

## **CITIES ALLIANCE MEMBERS' REPORTS**

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







Since its creation in 2007, the Local Authorities and Urban Development (LAUD) Division of the (AFD) has been actively working with both overseas French and foreign countries, putting great emphasis on strengthening local autonomy and placing local authorities at the heart of the decision-making processes. Between 2007 and 2008, AFD tripled its financial commitments towards local authorities and the wider urban development sector, with total expenditure reaching the €500 million mark. Of this total, which included a mix of loans and grants, €315 million were directed towards foreign countries: less developed countries, emerging countries, and countries with intermediary levels of revenue.

Within the growing context of decentralisation, AFD considers local authorities as essential political actors that need strengthening. Some of the urban projects carried out by the LAUD Division focused on increasing local autonomy by means of training, capacity building, and financing. For instance, within the projects it supports, AFD encourages local ownership by transferring project management to the local level as quickly as possible. The division also supports comprehensive, mid-to long-term visions of local authorities, essential to mastering future urban growth.

AFD also pays particular attention to local development through interventions to improve the living conditions of the urban poor. These interventions include increasing the level of access of the urban poor to essential services and public amenities and reducing exclusion of the urban poor from the rest of the population. To achieve these objectives, AFD allocates grants and soft loans either directly to local authorities or through existing national structures.

AFD adopts a comprehensive environmental approach to urban planning. By promoting compact urban growth and working against urban sprawl, AFD encourages cit-

ies to reduce their carbon footprint and limit their greenhouse gas emissions. AFD also helps to finance public transport systems, energy efficiency programmes, waste management systems, and urban biodiversity conservation; it also encourages cities to integrate environmental concerns into general urban planning policies at the earliest stages.

AFD's strategic thrust focused on building the capacity of local authorities is fully compliant with Cities Alliance efforts to promote client execution and local ownership. In addition, AFD pays particular attention to working in close collaboration with other stakeholders at all stages, namely, other donors, cities from the north through city-to-city cooperation frameworks, nongovernmental organisations, local associations, and civil society.



The Istanbul Underground. Photo courtesy: AFD  
Left: Cotonou, Benin: Heavy traffic beside the Dantopka market, the largest in West Africa. © Henning Christoph/Das Fotoarchiv/Still Pictures



**AFD and Cities Alliance.** AFD, as both a sponsor and a cofinancer, is a stakeholder in several CDSs—including those for Tripoli, Douala, Lomé, Dakar, and Cotonou—and slum upgrading programmes—such as those in Morocco and Senegal. In Cotonou, AFD has cofinanced the CDS and promoted the creation of a single governance body to oversee both the CDS and the AFD-funded Greater Cotonou Urban Project. AFD plays an active role in CDS monitoring and will base future investment programming on its results.

**Highlights of the year under review.** AFD continues to finance overseas municipalities and progressive urban planning projects.

- AFD allocated a €120 million direct loan to the Metropolitan Municipality of Istanbul to support the implementation of its urban public transport programme. The project objective is to extend the underground rail sys-

tem to the north and south, building tramway lines and consolidating tramway-underground connections. It will result in a major modification of the metropolitan transport network.

- AFD is currently financing a €5.5 million project of social development and urban planning within the Balbala area of Djibouti City. In partnership with the Development Bank of Southern Africa, AFD, along with other donors, is also financing a €100 million project that aims at financing infrastructure and essential services in municipalities with low levels of capacity through a refinancing credit facility.
- In Senegal, AFD helped modest low-income families gain access to mortgages to buy a home or a plot of land. The €15 million intermediation funding scheme was disbursed through Senegal Social Housing Bank.



Overview of slum in Durban, South Africa. Courtesy: AFD  
Right: Houses of urban poor built along Basac river bank in Phnom Penh. Courtesy: AusAID





**AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT (AUSAID)**

[www.aid.gov.au/](http://www.aid.gov.au/)



The Australian Agency for International Development (AusAID) works to reduce urban poverty and support urban development in its partner countries through bilateral programs and assistance to multilateral partnerships.

Since joining the Cities Alliance in 2008, Australia has increased its focus on supporting urban development by forming partnerships that are specifically designed to promote sustainability within city environments. These organisations include the Clinton Foundation's Clinton Climate Initiative, the World Bank, and Australia's national science agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

**Partnership activities.** The partnership with the Clinton Climate Initiative supports sustainable urban development in Southeast Asia by assisting cities to reduce their energy consumption and greenhouse gas emissions. The initial focus of this partnership has been on solid waste management activities in Vietnam and Indonesia, and assistance to enable practical measures to reduce and prevent greenhouse gas emissions from municipal solid waste.

As part of a five-year strategic partnership between AusAID and the CSIRO, which commenced in the second half of 2008, Australia is supporting environmental research for development, focusing on water and sanitation, climate change adaptation, and sustainable cities. The sustainable cities component has focused on a number of areas, including identifying urbanisation drivers, impacts, and trends; assessing the sustainability of selected cities; and identifying investment priorities to promote sustainability in Asian cities.

