City Development Strategies

Achieving sustainable urban growth through the construction of more human cities with inclusive social policies are priorities for United Cities and Local Governments (UCLG) and its thousands of local government members. Many of these UCLG members have created and implemented city development strategies (CDS) which have reduced poverty and improved the quality of life. For example, the strategic plan for Johannesburg, JoBurg 2030, has made it possible to achieve remarkable progress, particularly in the areas of housing and economic development. Maputo (Mozambique) has developed its infrastructure in a relatively short amount of time; Rosario (Argentina) has brought its services closer to the population by decentralizing management and has achieved greater integration of its metropolitan zone. We have already recognized examples of Brazilian cities which have combined strategic planning and citizen participation to make considerable progress in poverty reduction.

These examples show that urban planning implementation and techniques must evolve with changing situations with regard to decentralization and democracy. City development strategies rely on the mobilisation of local actors, the active participation of the private sector and better integration of public policy at all levels. Case studies of Lima, Alexandria and the Philippines, conducted with the support of the Cities Alliance and described in this publication, give a good idea of the variety of city development strategies.

But our experience also shows how crucial it is to go beyond planning. It is necessary to bring together the resources that are required for implementation. This is why fundamental changes are necessary in the way international development agencies work with local governments, whether in the world’s largest cities or the smallest villages. Flexible, consistent and suitable mechanisms are essential in order to guarantee that cities have regular financial resources.

Since its creation, UCLG has been working within the Cities Alliance to amplify the voices of local authorities and strengthen the partnerships with development agencies. In 2006, we jointly launched a program to promote city development strategies based on the Millennium Development Aim which facilitate knowledge exchange and learning between the cities of Africa and South America. We would like to promote these experiences and strategies which reflect the needs and commitments of local governments, with a view to achieving the United Nations’ Millennium Goals.

Elisabeth Gateau
Secretary General of UCLG
The performance of cities in the 21st century is increasingly being seen as an issue of global concern. Cities – of all sizes – are a paradox: for many, they are home to the growing millions of poor people as poverty urbanises; they are also hosts to the most significant sources of environmental degradation and climate change. At the same time, cities of all sizes are at the forefront of successful poverty reduction strategies, and are also a significant part of the solution to the rapidly growing threats associated with climate change. Yet, as we know from centuries of experience, successful cities require long-term vision, extraordinary leadership and constant change and innovation.

The need for vision and leadership is urgent, as by 2030 at least 61 percent of the world’s population will live in cities, and by 2060 the world will be urbanised, with more than 80 percent of the global population living in cities, of all sizes. Two generations to change the way thousands of cities are run, and turn many of them away from a path of spiralling poverty, social exclusion and environmental degradation, is an extremely limited timescale.

Developing cities, like their industrial counterparts, face considerable uncertainty. Most cities are confronted with the tasks of managing unprecedented population growth rates and are already unable to cope with existing backlogs.

Yet, as the recent Cities Alliance’s publication, Guide to City Development Strategies: Improving Urban Performance (2006) demonstrates, well-positioned and well-timed public, private and civil society strategic interventions can – and do – significantly alter a city’s development path. Dramatic change in a relatively short period of time is possible, and city development strategies (CDS) provide a valuable vehicle for cities to undertake and manage the necessary changes.

An effective CDS is designed to shock the system, under controlled conditions, and initiate a programme of change. As the Asian Development Bank noted in its 2004 guide, City Development Strategies to Reduce Poverty, such a programme has a number of features including the building of trust, encouraging people to think about their city differently, achieving a coordinated strategic approach and precipitating a change in behaviour amongst all groups.

Yet local governments alone cannot turn a city around. In reality, they actually control very little of the capital that is required for city building, and may not even have the necessary human resources and skills to manage a comprehensive programme of change. That is why those cities that have been successful in effecting change have worked in partnership with private interests, both formal and informal, and civil society to change their city’s developmental direction. As the South African State of the Cities Report (2006) notes, cities are more than their local authorities – they are spaces shared by business, communities, residents and other spheres of government.

This approach highlights the significant and complementary role of higher levels of government. When national urbanisation policy frameworks complement local strategies, change is likely to be deeper and quicker. The imperative of well-managed cities needs to be seen not as a local government issue, but as the focus of successful social and economic development. Cities already account for more than 80 percent of global economic growth. Indeed, it was the rapid and seemingly unending decline of the great city of Mumbai that prompted the private sector to create a successful lobby movement – Bombay First – and an accompanying vision report that precipitated the Government of Maharashtra to initiate a process that has subsequently become amongst the most ambitious and comprehensive city development strategies in the world.

