Land, Services, and Citizenship for the Urban Poor
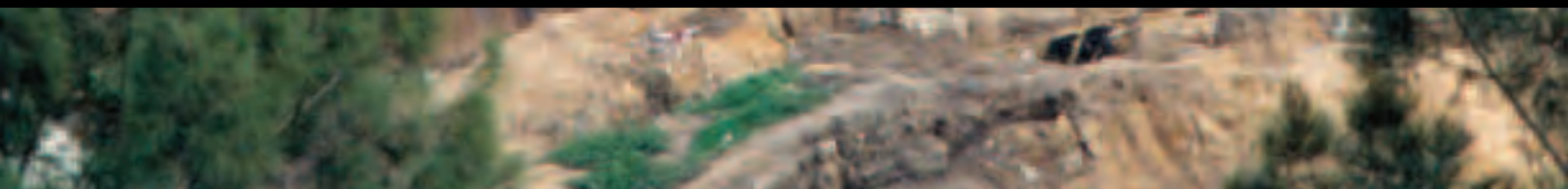
While some developing countries have shown political commitment to dealing with the issues of urban growth, the majority of countries are not actively planning for this growth, nor are they effectively incorporating the existing urban poor into their cities. Indeed, far too many developing countries continue to adopt a hostile approach to the urban poor, forcing them to obtain land and essential services informally, expensively, and inefficiently.

Over the past three or more decades, the international development community has supported a wide range of slum-upgrading projects with both notable successes and failures. Overall, however, technical assistance is still dominated by a sectoral, project-based approach that fails to deal with the underlying policy failures that are the main causes of slum growth. Through its membership and accumulated years of global experience, the Cities Alliance is well positioned to identify both successful and less-effective approaches to slum upgrading. Consistent support over many years to a diverse range of cities and countries in Latin America, Asia, Africa, and the Middle East has highlighted useful experiences.

Every country or city has its own local context, but certain broad lessons are universally applicable:

• Attempts to stop, limit, or manipulate urbanisation have always ultimately failed, even when backed by violence and repression.

• Slum clearance, mass evictions, or relocating the poor to the urban periphery destroys livelihoods, embitters residents, and merely displaces the problem.

• Insecurity of tenure inhibits household investment in private housing, creating the social conditions for exploitation by slumlords.

• Lack of recognition of the rights of the urban poor leads to systematic underinvestment in urban services, resulting in a downward slide in environmental health and the spread of disease.

• Government investments in infrastructure without meaningful community involvement seldom are sustainable and may even become part of the problem. Equally, community-driven projects without active government involvement rarely have an impact at scale or lead to a programmatic approach to upgrading.

• Isolated projects disconnected to a broader city development strategy too frequently result in the poor being displaced, often through economic displacement.

• Planning systems focused on structure and an inflexible regulatory environment lead to plans that bear little resemblance to actual settlement patterns and practices on the ground.

• Isolated and hierarchical urban management systems are slow in releasing land and delivering services, and they are therefore incapable of effectively responding to the rate and scale of urban growth.

A number of developing countries—Angola, Ghana, Liberia, Malawi, Sierra Leone, Tanzania, Uganda, Vietnam, and Yemen, for example—have begun to explore policy changes that anticipate an urban future. It is becoming increasingly clear that to provide the kind of support these countries are demanding, organisations such as the Cities Alliance need to provide longer-term, programmatic support, operating at both the local and the national levels.

As stated in its Medium-Term Strategy (2008-2010), the Cities Alliance must use objective criteria to identify countries where maximum impacts are possible, given the finite financial and other resources available. These criteria should include the following:

• Sustained political commitment at national and subnational levels for slum-upgrading activities. In the case of Brazil, for example, President Luiz Inácio Lula da Silva (himself a former slum dweller) has led and championed the rights of the urban poor.

Slum area in the city centre in Kampala, Uganda. © Achim Pohl/Das Fotoarchiv/Still Pictures

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• Placing constructive engagement between service providers and citizens at the centre of project design and implementation.

• Enhancing tenure rights through mapping and developing clear databases on slum communities. Too many mayors do not know their whole city.

• Building human capital and institutional systems at both the local government and community levels.

• Achieving service expansion and sustainability through public community partnerships based on shared responsibilities and the mobilisation of local resources.

• Reform of the regulatory environment, emphasising decentralised community land protection and development facilitation.

Environmental degradation in one of Mumbai's slums. Photo courtesy: UNEP

Programming Citywide to Link Slum Upgrading to Broader City Development Strategies

Central to successful slum upgrading programmes—and to Cities Alliance support—is recognition of the urban poor as part of the solution and facilitating their participation in all aspects of urban planning and settlement, including land use control. In an increasing number of developing countries, the urban poor are demanding greater involvement in decisions that affect them. Their organisations are demanding significantly more than merely participating in capacity-building workshops; they want a far more active role in local planning processes.

The most advanced of these organisations are mobilised into international networks, engaging with local and national governments and, increasingly, international donors. They are proactively involved in finding solutions to the challenges facing the urban poor. Extending real and meaningful citizenship to the urban—and urbanising—poor is, in many ways, the single most important policy decision of local and national governments. The most tangible expression of this decision often is the recognition of the permanence of the urban poor through the rapid and decisive recognition of their urban land rights.

The Challenge

Both national and local governments need to introduce strategies that deal with the current—and future—realities of urbanisation. The experience of Latin America points to the importance of anticipating and proactively planning for this enormous demographic and social transformation, rather than ignoring and resisting it and then spending three decades and huge public resources trying to mitigate the consequences of dysfunctional cities and societies. The fundamental objective should be to lay the groundwork that will facilitate the involvement of residents themselves in constant upgrading over time, with the support of the public authority.

While policies aimed at the mass delivery of public housing always appear impressive, there are extremely few examples of success. Such programmes seldom respond to the required scale of the challenge and often create a new set of problems for the next administration to resolve. Over time, the housing stock may filter through to the middle classes, with the urban poor being squeezed back into shacks on the periphery. Creative housing finance models rarely enable the poor to access housing at any meaningful scale.

Even in 2009 few housing policies have resulted in the most effective and efficient housing stock. Most developing countries are far too poor to ensure the provision of shelter for the entire population within a reasonable time frame, and there is little or no prospect of the formal private sector filling this gap. Therefore, incremental production of housing should constitute the centrepiece of national housing policy in most developing countries—an approach that makes sufficient quantities of well-located land available for poor people to settle and progressively build their homes, and where services can be provided incrementally. Incremental development also enables effective public community partnerships, where clear rights and responsibilities are defined.

The Land, Services, and Citizenship (LSC) for the Urban Poor programme, which was unveiled by the Cities Alliance in 2009,[4] aims to build upon these lessons and work with local and national governments in a number of least-developed countries to halt the downward urban spiral—promoting incremental development and an inclusive urban citizenship to transform slums of despair into settlements of transformation. A settlement in transformation might manifest slumlike conditions, but it is on an upward trajectory, where communities are organised and working in partnership with local government to maximise the value of the limited resources available. This reversal of the downward spiral is the fundamental objective of the LSC programme.

Achieving such an approach to development in the context of scarce resources poses a number of challenges, not least of which are quality leadership, pragmatism, and compromise. The approach requires institutional space where different community stakeholders and service providers can engage in open dialogue on the strategic vision and direction of the city and smaller-scale neighborhood development plans. The most successful and durable public community partnerships are crafted through regular and structured engagements.

On the basis of the international experience and lessons learned, the Land, Services, and Citizenship for the Urban Poor programme has been designed around five broad conceptual pillars:

• Strengthening meaningful urban citizenship rights of the poor by formally acknowledging the permanence of slum dwellers and their settlements, and building community organisations that facilitate the role of slum dwellers in citywide slum upgrading.

• Creating a platform for improved urban governance through the establishment of citywide forums to facilitate partnerships between the local government and the community, recognising reciprocal rights and responsibilities.

• Systematically improving formal access to municipal services.

• The active participation of community stakeholders and service providers in the creation of city development strategies and local community upgrading plans.

• Developing policies to extend secure tenure, improve planning and urban management, and enable local government to respond to the current and future demands of urban growth and the needs of the urban poor.

The underlying philosophy of the prgramme is based on respecting both the rights and responsibilities of all parties. Such an approach requires clear distinctions about the provision of public goods—such as land, services, and citizenship—as well as private goods, such as shelter.

A family finishing their own home in Bangkok, Thailand.
© William Cobbett/Cities Alliance

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To this end, the project promotes the establishment of citywide development forums as a component of the core business of the local government. The forums are designed to ensure that regular engagement between the government and citizens produces pragmatic solutions that are endorsed and upheld by all key participants. The forums also provide assurance that all parties to agreements are held accountable for their commitments, building a culture of public accountability and transparency.

Not all problems can be solved at the local level, nor is it desirable to have different rights in different areas. Such issues as the vexing question of urban land require state or national policy intervention. Therefore, the programme promotes a national urban dialogue that directly links to the issues raised at the local level, bridging the institutional gap between national and subnational governments, and between government as a whole and its citizens.

Although many of the issues affecting the cities of the developing world require long-term approaches, visible, short-term progress can be delivered if the correct partnerships are cemented and modest resources made available. To ensure early delivery of tangible results, up to 50 percent of the funding can be budgeted for direct investment in slums and their community institutions. These funds will not finance large-scale municipal infrastructure projects, but rather will help capitalise local municipal development funds, enabling local-level responses to smaller-scale, immediate service needs.

Ultimately the programme aims to support governments through demonstrating workable solutions to the complex governance problems associated with rapid urban growth, including citywide approaches to the upgrading of slums. The vision of success would be bold changes in policy and practice in a number of developing countries, resulting in a more inclusive approach to the urban poor and proactive preparations for an urban future. Specifically, this would result in significant and visible progress in extending citizenship to the urban poor and ensuring their access to land and services, as well as support for the constant improvement of their condition over time.