Many AusAID urban sector activities are supported through infrastructure and climate change programme. AusAID supports urban infrastructure activities in South

Asia, East Asia, and the Pacific through two single-donor trust funds with the World Bank. The overarching goal of these trust funds is to contribute to reduced poverty and sustainable development by accelerating economic growth through improved infrastructure. Several urban sector activities are supported through these partnerships, including urban infrastructure finance policy development in Vietnam and across the East Asia Region; development of environmentally and economi-



Woman carrying baskets on bicycle in Hanoi, Vietnam. © Sean Sprague/Still Pictures

cally sustainable urban frameworks across the East Asia Region; knowledge sharing in urban issues across the East Asia Region; urban upgrading in Papua New Guinea, Vietnam, and Indonesia; disaster management in urban planning across the East Asia Region; poverty analysis and policy response in the Philippines; and city plans and strategies in Indonesia.

**Pacific Land Programme.** AusAID has also taken an active role in supporting urban development in the Pacific. During 2008–09, AusAID commenced implementation of the Pacific Land Programme, a \$A54 million initiative over four years, which aims to protect customary land rights, promote economic and social development, and reduce the potential for land-related conflict. The urban component of the programme aims to improve the standard of planning and governance of Pacific urban areas to enable improvements in the living conditions of Pacific urban dwellers. This means confronting issues such as limited access to land; poor housing; inadequate basic infrastructure; increasing hardship for vulnerable groups such as youth, women, and people with disabilities; and increasing numbers of informal settlements. Rather than attempt to reverse or prevent rural-urban migration, which has failed in all parts of the world where it has been tried, this programme seeks to take advantage of the positive impacts of urbanisation when helping to meet the challenges faced in the Pacific.

**Contribution to Cities Alliance coherence of effort.**

Australia is also seeking to achieve coherence by working with and assisting other major donors that are actively supporting urban development in the Pacific, such as the government of New Zealand, which has been working with the government of Kiribati on its Town Development Strategies for its three urban areas. Australia supports this work and has sponsored the recent application the government of Kiribati has made to the Cities Alliance in association with these strategies.



Manila, Philippines. Photo courtesy: Asian Development Bank.





## BRAZIL

[www.cidades.gov.br](http://www.cidades.gov.br)



**The favelas.** Brazil's slums, the *favelas*, impress by their extent and presence throughout the country's cities: more than 12 million Brazilians are slum dwellers. As in so many developing countries, rapid urbanisation accompanied by inadequate job opportunities and predatory land markets led to a huge urban poor population in Brazil. Unable to access formal markets, many of these urban poor have no other option than to squat.

Since the legal framework of the City Statute (*Estatuto da Cidade*) in 2001 and the establishment of the Ministry of Cities (2003), the reduction of urban inequality has gained priority at the national level. This is partly because the economic development model adopted by President Lula links growth to income distribution and social inclusion. The launch of the Growth Acceleration Programme (PAC) in 2007, with unprecedented investments of around \$8.7 billion for slum upgrading through 2010, consolidated the concept of slum upgrading as part of the overall housing solution in Brazil.

**Long-term planning.** Throughout 2007 and 2008, the Ministry of Cities and the National Cities Council—with support from the Cities Alliance—discussed a long-term planning instrument for the housing sector: the National Housing Plan (*Plano Nacional de Habitação*, or *PlanHab*). One of the plan's main goals over the next 15 years is to enable affordable housing for the entire population, based on a 6.2 million-unit housing deficit and the future need for 27 million units resulting from demographic growth. The plan has developed strategies for the following:

- Subsidies and financing policies/models;
- Institutional development;
- Productive sector;
- Urban land for housing.

Developing a National Housing Plan necessitated a concerted effort of governmental bodies, social movements, and other representative of civil society. This process enabled the generation and dissemination of knowledge at the national level. It also intensified local and regional planning initiatives that had already been launched as part of the Ministry of Cities' nationwide campaign encouraging cities to develop master plans under the City Statute. At least 1,170 local housing plans are underway with financial support from the federal government, and many more are under development.. Having a proper housing plan is a basic condition for a local government to access national funds and be integrated into the National Social Interest Housing System (*Sistema Nacional de Habitação de Interesse Social*).

**Housing as a way out of economic crisis.** With upgrading projects underway all over the country and with a new focus on housing and urban challenges generated by the National Housing Plan, the federal government formulated a positive strategy to address the global economic crisis: a \$17 billion programme of 1 million houses called "My House, My Life". The programme is based on the idea that expanding access to housing finance and infrastructure leads to employment creation and growing business opportunities.

To achieve that goal, the Brazilian government will guarantee subsidies for low-income families and lower interest rates for the emerging middle class. It will also create a Guarantee Fund that will cover the costs of 36 months of payments for families that face a loss of income as well as enabling them to refinance mortgage contracts. The main goal is to build an environment of trust in the economy and stimulate the development of formal housing markets with government subsidies for low-income and emerging middle-class families. The new programme also reduces taxation for housing construction and establishes parameters for the use of sus-



tainable building materials, environmental licenses, and tenure regularisation procedures.

