Plywood industry in Lagos, Nigeria

Learning and Knowledge Sharing

I n addition to the learning and knowledge sharing that take place within the framework of all Alliance activities, the Cities Alliance also supports a number of global and regional learning activities. Fiscal year 2004 (FY04) was a productive year for the Learning Alliance.

EMERGING LESSONS

This year the Alliance undertook evaluations of its completed activities to assess their impacts and garner lessons, both substantive and in terms of the Alliance's own grant procedures. The evaluation included desk studies of most completed activities, supplemented by two on-site evaluations of the upgrading of informal areas in Egypt's Ismailia Governorate and the scaling up of poverty-focused CDSs in the Philippines.

Activities were assessed against their original stated objectives and the Alliance's core criteria, in particular, assuring the commitment of local and national authorities, ensuring participatory involvement by local stakeholders, having cross-sectoral co-ordination and collaboration among agencies and donors, investment follow-up, focusing on institutionalisation and replication, and scaling up to citywide and nationwide levels.

The evaluations conducted to date have reinforced the significance of the Alliance's central criteria and validated a number of specific procedural lessons. These include the following:

- Continuity of efforts makes a difference when building and institutionalising local capacities. Thorough documentation is critical to institutionalising knowledge gained and enabling interventions to build upon accumulated knowledge.
- Involvement by multiple partners creates opportunities, strengthening the quality and impact of development co-operation and contributing to scaling up. Programmes with support from a sin-

gle donor are at a disadvantage, as they are less likely to capture the opportunities, synergies, and specialised capabilities resulting from numerous partners working in concert.

- Well-positioned activities can yield substantial benefits. Even under less than optimal operating conditions, such as insular intergovernmental structures, stop-and-go funding, and cumbersome procedures, progress is possible if some key features are in place, namely, a local champion(s) with vision and experience, the requisite legal and administrative framework, clearly understood priorities and objectives, and a realistic timetable.
- Consultative processes can help stimulate national processes of dialogue and co-ordination.
- Participatory processes usually take longer than expected, and project planning should make allowances for this. Careful assessments of local practices and institutional procedures, along with realistic estimates of the time needed for the lengthy process of preparing and implementing participatory upgrading and CDSs, are important. Ensuring from the outset that all stakeholders and administrative officers are informed of the activity and its objectives, priorities, timetable, and implementing requirements in relation to staff, budgets, and procedures can help prevent start-up delays.

For Alliance members, the outcomes of these evaluations underscore the value of in-country collaboration and argue for continued and strengthened coherence of effort and adherence to the Alliance's core criteria. The building of partnerships and involvement of investment partners from the earliest stages of proposal development have proven critical to sustainability and to scaling up. These criteria will continue to remain as more than bureaucratic requirements of Alliance grants.

As demonstrated elsewhere in this report, Alliance activities are producing valuable, substantive lessons on slum upgrading and participatory CDSs. Documenting and disseminating these more rigorously and innovatively as they emerge during implementation will be of strategic importance to the Learning Alliance and its partners in the coming years.

EXPANDING LEARNING ALLIANCE PARTNERSHIPS

The Learning Alliance partnership launched in 2003 with the French nonprofit organisation the Institute des Sciences et des Techniques de l'Equipement et de l'Environnement pour le Développement (ISTED) has continued to contribute significantly to the Alliance's knowledge sharing capacities, underscoring the value of strategic partnerships for communications and dissemination. ISTED's bilingual Villes en Développement newsletters have captured the experiences of Alliance partner activities, reaching urban development practitioners worldwide. From the evolution of urban and regional policies in China to urban finance and poverty reduction in Madagascar, ISTED's news bulletins have been disseminating lessons of experience.

To support the Alliance's outreach initiatives, ISTED and the Alliance jointly produced a user-friendly guide to the Cities Alliance and its funding application procedures, *Working with the Cities Alliance,* in multiple languages. ISTED and the Alliance also collaborated in preparation for the Cities Alliance session at the Africities Summit 2003, which was held in Yaoundé, Cameroon, in December.

Learning Alliance partnerships remain an integral part of the Cities Alliance's strategy to increase the dissemination of information connected to the Alliance and its activities. Work is ongoing to strengthen similar communications partnerships with UN-HABITAT, GTZ, UCLG, and other Alliance members.

PARTNERSHIP EVENTS 2004

Financing Strategies for Cities and the Urban Poor, São Paulo Public Policy Forum
São Paulo, October 2003

The Alliance's 2003 Public Policy Forum, hosted by the city of São Paulo, focused on the challenges of financing municipal investments and the gaps in and opportunities for extending financial services to the urban poor.