In a completely different scenario, the city of Greater Amman has used its city development strategy to try to come to terms with the enormity of the challenge faced by the hundreds of thousands of refugees fleeing the first Gulf War, and an even greater influx of refugees fleeing the 2003 invasion and subsequent civil war in Iraq.

Daunting challenges are also to be found in sub-Saharan Africa, where cities need to provide their residents and migrants with ladders to escape poverty. The fact that Africa is the poorest continent presents enormous city-building challenges, but also significant opportunities because African cities are at the earliest stages of the urbanisation process. Cities as diverse as Ekurhuleni in South Africa, Lagos in Nigeria and Ouagadougou in Burkina Faso have all commenced city development strategies to try and capitalise on cities’ reputations as the most effective fighters of poverty.
Lima faces challenges that are not unfamiliar to most developing country cities. Resources are insufficient to adequately address issues of public safety, unemployment, transport, housing, and environmental degradation, among others. To address its needs as a growing and challenged urban agglomeration, and to make Lima more competitive and liveable, the government of the Metropolitan Municipality of Lima (MML) approached the World Bank to support a strategic planning effort. The development of a framework for strategic planning and investing was viewed by both parties as critical for the city’s future.

The Launch of the Strategy

Within the context of the need for an overarching strategic development framework, the city’s urban challenges, and its complex administrative structure (the greater Lima-Callao urban area includes 44 municipal authorities and two metropolitan authorities and the institutional division of roles and responsibilities makes coordination across administrative boundaries particularly challenging), the MML launched a process to develop a strategic instrument, with strong technical underpinnings and based on an inclusive participatory process, to elaborate a poverty-focused city development strategy (CDS).

The CDS is multi-dimensional tool which addresses the economic, social, institutional, environmental, and structural impediments to the city’s growth and development. Based on a participatory process of priority setting, the CDS was organized around 5 pillars – economic competitiveness, housing and basic services, human capital, public safety, and governance – which were identified based on stakeholder input, metropolitan data, and 14 sector-specific analytical studies. Activities under each pillar included the collection of background data and analytical work, an analysis of current trends, and, importantly, a prioritised matrix of strategic and concrete actions.

Main characteristics

The CDS approach marked a clear change in the way that stakeholders are engaged with city-level policy makers and represented the first time that diverse constituencies were made part of formal urban development planning at the metropolitan level. While a multitude of avenues for citizen participation exist in Lima, the CDS methodology allowed for a direct linkage between metropolitan-level policy setters and a diverse set of stakeholders at the community, municipal, and metropolitan levels. The strategy design was participatory in two respects: first, it incorporated stakeholders from civil society, the private sector, the public sector, academia, and community organizations. Consultations and visioning were conducted in the form of working groups and interviews. Some groups were separated by sector (e.g. civil society) while others were separated by region (e.g. East Lima). Second, the strategy pri-
Improving good governance: CDS Initiatives in the Philippines

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Among the city development strategy (CDS) project sites, the Philippines stands out as one of the most successful examples, attributed in large part to the active participation of mayors throughout the entire process. The Philippines also has the greatest number of initial participating cities – seven – whereas others have had only one each.

Since the CDS pilot in the Philippines began in 1998, close to 70 cities (59% of initial participating cities) have conducted four CDS projects. In 2001, when the Cities Alliance funded the second round of CDS projects, implementation was transferred from the national government (the Housing and Urban Development Coordinating Council) to the League of Cities of the Philippines (the association of cities) to ensure better institutionalisation of the process and expand the programme to eventually include all cities. Successive CDS projects were also implemented by the League.

Key Lessons
The mayors who have been part of the process are now among the most vocal...
project advocates, encouraging their fellow mayors to participate in CDS programmes. The success of the project can be attributed largely to the pivotal role of the mayors, not only in their active participation in project activities, but also in their sincere and sustained efforts to engage local stakeholders in the entire process.

