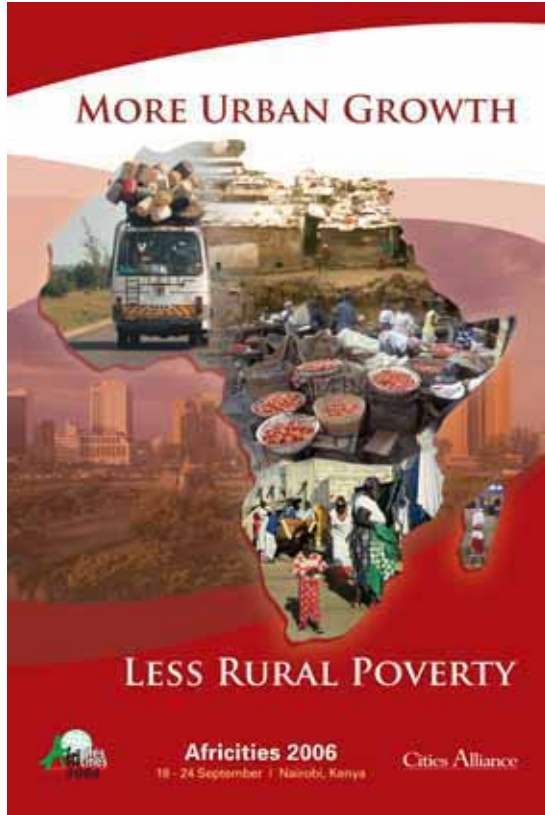Cities Alliance

Cities Alliance booth 819.

Launching *The Urban Transition in Sub-Saharan Africa:* From left to right: Alioune Badiane (UN-Habitat), Christine Kessides (World Bank), William Cobbett (Cities Alliance) and Maryvonne Plessis-Fraissard (World Bank).

Chaired by the World Bank country Director for Kenya, Colin Bruce, speakers included Sithole Mbanga, CEO of the SACN, Patricia Appiagyei, mayor of Kumasi, Ghana; Jane Weru, executive director of the Pamoja Trust, Kenya, Benedict Bennett, mayor, City of Mbabane, Swaziland, and Catherine Farvacque of the World Bank.

"The Positive Impacts of Urbanization"—This session formed the core of the Alliance's participation at Africities. Chaired by Maryvonne Plessis-Fraissard, World Bank Director for Transport and Urban Development, it highlighted the opportunities linked to the urbanization process on a continent where more people are moving to the cities and where 70 percent of the urban population live in slums. Anchoring the discussions was the presentation by the World Bank's Christine Kessides of the Cities Alliance's recent publication, *The Urban Transition in Sub-Saharan Africa: Implications for Economic Growth and Poverty Reduction,* supported by eminent speakers such as Prof. Akin Mabogunje

of the Development Policy Centre, Nigeria, Ibadan, Nigeria and former Cities Alliance Policy Advisory Board member, Elisabeth Gateau, secretary-general of the UCLG, William Cobbett, the manager of Cities Alliance, and Abraham Tekeste of the Ethiopian Ministry of Works and Urban Development, representing the Cities Alliance's newest member.

The debate centred on the fact that cities have always been the driving force behind economic growth and the birthplace of innovations. As demonstrated by Kessides' work, economic growth that has taken place in Africa in recent years has been mainly urban-based. Local authorities have a crucial role in overcoming the salient intra-urban inequalities, effectively combating urban poverty and getting ahead of future slum formation. At the same time, there is need for national governments and their development partners to actively support local governments and strengthen their voices – especially in the debate on economic growth and job creation. Together, governments, cities and their development partners can learn from the past, embrace the
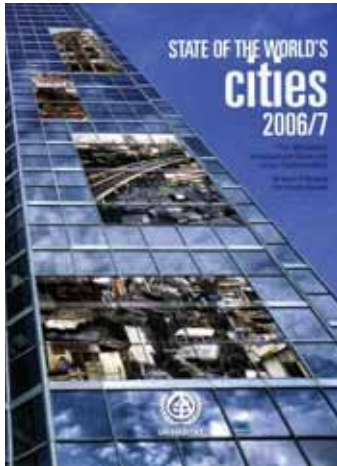
Cities Alliance

Excellency Nicephore Soglo, mayor of the city of Cotonou, and former President of Benin, Kader Dicko of Mali's Koutiala Municipality, Ibrahim Sadisu, chairman of the Business and Economic Development Committee of Karu, Nigeria, Alistair Fray of the Department of Provincial and Local Government, South Africa, as well as from representatives of MDP and the Cities Alliance. The recommendations and conclusions emanating from the session were presented and endorsed during the political segment of the Africities conference by Father Smangaliso Mkhatshwa, President of UCLGA, who highlighted local economic development as one of the priorities of UCLGA for the coming years.