Post-conflict Countries Make Slum Upgrading a Priority

Monrovia and Freetown are the national capitals and primary cities of neighbouring Liberia and Sierra Leone, both of which have recently emerged from sustained periods of political turmoil and civil war that largely destroyed their institutional and physical infrastructure. Years of conflict saw the migration of large numbers of people from the provinces to the relative safety of the cities. The majority of the people moved to the burgeoning slums and informal settlements that now house and provide the survival environment for more than half the population of both cities.

Significantly, both countries' Poverty Reduction Strategy Papers (PRSPs) have placed slum upgrading firmly on the development agenda. Liberia's PRSP specifically identifies the upgrading of five large and dense slums in Monrovia among its strategic priorities for poverty reduction. Sierra Leone's PRSP also recognises slums as an area of particular concern for its capital, Freetown.

While decentralisation policies in both countries are increasing the pressure on new mayors and city administrations, they are simultaneously opening new opportunities for urban reform and development. Charged with the task of improving the living conditions of their sizeable slum populations, the Monrovia City Corporation and the Freetown City Council, in partnership with the World Bank and UN-HABITAT and with support from the Cities Alliance, have each taken the important first steps in preparing a large-scale citywide slum upgrading initiative.

To date, neither city has had the appropriate policy frameworks or technical resources to address the challenge of slum upgrading or formulate measures to limit their further growth. Public sector intervention in Freetown has been confined to sporadic slum clearance or as part of wider sectoral improvement projects or in response to specific local crises such as landslides, flooding, and fire. In Monrovia, a belief that the "slum problem" can be solved only by relocating slum dwellers to periurban areas or the rural land of the provinces has been a widespread, albeit unsubstantiated, tenet of government at all levels.

Support from the Cities Alliance, provided through a small preparatory grant designed to help begin the process of developing a comprehensive slum-upgrading programme, enabled both cities to identify and analyse the systemic causes of slum formation and growth and, for the first time, provided the basis for exploring strategy alternatives. Both cities actively involved slum dwellers and their community representatives throughout the process. For Monrovia, an exchange between community-based organisations (CBOs) and city officials with their counterparts in Accra, made possible with the active support of Slum Dwellers International, proved invaluable in terms of introducing and discussing alternative approaches to local and citywide action.

For Freetown, a significant outcome of its preparatory initiative has been a Slum Strategic Management Agreement, endorsed by the mayor and four key national government ministers, which lays out a progressive set of policy principles that embrace:

•   The integration of slums into the fabric and development imperatives of the city.
•   The delivery of urban services to all slums.
•   The importance of households and community participation in the management of those services;
•   The right to inalienable tenure to property; and
•   Slum community engagement in the planning, management, and financing of local development, while maintaining residents' cultural identities.

Slum dwellers in a settlement in Freetown, Sierra Leone.
© Andrea Merrick/Cities Alliance

Some extracts from the agreement are noteworthy, as much for their tenor as for their articulation of citizenship:

Slum residents as citizens of Sierra Leone are to be given full rights as provided under the Constitution.... The slum areas are an integral part of the overall Freetown urban area. The approach to their development/ improvement should as such be taken from a comprehensive perspective.... The involvement of the local residents in the urban service delivery will maximize the potential for inclusion of their citizenry in the process of urban governance and could make the service itself more efficient and cost-effective.... The inclusion of slum residents in the development and financial mechanism and monitoring systems is not only a local resident right but also a guarantee of a successful urban development.

The document goes on to enumerate a set of activities based on participatory governance, transparency, and accountability. The Freetown agreement is an outstanding document, providing a solid foundation for a comprehensive citywide slum-upgrading strategy for Freetown.

While the political commitment for slum upgrading has yet to be solidified in such a concrete manner in Monrovia, there is every indication that the Monrovia City Corporation's slum upgrading initiative will gain traction. A steering committee is being constituted, chaired by the mayor and with representatives of the key national ministries and corporations, municipal authorities and technical officers, NGOs, slum-based CBOs, and engaged members of the donor community.

For the Cities Alliance's members, the preparatory initiatives in Sierra Leone and Liberia raised some important issues about the operating environment in Least Developed Countries (LDCs). For example, how should the Cities Alliance respond to a committed national or local government wishing to develop a meaningful slum upgrading programme when donor funding priorities may not be aligned to support the agenda? How should the

Cities Alliance promote local ownership in LDCs, which is likely to require greater support for building institutional, technical, and managerial capacity? Above all, the Cities Alliance's first phase of assistance to Sierra Leone and Liberia has underscored the significance of its commitment to longer and more programmatic engagements in the countries and cities it supports.

Freetown City Council takes important first steps in preparing a citywide slum upgrading initiative. © Andrea Merrick/Cities Alliance

Box 3: Lessons from the Evaluation

The initiatives of both Freetown and Monrovia were the subject of the Cities Alliance's annual field evaluation. Beyond the substantive lessons that the Alliance garnered from the cities' experiences, the evaluation allowed the Alliance to reflect on both the relevance of its small preparatory grants and, more broadly, on the approaches to supporting least-developed countries (LDCs) with particularly complex development challenges. Among the findings:

• Inclusion of slum upgrading in a national PRSP can be a real force in motivating government to respond to the needs of the urban poor. Its impact may be tempered, however, when the upgrading agenda is poorly resourced.

• While supporting countries emerging from conflict may present significant operational challenges, the timing of engagement is critical to harnessing the opportunities for national and municipal development policy formulation and the political will and enthusiasm for change that may exist.

• Where approaches to slum upgrading are under discussion, exchanges with cities with comparable situations are particularly relevant and valuable. Such exchanges provide an opportunity for peer groups of slum dwellers to learn from each other's experiences, relationships with authorities, and approaches to negotiation. They enable local authorities to compare and learn from each other's preoccupations and approaches.

• Public officials and slum and leaders of community based organisations (CBOs) travelling together and jointly representing their city also provides a unique opportunity for all parties to develop mutual understanding of each other's positions, capacities, and limitations.

• Slum CBOs and savings groups are likely to be numerous and active. Coordination rather than mobilisation is important to maximising individual group efforts and negotiating strengths.

• A distinct preparatory phase focused on mobilising stakeholders, building consensus, and developing plans for a slum upgrading programme should occur prior to the development of a full slum-upgrading policy and implementing strategy.

A vibrant market in Monrovia's Sonewein slum community. (Liberia)
© Andrea Merrick/Cities Alliance

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Box 4: Highlighting Gender Issues in Slum Upgrading

Although gender is a term widely used within development in general, few specific measures and activities are systematically put in place to address the gender dimensions of slum upgrading.

Why Focus on Gender?
Gender is one of the variables (along with ethnicity, age, and class) used in the distribution of privilege, prestige, power, labour, and a range of social and economic resources. Women and men differ in their roles, needs, and perceptions of urban development. However, reports show that conscious efforts to address their views lead to better project design and performance.

Gender Includes Men
Gender has in some contexts been reduced to mean "women". Such an approach disregards the gender-specific needs of men and the relations between men and women that affect women's empowerment.

Some Important Gender issues In Slum Upgrading
While gender issues vary according to culture and context, below are some common issues experienced within slum upgrading across several countries.

• Lack of sex disaggregated data in urban areas
Access to reliable data and analysis is essential to identifying gender issues and being able to prioritise, make decisions, and advocate on the basis of gender. Most data are collected at household units from the head of the household, and important intrahousehold differences are not recorded. Slum upgrading can benefit from a gender analysis that focuses on how the interventions affect men and women differently, and how gender-specific issues can be addressed.

• Participation in decision making processes
In many countries women and youth representatives are included at all levels of government. However, they rarely have leadership positions and traditional perceptions and structures can make it difficult for them to be heard. There is a need to go beyond symbolic participation of women and youth and to focus on their actual impact in decision making processes.

• Land rights
Access to land is important in several ways. In addition to a place for shelter and protection you often need land to access credit. Even though laws and policies frequently provide for it, women in many

settings are seldom included on land and structure titles and do not normally inherit land. There is a need to ensure that such land claims are not just legally, but also socially recognised and enforceable by an external legitimising authority.

> Women's access to land can be enhanced by:
> • Securing joint land titles;
> • Raising awareness of women's land rights that are secured in different laws and policies;
> • Providing access to legal aid on land right issues.

• Hygiene and Sanitation
Having access to private safe spaces for sanitation is an issue of dignity, culture and safety, and is often ranked as a high priority by women.

• Insecurity
Crime, violence and rape have a high frequency in many slum areas. Young girls and boys that work as street vendors late at night are particularly at risk. An emphasis on safe, well-lit passages for spaces of living and spaces of work should be included in urban planning and slum upgrading.

• Economic empowerment
Saving groups have in many settings proved successful in economical and organisational empowerment of both women and men. There is however a need to follow up on what happens within households with regards to women's real control over the money they access through the saving groups.

• Vulnerable groups
Female headed households and other vulnerable groups can have difficulties in providing the labur often required from households to participate in projects. It is important to make sure Female headed households and other vulnerable groups are not excluded from slum upgrading projects by identifying the vulnerable household and provide special measures to facilitate their participation.

For slum upgrading programmes to be more effective gender needs to be considered in all stages and at all levels of a slum upgrading process.

Yemen: Local woman who received a small loan to buy a pool table now rents the table to the residents of her town. © Scott Wallace/World Bank

City Development Strategy: An Inclusive City Management Process that Promotes More Effective Urban Governance

The process through which local stakeholders and citizens meet, deliberate, argue, and bargain over a common, collective vision for their city is unique to that city or town and, yet, at the same time, would be very familiar to other cities. For this reason, the Cities Alliance has resisted both the temptation and the call to create templates for the process through which cities rethink how they perform and improve their core functions. Rather, Cities Alliance and its members see their role as encouraging city leaders to learn from the experience of other cities that have been successful in tackling seemingly intractable problems and transforming parts or all of the city. This is not the stuff of handbooks, or toolkits. The very concept of citizens meeting to discuss their common, long-term future is as old as cities themselves.