**Consolidation of investments and priorities.** The main challenge for Brazilian policy makers is to maintain the current high level of investment in housing and infrastructure and the targeting of subsidies for the lowest income brackets. Although regulation of urban land markets has been a focus of Brazil's urban reform policy since the establishment of the City Statute, providing land for low-income housing still remains a major challenge.

**Contributions to the coherence of efforts of the Cities Alliance.** The support of the Cities Alliance for the National Housing Plan and other projects—such as a distance learning course for slum upgrading—was crucial to making the inclusion and consolidation of slum upgrading and housing policies for the poor a priority in the government agenda, thus paving the way for a wider, long-term urban development strategy based on social inclusion.

Cities Alliance support has also helped increase the federal government's capacity to stimulate and scale up local policies and programmes in order to leverage investments and other forms of local efforts that enable housing and upgrading projects.

In addition, cooperation is beneficial to the consolidation of knowledge and the dissemination of innovative, successful practices. It also helps strengthen the institutional framework for housing through a continuous knowledge exchange process among different countries that face similar challenges on the housing field.

Finally, the development of a national and international network of actors and practitioners in the urban and housing fields was crucial to the consolidation and expansion of technical knowledge and to political approaches aiming to guarantee affordable housing for the poor.



Above: The business centre of São Paulo. © Ron Gilling/Still Pictures  
Middle: Housing units in Brazil.  
Bottom: Brazil: A community organised collective construction with financed funds. (Credito Solidario Programme)  
Right: Plaza de Armas in Santiago de Chile. © Ron Gilling/Still Pictures







### Neighbourhoods Recovery Programme

The “I Love My Neighbourhood Programme,” framed within the New Urban Housing Policy, addresses social and urban problems on a neighbourhood scale through participation, coproduction, and comanagement throughout the recovery process. The programme was introduced into 200 neighbourhoods three years ago and now aims to become a permanent policy of the Ministry of Housing and Urban Development.

**The diversity of the neighborhood as a public policy opportunity.** We have generated a flexible model that understands the neighbourhood as living spaces where residents have different access to goods and services, have particular values and interests in the territory, and have their own dreams and expectations of the neighbourhood. This diversity also means assuming there will be conflict on the uses and expectations of public spaces.

*Example:*

*Neighbours in Villa Santa Teresa in La Florida determined that one of the main problems was young people gathering on street corners to smoke and drink. The neighbours felt that public space should be devoted to help the youth use their free time in a healthy way. The neighbours, mainly elderly, supported the construction of a skate park, something the elderly residents would not use. They thought of their neighbourhood as a collective.*

**Rebuilding trust between the state and citizens.**

Many urban problems—violence and inequality, for example—are symptoms of the disintegration of joint projects and the breakdown of trust between the state and its citizens. Therefore, we shifted from individual dreams to the construction of collective projects based on participatory processes. Decisions regarding the improvement of the neighbourhood and its environment are the

product of consultations, discussions, referenda, assemblies, and so forth.

*A neighbour says:*

*People were incredulous, tired of being promised things that were not accomplished. But little by little, the programme has been materialising and I see that people feel calmer, more integrated. This is a neighbourhood of working people, and it was becoming a ghetto. The programme has taken us out of that and has allowed us to bring our people back. It's like recovering the pride of living here.*

*(CVD Barrio San Hernán, O'Higgins Region).*

**The transforming potential of empowered communities.**

We work with the organisational capital of the neighbourhoods, their installed capacities, the opportunities they offer, and their history as a platform for a new stage of development.

*Example:*

*The neighbours of the “30 de marzo” in San Antonio had to eradicate a squat to build their field. The neighbours decided to negotiate with the people living in the squat and reached an agreement that allowed them to develop their field and meet the needs of the people in the squat. A neighbourhood organisation led an open and informed dialogue that recognised the shared history of the neighbours and the squatters, resulting in this transforming project.*

**Multidimensionality in the diagnosis and response.**

On national, regional, and local levels, we favoured the generation of joint work between various actors. The focus is not on achieving a diagnosis shared by all, but on the need to work together with shared methodologies. Instead of offering a standardised solution, the programme changed to approaches that reflect the particularities of each territory, allowing better results in impact and coverage.

## Outcomes of the Programme

**Concrete results.** A satisfaction survey of the residents was distributed in 20 districts within seven regions. Of the 3,400 respondents, more than half said the “I Love My Neighbourhood Programme” has helped, especially in the perception of improvement in neighbourhood image and identity, quality and use of public spaces, neighbourhood participation and coexistence, and quality of life.

*A neighbour says:*

*The integration of all the neighbors had a radical favourable change, because now we are all united, struggling, paddling for the same side. The warmth, affection, and all other things are being seen in all various activities.*

*(CVD, Balmaceda Neighbourhood, Antofagasta Region)*

**Projects that reflect the diversity of the territory.** More than 1,400 projects are operating. We have built green areas and pedestrian walkways with excellent lighting that have improved the perception neighbours have of their own neighbourhood, creating greater use, maintenance, and appropriation of public spaces.