"Rethinking Financing Policies"—organized in collaboration with Agence française de développement (AfD). Once again, Africa's rapid urbanization became the point of departure for a debate centred on how to finance the public investments needed to cope with sustained urban expansion. Investments are needed not only to meet the new and rapidly growing requirements but also to fill the gaps created by many years of under-investment that have resulted in substantially overloaded infrastructure, including transport, power and water distribution systems. Environmental pollution and substandard housing only compound the problem. Speakers included Thierry Paulais of the AfD, Mayor of Ouagadougou, Simon Campaore, Jean-Michel Daclin of the city of Lyon, France, Maleye Diop of UNDP/PPUE (United Nations Development Programme/Public-Private Partnerships for the Urban Environment), Thomson Banda of the Ministry of Local Government and Housing, Zambia and Crane Muleya of the Budget Office, Ministry of Finance and National Planning, Zambia.

positive impacts of urbanization, and prevent widespread urban degradation and human misery.

"Local Economic Development in Africa."— organized in collaboration with the Municipal Development Partnership. With Local Economic Development (LED) in Africa gaining momentum, the session discussed a new LED study commissioned by the Cities Alliance and the government of the Netherlands, sharing LED policy making and practices as adapted and applied to a common LED platform for Africa. The session enjoyed stimulating contributions from Jean-Pierre Elong Mbassi, secretary-general of UCLGA, Peter Beez, Swiss Agency for Development and Cooperation, His

Knowledge Products Review

State of the World's Cities 2006/7: The Millennium Development Goals and Urban Sustainability (UN-Habitat, 2006)

Launched during WUF III, UN-Habitat's *State of the World's Cities 2006/7: The Millennium Development Goals and Urban Sustainability* argues that the world's billion slum dwellers are more likely to die earlier, experience more hunger and disease, attain less education, and have fewer chances of employment than urban residents who do not reside in a slum—what UN-Habitat has labelled the 'urban penalty'.

"For a long time, we suspected that the optimistic picture of cities did not reflect the reality on the ground," said Anna Tibaijuka, UN-Habitat's executive director. "This report provides concrete evidence that there are two cities within one city— one part of the urban population that has all the benefits of urban living, and the other part, the slums and squatter settlements, where the poor often live under worse conditions than their rural relatives. It is time that donor agencies and national governments recognized the urban penalty and specifically targeted additional resources to improve the living conditions of slum dwellers."

The report shows that slums and rural areas are remarkably similar in terms of health, education, employment, and mortality. In countries such as Bangladesh, Ethiopia, Haiti, and India, child malnutrition in slums is comparable to that of rural areas. For example, in Ethiopia, child malnutrition in slums and in rural areas is 47 and 49 percent, respectively, compared with 27 percent in non-slum urban areas. In many sub-Saharan African cities, children living in slums are more likely than rural children to die from waterborne or respiratory illnesses. Women living in slums are also more likely to contract HIV–AIDS than their rural counterparts. In most sub-Saharan African countries, HIV prevalence is higher in urban areas than in rural ones; in Kenya, Tanzania, and Zambia, HIV prevalence in urban populations is almost twice that of rural populations. These differences between rural and urban conditions are attributed to the poor living conditions in slums, which expose women and children to a variety of health hazards and often force girls and women to engage in sexually risky behaviour.

The report also debunks some commonly held beliefs about people living in slums. Contrary to popular perception, young adults living in slums are more likely to have a child, be married, or head a household than their counterparts living in non-slum areas. In Uganda, for instance, 34 percent of young men living in slums head a household, compared with 5 percent of young men living in non-slum urban areas. The report shows that the share of women heading households is greater in urban areas, except in Africa, where more rural women head households.