First, the participatory aspect of the CDS process established a good foundation for ensuring successful implementation of the city’s long-term strategies as it fosters local ownership of the plans through the conduct of public consultations at each step of the process. Furthermore, stakeholders are engaged from the planning stage, thereby mobilising a wide range of resources for the implementation of the programmes and projects. At the same time, the plan’s acceptance by a wide constituency ensures sustainability even with political changes, particularly in light of the fact that Philippine mayors can serve only a maximum of three, three-year terms.

Second, the “learning by doing” method has been effective in building the capacity of local government staff in urban management and local officials in governance since it fosters ownership of the CDS process and officials see the results of their efforts. Equally important is the proper guidance extended by the team of urban experts (i.e., physical planning, local economic development, environmental management, financial management, social planning, etc.) in helping the CDS teams go through the entire process (assessment, visioning, strategy formulation, identification, and prioritisation of programmes and projects). The technical assistance provided by the experts helps shape comprehensive and integrated strategies, as opposed to the traditional, non-integrated sectoral planning approach.

Finally, the comprehensive approach of the CDS process inculcated in the mayors an understanding of their cities as “economic spaces,” not just administrative regions to which they are mandated to deliver basic public services. This brought on the realization that cities are fuelled by economic activities, each uniquely driven. This also helped mayors realize that they have the potential to play key roles at the metropolitan, provincial and even national levels.

Outcomes
The outcomes of the CDS process have been positive, achieving the objectives set forth in the World Bank’s urban assistance strategy. First and foremost is the strong participation of local stakeholders in the implementation of city strategies resulting from improved communications and better working relations among city government staff, the private sector and NGOs involved in the project.

After seeing the benefits of public participation in the planning process, San Fernando City in La Union and Marikina City in Metro Manila replicated the CDS process at the barangay or village level, and included a range of socio-economic groups—women, youth, elderly and others. As a result, the plans and programs from the city down to the village and sectoral levels are tightly coordinated and focused towards achieving the city’s overall vision.

The resulting impact of the “learning by doing” approach is also evident in the improved technical skills of the local officials and technical staff, from improved presentation skills to enhanced abilities in data analysis.

A better understanding of the drivers that fuel local economies has encouraged city mayors to adopt new roles as development “facilitators.” Cadiz City, for example, was able to secure financing for the construction and development of their Fishport Complex through a build-operate-transfer arrangement with a foreign company. Calbayog City, on the other hand, seeing that the government’s low income was due to inefficient tax collection, embarked on a citywide campaign to update the registry of all local businesses to improve accuracy in tax collection. Iligan City went further and placed their tax mapping on GIS. Recognizing that electricity is critical to development, Calbayog City negotiated with the National Power Corporation to improve the city’s power supply system. A new sub-station was constructed and wooden electric posts were replaced with sturdy steel towers that can withstand the region’s violent storms. And to attract businesses, Muntinlupa City reduced processing time for business permits from days to just fifteen minutes.

Recognition of their cities as “economic spaces” has also led CDS mayors to strengthen ties with adjacent municipalities. The cities of Iloilo and San Fernando have established...
metropolitan arrangements with neighbouring municipalities for shared investments in common services (e.g., water supply, waste disposal) as well as complementary economic activities that will benefit the area. The cities of Bayawan and Kabankalan, through their respective provincial governments, jointly invested in the construction of a highway and a bridge linking the two provinces through their cities when they realised the vast potential of connecting the two provinces’ largest cities. Dapitan and Dipolog cities in Zamboanga del Norte province also recognised the advantages of providing complementary facilities for tourism and service centres, instead of competing with one another.

The CDS also helped cities develop a clear direction for long-term development. This sent off a positive message to financing institutions and investors, establishing the cities as solid investment sites. Olongapo City, through their CDS, was able to secure a credit line with the Development Bank of the Philippines to finance the priority projects identified in their plan. Calbayog City was able to negotiate loan restructuring with the Philippine National Bank and within three years was able to pay off debt accumulated by the previous administration. San Fernando, La Union was also able to secure several grants and loans to finance priority projects.

**Conclusion**

As a whole, the CDS process has improved local governance in the Philippines. This is shown by the number of awards and recognition given to local authorities, mainly in CDS cities, by local and international award-giving bodies. Awards have included those for: “Most Competitive,” “Most Child-Friendly,” “The Healthiest,” “Most Business Friendly,” and “Most Environmentally-Sound.” While significant gains have been achieved by the project, there still remains the bigger challenge of replicating and scaling up these successes nationwide to achieve sustained national economic development. In this regard, the ultimate goal of the CDS project is to institutionalize the process in the national planning framework and, eventually, expand its coverage to include other local government units, namely municipalities and provinces.