**Empowerment of the neighbours.** Recently, three residents of our neighbouring districts represented Chile at the Congress Ciudad Viva of Ecuador, a key conference on urban issues. These neighbours presented to a demanding audience the best experiences of the recovery of neighbourhoods.

Visiting the neighbourhood works. Photo courtesy: MINVU









The past 10 years have witnessed a paradigm shift in perceptions of cities and urban development. There is now talk of an “urban millennium”, with the majority of the world’s population now residing in urban agglomerations. The old debate on preventing rural-urban migration has become obsolete, as demographic processes are now seen as the major determinants for urban growth. Cities now embody the social, economic, and environmental challenges of modern civilisation as well as being the valued repositories of longer-term development sustainability. The potential benefits of urbanisation far outweigh the disadvantages; the challenge is in learning how to exploit its possibilities. Unleashing the potential of urban growth has been and will therefore still be the goal of the German Development Cooperation as a proactive partner with the Cities Alliance for implementing and disseminating successful approaches in this regard.

**Implementation and dissemination.** The German Development Cooperation has been consolidating its urban portfolio primarily in Asia, the Middle East, and the southern and eastern Mediterranean region. These urban programmes usually respond to crosscutting issues such as the promotion of democracy and civil society, water and sanitation, economic development, and the environment. Together with our development partners, we focus on two main approaches: (i) to improve urban, poverty-oriented services by increasing local and national management capacities; and (ii) to develop and to fund new facilities for financing urban infrastructure and services. We further support cities in combating climate change as well as cultural heritage preservation and social inclusion in urban areas. To foster local self-government we support cities and local government associations at national, regional, and global levels. Currently, around 215 urban programmes are implementing these approaches on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ).

Apart from the bilateral implementation of urban programmes, disseminating good practices and fostering the dialogue on urbanisation have become a crucial part of the collaboration with partners of the Cities Alliance. On this note, the BMZ supported the Cities Alliance in hosting an international expert forum in Berlin in July 2009 to identify new trends, strategies, and priorities confronting cities in developing countries, and to thus examine the changing context within which the Cities Alliance works. To broaden the discussion and raise the awareness of the importance of the urban agenda in Germany, the GTZ on behalf of BMZ, subsequently invited the international experts and German politicians, academics, and practitioners to a discussion on new urban challenges and opportunities.

To further raise public attention for the issue of urban poverty, international conferences—for example, the World Urban Forum (WUF) and the Urban Research Symposium—play a crucial role for a dialogue between development partners. Against this background, Germany was also represented at WUF 4 in Nanjing (China), where a pavilion in the exhibition area was used to foster dialogue and exchange good practices around five core themes: urban governance, cultural heritage and slum upgrading, city and climate, social inclusion, and financing urban development. Additionally, the German Development Cooperation organised a networking event on the issue of financing urban infrastructure.

We are also encouraging our programme partners to proactively join in these multilateral dialogues through the promotion of instruments provided by the Cities Alliance, such as city development strategies or through the organisation of exchange networks.

Thus Germany continues to support the Cities Development Initiative for Asia (CDIA), which was founded by the Asian Development Bank and the BMZ in October

Manila, Philippines: Slum dwellers on water pipeline with lock and meter. © Joerg Boethling/Still Pictures



2007. To contribute to the promotion of sustainable and equitable urban development, leading to improved environmental and living conditions for all in Asian cities, this regional initiative is welcoming other partners and strengthening its relation to the Cities Alliance.

Another example of networks and partnerships is the Participatory Development Programme in Cairo which welcomed more than 230 guests last year at the international symposium, "Exchanging Global and Egyptian Experiences in Dealing with Informal Areas within the Wider Urban Management Context". The main focus of the symposium was to exchange experiences in the field of scaling up strategies.

Moreover, Germany is encouraging its development partners to make use of the support that the Cities Alliance is providing. Since 1999, the German Development Cooperation has been promoting about 24 projects of partner countries and cities implementing either a city development or upgrading strategy funded by the Cities Alliance.

**Outlook.** Since the Cities Alliance was founded in Berlin, Germany has been and continues to be a reliable partner. We recognise the need for enhanced and intensified partnerships to make an impact on urban poverty. We acknowledge this principle in our global, regional, and local activities. Thus we remain committed to the strong partnership with the Cities Alliance and will continue to support the organisation in strengthening the access of poor countries and cities to Cities Alliance cooperation and assisting the Cities Alliance in strategy and governance reforms. Additionally, Germany is fostering its partnerships with other networks, such as the City Development Initiative for Asia (CDIA) and ICLEI, which Germany supports in their important work in the field of cities and climate change. Against this background, Germany will enhance its collaboration with the Cities Alliance and is looking forward to the next 10 years of a fruitful partnership.



A neighbourhood in Alexandria, Egypt. © Andrea Haer/Cities Alliance

Right: Bustling market of Antananarivo, Madagascar. © Martin Harvey/Peter Arnold Inc.