The report comes at a time when the world is entering a historic urban transition: in 2007, for the first time in history, the world's urban population will exceed the rural population. Towns and cities of the developing world, which are least
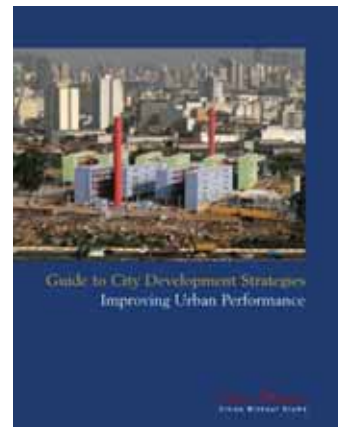
Africa Scorecard.

upgrading and prevention policies or integrated slum upgrading and prevention into their broader poverty-reduction policies and programmes.

What comes out clearly in this report is that slum formation is neither inevitable nor acceptable. "Running the poor out of town"—through evictions or discriminatory practices—is not the answer; rather, helping the poor to become more integrated into the fabric of urban society is the only long-lasting and sustainable solution to the growing urbanization of poverty. Ultimately, as the developing world becomes more urban, and as the locus of poverty shifts to cities, development agencies will have to wage the battle to achieve the MDGs in the world's slums.

Guide to City Development Strategies: Improving Urban Performance (Cities Alliance, 2006)

equipped to deal with rapid urbanization, will absorb most of the world's urban growth—95 percent—in the next two decades. The majority of migrants will be moving to small towns and cities of fewer than 1 million inhabitants. As cities grow, so do their slum populations. In many sub-Saharan African cities, the slum population accounts for more than 70 percent of the urban population. Slums in southern Asia, western Asia, and sub-Saharan Africa are growing as fast as the urban population in general.

A global scorecard on slums developed by UN-Habitat shows that countries such as Egypt, Thailand, and Tunisia have not only managed to reduce slum growth in the past 15 years but also made considerable investments in improving slums. These countries either developed specific slum

In response to constant demand from its members and cities alike, the Cities Alliance commissioned this guide, which was produced by Douglas Webster, professor of global studies at Arizona State University, United States, and Larissa Muller, assistant professor of planning at the University of Calgary, Canada. The guide is based primarily on assessments of CDS processes and

products by the Cities Alliance, its members, and its city partners.

The *Guide* is a resource for cities in the developing world that are about to start a city or city–region strategizing process involving local actors in government, the private sector, and civil society, as well as their international partners (development agencies, international investors, and NGOs). The book is divided into two parts: part I first sets the context for the product itself: "The purpose of these guidelines is to improve the usefulness and positive impact of City Development Strategy (CDS) processes supported by the Cities Alliance" (p. 9). It also sets the context for any city's undertaking of the CDS process: "The role of a CDS process is first to *shock* an urban system under controlled conditions, causing stakeholders to be truly objective in assessing their situation, and then to strategically deploy a limited number of actions to enable the city to dramatically change its performance" (p. 21, emphasis added).

Part II outlines and discusses approaches to undertaking a CDS. Five substantive themes for CDSs to organize around are (i) livelihood, such as job creation, business development, and sources of household income; (ii) environmental sustainability and energy efficiency of the city and the quality of its service delivery; (iii) infrastructure and its spatial form; (iv) financial resources; and (v) governance.

The eight methodological steps to the CDS process examined in the guide are (i) initiating the process; (ii) establishing the initial parameters and the scope of the CDS; (iii) making an initial assessment; (iv) formulating a vision; (v) identifying strengths–weaknesses–opportunities–threats (SWOT analysis); (iv) setting strategic thrusts; (vii) building awareness; and (viii) starting the implementation.

The discourse at each stage is interspersed with self-explanatory boxes charting unique developing- and industrialized-city experiences of the CDS process—some successful, some not so successful, but always highlighting the lessons learned from these experiences.

Five appendices at the end of the *Guide* provide guidance on answering some of the questions Cities Alliance partners asked during the CDS process about the main themes.