Although Cities Alliance provided a measure of guidance through its 2006 publication, *Guide to City Development Strategies: Improving Urban Performance,* the reality is that a city's long-term development strategy should emerge from the needs of the city itself and the collective analysis of the city's major stakeholders. But external technical assistance is often both necessary and extremely useful—and would ideally come from the experience of another city that has, itself, undertaken a similar process.

From its experience of providing resources to fund city development strategies (CDSs) over the past decade, the Cities Alliance can point to a number of conditions that seem instrumental to the success of the process:

• The need for, and the decision to undertake, a CDS should emerge from within the city itself. The main driver can be the city administration—as in the case of Johannesburg or Lagos—or from the private sector concerned about the long-term prospects for the city, its effectiveness, and its competitiveness—as in the case of Mumbai.

Yemen, Sana'a. Market in the old city. © Glen Christian/Still Pictures

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• Conducive national frameworks are vital for successful city transformations. In some cases, it is a higher tier of government that identifies the need for wholesale reforms in urban management and incentivises cities through a combination of financial rewards and penalties. The most striking example of this is the set of reforms initiated by the government of India through the Jaharawal Nehru Urban Renewal Mission.

• Clear, decisive, and consistent political leadership from within the city can, in some cases, be sufficient to drive a city's transformation, as in the cases of Barcelona and Bogota.

• City strategies are often derailed (or even prevented) through the narrow interests of local politicians, or political parties—for example, through the decision of new politicians to jettison the policies of a previous administration. The challenge for any city, or government, is to rise above short-term political considerations.

In all cases, the transformation of a city is a long-term process that requires consistent action over time. In its most successful programmes of support, as in the city of São Paulo or the state of Bahia in Brazil, Cities Alliance activities have survived changes in political leadership and government, even if activities may have slowed down or been suspended for a period.

Overall, the Cities Alliance has adopted an increasingly flexible approach to CDSs, allowing cities to interpret the process in manners most suited to their specific needs or approaches to urban governance. This flexibility and absence of prescription is, we believe, key to the success of the CDS and has allowed it to be used as an effective instrument in tackling services for the urban poor and, increasingly, the challenges of climate change.

Street scene in Dakar, Senegal. © Ron Giling / Peter Arnold Inc.

City Development Strategies: Experiences in 2009

The following section highlights a number of themes that have emerged in recent CDSs supported by the Cities Alliance. These include a range of issues, both related and disparate, that further underline the flexibility of the CDS as a vehicle for improved urban governance.

Metropolitan Governance: Comparing Three CDSs in West Africa

The complexity of preparing a long-term CDS can be exacerbated by the institutional arrangements of the city, particularly in larger metropolitan areas. A series of gradual jurisdictional amendments to a growing city, or poorly thought-through decentralisation processes, often results in the creation of a large number of municipal entities with relative autonomy and overlapping authority. This phenomenon is found, in different forms and with different features, in all parts of the world.

The minimum role of a metropolitan authority is generally to provide some overarching coherence to services affecting the entire metropolitan area, such as transport, solid waste disposal, energy, and the supply and treatment of water. Fragmented metropolitan governance is common in developed and developing countries, an issue that has been addressed in a number of CDSs supported by the Cities Alliance. Although the most challenging forms of metropolitan governance can be found in Latin American, complicated institutional arrangements also occur in Africa.

In West Africa, for example, the Cities Alliance is supporting the preparation of CDSs in Dakar, Senegal; Ouagadougou, Burkina Faso; and Cotonou, Benin. These three capitals exemplify the challenges of metropolitan governance and offer an interesting range of institutional arrangements. For instance, Ouagadougou has a metropolitan mayor who has authority over a city composed of five districts (each with a district mayor), and each district is divided into sectors (30 in total). In addition, 17 villages are attached to the city. This institutional model has proved to be very efficient in facilitating a coherent citywide development strategy that also encompasses the periurban areas experiencing rapid urban expansion.In Dakar, decentralisation has resulted

in extreme institutional fragmentation. There, the CDS process is struggling to bring together 47 local bodies, 13 intermediary bodies, and the regional authorities. The CDS under preparation established innovative mechanisms to achieve intermunicipal cooperation. However, in the absence of a clear political leader, it is difficult to come up with a strong common vision and to plan the future of Dakar—especially because the central government intervenes with important urban projects in the capital city territory without consulting the local authorities.

In Cotonou, the agglomeration is divided into three municipalities: Cotonou, Abomey-Calavi, and Seme-Podji. The CDS is prepared jointly under the leadership of the three mayors, who have come together to create a steering committee. The fact that these mayors come from different political parties, each with a strong leadership style and not necessarily sharing the same priorities, makes cooperation among them challenging. Notwithstanding these constraints, the three mayors recognise that they have to coordinate their efforts to jointly address some of the key issues faced by the agglomeration. Setting up a long-term intermunicipal mechanism probably will be one of the major results of the CDS.

The preparation of a CDS for an agglomeration offers a unique opportunity for fragmented subnational governments to work together in addressing issues of common interest. Because of the flexible nature of a CDS exercise, a more relevant definition of the territory to be targeted—beyond the usual administrative boundaries and responsibilities—can be agreed upon among concerned local authorities. CDSs allow pioneer mechanisms for intermunicipal cooperation with the ultimate objective of eventual institutionalisation.

Lessons from the Field: Alexandria CDS for Sustainable Development – Phase II

Located on the Mediterranean Sea, with some 4 million inhabitants, Alexandria, Egypt, occupies a unique place in history as a cosmopolitan city and a cultural landmark. It is one of the oldest cities in the world, at the crossroads of Western and Arab cultures and of commercial exchange. With the support of the Cities Alliance, Alexandria prepared a CDS to address some

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of the key challenges it faces today, including creating jobs amid spiralling unemployment; improving living conditions in squatter settlements; and reducing pollution of one of the city's key environmental assets, Lake Marriout.

Alexandria was selected as the focus of the Secretariat's 2009 CDS field evaluation, and, as expected, it offered a wide range of lessons for the Cities Alliance. The CDS project was originally supposed to complete its activities between 2003 and 2005 (Phase I), but a second grant extended the project into Phase II (November 2005–October 2007) to allow for completion and consolidation of the work. However, because of changes in political leadership during 2006 and the absence of the project's previous champions, the nature of the project changed significantly. In broad terms, during Phase I the activities and outputs of the CDS project were widely perceived as energetic, innovative, and effective; in Phase II, it lost momentum.

The experience of the Alexandria CDS illustrates a dilemma of the "champion-led" project. Alexandria's governor and the secretary-general were a powerful reform-oriented team; they championed the original ap-plication to Cities Alliance and led the implementation of Phase I. The CDS certainly benefited powerfully from this leadership, both in raising the profile of the project and in ensuring active participation from the bureaucracy and local stakeholders. The governor used the CDS project to further drive his reform agenda for Alexandria, and this close association led to a general perception, in Alexandria and throughout Egypt, that the CDS project was not only a success, but an important part of the reform momentum being built up in the governorate.

Notwithstanding these positive outcomes, there were also some disadvantages to this strong leadership of the governor and close personal involvement of the secretary-general. Because of the active role of these high-profile officials, the project did not bring on board all of the relevant stakeholders to enable extended ownership of the strategy. Consequently, the CDS project failed to establish a clear implementation structure or a firm institutional base.

Shortly after Phase II began, the governor was brought to Cairo to be the Minister for Local Government, and the secretary-general left soon afterwards. The new governor showed little interest in continuing the Alexan-

A street market in Cairo, Egypt. © Andrea Haer/Cities Alliance

Box 5:   The Alexandria CDS Helps to Leverage Resources and Investment

Despite these drawbacks, the Alexandria CDS process, even during Phase II, did successfully mobilise a variety of actors and resources towards achieving some of the key goals articulated in Alexandria's CDS. Perhaps most significant has been the substantial national government investment (LE 700 million or approximately US$1.28 million) in improved wastewater treatment to reduce pollution in Lake Marriout. During Phase I of the CDS, an analysis of the lake showed the significant levels of pollution and environmental damage. The CDS helped immensely in placing the environmental challenges of Lake Marriout at the highest level of local and central government priorities.

Another key component of Alexandria's CDS relates to investments in local economic development. The World Bank task manager tapped into the work of the International Finance Corporation (IFC) on improving business-enabling environments and mobilised US$900,000 to conduct a technical study. The resulting guidance on simplifying administrative procedures for business start-up in Alexandria served as a model for replication elsewhere in Egypt. The successful re-engineering of procedures at the One-Stop Shop in Alexandria is considered a flagship by the government of Egypt and IFC and has been scaled up to other governorates.

The CDS also leveraged support from the joint World Bank Group's Foreign Investment Advisory Service (FIAS) to build on the general local economic development study carried out in Phase I of the CDS project. FIAS conducted a prefeasibility study for the establishment of a model industrial estates program in Alexandria.

For the slum-upgrading component of Alexandria's strategy, the expertise of GTZ and the Social Fund for Development were leveraged by the CDS project. The World Bank and Alexandria governorate collaborated with GTZ to conduct participatory rapid appraisals (PRAs) in 20 informal settlements during Phase I and to develop a citywide upgrading strategy during Phase II.

In Phase II, three pilot communities were selected for more detailed analysis and planning. Urban structure and land use plans were prepared to serve as the legal basis for land regularisation and servicing the areas. The government of Egypt's social fund carried out large-scale household surveys in the three settlements to validate the needs identified during the PRA process. The social fund then assisted the governorate of Alexandria with designing the required investment projects and provided capital to implement some small works, including the construction of commercial shops and a pedestrian bridge.

A fisherman hauls in his catch in Alexandria's Lake Marriout.
© Andrea Haer/Cities Alliance

dria CDS. It soon became apparent that the whole exercise had limited institutional strength, and its activities visibly diminished as it quickly lost momentum. Most disturbing, the participatory approach and the strategy process were not consolidated or carried forward. The project could not survive the loss of its original champions.

A key lesson from the Alexandria CDS experience is the importance of the initial project set-up—in particular, the importance of establishing both a clear project management structure and a broad-based participatory mechanism. Time and energy must be devoted to this initial institutionalisation—even if there is a strong local champion anxious to move ahead—to ensure that the key features of the CDS process can survive a change in leadership and carry on into the future.