The Cities Department of the Institut des Sciences et des Techniques de l'Équipement et de l'Environnement pour le Développement (ISTED) coordinates and undertakes activities to build the collective know-how of its partners in development, promote the exchange of experience among northern and southern countries, and support the international activities of its members.

ISTED's activities are most often implemented in cooperation with other public or private organisations—local, national, or international—and focus on the following areas:

- Creating knowledge opportunities, such as studies, thematic think tanks, and missions of expertise;
- Strengthening skills, such as training, research programmes, and seminars;
- Facilitating networks and partnerships;
- Disseminating knowledge via conferences, publications, and similar vehicles.

**Emerging Cities, keys to understanding and acting.**

ISTED launched the Chinese version of its publication *Emerging Cities* at the fourth World Urban Forum (WUF 4) in Nanjing, China, in November 2008. Attendees at the launch included Yves Dauge, senator for Indre-et-Loire; Professor Zhou Jian, director of the Shanghai Tongji Urban Planning and Design Institute; and Xavier Crépin, chief executive officer of ISTED. At WUF 4, the publication was disseminated at the French booth, and the English version was available at the Cities Alliance booth.

Numerous additional publications were also distributed at an event held at the French booth that brought together the French Ministry for Energy, Ecology, Sustainable Development, and Spatial Planning; the Ministry of Foreign and European Affairs; and the Agence Française de Développement.

**Supporting the local governance in Priority Solidarity Zone countries.** Launched in July 2007 by the French Ministry of Foreign and European Affairs, the Priority Solidarity Zone programme aims to strengthen local governance and development in Africa and in some countries that are part of France's Priority Solidarity Zone.

The programme emphasises three components that are implemented by the following three organisations:

- Supporting African actions, implemented by the Municipal Development Partnership;
- Supporting decentralisation policies and sustainable development in western and central Africa, implemented by the United Cities and Local Governments of Africa;
- Supporting urban governance, implemented by ISTED.

The theme of supporting urban governance is reinforced through three types of activities: (i) supporting the planning of urban governance strategies (within this framework, ISTED leads a workshop that brings together all concerned French stakeholders, including researchers who have provided a general report on urban governance); (ii) helping to establish urban governance strategies in some developing countries; and (iii) improving the worldwide availability and dissemination of information and publications related to urban governance.

**Publications connected with the Cities Alliance.** A special English-language issue of *Villes en développement* magazine that focused on local economic development was produced with Cities Alliance in June 2008. The issue was translated into both French and Spanish.









Mumbai: Elderly woman in a slum in Bhandra with new high rise buildings in the background. © Julio Etchart/ Peter Arnold Inc.

**France at the Cities Alliance.** France is jointly represented at the Cities Alliance by the Ministry of Foreign and European Affairs (MAEE) and Agence Française de Développement (AFD). Since 2004, managing coherence of effort expertise on urban issues—a top concern of the Cities Alliance—has resided in France within these two institutions. The MAEE determines overall strategic policies related to support for democratic, local, urban, and land-related governance processes, decentralisation processes, and land management policies. AFD provides urban development assistance through sectoral programmes as well as investment assistance, in particular to local authorities.

**Developing a policy vision for French aid in urban governance.** In July 2007, the MAEE established an urban working group to spearhead a discussion on the issues and challenges posed by the magnitude of present-day urbanisation at the global level. This was undertaken in close collaboration with French actors providing urban assistance, urban researchers, and key figures and experts in the North and South.

The urban working group was cochaired by the MAEE and the senator for Indre-et-Loire, Yves Dauge, who is recognised for his commitment to urban issues in France and internationally. The Institut des Sciences et des Techniques de l'Équipement et de l'Environnement pour le Développement (ISTED) serves as the group's secretariat.

The working group initiative has facilitated greater French involvement in a dynamic process surrounding the concerns generated by urbanisation issues as well as emerging expectations in the areas of sustainable development, energy expenditure control, land use control, and combating climate change. The initiative seeks to link these global issues to improved living conditions and poverty reduction. To this end, and with a shared assessment of urbanisation issues as a starting point, the working group produced a document on strategic orientations that lays out a policy vision and identifies the key areas of French aid in urban governance.

An approach that combines a long-term vision with short-term actions, links spatial planning with investment, and mobilises all the relevant urban development actors has trouble gaining traction in developing countries. Recognising this, the urban working group recommended an aid effort to prepare and implement urban strategies by strengthening local governance and capacity to achieve sustainable urban development.

This effort entails helping cities prepare and implement their management and sustainable development policies and strategies for urban and periurban zones. Priority is given to developing a comprehensive and cross-cutting approach to the city structure and land; building the capacity of actors by providing institutional support in the public policy sphere; developing research and training; and supporting networks that pool skills and expertise, as well as share experiences.

These principles are linked to our urban development assistance priorities: support for policies aimed at the rehabilitation and development of old urban centres, land law reforms and policies, universal access to essential services and decent housing, and economic development policies for cities.