More Urban, Less Poor: An Introduction to Urban Development and Management (Sida/Earthscan, 2006)
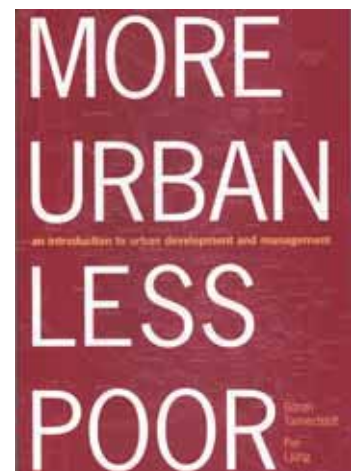
Launched by Sida as part of its activities at the WUF III, *More Urban, Less Poor* is a well-written and refreshingly direct addition to the policy debate on the urban agenda. Uncluttered in their language and messages, the authors, Göran Tannerfeldt (Sida) and Per Ljung (PM Global Infrastructure Inc.) introduce urban development in the context of a world undergoing massive urbanization, with the population of cities projected to increase to more than 4 billion within 15 years, mostly in the developing world.

This historic shift is producing dramatic effects on human well-being and the environment. The most salient negative aspect of urban growth in

developing countries is the condition of the urban poor. Their numbers are underestimated and growing. At least 40 percent of people in developing countries are poor, and with present trends, in 2020 there will be more than 1.4 billion slum dwellers. The MDGs' target 11 calls for significant improvement in the lives of at least 100 million slum dwellers by 2020. It is recognized that for such a target to be meaningful, the formation of new slums must also be prevented. Affordable land and services for housing another 600 million people are needed to halve the number of slum dwellers by 2020.

In the view of the authors, unplanned shantytowns without basic services are not an inevitable consequence of urbanization, and slums are not explained by poverty alone. Urban misery also stems from misguided policies, inappropriate legal frameworks, dysfunctional markets, poor governance, and, not least, lack of political will. Urbanization and economic development go hand in hand, and the productivity of the urban economy can and should benefit everyone. Proper solutions, backed by decisive, concerted action, can dramatically improve living conditions for the urban poor.

The book also examines how cities grow, their economic development, urban poverty, and housing and environmental problems. It further examines how to face these challenges through governance and management of urban growth, the finance and delivery of services, and finding a role for development cooperation.

The timing of this report is auspicious, coming as it does in the midst of a deep ambivalence among many international development agencies about the importance of urban development and the role of towns and cities. As the report notes, "Urban poverty is different from rural poverty and a better understanding of its nature is required from governments and donors."

State of the Cities Report 2006
(South African Cities Network, 2006)
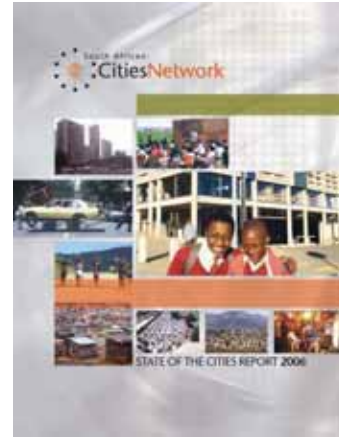
The 2006 version of the *State of the Cities Report* (SOCR) follows on the first report, produced in 2004, in providing a qualitative and quantitative analysis of South Africa's largest cities and highlighting the important role played by cities in driving the national economy and improving the lives of South African residents.

With six chapters, SOCR 2006 takes further steps to examine what has been achieved during the first municipal term of office under the new municipal dispensation, brought into being by *The White Paper on Local Government*, the *Municipal Structures Act*, and the *Municipal Systems Act*. It provides detailed information and analysis of trends that have affected urban development over the past five years. But it also looks forward to the key challenges and opportunities likely to be encountered in the years ahead.

Following an overview, the second chapter examines the role and importance of cities in the global and national contexts and how cities drive economic growth. These global trends are mirrored in the national context, where there is evidence of rapid, ongoing urbanization—more than half of South Africa's population now live in cities and towns.