Financial institutions still view low-income communities as inherently risky, with high transaction costs, small margins, and low turnover. Private sector involvement in slum upgrading programmes is constrained by this risk assessment, yet without the active engagement of both slum dwellers and the private sector, slum upgrading programmes are unlikely to achieve scale or sustainability.

Among the most significant challenges for city and national governments is to create conditions under which the private sector assumes some or all of the development risk and does not act merely as a contractor for government-financed projects.

Beyond the financing requirements of upgrading there are, of course, the extremely large investments that both local and national governments make in financing infrastructure for urban growth. Consensus is growing in many countries on the need to link cities' infrastructure financing requirements with domestic capital markets.

Just how developing cities can mobilise domestic capital and how access to credit can be expanded to the urban poor are issues that Cities Alliance partners are increasingly focusing on, both in the context of scaling up slum upgrading and of strengthening the impacts of CDSs on fiscal sustainability in the provision of urban services. The experiences of Brazil and of other developing countries worldwide presented during the forum offered a number of strategies and policy options that the Alliance is directly building on both in its major, new municipal finance initiative, as well as through its partnerships with financial sector institutions.

Leveraging private sector investments

The Cities Alliance provided support for Shorebank Advisory Services' successful bid for US$1 million in support from the USAID for a global financial innovations partnership. The partnership is an initiative operated by private sector banks that emphasises product innovation to benefit slum dwellers. The partnership will engage multiple private, public, and donor institutions, encouraging a coordinated solution to the problems of the urban poor. This coherence of effort will be greatly enhanced by the partnership's intent to work with Cities Alliance cities that have already demonstrated commitment to and progress in slum upgrading.

The lack of medium-term funding is a major obstacle to financing housing for the poor in developing countries worldwide. The addition of housing loans to MFIs' working capital credit portfolios requires larger average loan sizes and terms, which in turn obligates MFIs to find sources of funds to meet these loan terms and prevent mismatches between assets and liabilities.

Just over one year into its partnership agreement with the Cities Alliance, ACCION International is making significant strides in developing mechanisms to secure stable, medium-term, commercial funding for MFIs with growing housing loan portfolios. Discussions are underway with GuarantCo, the financial facility that enables nonsovereign entities to access private financial assistance without sovereign guarantees. Designed to help increase the availability of long-term local financing, GuarantCo and ACCION are exploring the mechanisms through which GuarantCo could help MFIs extend loan maturities. Early expectations are that this innovative partnership could be piloted in Latin America in one or several of ACCION's established affiliate MFIs with maturing housing portfolios.

Africities 2003 Summit: Ensuring Access to Basic Services in African Local Governments
Yaoundé, December 2003

The Africities Summit has become an institution at which mayors of African cities meet to exchange experiences and learn from each other as to how best to deal with the pressing problems of cities and towns on the continent.[23] The 2003 Africities Sum-

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[23] Mabogunje, Akin L., 'Access to Basic Services in African Local Governments: Understanding the Challenge and Starting Action', keynote address to the Africities Summit, 2 December 2003.

mit was the largest and most representative gathering of African local authorities ever assembled.

In his keynote address, Professor Akin Mabogunje spoke about the importance of local governments working with the democratic consent of their citizens and of how this is directly linked to local governments' ability to mobilise the infrastructure investments needed to improve their citizens' access to basic services.

The Cities Alliance organised a half-day session at the summit focused on the participation of African cities in the Cities Alliance. This included two panel discussions, one on citywide slum upgrading in Nouakchott, Mauritania, and the other on the experience of the South African Cities Network with CDSs.

Millennium Task Force: Improving the Lives of Slum Dwellers
New York, February 2004

Dhaka, Bangladesh

In support of the MDGs, the UN launched the Millennium Project to recommend the best strategies for achieving the MDGs. The Millennium Project's three-year research programme focuses on identifying the operational priorities, organisational means of implementation, and financing structures necessary to achieve the MDGs.

Task Force Eight, Improving the Lives of Slum Dwellers, involves a number of Cities Alliance members, including the Secretariat. This task force has met a number of times, and in February 2004 produced an interim report. While the task force devoted much time and effort to analysing the typology and causes of slums, one of its most important contributions has been to reinforce and clarify target 11 of the MDGs. By returning to the original text of the Cities Without Slums action plan and the UN Secretary General's report, which set out the agenda for the Millennium Summit, the task force has clarified that the target should be interpreted in the following manner: by 2020, improving substantially the lives of at least 100 million slum dwellers, while deterring new slum formation.

In its interim report, the task force noted that while all efforts must be made to take immediate steps towards meeting the 100 million target by 2020, these initial efforts must be accompanied by incremental actions aimed at reducing the current rate of slum formation in accordance with the Cities Without Slums action plan. With this approach, the total number of slum dwellers currently projected to live in cities and towns by 2020 would be halved, thereby aligning target 11 with the other MDGs and targets.