The mobilisation of technical and financial resources was made possible, in part, through the significant efforts of the World Bank task manager and project team to keep key national stakeholders engaged in the CDS process and to reach out to other partners to leverage their collaboration and contributions. The activity provides a positive example for the Cities Alliance of maximising coherence of effort of members and partners through a CDS.

That positive engagement also increased the profile of the Alexandria CDS and helped it to feed into the planning reform process that was underway at the national level. For generations, the Egyptian governmental system has been highly centralised, top-down, and rigidly bureaucratic. In recent years, however, there has been significant progress in reform, especially in relation to urban development planning, local government, and citizen participation. Despite the weight of bureaucratic tradition, there is increasing opportunity for innovation, helped by the general—although gradual and uneven—spread of new ways of thinking about governance.

The experience of the Alexandria CDS reflects this specific context. Its considerable success (especially Phase I) was due largely to it being viewed as part of the new ideas and initiatives developing in Egypt and in

Alexandria at this time. The CDS project both contributed to and benefited from this broad reform movement.

At the time of the Alexandria CDS, the General Organization of Physical Planning (GOPP) had begun to roll out strategic planning in small towns and villages and was interested in applying the new planning methodology in cities. Alexandria was the first example of strategic planning in a large city, and it was viewed favourably as an experience to be replicated. The management of the relationship with GOPP during the CDS project most likely helped to create a level of buy-in and assurance that strategic planning was possible in Egyptian cities.

In 2008 the government passed new urban planning legislation that makes participatory, strategic planning mandatory for all cities. GOPP is currently in the process of rolling out CDS to cities nationwide. While the Alexandria CDSs did not catalyse these reforms, it has contributed to the debate.

State of Cities Reports: Promoting Informed Debate and Analysis of a Country's System of Cities

In the 10 years of its existence, the Cities Alliance has been struck by how many cities—and countries—continue managing their jurisdictions with outdated information and with limited analysis of major trends affecting their cities, such as significant demographic shifts associated with urbanisation. Without this data and this analysis, cities are not in a position to understand why some cities prosper, while others within the same national framework decline. In addition, the process of producing and analysing this information encourages cities to compare different approaches to similar problems, whether within the same country, between countries, or—ideally—both.

The Cities Alliance offers support to those countries that wish to overcome this very fundamental handicap with assistance producing a *State of the Cities Report* (SoCR). The process itself of actually producing the report has enormous direct benefits, such as building internal capacity, and it also begins the process of raising the national profile of the issue. The 2004 and 2006

SoCRs produced in South Africa set a very high standard of data presentation and analysis, and they have spurred a number of other countries to follow suit. Ideally, the Cities Alliance would like to see these reports produced in as many countries as possible and at regular intervals, to allow for progress (or the lack thereof) to be regularly reviewed. These reports are also an excellent vehicle for improving accountability for the use of public resources and assessing the positive and negative effects of different policy options.

In 2009, the Cities Alliance witnessed an increase in requests for SoCRs. Requests came from national governments as well as members of the Cities Alliance. There is increasing recognition that these reports inform policy and decision-making processes and have the potential to bring about systemic change by linking knowledge, policy, and institutional development on the urban agenda. Similarly, the increasing demand for SoCRs from members demonstrates the need for solid and up-to-date information by city administrators and public officials. The Cities Alliance has been promoting SoCRs in Sub-Saharan Africa in particular.

This increasing demand for SoCRs signals that local governments are acknowledging the innovations that can be derived from city-to-city information sharing and partnerships throughout the development process of SoCRs, helping them to face complex challenges and improve urban governance. Because urban economies and social dynamics play a fundamental role in national planning and economic development, cities' stakeholders are progressively acknowledging the relevance of studying, understanding, and setting metrics for cities.

Ongoing support by the Cities Alliance for the development of SoCRs includes those being undertaken by Brazil, Mozambique, and Syria (country focus) and Latin America, the Caribbean (regional focus). Box 6 (on p.30) presents a brief summary of each of these projects.[5]

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[5] A preparatory phase grant was awarded to the Alliance of Mayors in Tanzania (TACINE). This grant allowed TACINE to set the basis, both institutional and data-related, for the development and production of a Tanzania SoCR,

Manila, Philippines. Photo courtesy: Asian Development Bank (ADB)

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With a country focus

Brazil SoCR

The Brazil SoCR will present an analysis that focuses on human living conditions in cities mainly since the 1980s, when the resurgence of democracy had an impact in the political, economic, and territorial relations throughout the nation. In particular, the report will establish the links between such conditions and the development of city infrastructure, provision of public services, local economic development, distribution of wealth, and more generally, with city management policies. Also, this report will identify progress made in participatory management to shed light on democratic policies and the new relations among federal authorities. The report will explore the relevant social, environmental, and economic interdependencies between cities and regions, and it will be a fundamental input to building a national urban development policy.

This report will provide a typology of Brazilian cities and illustrate the existing interrelations between city and regional development across the country. It will define multiple quantitative urban indicators (for example, population trends, migration dynamics, occupation trends, fiscal performance) and evaluate public policies and financing conditions for urban development. Finally, it will motivate a constant dialogue, through mobilising a diverse group of stakeholders, to promote social equity and political inclusion. Partners involved in this endeavour include the National Mayor's Front, the Brazilian Association of Municipalities, the National Confederation of Municipalities, the Ministry of Cities, Caixa, IPEA (Instituto de Pesquisa Econômica Aplicada, or the Institute for Applied Economic Research), the World Bank, the Inter-American Development Bank, and UN-HABITAT.

Syria SoCR

The Syria SoCR's overall goal is to improve urban management through analytical work and participatory processes and to establish bases for more solid city development strategies that include poverty reduction and irregular settlements management. This will be the first report of its kind in the country, and therefore it establishes a milestone for continuous urban reporting and helps city governments to determine benchmarks to measure progress. For the preparation of this activity, commitments have been made by the Ministry of Local Administration and the State Planning Commission.

Additionally, 16 city mayors have already been engaged in the preparatory phase of this effort. International partners include GTZ through the Sustainable Urban Development Programme, the South African Cities Network, and the Arab Urban Development Institute. An innovative outcome expected from this effort is the urban e-platform, which is the information-sharing component of the proposal that enhances its broader dissemination and communication between local and international actors. In addition, the process for developing the report incorporates several mechanisms to promote participation and regional collaboration.

Mozambique SoCR

The Mozambican SoCR will provide an information baseline to inform and influence national policies and strategies and enhance the dialogue among local authorities, national entities, and development partners. This report will examine 23 cities, focusing on livelihoods, environment, service delivery, spatial form and infrastructure, financial resources, and governance. Both the national government and municipalities have expressed their commitment to undertaking this activity.

At the core of the conception of this report is the need to improve city management so it can contribute to viable long-term growth while fighting poverty. The development process of this report will build municipal capacity by enhancing coordination and participation from local actors, in particular those advocating for the poor. In the long run, the report will also contribute to the development of a CDS focusing on responses to HIV/AIDS, local economic development, city infrastructure, and intergovernmental fiscal performance. Additionally, the process will provide a forum for participating cities to interact and exchange experiences and best practices.

With a regional focus

SoCR for Latin America and the Caribbean (LAC)

This will be the first issue of the Regional Report on the State of LAC Cities, which will be initially introduced during the Fifth Session of the World Urban Forum in March 2010 in Rio de Janeiro, Brazil. The document will provide significant data to inform national and local governments to better formulate urban policies that are aligned with the Millennium Development Goals. Additionally, this project will make possible the establishment of a Regional Urban Observatory to collect data in a systematic way and to enable future preparation and development of these reports in LAC. Some of the partners involved in this project include UN-HABITAT, the governments of Chile and Brazil, the Ministries of Housing and Urban Development, members of MINURVI (General Assembly of Ministers and High Level Authorities on Housing and Urbanisation in Latin America and the Caribbean) , and local government associations represented through FLACMA(Federación Latinoamericana de Ciudades, Municipios y Asociaciones de Gobiernos Locales).

The project hopes to involve ECLAC (Economic Commission for Latin America and the Caribbean) and other subregional partners. Habitat International Coalition (HIC), representing civil society, will be part of the Steering Committee.

Uganda; People walking along an open sewer in a poor neighborhood of Kampala. © Ron Giling/Still Pictures

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Joint Work Programme on Cities and Climate Change

In cities, weather changes caused by climate change primarily affects the urban poor, particularly in developing countries, where the risks can be extremely high and the levels of protection and rapid response very low. Climate risks and vulnerabilities of cities can have a greater impact in communities living in marginal or irregular settlements because they are often located on unstable soil, in areas at risk for flooding, and in steep zones susceptible to landslides. City and municipal governments must work together when addressing both adaptation and mitigation measures because these are interconnected and affect the development and poverty-alleviation agenda. Consequently, the climate change agenda in cities must involve a concerted effort of development partners and focus on city governance, slum upgrading, and improved municipal service delivery.

In this context, Cities Alliance facilitated the establishment of a joint programme among its multilateral members, all of whom have a primary interest in this issue. These members—including the World Bank, UN-HABITAT, and the United Nations Environment Programme (UNEP)—have come together to fashion a coordinated and focused response to climate-related impacts on cities, especially those in developing countries.

The World Bank is currently expanding its work on cities and climate change and developing new partnerships with donors and agencies. At the same time, the Bank has launched its new Urban and Local Government Strategy, to raise the profile of this issue. Following on from the landmark 2009 Report titled, *Reshaping Economic Geography*, which made a compelling case for cities, the *2010 World Development Report* focused on climate change itself. UNEP is building strategic partnerships on cities and climate change through the Cities Alliance to capitalise on 10 years of work on this relevant area and bringing cities into the debate on climate change. UN-HABITAT is emphasising its work on cities and climate change through the recent General Assembly Resolution A/63/415 and UN-HABITAT Governing Council Resolution HSP/GC/22/CRP.3/Rev. Furthermore, the scope of these three partners is sufficiently large to help facilitate support from other key partners, particularly United Cities and Local Governments (UCLG).