**A partnership to enhance coordination among French urban development actors.** The urban working group also recommended establishing a French partnership for the city structure and land, with secretariat services provided by ISTEED. Designed as a forum for holding discussions, exchanging knowledge, sharing information, and building synergies, this partnership seeks to enhance the effectiveness of French actors working in urban assistance.

Given the number of these actors, better coordination and complementarity of their assistance are necessary, including their work with other bilateral or multilateral development entities such as the Cities Alliance and its members. This entails greater coordination of assistance efforts to tackle global urbanisation challenges, enhancing the consistency and visibility of French assistance activities, and enabling France to make a greater contribution to ideas discussed at international forums.

Enhanced coordination was already evident in France's delegation to the World Urban Forum (WUF 4) in Nanjing, China, in November 2008. The MAEE tapped into the urban working group to form a delegation to the event, thereby ensuring that France had a coordinated, visible representation that had been lacking at previous forums.

In that context, one of the first tasks assigned to the partnership is to prepare for France's participation in the World Urban Forum slated for Rio de Janeiro, Brazil, in 2010 with the theme of "The Right to the City-Bridging the Urban Divide". This participation could be organised around priority topics in partnership with other bilateral or multilateral assistance agencies.

**Multipartner projects.** In addition to the activities of the urban working group, the MAEE has initiated other multipartner projects that have been or are on the verge of being launched:

- The European cooperation charter in support of local governance, issued in November 2008 during the European [Sustainable] Development Days event in Strasbourg. A follow-up mechanism to this charter is currently under review,
- A white paper on French actors working in the areas of governance and land security in developing countries prepared by the land development committee, which has been cochaired by AFD and the MAEE for more than 10 years. The paper serves as a frame of reference for the preparation of strategic orientations in those two areas, which should be tackled in the near future.

These initiatives are all linked, with their results complementing and drawing on each other. As a result of this interconnection, our positions and actions are consistent and mutually reinforcing.





**Overview of the Metropolis Action Plan for 2009–11.**

In October 2008, Metropolis organised its triennial Congress and approved an Action Plan for 2009 –11. The Action Plan addresses three key challenges for the future of cities: (i) managing urban growth; (ii) bridging territorial, economic, social, environmental, and cultural sustainability gaps; and (iii) fostering metropolitan innovation and governance. The Action Plan also emphasises the need to establish a global alliance between metropolitan governments and their partners (stakeholders) to foster urban sustainability.

The main objectives of the Action Plan 2009 –11 are:

- Enhancing mutual learning, training, and capacity building;
- Accelerating innovative practices to find solutions to metropolitan problems;
- Fostering metropolitan governance to reduce metropolitan gaps;
- Fostering financial and technical assistance to metropolitan areas of developing countries;
- Representing and giving political visibility to metropolitan interests at national and international levels; and,
- Encouraging debate on the evolution and trends in metropolises and metropolitan policies.

At its 2008 Congress, Metropolis also approved the following standing commissions and projects for 2009 –11:

- Eco-Regions and Food Safety. Presidency: Paris Ile-de-France;
- Managing Urban Growth. Presidency: Melbourne;
- Governance Concepts in Integrated Urban Socio-Economic Development Activities. Presidency: Berlin;
- Megacities. Presidency: Mexico City;
- Partnership for Urban Innovation. Presidency: Barcelona;

- Bank of Cities (Global Fund for Cities Development). Presidency: Paris Ile-de-France;
- Metropolis Women International Network. Presidency: Montreal.

In addition, the Metropolis Training Institute in Montreal approved its action plan and the creation of new branches in Mashhad, Iran; Seoul, South Korea; Cairo, Egypt; and Moscow, Russia. The plan highlighted the role of Metropolis in representing metropolitan interests before international institutions—especially UN agencies via ECOSOC, UN-HABITAT, and the United Nations Advisory Committee of Local Authorities (UNACLA) as well as Cities Alliance, the World Bank, the U.S. Conference of Mayors, and ICLEI—and participating in international activities and meetings in close cooperation with United Cities and Local Governments.

**Cooperation with the Cities Alliance: The Global Fund for Cities Development.** The key cooperation project between Metropolis and the Cities Alliance is the Bank of Cities project, now approved by the Metropolis Board as the Global Fund for Cities Development. The Cities Alliance has supported the project since its preliminary stages, and Metropolis has invited the Cities Alliance to become a founding member of the Global Fund.

With the development of the project, Metropolis is seeking to go further than merely making the usual demands of the international community by proposing practical action. Metropolis aims to set up a facilitating instrument to pool the know-how and resources of local authorities with the financial capacities of financial backers and to channel all of these resources towards local authorities.

The facilitating instrument is designed to complement existing systems at the service of local authorities by offering them both the technical assistance needed to

Shanghai cityscape in the Pudong district.© Laszlo Zsivin / Peter Arnold Inc.



formulate their projects and the financial engineering essential to their funding. For example, it would complement Cities Alliance projects in slum upgrading and strategic planning.