Middle East and North Africa region mayors establish CDS as a top priority
Marseilles, March 2004

The city of Marseilles and the World Bank Group have teamed up to build capacity for urban management in the Middle East and North Africa (MENA) region. The MENA knowledge hub, as the new partnership is known, is designed to support, on demand, the preparation of CDSs; share knowledge on methods and approaches pertaining to the socioeconomic development of cities; and promote training activities targeted to local contexts. It aims to strengthen networks to exchange experiences and expertise and support regional training institutions for municipal management.

At this second conference, mayors and city representatives from MENA countries selected CDSs as the most important issue on which to exchange knowledge, experiences, and successful practices. Video conferences were subsequently held with the Marseilles hub, the World Bank Institute, and the

Cities Alliance in May and July 2004, during which mayors from various countries, including Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, and Tunisia, discussed the essentials of a CDS and shared their experiences with strategic planning with officials from Barcelona and Marseilles.

With the support of the World Bank, the MENA knowledge hub plans to hold two more conferences by the end of 2004 in Marrakech and Beirut, which will provide MENA mayors with another opportunity to exchange their experiences with CDSs.

Founding Congress of United Cities and Local Governments
Paris, May 2004

UCLG Presidents, Smangaliso Mkhatshwa, Mayor of Tshwane, Marta Suplicy, Mayor of São Paulo, and Bertrand Delanoë, Mayor of Paris

The Founding Congress of UCLG was a landmark event for the world's local authorities. Created by the merger of the founding local authority members of the Cities Alliance—the International Union of Local Authorities (IULA), the World Federation of United Cities (FMCU-UTO), the World Associations of Cities and Local Authorities Coordinations (WACLAC), and with Metropolis serving as its Metropolitan Section, UCLG is now the voice of local government to the international community. UCLG brings together both individual cities and national associations of local governments, big and small, rural and urban, in more than 100 coun-

tries across 5 continents. It provides a forum for local governments to develop shared policies and positions on key issues, including poverty reduction, sustainable development, and social inclusion, and will greatly strengthen the role of local authorities in the Cities Alliance. Almost 3,000 mayors and local representatives from around the world attended UCLG's Founding Congress.

The Cities Alliance was invited to organise a workshop during the congress to illustrate how cities are using CDSs to plan for their future growth and strengthen their decision-making processes to balance economic, social, and environmental progress. Panelists included the following:

- Yahya Al-Shaibi, governor of Aden, Yemen, initiator of the Aden CDS, which leveraged a US$23 million World Bank Adaptable Programme Loan
- Andrew Boraine, chair of the South African Cities Network, which includes South Africa's nine largest cities that together represent more than 17 million inhabitants and account for more than 60 per cent of South Africa's GDP.
- Sun Ping, deputy mayor of Chengdu, China, a city with a population of 11 million and where a city-region CDS with strong rural-urban linkages is being implemented with co-financing from DFID and the World Bank
- Rachid Talbi, mayor of Tetouan and Morocco's minister of trade, industry, and telecommunications, who manages the Tetouan CDS profiled earlier in this report.

The workshop benefitted from an enthusiastic audience of mayors and civic leaders who expressed keen interest in the CDS experiences and their methodologies and tools.

> "Cities Alliance helps mayors to develop citywide strategic development programmes and to find the long-term investment necessary to implement them. Both these components are crucial to improving the lives of the poorest citizens of the world and achieving the targets set out in the United Nations Millennium Development Goals."
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> —Marta Suplicy, Mayor of São Paulo and President, UCLG
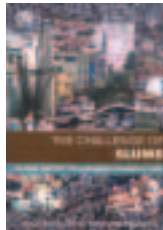
PUBLICATIONS: THE YEAR IN REVIEW

Slum Upgrading and Participation: Lessons from Latin America, Ivo Imparato and Jeff Ruster, 2003

A road map and practical, hands-on guide for local officials and policymakers confronted with the task of designing and managing slum upgrading and shelter projects at the local level, this book offers five geographically and institutionally diverse case studies from Latin America that address the following questions: How can we increase service provision to low-income urban areas? How can we increase the impact of projects and the durability of the improvements they bring about? How can we enhance projects' financial sustainability and mobilise additional resources by involving the private sector? What are the key issues this kind of initiative needs to address?

The book provides information and examples to help project designers identify the level and modalities of participation that will work for them and the components of the environment that they will need to set in place to do so. The study was carried out by the Brazilian consultancy, Diagonal Urbana, under a contract with the World Bank, and with financial support from the Swiss Agency for Development and Cooperation and the government of Japan. The book was published with support from the Cities Alliance and Diagonal Urbana.