By mobilising key members, the Cities Alliance is actively encouraging these three relevant institutions to approach the climate change challenge from an innovative and collaborative perspective. The Cities Alliance plans to assemble a global platform that addresses the emerging topic of cities and climate change, given the

Air pollution in Santiago de Chile. © Julio Etchart/Peter Arnold Inc.

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rapid development of knowledge and practices from a variety of stakeholders.

In the context of this joint work programme, other Cities Alliance members and development partners will be involved based on their interest, mandate, and comparative advantages. For instance, both the government of the Philippines and the League of Cities of the Philippines will be valuable partners in mainstreaming climate change into their CDS programme, which is, arguably, the most dynamic of any national programme. UCLG can crystallise the perspectives and needs of local authorities on climate change while providing support through decentralised cooperation. The International Council for Local Environmental Initiatives (ICLEI) will contribute to the sharing, dissemination, and transfer of relevant knowledge and practices through its network of 700 cities involved in the Cities for Climate Change Campaign.

The joint work programme on cities and climate change was officially launched at the World Bank's Urban Research Symposium held in Marseille, France, in June 2009. Cities Alliance has secured funding of US$500,000 for this effort, which has a total three-year budget, including cofinancing from its three key partners, of US$5.5 million. Some of the main outputs expected from the programme include analytical products, such as a clearinghouse related to cities and climate change, and a joint position paper on the topic. Practical products include actual cases of CDSs integrating climate change as a key component, a city greenhouse gas inventory, a city vulnerability assessment tool, and a handbook for mayors.

All of these can be informative and instrumental for city and government officials as well as other urban stakeholders who are engaged in responding to the climate agenda. Overall, the programme foresees improved degrees of coordination among the participating institutions and coherence of efforts in their approaches and activities.

Joint Work Programme on Mainstreaming the Environment in Cities Alliance

UNEP's decision to join Cities Alliance and the debate on the environment during the Consultative Group meeting in Morocco in 2005 have led to concerted calls from Alliance members to strengthen the environmental dimension in its activities. Integrating the environment in CDSs and slum upgrading programmes is essential to ensuring continued availability of environmental resources for urban development and to limit the impact of environmental hazards on hard-won development achievements. It is also clear that environmental degradation primarily affects the urban poor and that proper urban environmental management contributes significantly to urban poverty reduction.

To respond to these requests, the Cities Alliance Secretariat and UNEP developed a joint work programme on mainstreaming the environment in the Cities Alliance activities. This joint work programme builds on previous Cities Alliance support to UNEP through the preparation of the *Liveable Cities* publication. This joint work programme will: (i) identify tools and practices that can contribute to integrating the environment in Cities Alliance activities in general and in CDS in particular; (ii) provide support to cities to integrate environment into their development strategies; (iii) mobilise support from UNEP to Cities Alliance clients; and (iv), look for synergy with Cities Alliance partners and other development partners to support cities and governments on urban environment activities, specifically those on cities and climate change. Development of the joint work programme began during the first half of 2009; implementation will commence in 2010.

Joint Work Programme with UCLG on CDS

To help local governments respond to a range of challenges, from urbanisation to the decentralisation of authority, the Cities Alliance has developed a joint work programme with the member representing the voice of local governments: United Cities and Local Govern-

ments. This joint work programme aims to help local authorities strengthen their capacity and engage in strategic urban planning to reduce poverty and contribute to sustainable urbanisation.

With its access to cities, networks, and local government associations, UCLG is uniquely positioned to tap into the experiences and needs of local authorities with regard to strategic urban planning. Moreover, UCLG has already created a Committee on Strategic Urban Planning that provides local authorities with a forum to discuss the issues involved. Headed by Mayor Miguel Lifschitz of Rosario, Argentina, this committee has been grappling with strategic urban planning from the perspective of different institutions, including local and national governments, as well as the private sector and international development agencies. The joint work programme will support UCLG's Committee on Strategic Urban Planning by producing a policy paper that establishes the position of local governments and their associations on related issues. A global debate on the position paper among UCLG's members will consider the policy and recommendations at UCLG's World Congress in 2010.

The joint work programme also focuses on promoting city networks to encourage the exchange of knowledge and learning among local authorities and local government associations (LGAs). City-to-city and LGA-to-LGA mentoring processes will be established, monitored, and evaluated to determine their effectiveness as a modality of Cities Alliance support for CDS.

Finally, the joint work programme seeks to facilitate UCLG's participation in the CDSs subgroup, which was established by the Cities Alliance to increase collective know-how on city development strategies. UCLG will contribute to the subgroup by assessing the demands and knowledge gaps of cities, as well as identifying cities' good practices and tools in preparing and implementing CDSs to enrich the Cities Alliance knowledge on the process.

Chinese Vice President Xi Jinping addresses the opening ceremony at the UCLG World Council in Guangzhou, China, 13 November 2009. Photo Courtesy: UCLG

Redefining the CDS Framework: The CDS Subgroup

Following an internal review of the CDS portfolio review and the launch of its Medium-Term Strategy (MTS) 2008–11 the Cities Alliance Secretariat proposed a CDS Conceptual Framework, which incorporates a platform for its members to strengthen collective knowledge and exchange of information on the CDS.

The portfolio review pointed to a number of areas of concern and also highlighted some key areas for improvement. Preliminary analyses suggest that some of the city development strategies supported by Cities Alliance members:

- Tend not to be truly strategic;
- Often fail to translate into action;
- Do not often establish priorities, nor effectively mobilise financing for investments;
- Often fail to take into consideration spatial and territorial dimensions; and
- Most importantly, do not always have a clear pro-poor focus.

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These preliminary findings, while troubling, presented the opportunity to build on the comparative advantages and core mandate of the Cities Alliance to provide "a global partnership [that] aims to: provide a structured vehicle for advancing collective know-how" and to "improve the quality of urban development cooperation and urban lending."

The first step was the formation of the CDS Subgroup in March 2009, which is designed to host meetings of Cities Alliance members to debate different approaches and outcomes, and strengthen the organisation's collective know-how on CDS. Moderated by the Cities Alliance Secretariat, the subgroup is tasked with jointly developing the CDS Conceptual Framework, to help capture and share all the existing knowledge and experience on CDS, including the several CDS publications, tools, and case studies available.

The framework will incorporate the building blocks of a CDS—for example, mobilising the actors, diagnosing the existing situation, agreeing on a vision, and so forth. These building blocks will provide a structure to collect, store, and access CDS-related information. For each of the CDS building blocks, (i) available tools will be identified and captured, including all the different tools used by Cities Alliance members (for example, city consultations; analyses of strength, weakness, opportunities, and threats; stakeholders analyses; urban pacts); and (ii), city practices in applying these tools will be documented. In addition, a taxonomy of CDS support available from the Cities Alliance members will be established for local governments and other clients to know at a glance which members to turn to for what types of support. These will include UCLG for networking and decentralisation cooperation; U.S. Agency for International Development, UN-HABITAT, and GTZ for technical cooperation; and the World Bank, Asian Development Bank, and Agence Française de Développement for capital investments.

The CDS Conceptual Framework will also serve as a structure to identify tools and city practices for incorporating cross-cutting issues in CDS, such as the environment, climate change, gender, and ensuring that CDSs have a clear pro-poor focus. The information collected will eventually be organised and made available through a CDS One-Stop Shop on the Cities Alliance Web site in January 2010. This CDS Web page will target urban practitioners at national, local, and international levels and will help:

- Local practitioners to choose from among a menu of approaches, tools, and experiences;
- Local and national authorities to choose the most appropriate combination of support modalities from the Cities Alliance members; and,
- Cities Alliance members to access each other's tools and experience.

City Financing: A Landscape of Devastation and of Policies in Need of Reform

Local Authorities Victimised by the Global Financial Crisis

The origins of the financial crisis that erupted in October 2008 can largely be traced to inadequate public policies on financing arrangements for housing in the United States (see Box No. 7). Since budgets of local authorities in the United States rely heavily on taxes on real property, when the real estate bubble burst it became clear that local authorities would soon find themselves in dire straits. However, the magnitude of the crisis resulting from securitisation of real estate loans—for financial sectors and ultimately for entire economies worldwide—meant that local authorities were faced with a number of other challenges. These included a drastic decline in their own revenues and in government transfers, a spike in social spending as a result of the recession, and great difficulties accessing financing through borrowing.

It is now clear that all urban local authorities of the world were affected by these threefold pressures, and they all felt them in different and uneven ways, depending on geographic groupings and specific contexts. Least developed countries (LDCs), which at the beginning of the crisis looked as though they would remain more or less shielded from it by the relatively limited integration of their financial systems, have in fact, not been spared by the economic recession and the constraints on financing. African countries in particular have seen financing

Above: © Jeff Turner
The World Heritage Site Shibam of Hadramout, Yemen. Photo courtesy: BMZ

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Box 7: A few lessons from the real estate crisis in the United States

The U.S. real estate crisis is the result of flawed public policy. The Department of Housing and Urban Development (HUD) traditionally relied on two large government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, to promote access to home ownership for the middle classes. For the poor, responsibility for facilitating access to home ownership was vested in the Federal Housing Authority (FHA), which was to insure specific loans with no down payment. In the mid-1990s, HUD steered Fannie Mae and Freddie Mac towards financing aimed at greater access for the very poor not covered by FHA, then gradually raised the objectives assigned to these GSEs.

To achieve the objectives, both GSEs launched ambitious programmes with suggestive names ("American Dream Commitment" and "Catch the Dream"), designed to facilitate home ownership for some of the most underprivileged households. These programmes were essentially based on new financial products: a very small down payment or none at all; 30-year term with an attractive rate for the first years (loans referred to as 2/28, 3/27, and so forth); even the possibility of repaying each month an amount below the interest alone, with the balance to be repaid when due along with the principal (known as "negative amortisation").