In a departure from the original focus on the 9 largest cities, this chapter embraces an additional

12 cities and towns, providing an analysis of 21 key urban areas. It takes note of the 26 key urban nodes identified in the National Spatial Development Perspective being prepared by the Presidency and to be officially released at the end of 2006, arguing that these 21 key urban areas, which occupy only 2 percent of the land, contribute almost 70 percent of the national economy. These 21 key urban areas also accommodate many people living below the minimum level, suggesting that strategic investment in cities can achieve two things simultaneously: it can help the economy grow, and it can address the considerable challenges of poverty in cities. This chapter also explores urban–rural economic linkages, urban poverty, and the importance of informality to the South African urbanization process.

The third chapter returns to the nine-cities focus of the original report, consolidating data on what the nine cities have been doing over the last few years and using the same analytical framework—the productive city, the sustainable city, the inclusive city, the well-governed city—as in *SOCR 2004.*

Chapter four focuses on how the different cities have tried to address the challenges of city management and development. The analysis is based on surveys of the nine city strategies, enabling the team to assess (1) city progress in the past five years; and (2) ongoing challenges.

The fifth chapter examines the emerging strategic agendas of national governments and how these will influence South Africa's cities over the next five years, and the final chapter provides an overall summary of the report.

The analytical overview of South Africa's cities is complemented by six life stories of ordinary people and how they experience their cities. These stories illustrate that ongoing urban–rural linkages, informality, industrial growth, HIV–Aids, affordable housing, and public transport are not only the concerns of urban policy makers but also the very stuff of everyday life for urban residents.

***The Dynamics of
Global Urban
Expansion***
(World Bank, 2005)
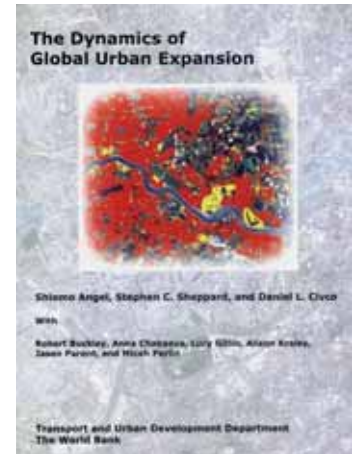
Co-authored by Shlomo Angel, Stephen C. Sheppard, Daniel L. Civco, and others, this report examines the dynamics of global urban expansion by defining a new universe of 3,943 cities with populations in excess of 100,000 and by drawing a stratified global sample of 120 cities from this universe.

It analyzes population data and satellite images for two periods a decade apart, in addition to looking at several measures of urban extent and expansion: for example, the authors calculated the built-up area of cities and the average density of the built-up area. The report also presents and analyzes data for 90 cities of the global sample of 120. Weighted averages of the built-up area and the average density, as well as compactness and contiguity measures, and their change over time are presented for nine regions, four income groups, and four city-size groups covering the entire globe.

The report found densities in developing-country cities to be some three times higher than those in cities in industrialized countries; and densities in all regions were found to be decreasing over time. It argues that if average densities continue to decline at the annual rate of 1.7 percent, as they have during the past decade, the built-up area of developing-country cities will increase from 200,000 square

kilometres in 2000 to more than 600,000 square kilometres by 2030, while their populations double.

The central message of this study is quite clear: developing-country cities should be making realistic, yet minimal, plans for urban expansion, designating adequate areas to accommodate the projected expansion, investing wisely in basic trunk infrastructure to serve this expansion, and protecting sensitive land from the incursion of new urban development.
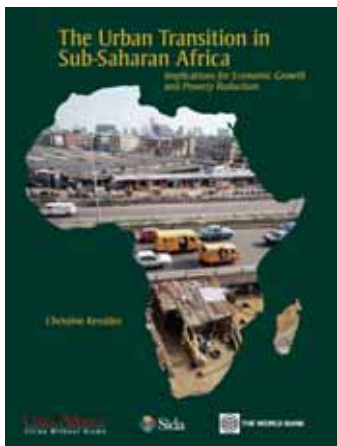
The Urban Transition in Sub-Saharan Africa: Implications for Economic Growth and Poverty Reduction (Cities Alliance, World Bank, 2006)

Published in French as *La transition urbaine en Afrique subsaharienne: Impacts sur la croissance économique et la réduction de la pauvreté* (Cities Alliance 2006)

The Urban Transition in Sub-Saharan Africa elaborates on the salient points of the positive impacts of urbanization captured in the introductory chapter of the Cities Alliance *2004 Annual Report*. It discusses the ongoing processes of urban and local government development in sub-Saharan Africa, how it can benefit the countries, and what conditions are necessary to achieve this outcome. Africa is facing close to a doubling of its urban population in 15 years.