The Challenge of Slums: Global Report on Human Settlements, UN-HABITAT, 2003

Almost 1 billion people live in slums, the majority in the developing world, where more than 40 per cent of the urban population are slum dwellers. The number is growing and will continue to increase in the absence of serious and concerted action by municipal authorities, governments, civil society, and the international community. This report points the way forward and identifies the most promising approaches to achieving the UN's Millennium Declaration targets for improving the lives of slum dwellers by scaling up participatory slum upgrading and poverty reduction programmes.

The first global assessment of slums, the report examines the factors that underlie the formation of slums and their social, spatial, and economic characteristics and dynamics. Commenting in the report's foreword, UN Secretary General Kofi Annan notes:

> *'Slums represent the worst of urban poverty and inequality. Yet the world has the resources, knowhow and power to reach the target established in the Millennium Declaration. It is my hope that this report, and the best practices it identifies, will enable all actors involved to overcome the apathy and lack of political will that have been a barrier to progress, and move ahead with greater determination and knowledge in our common effort to help the world's slum dwellers to attain lives of dignity, prosperity and peace'.*

Thirty-three city case studies of slum conditions, policies, and strategies commissioned and compiled in preparation for this report are available on the CD-ROM *Understanding Slums,* compiled and edited by the Development Planning Unit of University College London.

Villes en Développement: Bulletin de la coopération française pour le développement urbain, l'habitat et l'aménagement spatial, ISTED, June–September 2003, issue no. 60–61
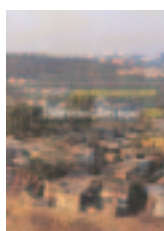
Since the partnership with the Alliance was launched, ISTED's bilingual Villes en Développement bulletins have routinely carried news on Cities Alliance partner activities, events, and publications. This special issue was devoted exclusively to the Cities Alliance, featuring the experiences of Alliance partners around the world, from CDSs evolving in Bobo-Dioulasso and Aden to poverty reduction and slum upgrading efforts in Brazil, Madagascar, Morocco, and Vietnam.

Working with the Cities Alliance, **ISTED, 2004**

This guide walks readers through exactly what the Cities Alliance supports and its criteria and procedures for funding. Printed in English and French, and with plans for the publication of Spanish and Arabic versions, the guide has been serving the Alliance's existing and prospective local partners seeking support to scale up slum upgrading and develop action plans and financing and investment strategies for the development of their cities.

State of the Cities Report 2004, **South African Cities Network (SACN), 2004**

The economy of South Africa, like that of many industrial and rapidly developing nations, is now essentially an urban economy ever more dependent on the health of the economies of its largest cities. This report takes a hard look at the forces that have transformed South Africa's largest cities over the last 10 years.

The report incorporates indicators within an analytical framework that includes the South African Cities Network's objectives of productive, inclusive, sustainable, and well-governed cities. It also incorporates indicators of the major demographic trends that are of concern to cities into a so-called statistical almanac, and uses these data to analyse and discuss the implications of current trends and responses for the future of South African cities. In addition to municipal councillors and officials, the report speaks to numerous entities responsible, in one way or another, for city development, including national and provincial governments, businesses, communities, and a wide variety of civil society structures.

City Development Strategies to Reduce Poverty, **Asian Development Bank, 2004**

In Asia, 2.2 billion people, or one out of every two, are expected to live in cities by 2020. Urban centres are increasing in size and number. They are important to national economies, because they are the engines of economic growth and the focal points for such important activities as trade, commerce, industry, and government administration and create employment opportunities. But despite these advantages, most rapidly growing Asian towns and cities face significant problems. The urban paradox is that amid the wealth and prosperity generated by towns and cities, a high incidence of urban poverty persists.

This publication sets out the results of the Asian Development Bank's regional technical assistance initiative, Promoting Urban Poverty Reduction through Participation in the Cities Alliance, including guidelines, case studies, and institutional arrangements for the preparation and implementation of CDSs and Cities Without Slums programmes. The case studies on the CDS and Cities Without Slums approaches adopted by Calicut (India); Da Nang (Vietnam); and Caloocan, Quezon City, and Taguig (Philippines) underscore that for cities to benefit from their comparative advantages, they must become more efficient, govern well, and establish coherent poverty reduction programmes.

@CitiesAlliance, **the e-newsletter for Cities Alliance, 2004**

The Cities Alliance newsletter was revitalised to advance the Alliance's knowledge-sharing goals more effectively. With more frequent distribution, and carrying news from Alliance partners in addition to timely pieces on significant and innovative initiatives in the areas of slum upgrading, municipal finance and CDSs, the Alliance continues to strengthen its outreach to its members and through them to urban practitioners worldwide.