

Establishing a Partnership between the Energy Sector Management Assistance Program  
(ESMAP), and the Cities Alliance

Concept Note  
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**ESMAP** was established in 1983 under the joint sponsorship of the World Bank and the United Nations Development Programme (UNDP). From its original brief to help developing countries respond to the global energy crisis, its mandate has evolved over time to meet the changing needs of its clients. ESMAP assists Governments with innovative and strategic responses to their energy challenges, focusing on up-stream- pre-investment issues that have clear potential for policy formulation and energy investment. In addition to the World Bank, ESMAP currently receives support from other members of the Consultative Group for the “Energy Trust Funded Programs”, comprising some 10 donor agencies and the UN Foundation.

The **Cities Alliance** was established in 1999 by UN-Habitat and the World Bank, and has grown into a coalition of 26 members, including seven developing countries. The Cities Alliance was created to scale up successful approaches to urban poverty reduction, and to promote the positive impacts of urbanization. Cities Alliance assistance support is provided through its members, and focusing on citywide and nationwide slum upgrading policies, and city development strategies (CDS).

### **The context.**

The unprecedented scale and nature of the current process of urbanization in the developing world has been well documented, although the policy response in many developing countries has been both negative and extremely slow. The results of these, and many other factors, are undeniable – significant and growing proportions of the poor in developing countries are socially and physically excluded, trapped in sprawling slums often ignored by public authorities.

As the scale and extent of urban poverty increases, national and local governments in developing regions, particularly in Africa and Asia, are facing a number of pressing challenges. These include:

- The need to introduce policies that are responsive to the realities of urban growth, and which view urbanization as a positive force;
- The need to provide for the essential needs of the urban poor, including land, services and citizenship; and
- The need to actively plan and prepare for future urban growth.

However, in addition to the above challenges, recent developments have pointed to the critical role of cities in both mitigating, and adapting to, climate change. The current pattern of urbanization consumes land in a wasteful and inefficient manner, while the lack of

formally-provided services forces the urban poor to make use of informal, costly and wasteful alternatives.

The Cities Alliance has provided support for slum upgrading programmes in many countries in Africa and Asia, and continues to receive both city-wide and national requests. However, although there is always a focus on a hard service such as waste and sanitation, the same is not true for energy, which is often ignored.

This has a number of consequences, including diminished impacts for economic growth, a forced reliance on expensive alternatives for heating and cooking, the continued destruction of the surrounding habitat and a diminished quality of life.

### **The ESMAP/Cities Alliance Partnership**

ESMAP and the Cities Alliance have recently decided to join forces, and to take proactive steps to urgently foster vastly improved access to knowledge, policies and technologies dealing with energy provision, and increased energy efficiency. These efforts will focus at the household, city and national level.

Steps are already underway to implement this working arrangement. With immediate effect, new proposals submitted to the Cities Alliance will be offered the opportunity to access the skills, resources and networks of ESMAP, as part of the application to the Cities Alliance. This support will be financed from ESMAP's own resources, for example, as ESMAP Grants for either "Energy Access for Slums" or "Energy Efficient Cities".

ESMAP has a number of tools which could be deployed in support of Cities Alliance slum upgrading or CDS activities. These include:

- A Rapid Assessment tool to promote Energy Efficient Cities. The Cities Alliance and ESMAP partnership will provide a vehicle to develop a framework to assist cities to undertake a comprehensive review of their energy consumption, and future needs, and to make it as energy efficient as possible;
- The provision of pre-investment policy support as part of a city development strategy (CDS). ESMAP will be able to apply its expertise in advising cities on appropriate analytical tools, policy and regulatory frameworks, lifecycle costing principles, energy efficient codes, and financing schemes; and
- The provision of small grants to introduce and test new and innovative energy efficient measures.

In addition, the Cities Alliance and ESMAP have agreed to jointly commission, and finance, a detailed policy analysis of the main energy issues that need to be addressed in an urbanizing world, and in the slums of developing country cities in particular. This work will commence in early 2009 will allow both organisations to better frame the partnership. As a first step, the Cities Alliance will collaborate with ESMAP to provide inputs to the Global Energy Assessment.