The Global Fund for Cities Development is an initiative that seeks to amplify the scope of efforts in favour of new urban policies at the global level under the United Nations Habitat Agenda. It calls for a reaction from the international community. In particular, the World Bank and the International Monetary Fund have been invited by the members of the G20 to provide considerably increased resources to developing countries. With the initiative, Metropolis is proposing a technical and financial instrument that is exclusively dedicated to urban development. It is a practical proposal made to the World Bank at a time when that institution is reviewing its urban action strategy.

The Global Fund would take the form of an association (a nongovernmental organisation) managing institutional support and technical assistance. It would also act as a financial service provider and as a mediator in seeking funding. If necessary, it could manage a financing fund as well.

The structure of the Global Fund will mobilise the technical know-how of its members, who will offer administrative and technical human resources, optionally accompanied by financial resources. The structure will mobilise its own capital and raise capital from multilateral and bilateral agencies.



Overview of slum housing in Mumbai. © Mark Edwards / Peter Arnold Inc.  
Right: Children en route to school in Hanoi, Vietnam. © Thomas Schlegel / transit / Still Pictures







In October 2007 the Ministry of Foreign Affairs launched its policy document, "Cities – Hopes and Challenges: Urban Development and International Co-operation". The document outlines what Norway could do during the coming years within the field of urban development. Five priority areas are identified: good governance, environment, gender equality, humanitarian disasters, and peace and reconciliation.

These areas also are reflected in the Norwegian government's and the Ministry of Foreign Affairs' recent policy work. The government's white paper No. 13 (2008–09), titled "Climate, Conflict, and Capital", sees global poverty as a result of unjust global power structures. It explicitly points out that a democratic culture must be anchored at the local level. Decentralisation and local self-government often contribute to more efficient resource use and constitute a basis for popular participation in politics locally and nationally.

Government white paper No. 9 (2007–08) on Norway's policies for prevention of humanitarian disasters explicitly identifies changes in settlement patterns in the forms of migration, urbanisation, and increased slum growth as contributing to increased risks for disasters. This is in addition to the effects of climate change. Action plans for follow-up are presently being developed by the Ministry of Foreign Affairs in the wake of the white papers.

In-depth knowledge about the many aspects of urbanisation is a prerequisite for taking the right action. Knowledge development is therefore a *sine qua non* in Norway's urban policies and practices. During the last two years Norway has contributed financially to the production of Worldwatch Institute's 2007 *State of the World – Our Urban Future Report*, to UN-HABITAT's *State of the World's Cities 2008/2009*, and to the World Bank's *World Development Report 2009: Reshaping Economic Geography*.

The implications and follow-up of these reports are presently being discussed in practical terms with UN-HABITAT and the World Bank in the context of new programme agreements and new urban strategies. As a new urban world is unfolding, promotion of innovative knowledge and practices in the form of well-coordinated university research and institutional cooperation becomes particularly important. Norwegian institutions of higher learning such as the Norwegian University of Science and Technology and the Oslo School of Architecture and Design are actively involved in competency and capacity building in East and Northeast Africa with government of Norway support.

The Ministry of Foreign Affairs has also introduced competence-building measures for an increasing number of young professionals in its cooperation with UN-HABITAT and the Cities Alliance. We are also trying to build knowledge networks on urbanisation within both Norway's government administration and our civil society environment.

Most governments in low-income countries do little to address the problem of emerging new slums. These new communities are hardly "on the radar screen". This has created a vacuum that increasingly is being filled by nongovernmental and community-based organisations. They commonly share the view that most of the funding to support the urban poor has to come from the poor themselves, from municipalities and local financial markets. This is a major challenge for bilateral and multilateral donors that, in the years to come, will have to play a catalytic role to strengthen the voice of the urban poor, building their capacity to solve their own problems and mobilise their own resources. The present international development architecture is not meeting this challenge adequately.

The Cities Alliance has a major role to play in bringing the leading urban development players—donors as well as beneficiaries—together in dialogue to develop innovative and effective policies and practical measures to unleash urban development potential. Norway is prepared to support both the continuous discourse and its effective follow-up.

Settlement on the outskirts of Lilongwe, Malawi. © William Cobbett/  
Cities Alliance









**Background.** As in many developing countries around the world, the rapid pace of urbanisation in the Philippines continues to drive demand for basic urban services and infrastructure. Rural-to-urban migration and the natural increase in the urban populace have resulted in an acute supply-demand imbalance for basic urban services and infrastructure, thus fuelling urban poverty.

In the Philippines, many urban households perceive themselves as poor because they lack security of tenure, making them vulnerable to eviction from their homes. They do not have access to basic urban services and consequently suffer from economic and physical immobility, in addition to social and health risks. They have no shelter and live in makeshift houses. They have no stable jobs, and they cannot access the financing required to enable them to pursue their livelihood or entrepreneurial endeavours.