The architecture of these mechanisms is actually based on the possibility of refinancing with a new, larger loan after a few years (a cash-out system) or else with a home equity line of credit, which takes into account the updated price of the asset to replenish the purchaser's loan, thus allowing the purchaser to pay the interest due. These two mechanisms are in the nature of rechargeable mortgage financing, which works as long as prices climb; as such, they contributed to the increase and to the bubble. When the bubble burst and the market faltered, it took with it many more than just the underprivileged who were artificially able to afford home ownership. Solvent borrowers who had made the customary down payments and taken on loans appropriate to their

financial status found themselves in positions of negative equity, where the amount of remaining debt exceeded the value of the asset, their home.

Many such individuals went into personal bankruptcy, their homes were seized, and a snowball effect on prices took hold. Others remained tied to their devalued properties while waiting for prices to rebound, thereby losing all professional mobility, which further exacerbated the employment situation. (There is now a correlation between the unemployment rate and the home ownership rate in some parts of the country.)

The unfolding of these events draws attention to a number of fundamental issues. On the one hand, there is no miracle financial machinery for overcoming insolvency: in the absence of social provisions to make home owners more secure, a policy of "home ownership for all" cannot function sustainably. On the other hand, such "home ownership for all" policies are rooted more in cultural schemes than in economic reality. There is no correlation between a high percentage of home owners and the wealth of a country or population. In the case of Europe, for example, the countries where home ownership rates are the highest (Greece, Bulgaria, Romania, the Baltic states) also have the highest poverty indices; conversely, the countries with very low levels of home ownership (Sweden, Germany, Switzerland, the Netherlands) are among the world's wealthiest and have some of the world's lowest levels of poverty and exclusion.

In developing countries' cities, the existence of rental stock, which may be in the private sector and which is regulated and secure for both tenant and owner, is a new approach to housing the underprivileged, recent migrants, and so forth; ensuring a degree of market fluidity; and collecting local savings. An organised rental sector appears to be an integral part of a balanced housing policy and thus deserves active donor support.

sources and external investments dwindle, along with export earnings. In these countries, cities are and will continue to be heavily impacted by the crisis. Moreover, the post crisis recovery is likely to take longer in these countries than elsewhere because of the already limited resources of their local authorities, greater difficulties in accessing borrowing, and their high urban growth rates.

A Major Impact on Financing Mechanisms and Tools

Market-based financing and financing by specialised financial institutions—the two main financing systems on which local authorities rely—have been affected by the economic meltdown to different degrees. Overall, municipal bond markets have been ravaged. Not only has the volume of financing been cut, but the cost of borrowing has risen dramatically. The decline of credit enhancers in the United States (themselves considered responsible for part of the crisis, and only 30 percent of whom have maintained a rating that allows them to continue to practice their profession) has resulted in a substantial increase in the cost of money for local authorities, at the very moment when they need it the most. The credit enhancement crisis is so structural in nature that some experts have raised questions about the future of this activity.

Outside the American continent, in Europe for example, where financing by specialised institutions or banks is more widespread than market-based financing, the conditions for borrowing faced by local authorities is relatively less compromised. However, most banks have had to restrict their lending activities, and some have run into serious difficulties. Dexia, the worldwide leader among specialised institutions serving local authorities—significantly handicapped by the performance of an American credit enhancement affiliate and weakened by unbridled promotion of exotic financial products—has technically been placed in bankruptcy. The Belgian and French governments, aware of the institution's outstanding balances with their local authorities, have ultimately decided to recapitalise Dexia and guarantee its borrowings. This rescue recapitalisation means Dexia (which has now temporarily reverted to semi-public status) must refocus its original geographic

scope and suspend its strategy of expanding into the markets of emerging countries.

Sooner or later, developing countries will face difficulties in financing local and national investments similar to those the developed countries are experiencing. The level of public-private partnership in infrastructure has dropped off substantially everywhere; in developing countries, total volume has fallen by more than 40 percent for the year. This collapse is a direct result of the financial crisis. As resources have become scarcer and more costly, the impact has been greatest on geographic sectors where the perception of risks was greatest and where projects have been cancelled or rejected. No sign of recovery of the market for private investment in infrastructure is yet in view, and this situation—so harmful to critical sectors such as transportation, energy, and telecommunications—is likely to drag on, especially in the least developed countries.

The Search for Appropriate Responses in Specific Contexts

In general terms, the economic and financial crisis calls into question the very nature of the relationship between governments and local authorities almost everywhere, and there are many countries where the need for drastic reforms is evident.

The local authorities of wealthy countries hit hardest by the crisis—those of the United States in particular—have been forced to make drastic cuts in their capital expenditure and operating costs. Most of them have run into problems with refinancing. To ease the municipal bond and credit enhancement crisis, various solutions are being considered. The first, tried and tested, would be to get the federal treasury to guarantee on a temporary basis municipal bond issues under the special provisions adopted for fighting the effects of the crisis (for example, the Emergency Economic Stabilization Act of 2008 in the United States). A second solution—more innovative and perhaps offering the advantage of becoming permanent—would be to create a Mutual Guarantee Fund, set up to insure new fixed-rate bonds, general in nature or tied to income-generating services (revenue bonds).

LDCs are indeed affected by the crisis, especially by the drop in their export earnings, dwindling foreign investment, and the decline of public-private partnerships. Cities in these countries already face a number of challenges: the need for basic investments is enormous, implementation capacities are weak, and both solvency and access to borrowing are very limited, if they exist at all. Management and governance problems exacerbate private investors' lack of appetite, and to some extent, the same can be said of donors.

In any case, donors, like governments, find themselves facing a number of urgent imperatives, such as food security and health. As a result, many LDC cities see their economic, social, and environmental situation deteriorating from year to year while their population continues to grow. They are caught in a downward spiral and a poverty trap from which it is very difficult to escape without external support. This dire situation has catalysed calls for the creation of a specific initiative to support these local authorities.

This initiative could take the form of a public-private partnership involving businesses that provide market services, donors, regional development banks, and wealthy cities. The role of the latter would focus on institution building, with which they are experienced, within the framework of a multiyear commitment. However, given the wealth of these large cities and their power of signature, they could also mobilise funding, especially through guarantees for bond issues of an ethical nature, similar to the green bonds that were successfully issued by the World Bank recently. This method of financing by borrowing in the markets on the basis of future commitments is already practiced in the health sector by the International Finance Facility for Immunization, the entity created for this purpose by the GAVI Alliance.

This LDC Cities Initiative would not be designed to reconvey all its funding in the form of grants to beneficiary cities, but rather to leverage and facilitate the collection of savings as a way to promote local investment, particularly through guarantee instruments.

Source: Thierry Paulais and Juliana Pigey, *Adaptation and Mitigation: What Financing Is Available for Local Government Investments in Developing Countries?* Presentation at the Urban Research Symposium, 2009, Marseille. Available from www.citiesalliance.org.

This guarantee instrument would be set in place at the national level, managed by local authorities themselves, and not for profit. The support of the federal government for capitalisation of this fund would, however, be essential. In Europe, where financing through bank borrowing is predominant and financial institutions have been heavily supported by governments, local authorities face comparatively fewer problems with financing or refinancing, although the volume is down and the cost of money has risen. The situation varies from one country to the next, but in many cases governments have taken fiscal measures (for example, by speeding up the process of paying back the share of value added tax owed to local authorities, or by increasing their share) or made special transfers to support the current finances of local authorities.

For their part, some emerging countries have developed specific and relatively innovative approaches to support local authorities and local investment, considered an indispensable element of any strategy to support the economy and, in particular, employment. The most striking is probably the decision made by China to proceed in 2009 with a bond issue of US$30 billion, issued by the government itself but earmarked solely for local authorities. These funds are supposed to be divided up locally in accordance with a distribution key through the Urban Development and Investment Corporations, which already function as the local authorities' financial operator.

This example could serve as a model for some of the LDCs, especially those with export earnings, which could redirect and leverage these earnings locally to support economic activity and employment. Most local authorities in these countries pin their hopes on official development assistance and emergency programs, but there are many priorities for development assistance, and the proportion of funds that can be earmarked for cities is likely to be limited. In view of the ongoing deterioration of cities in some of the LDCs (particularly those in a postwar situation, so-called fragile states, and so forth), the matter of creating a special initiative for local authorities warrants attention (see Box No. 8).

Mumbai, India: Washing clothes in outflow pipe. © Mark Edwards / Still Pictures

Reports From the Regions: South Asia

The South Asia region offers the challenge of addressing the urbanisation of poverty, while taking the opportunity of learning from the experiences of highly urbanised developing countries, particularly those in Latin America. from this perspective, the Cities Alliance South Asia Regional Office is deepening and widening the engagement with its members to develop long term partnerships with governments in the region for knowledge support to achieve sustainable urban development. Presently, the focus of its activities is in India, which is witnessing high economic growth and fast urbanisation, and is pushing for urban reforms and large infrastructure investments to sustain the high growth rates. From the perspective of the objectives of the Cities Alliance Medium term Strategy, India offers an excellent opportunity to provide knowledge and programmatic support to national, state and local governments in their initiatives on urban reforms and city governance.

India is witnessing an urban transition. Its urbanisation rate is expected to reach 50 percent over the next three decades, up from 28 percent in 2001, and the urban population is projected to grow to 473 million from 284 million in 2001. Further densification is expected, with an increase in the number of cities from 35 in 2001 to 61 in 2021. Global experiences reveal a direct correlation between urbanisation levels and per capita gross domestic product, but are the Indian cities ready to exploit the economic potential offered by the rapid urban growth? Most urban local bodies in India do not have the capacity to promote cities as engines of growth. Most have weak institutional capacity to plan spatial, social, and economic development; unstable revenue streams; and low capacity to mobilise finances for infrastructure investments and to plan and implement infrastructure projects.

Recognising the need to strengthen the municipalities and improve urban infrastructure, the Government of India (GoI) launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2005 to encourage urban reforms and fast-track planned development in the 65 mission cities. JNNURM has two submissions:

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Urban Infrastructure and Governance (UIG) and Basic Services to the Urban Poor (BSUP). These programmes are being implemented by Ministries of Urban Development (MoUD) and Housing and Urban Poverty Alleviation (MoHUPA), respectively. Cities Alliance pipeline activities in India are to support the two Mission components, at the national, state and city levels.