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**Alexandria City Development Strategy for Sustainable Development**

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Alexandria has been involved in a city development strategy (CDS) process, involving numerous stakeholders, including those in the most disenfranchised positions within the community, since 2004. The process of starting a CDS has led to a number of new projects that provide economic benefits, while focusing on environmental improvement and slum upgrading.

By engaging stakeholders from business and community groups, the local government has been able to not only start a medium-to-long term action plan to improve the quality of life for all citizens, but also ensure that Alexandria moves towards more sustainable development.

**City profile**

The Alexandria Governorate, located on the Mediterranean Sea 210 kilometres north of Cairo, has a population of 3.9 million, of which more than 95 percent lives in Alexandria city, while the rest live in Burg Al Arab new town and its surrounding area. Alexandria acquired a unique place in history as a cosmopolitan city and cultural landmark. Today, many aspects give Alexandria important competitive advantage in Egypt and the Middle East region, including:

- unique archaeological and cultural heritage assets that span several eras, creating a rich urban fabric and modern landmarks. The reconstruction of Bibliotheca Alexandrina, which alone attracts one million visitors every year, is positioning the city as a regional hub of knowledge, science and dialogue among cultures and civilizations;
- important transportation infrastructure, with two of Egypt’s leading seaports that handle some 60 percent of the country’s imports and 47 percent of exports, two international airports, and good highway and rail links to the rest of Egypt and neighbouring countries;
- a well-established, fast growing and diverse manufacturing sector (40% of Egypt’s industrial investments), that employs about 30 percent of Alexandria’s local labour force in the following sectors: chemicals and petrochemicals, textiles and garments, food processing, oil refineries, steel and iron, and pharmaceuticals — industries with growth rates ranging from 5 to 8 percent over the past three years; and
- the ability to further diversify its economic base in sectors with as yet untapped potential for tourism (Alexandria remains the main local tourism destination, but receives only three percent of Egypt’s international visitors each year), information and communications technology, research and development, and the services sector since Alexandria boasts a better-than-average-educated labour force and more competitive wages.
The challenges
- The Alexandria Governorate faces the challenge of creating more jobs to meet rapidly increasing demand. It is estimated that 40,000 new jobs need to be created each year to absorb new labour market entrants; 51 percent of the population is under the age of 20, and the population is expected to reach 4.95 million by 2021. A relatively low official unemployment rate, 7.1 percent in 2004, compared with a national average of 10.3 percent, can thus be misleading if the need for job creation is not considered. In addition, Alexandria has a large influx of workers commuting daily from the adjacent Beheira and Matrroh Governorates, which have higher unemployment rates.
- The second challenge manifests itself in the existence of 30 squatter settlements where one-third of the population (1.2 million) lives with limited access to infrastructure and municipal services and the unemployment rate is 15 to 20 percent.
- The last challenge is the extensive pollution of Lake Marriout due to the discharge of untreated and primary-treated sewage and industrial waste. The lack of a strategy, resources and institutional capacity in the governorate to efficiently manage the lake and its surrounding land as a valuable development element has resulted in its transformation from a key asset to a major liability.

Alexandria city development strategy
Such endowments and challenges formed the backdrop of the Alexandria City Development Strategy (CDS), which was initiated in 2004 with support from the Cities Alliance Programme, the World Bank, GTZ, UN-Habitat, AUDI, CIDA and IFC. The process consisted of formulating a long-term vision and action plan for sustainable development, constructed through the broad-based participation of key public, private and civil society stakeholders. The emerging long-term vision is: “Alexandria takes advantage of its competitive endowments, better manages its local assets, removes constraints to private sector-led growth, while ensuring the socio-economic integration of the poor.”

The three CDS pillars identified by stakeholders are: (i) local economic development (LED) that builds on the city’s endowments and comparative advantage and makes the local business environment more favourable to investors; (ii) participatory urban upgrading of squatter settlements that makes the poor both contributors and beneficiaries of local economic development; and (iii) environmental rehabilitation of the Lake Marriout zone and development of the surrounding land, which addresses the key challenges of environmental degradation, ineffective management, and the overall under-utilisation of one of Alexandria’s key assets.