Addressed to urban advocates and sceptics alike, this report takes a hard look at what the urban transition can offer to national development and what support cities and local governments require for
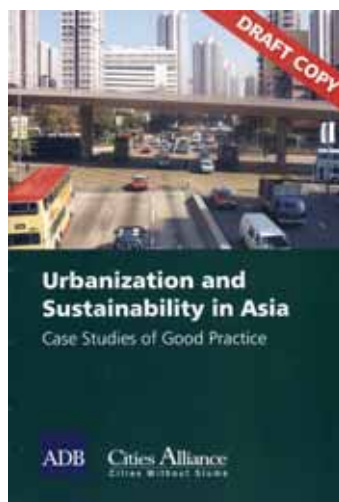
achieving these results. It argues that rather than devoting more attention to debating the urban contribution to development in Africa, development practitioners need to spend real energy unblocking it.

The book challenges several common myths that cloud discourse about urban development in Africa. It finds that urbanization in the region is neither excessive nor imbalanced relative to the experience of other regions. Internal migration, which is not the main source of urban growth, does not account for urban poverty. Migration is favourable for both the sending and the receiving areas, and population mobility benefits both rural and urban households, as many retain a foothold in both areas to spread risks. Nevertheless, the absolute rate of urban growth creates a major management task, particularly in the secondary cities, which tend to be the most underserviced, and in large cities.

Although Africa has been frequently described as having a disconnect between urbanization and economic growth, in reality most of the economic growth that has taken place in the past decade derives from mainly urban-based sectors (industry and services), particularly in better performing economies. But cities have clearly not lived up to their productive potential, because of widespread neglect, inappropriate policies and bad management. Urban poverty is not mainly a function of urban expansion; nor is it a sign of failure of the urban economies in Africa. There is evidence that much of the deprivation in cities and the emerging urban public health problems relate to the policy and institutional failures that perpetuate social exclusion and inequalities between the urban poor and the urban non-poor.

Well-managed cities and towns support the national development agenda by providing market demand and remittances for the rural economy (implying a virtuous circle); fostering entrepreneurship and economic modernization and diversifica-

tion; reducing poverty by offering a deeper labour market, higher income earning opportunities, and better access to services; and creating the practical necessity for effective local governance and administration. But the simple concentration of firms and people does not guarantee that agglomeration economies will be realized. Much to the detriment of the economy and competitiveness, many African firms are not experiencing the market efficiencies, ease of mobility, and low transaction costs that better managed cities could deliver. Serious shortcomings in basic urban services, land, housing, and urban transport and the severe shortage of fiscal resources for local governments mean that urban firms and workers prematurely experience the downside of urban concentration: diseconomies such as high land costs, degraded public areas, threats to public health, and emerging crime. Neglect of urban management therefore reduces the benefits and raises the costs of the major private and public investment represented in cities.

development in Asia, a region where the urban population is projected to grow by around 70 percent, to more than 2.6 billion people, over the next 25 years. It examines urban development policies and good practice case studies in 12 countries of the continent—Bangladesh, Cambodia, People's Republic of China, India, Indonesia, Lao People's Democratic Republic, Malaysia, Pakistan, Philippines, Sri Lanka, Thailand, and Viet Nam—highlighting examples of sustainability and discussing their replicability for other cities and countries. In analyzing the case studies, the book uses a framework for systematically documenting, comparing, and deriving lessons of good practice for sustainable urban development. Each good practice is assessed on its contribution to one or more of the following:

■ Good governance
■ Better urban management
■ Effective and efficient infrastructure and service provision
■ Financing and cost-recovery
■ Social and environmental sustainability
■ Innovation and change
■ Ability to leverage international development assistance.

Urbanization and Sustainability in Asia: Case Studies of Good Practice (Asian Development Bank and the Cities Alliance, 2006)

Urbanization and Sustainability in Asia was commissioned to capture and disseminate knowledge about good practices in sustainable urban regional

Lessons learned from good and bad practice have shown that to achieve urban futures in Asia, major changes, as proposed below, are needed in the way cities are developed and managed, in particular to address the large imbalance between demand and supply in the provision of infrastructure and services:

■ *Managed decentralization*—All governments in Asia recognize that well-managed decentralization is needed to improve local infrastructure and services.