Figure 2: Decadenal population growth in India

Legend:
- Urban Population Growth Rate%
- National Population Growth Rate%
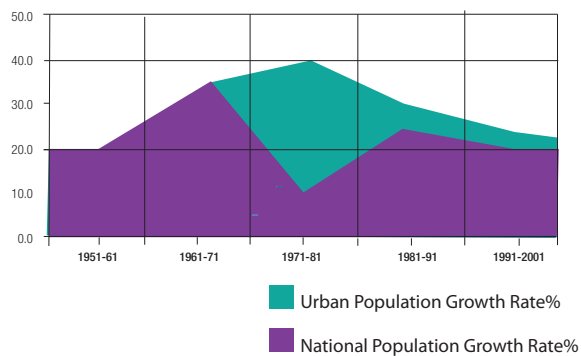
Source: Census of India, 2003

At the national level, a partnership agreement is proposed with MoHUPA under the BSUP component to give the ministry access to global good practices on key policy issues relating to urban poverty. Cities Alliance knowledge support is also proposed for the Peer Experience and Reflective Learning (PEARL) network, launched by MoUD under JNNURM, to provide knowledge support to the mission cities for implementation of urban infrastructure projects, urban reforms, and city governance. Support from the Cities Alliance, UN-HABITAT, and the World Bank has also been proposed to MoUD for preparing the *India State of Cities Report.* The report would provide inputs for the Twelfth Five-Year Plan and JNNURM Phase II.

The Cities Alliance also proposes to dovetail its support at national and city levels to achieve policy action. Cities Alliance support was earlier provided to MoUD, in partnership with the Water and Sanitation Program – South Asia (WSP-SA), to scale up community-level projects to provide sanitation facilities to the urban poor. The efforts

Train station in Mumbai, India. © Simone D. McCourtie/The World Bank

culminated in the formulation of the National Urban Sanitation Policy. Under the policy, GoI has recommended formulation of state strategies and city plans for universal access to sanitation facilities in urban areas. Within this framework, Cities Alliance support is proposed to coordinate the efforts at national, state, and city levels as well as capacity building of state and city officials for preparation of their strategies and plans.

Under JNNURM and the recently announced Rajiv Awas Yojana (RAY), Cities Alliance support is being proposed to support a few select cities to develop citywide slum upgrading plans as model plans under RAY, and these would guide city governments on the key components of the Plan, and methodology and process of preparing such multi-stakeholder driven plans. The city plans would also incorporate the lessons from good global practices such as slum upgrading programmes being implemented in Brazil.

At the state level, Cities Alliance support is also being proposed to the governments of Madhya Pradesh and Orissa. The Government of Madhya Pradesh has taken the initiative of supporting preparation of City Development Plans for nine large cities and 92 secondary towns in the state. In view of the limited capacity of the cities to lead the process and to control the quality of the plans to be prepared by facilitating organisations, Cities Alliance support is being proposed to the state government to help build the capacity of Urban Local Bodies (ULBs) through a handholding facility. In Orissa, Cities Alliance support is being proposed to the state government for the preparation of an urban poverty reduction strategy, based on city-level plans for select ULBs. This is in addition to support for the formulation of a financing strategy for urban infrastructure in the state, focusing on raising revenues from own municipal sources.

Potential sources include property taxes and innovative land-based taxes and levies, efficient use of state devolution, more effective tapping and strategic utilisation of central grants under ongoing programmes such as JNNURM, using local revenue streams to leverage domestic capital, and support from international development agencies.

At the city level, Cities Alliance support is being proposed to the Municipal Corporation of Agra for the preparation of a reform-linked citywide slum upgrading plan in an inclusive and integrated manner. This will facilitate urban poverty reduction and sector reforms that would contribute to slum upgrading on a citywide basis. It will also strengthen local institutions and their capacities to design and implement participatory slum upgrading projects.

The Regional Office is supporting MoHUPA in development and dissemination of knowledge products for institutional strengthening at state and local levels. In the perspective of RAY and slum upgrading efforts across the country and at the request of MoHUPA, Cities Alliance supported the translation and printing of a Hindi version of "Quick Guides for Policy Makers: Housing the Poor in Asian Cities".[6]

The Savda Ghevra community on the outskirts of Delhi. © Cities Alliance

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[6] The English versions of the "Quick Guides for Policy Makers: Housing the Poor in Asian Cities" was produced in partnership with the ACHR, UNESCAP and UN-HABITAT.

Reports from the Regions: Southern Africa

Although Africa is the least urbanised continent, it is experiencing the highest rates of urbanisation in the world and its cities rank amongst the poorest across the globe. Local and national governments in Africa are increasingly acknowledging that cities present the *loci* of opportunity for development and participation in the global economy. Since 1999, a range of Cities Alliance support interventions have emerged in the Southern and African region.

These interventions have promoted the City Development Strategy (CDS) philosophy; informal settlement upgrading; urban renewal; local government transformation and the exchange of best practice and knowledge dissemination. In the process, the interventions have forged greater political commitment and buy-in for urban programmes and raised the profile of the urban agenda at a national level, leveraged local financial resources and begun to unleash potential latent in many cities in the region.

Over the past years, the region has demonstrated, often in innovative ways, its commitment to urban poverty reduction and development through a range of Cities Alliance–supported interventions at both national and city scales. Apart from demonstrating innovation, these activities also show adaptation of best practice to local conditions. There have been a series of regional firsts which are outlined on the next page:

A woman walks through the street of an African slum with a child on her back. © Alex Ricardo Jimenez/Cities Alliance

With Cities Alliance support, the Southern and Eastern Africa region is credited with a number of "firsts":

- Recognition for the urban sector is increasing at national and city levels.

- Successful restructuring of Johannesburg, Africa's first truly global city for world-class service delivery.

- The formation of the South African Cities Network (SACN) provides a learning platform for nine South African cities and promotes winning solutions through communities-in-practice.

- Africa's first Global City-Region is located in Gauteng Province, South Africa and incorporates the conurbation of Johannesburg, Ekurhuleni and Tshwane. The idea is to promote greater internal cooperation for improved external competitiveness to enhance social and economic development in the province.

- The first twinning of two of Africa's cities has seen the formation of the Johannesburg-Addis Ababa Partnership which seeks to promote practical assistance largely as a result of the success of Johannesburg's restructuring experience.

There has been a major shift in South Africa from housing delivery focused on quantitative delivery to a more holistic approach that integrates livelihoods with the location of people's homes and a focus on quality by delivering sustainable human settlements. The national housing subsidy can now be used for *in-situ* informal settlement upgrading.

South Africa. © Cities Alliance

Summary of Current Grant Activities

• **Tshwane Comprehensive Sustainable Human Settlement Strategy (TCSHSS)** – Tshwane is the first city to develop a citywide strategy for creating sustainable human settlements at scale. Tshwane will also be the first in South Africa to apply this unique and groundbreaking methodology in an attempt to restructure its urban form and address the spatial legacy of apartheid. By consolidating sector plans, the city of Tshwane will have a foundation to respond to the needs of informal settlement communities in the form of the Tshwane Sustainable Human Settlement Strategy. The first phase of the grant focused on the development a citywide comprehensive sustainable human settlement strategy. The TSCHSS includes four aspects: i) a definition of what is meant by sustainable human settlements; ii) a focused strategy, tailor-made for the City of Tshwane Metropolitan Municipality; iii) an application of the strategy in a proposed flagship project, and iv), recommendations for institutionalising the strategy beyond the immediate publication of the document itself. In its second phase the Tshwane Sustainable Human Settlement project involves two main activities: i) integration of the Sustainable Human Settlement methodology into Tshwane's mainstream planning and implementation practices, and ii) packaging of a major Sustainable Human Settlement activity spine project.

• **National Upgrading Support Program (NUSP)** – To support the National Department of Housing (NDoH) to design the implementation plan for the "Breaking New Ground" housing policy and provide a practical plan for the design and multi-year roll out for the NUSP. Outcomes of the pilot project assessment were presented at a national workshop to national and provincial housing officials. The workshop confirmed the need for a national upgrading support programme as well as underscored the need for a national housing practitioners' forum which was launched by the newly created Department of Human Settlements in October 2009. The policy review concluded that the current "Breaking New Ground" policy on informal settlement upgrade certainly reflects international best practice.

• **Upgrading for Growth (U4G) - Ekurhuleni Metropolitan Municipality.**–The objective of Upgrading for Growth is to harness the upgrading process as the driver for sustainable development – at the household level – through macro/micro linkages to the existing labor market and investment in growth opportunities. The last twelve months has seen the successful completion of extensive consultations, technical studies and design of a high level upgrading programme plan and business plans for three priority settlements. A key output of the implementation phase is to produce implementable and costed business plans. It is intended that these plans and the lessons learned in the assignment process will provide a replicable model for the roll-out at scale of the U4G approach across the municipality. Ward Committees have responded enthusiastically to the consultation process, and are keen to provide inputs into individual project proposals and the overall development. The Department of Housing is concluding significant partnership agreements, crowding in investment as well as developing innovative approaches in the development of the business plans. These include establishing partnerships to improve energy efficiency, improving layouts and densities, supporting communal food production, focusing on business training, particularly amongst women's groups, and promoting micro-lending. It is anticipated that these activities will enable Ekurhuleni Metropolitan Municipality to test new approaches to informal settlement upgrading and provide evidence-based methodologies for ensuring that housing delivery contributes to the development of sustainable communities.

• **Supporting the design of a CDS-based system of local government in Swaziland** – Section 219 of the Swaziland Constitution urges that government be brought "closer to the people so that the people at sub-national or local community level progressively take control of their own affairs and govern themselves". The CDS project supports the key government departments in defining a system of local government that fully incorporates the CDS principles of productivity, inclusion, sustainability, and good governance. Together the team of governance, finance, GIS, infrastructure, economists and demographic experts has been performing a range of activities including extensive consultations with the Swazi Government, data collection and analysis. The team is preparing a consolidated report and spatial viewer to reflect alternative local government models. The models will be peer reviewed before being presented for discussion to the Government of Swaziland in early 2010.