The CDS highlighted the need to strengthen the city’s urban management capacity by establishing an efficient and adequately staffed and resourced City Development Agency to sustain the CDS processes and monitor implementation of its action plan.

Implementation of CDS
The Alexandria CDS vision and action plan formed the foundation of a large-scale investment project – the Alexandria Development Project – in which the World Bank, Government of Egypt and a number of donor agencies contribute financial and technical support. The project is structured to respond to locally-defined needs and provide funding for high-investment priorities. Given the broad-based stakeholder participation since the early stages of the CDS, the project enjoys significant local ownership and political commitment. The project aims to contribute to the higher-level objective of supporting local authorities’ efforts in strategic planning, local economic development, improvement of the local business climate, and the socioeconomic inclusion of Egypt’s urban poor.

Lessons learned
The CDS and follow-up investments suggest strategic interventions in both “hard infrastructure” to improve the living conditions of people and tackle key constraints to private sector development and economic growth (providing off-site infrastructure to enable land development with the private sector and road networks); and “soft infrastructure” to address key barriers to investment and build local capacity (streamlining business start-up procedures, enabling the registration of property informally held by investors, enhancing private sector participation in the management of industrial estates, and strengthening city capacity in managing local assets and sustaining the strategic planning process). In a mega-city, such as Alexandria, with a national function as a ‘driver of economic growth,’ such a balanced approach proved crucial.

The Alexandria CDS, and the resulting capital investment plan that will be partly implemented under the project, resulted in a shift in local development practice in Egypt away from the traditional top-down, supply-driven approach. The latter was criticized for: (a) its narrow focus on infrastructural issues and little emphasis on local economy dynamics, needs and institutional and financial dimensions, (b) little private sector participation and understanding of market dynamics and trends, and (c) non-participatory planning, decision-making and implementation. Instead, the Alexandria CDS and follow-up investments rely on a bottom-up approach where ownership rests with local authorities and other stakeholders, with emphasis on broad-based participation in formulating the long-term vision and identifying development programs.

The CDS process emphasises close interface with the central government to ensure that successfully implemented initiatives can be replicated at the national level. Alexandria will serve as a pilot case to test selected strategic reforms aimed at removing key constraints to the investment climate and strengthening local government’s urban management and service delivery capacity (Alexandria is already one of two test cases allowed more latitude by the central government to set user charges for services). Successfully tested reforms, including CDS and urban upgrading regulations, would then be rolled out through regulatory reform and scaled up nationwide; a similar process is starting in the Metropolitan Cairo Area with the support of the World Bank and partner donors.
News on cooperation

From Shanghai to Bangalore: reappraising business models
Organised by IRSAM, research centre of ISG (Institut supérieur de gestion) with several partners including Isted
UNESCO, Paris, June 7th & 8th, 2007

The aim of this seminar is to analyse the ways new business models, being set up in India and China by western and eastern companies, upset global socioeconomics behaviour through multiple channels. Through a post disciplinary perspective the seminar assesses the general hypothesis that we have no more pertinent theoretical schemes to analyse and foresee impact of both nations on the socio-economic patterns of the World without a cross fertilization of dispersed disciplines from history to management.

www.irsam-isg.org

Publications

Instead of telling the problems of slums in urban areas, this book takes a strategic and operational approach to consider the strategic and operational choices and priorities that face the majority of African cities in order to best profit from the process of transition to an urbanised society.

Guide to City Development Strategies
Improving Urban Performance

Publication available at: www.citiesalliance.org

Cities Alliance Annual Report 2006
Cities Alliance' 2006 Annual Report Focuses on the Urban Environment. The report argues that contrary to the conventional wisdom that cities are threats to the global and local environment, urban areas may actually proffer the best hope for a sustainable environmental future. One roadblock to this has been getting public authorities to pay appropriate attention to prevent the next generation of slums. Continuing denial about urban growth and the refusal to plan for an orderly urban expansion means such expansion will continue to take place on land that should be left undisturbed, along rivers and canals, with new slums lacking basic amenities such as formal water supply, adequate sanitation, waste collection, good governance and sustainable energy.

Publication available at: www.citiesalliance.org

On-line pre-registration for professional Master 2, « Ingénierie des services urbains en réseau dans les pays en développement » (ISUR) of the IEP of Rennes is open from March 15th to June 11th, 2007 at: www.dess.isur.free.fr
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