Curt Carnemark/World Bank

Bangkok cityscape along the Chao Phraya River.

■ *Institutional strengthening and capacity building*—City governance and local institutions need to be strengthened to have the capacity to meet the challenge of growing cities.

■ *Stakeholder participation*—Decentralization relies on processes at the local level for fulfilling local needs and for holding local authorities accountable in meeting these needs and balancing priorities between all elements of society.

■ *Problems of coordination*—Decentralization in rapidly expanding cities requires a common strategy and a coordination framework to facilitate the resolution of common issues and to manage interactions with rural areas.

■ *Local leadership*—Local leaders play an important role in identifying issues, engaging the community, defining priorities and approaches, and mobilizing needed resources.

■ *Financial sustainability and management*—Local governments need to move away from general reliance on revenue-sharing arrangements with

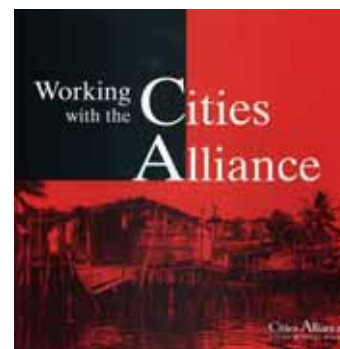central government and develop their asset base, credit worthiness, and capacity to pay.

"Working with the Cities Alliance— Revised version 2005 and Financing City Infrastructure", *Villes en développement*, No. 69 (Cities Alliance and Institut des sciences et des techniques de l'équipement et de l'environnement pour le développement [ISTED], September 2005)

The Alliance strong communication and knowledge partnership with ISTED also yielded fruit during the year under review first with necessary updating of the English and French versions of the *Guide to Working with the Cities Alliance* to more

accurately capture target audiences, the proposals process, membership profile and co-financing details. This was followed later in the year with the copublication of a special edition of the *Villes en développement* newsletter, in both English and French. It focused on the theme of financing city infrastructure, which was also the thematic thrust of the Cities Alliance *2005 Annual Report*. The eight-page bulletin features articles on the topic by city finance experts, such as Juanita Amatong, former secretary of finance of the Philippines and a member of the Cities Alliance Policy Advisory Board; Jason Ngobeni, city treasurer of Johannesburg; David Vetter, a consultant specializing in city infrastructure finance issues; and Rajivan Krishnaswamy, Cities Alliance senior urban finance adviser.

In the foreword to the newsletter, Katherine Sierra, co-chair of the Cities Alliance Consultative Group and the World Bank vice president for sustainable development, noted that "while much international debate has focused on increased development assistance and debt relief, insufficient attention has been paid to local sources of investment funds for infrastructure in the towns and cities where the urban poor live" (p. 1). Helping cities become proactive facilitators of infrastructure provision is a critical development task, which requires "partnerships between cities, national governments and their development partners" (ibid.).

BOX 12. CITIES ALLIANCE KNOWLEDGE MANAGEMENT PLAN

During the year under review the Cities Alliance Secretariat formalized a Knowledge Management Plan to more efficiently manage the flow of knowledge and information resources, as well as policies and procedures. This plan—in effect, a Cities Alliance library—aims to:

- Improve internal knowledge and information resources management;
- Provide the Cities Alliance Secretariat team, partners, and clients with timely access to grant activity information, knowledge and publications sources.

The basic features of the Cities Alliance library include:

- An enhanced integrated projects database—an active, dynamic, and user-friendly Web-based database—related to IRIS and the Cities Alliance Website, designed to preserve information and knowledge from Cities Alliance activities on CDS and slum upgrading;
- A more interactive Cities Alliance Website based on an open-source platform and enabling better content management, easier navigation, searches, RSS, blogs, and easily downloadable content;
- Greater interface with the World Bank's institutional document and records management system;
- More systematic classification of tools made available to Cities Alliance clients and partners for planning and implementing CDSs and slum-upgrading programmes and key outputs from Cities Alliance-funded activities; and,
- More systematic classification of references and other resource materials.