Centre of Mbabane, the main city and capital of Swaziland. A bus station and a shopping centre are in the middle of town. © Ron Giling/Still Pictures

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Reports from the Regions: East Africa

Increasingly, the Cities Alliance is focusing its urban poverty-reduction activities in Sub-Saharan Africa, offering support to improve the living conditions of the urban poor. This report presents the highlights of Cities Alliance activities in Ethiopia and Uganda.

Ethiopia

The establishment of the Ethiopian Cities Network is an ongoing project implemented by German Technical Cooperation (GTZ) in partnership with the Ministry of Works and Urban Development. The Network, officially launched in October 2009, will address information sharing and exchange as well as co-ordination among cities and development actors. It will also serve as a link to the global network of cities. The launch event brought together cities through city-to-city interactive programmes; presented an exhibit of innovations for cities, such as developing city-university partnerships; and conducted photo exhibitions and a best practices award event. The occasion was also be marked by the publication of the first cities catalogue as part of a city marketing initiative.

In the pipeline is an integrated urban database. The major objective is to develop a national strategy for collecting, organising, and making available up-to-date and accurate information on urban development at the city, regional, and federal government levels. The National Ministry of Works and Urban Development, Bureau of Policy Research and Planning, submitted the project proposal to the Secretariat for funding consideration.

The project to prepare the Ethiopian State of Cities Report will be led locally by the Ministry of Works and Urban Development, and implemented by the Ethiopian Civil Service College in collaboration with the African Centre for Cities and African Planning Schools Association.

A cobble stone promotion held in Addis Ababa to mark Ethiopian Cities Day, 23 October, 2009. © Tewodros Tigabu/Cities Alliance

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Under discussion are the following activities:

- Pro-Poor Inner City Redevelopment Strategy for Addis Ababa;
- Bishoftu City Development Strategy (CDS);
- Evaluation and Reformulation project;
- Nekemte Land Information System;
- CDS to Small and Emerging Towns in Tigray Regional State.

Uganda

The National Urban Policy and National Urban Development Strategic Plan project, which is being spearheaded by the Ministry of Lands, Housing, and Urban Development in partnership with the Ministry of Local Governments of Uganda, supports an inclusive and participatory process to formulate a national urban policy and a Strategic Urban Development Plan for 2010–25. This will provide the necessary framework for guiding and managing the urbanisation process to ensure effective management of the expected urban growth. The Strategic Urban Development Plan will include a national vision and provide specific actionable directions for the urban sector.

The Land, Services, and Citizenship for the Urban Poor project is being coordinated by the Ministry of Lands, Housing, and Urban Development and will be implemented in partnership with development partners, with local governments and communities assuming the greater role. The objective is to support domestic urban initiatives of the government of Uganda to upgrade slums and proactively deal with urban growth. The project is currently under development with the support of the Cities Alliance Slum Upgrading Team and has been given more in-depth treatment in the Land Services and Citizenship section of this report.

Marantochloa leaves are widely traded by women for use in wrapping cooked food at roadside stalls. They are harvested from the rainforest understorey, then transported by truck to large local markets.. © Tony Cunningham / Still Pictures

Reports from the Regions: Brazil

The Cities Alliance has had a presence in Brazil since 2001, working very closely with city and national policy makers on the design and implementation of important urban planning and knowledge dissemination tools as well as on social housing and slum upgrading. This partnership was further strengthened after 2003, when the Ministry of Cities was created and Brazil formally joined the Cities Alliance, and through CAIXA, Brazil's housing and urban development bank. The partnership became a fundamental element in the strengthening of national slum upgrading approaches and pro-poor housing policies all over the country.

(left to right) Mariana Jose, CA; Andre Herzog, WBI; Rohit Mathur, Ministry of Finance, GoI; Harish Chandra, Planning Commission, GoI; P. K. Mohanty, Ministry of Housing and Urban Poverty Alleviation, GoI; Ines Magalhaes, National Housing Secretary, Ministry of Cities; Sitaram Kunte, Housing Department, Government of Maharashtra; S. Aparna, Commissioner, Municipal Corporation of Surat; R. K. Vats, Ministry of Housing and Urban Poverty Alleviation, GoI; Sarada Muraleedharan, LSG Department, Government of Kerala; and Ajay Suri, CA.

The Alliance has a regional office in São Paulo, which is financed by the Italian government. In addition to working closely with the federal government, Cities Alliance partnership activities at the city and state government levels, such as the municipality of São Paulo and the state of Bahia, have become interesting laboratories showcasing good practice models of scaling up planning and urban development through national policies and programmes.

Panoramic view of São Paulo, Brazil, from the highest point in the city, Parque Estadual do Jaragua. © Sean Sprague/Still Pictures

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Alliance partnerships have recently been initiated with the municipalities of Diadema and Salvador. Both aim at covering gaps in national slum upgrading actions in Brazil: the regulation of special social interest zones and the operation of municipal housing funds. Metropolitan management is the subject of the ongoing partnership with the state of Minas Gerais, and the city development strategy for the metropolitan region of Belo Horizonte is focused on reducing poverty.

In addition to the dialogue with central and local governments, the Cities Alliance has provided innovative support for tripartite cooperation on slum upgrading. The cooperation between the governments of Mozambique, Brazil, and Italy is generating positive interaction in all spheres among the governments of the three countries. Moreover, together with the World Bank Institute, the Cities Alliance is contributing to the dialogue among the governments of India, Brazil, and South Africa within the framework of India-Brazil-South Africa (IBSA), a trilateral free trade agreement, in the area of human settlements. This effort is creating important opportunities for learning and improving policies.

In the past year, the Alliance office in Brazil facilitated visits to the country by international delegations from Morocco, South Africa, India, and Mozambique. These visits enhanced knowledge sharing between Brazil and each of these countries, with special focus on national and local policies for slum upgrading programmes. International missions and knowledge-exchange programmes are a very effective way of creating awareness and improving global knowledge around urban poverty, since they enable practitioners to see firsthand what is happening on the ground and to better understand the context and background of government policies and programmes. During such exchanges, both visitors and host have an opportunity to reflect on their respective policies, potentials, and bottlenecks, identifying areas for improvement and the development of new policies.

Other highlights for 2009 include the development of a distance learning course, support for the National Housing Plan, and preparation of the *Brazil – State of the Cities Report.*

Giorgio Romano Schutte, former Cities Alliance Regional Advisor for Brazil explaining all about the Cities Alliance to delegation visitors.
© Cities Alliance

In partnership with the federal government and the University of São Paulo, the Cities Alliance supported the design and implementation of a distance learning course, 'Integrated Slum Upgrading Actions', to reinforce the institutional capacity of local authorities to scale up their projects in this area. This activity was critical to improving the technical capacity of municipalities in the northeastern region of the country in a context of robust investments for slum upgrading through the Growth Acceleration Program (PAC). Based on this successful experience, the Alliance is now supporting the federal government's efforts to scale up the offering to a broader range of municipalities in Brazil, as well as contributing to the World Bank Institute for the preparation of a global initiative.

The Cities Alliance also played an important role in supporting the first National Housing Plan, with goals and targets for a 16-year programme centred on meeting the housing needs of a selected target population in the lowest income brackets and the emerging middle class. The National Housing Plan was the first step for a new subsidies model implemented through the launch of the 1 million houses programme, *Minha Casa, Minha Vida,* a benchmark for the Brazilian housing policy. The programme significantly scales up the level of individual subsidies and availability of funding for subsidies and finance.

Brazil – State of the Cities Report will provide an analysis of the living conditions of a sample of 600 Brazilian municipalities out of a total of more than 5,500. The preparation of the report is being closely coordinated by a Steering Committee composed of the Brazilian national associations of cities, CAIXA, the Brazilian Ministry of Cities, the World Bank, UN-HABITAT, and the Inter-American Development Bank (IADB). The project execution is being coordinated by the Polis Institute, based in São Paulo, and other urban research and support institutions have been invited to join the initiative.

Regarding knowledge production, in partnership with the IADB and the Brazilian Ministry of Cities and CAIXA the Cities Alliance is supporting a study of slum upgrading programmes in precarious settlements in Brazil. The objective is to collect lessons that can be used to improve the design and management of slum upgrading programmes and policies.

These are some of the ways the Cities Alliance has been working in Brazil through partnerships at the three levels of government to help strengthen pro-poor urban policies in the country and create opportunities for international knowledge sharing and dissemination of lessons learned.

Cities Alliance Brazil Publications for 2009

• *Social Housing in São Paulo: Challenges and New Management Tools*
The publication highlights the second phase of the partnership between the Cities Alliance and the São Paulo Municipal Housing Secretariat (SEHAB), which is responsible for housing policy in the city. The goal during this phase was to establish a set of management tools that would facilitate strategic, systematic planning for social housing in the municipality of São Paulo. One of the most significant results was the creation of HABISP, an innovative information system that has become a valuable tool for urban development in São Paulo.

• *Alagados – The Story of Integrated Slum Upgrading in Salvador (Bahia), Brazil*
This publication tells the story of the slum upgrading project supported by the Cities Alliance and the state government of Bahia (Brazil) from 2001 to 2006, and captures the lessons learned. The Bahia Project was one of the first activities undertaken by the Cities Alliance following its formation in 1999. A broad coalition of partners were mobilised in the area of Alagados, a well-known slum in the city of Salvador. The coalition included the state of Bahia, the Cities Alliance, the World Bank, the government of Italy, AVSI (an international development nongovernmental organisation), and more than 70 local community-based associations. To make a real difference in the lives of the slum dwellers, a participatory and integrated approach was used. Through this project, the process of scaling up was successfully set in motion.

A giant pipe runs through the middle of the slum of Bandra, the
largest in Asia. © Catherine Karnow/CORBIS