The impact of climate change in the country is expected to significantly increase risks from climate-related hazards and puts the vulnerable sectors at greater risk. Climate change will adversely affect the country's water supply, watersheds, and forests. Flooding is expected to increase as a result of accelerated sea-level rise and increasing frequencies of typhoons, which would wreak havoc on our coastal areas.

The recent typhoon Ketsana is an example. Ketsana struck with unusual force. In a matter of hours, widespread flooding devastated metropolitan Manila and the nearby provinces of Bulacan, Rizal, Laguna, and the island of Southern Luzon. Metro Manila and at least 23 provinces were placed under a "state of calamity". The number of people affected by the typhoon stood at 4,119,658—some 838,103 families. More than 10,000 homes were partially or totally destroyed.

**Organisational urban policy.** To promote urban development in the country, the national government formulated and updated various plans that would provide an overall framework and guide for urban development and housing in the Philippines.

- The National Urban Development and Housing Framework, which was updated with the support of the United Nations Development Programme (UNDP), provided policy statements and strategies intended to guide the Philippine government's efforts towards improving the performance and efficiency of the country's urban system.
- The Housing and Urban Development Sector Road Map was formulated under the Metro Manila Urban Services for the Poor Project, with preparatory technical assistance provided by the Cities Alliance. This road map provides the blueprint for how Metro Manila, the centre and the most congested part of the country, can respond to the urban development challenges. It focuses on how slums and informal settlements can be reduced, if not totally eradicated, over a 15-year period.
- The Philippine Urban Infrastructure Sector Road Map was produced through the preparatory technical assistance provided by the Asian Development Bank (ADB) under the proposed Philippine Basic Urban Services Sector Project (PBUSSP). This road map is aimed at supporting strategic decisions relative to investment priorities of the government and the ADB and grant funding for pilot projects through mechanisms such as the Japan Fund for Poverty Reduction.

*The PBUSSP comprises five subsectors: water and sanitation; solid waste management; urban transport; urban renewal; and basic services for the poor, including housing and multisector initiatives.*



## Programme Initiatives and Activities

**Institutional capacity building to adapt to climate change.** Climate change is a very real challenge, which should be in the forefront of the country's agenda. In a global assessment report by the United Nations, the Philippines is considered one of the countries at high risk of effects from climate change. The study, *Risk and Poverty in a Changing Climate*, places the Philippines with a medium-to-high mortality risk from climate change, with a 6.5 rating on a scale of 1 to 10.

Recognising the risk, the Philippine government entered into a partnership with the United Nations for a Joint Programme on Strengthening the Philippines' Institutional Capacity to Adapt to Climate Change. The programme seeks to enhance Philippine capacity by mainstreaming climate risk reduction into national and selected local development plans and processes; enhancing national and local capacity to develop, manage, and administer plans, programme, and projects addressing climate change risks; and improving coping mechanisms through tested pilot schemes with national up-scaling potential.

The Housing and Urban Development Coordinating Council (HUDCC), which is the primary agency tasked with formulating and coordinating the implementation of policies on housing and urban development, is in the forefront of implementing a climate change adaptability project in Sorsogon City. The project, in coordination with UN-HABITAT, aims to find ways of minimising the impact of climate change by increasing the capabilities of the local government and coming up with climate change-resilient communities.

**Secure tenure and shelter programme.** The national government continues to implement programmes that would regularise the tenure and provide shelter to informal settlers and low-income members of the formal sector. Among the programmes implemented are the Community Mortgage Programmes, which assists informal settler-families in land acquisition, site development, house construction, and home improvement through concessional loans; presidential proclamations, which

convert government-owned idle or vacant lands into housing sites that benefit qualified beneficiaries; and a resettlement programme, which involves the acquisition and development of large tracts of raw land into serviced home lots or core housing units for families displaced from sites earmarked for government infrastructure projects and dangerous areas such as waterways, *esteros*, and railroad tracks.

To make housing more affordable to the lowest 30 percent of the income decile, the national government, through the Home Development Mutual Fund, further lowered its interest rate from nine percent to six percent for its socialised housing package and extended its repayment period from 25 to 30 years. This undertaking aims to provide wider access to housing to the segment of the formal sector not catered to by the banks.

To mitigate the effects of the global financial crisis on the poor, the Philippines enacted a law that provides relief to households that have delinquent accounts with shelter financing agencies and government financial institutions. Under the Socialised and Low-Cost Housing Loan Restructuring and Condonation Programme, all penalties and surcharges as well as a reasonable portion of the interest of all accounts not exceeding PHP 2.5 million (or about US\$52,000) that are in arrears for at least three months as of 16 March 2009, will be settled.

To raise the liquidity of the housing sector and ensure sustainable funds for housing, the government issued its first residential mortgage-backed securities amounting to PHP2.1 billion or approximately US\$45 million.

**City Development Strategy (CDS) 3.** To enhance the strategic planning, governance, and resource-mobilisation capabilities of Philippine cities as well as consolidate and expand the previous successful CDS experiences (CDS1 and CDS2), the Philippines embarked on a CDS3 project with 15 cities participating. Adopting the CDS process and using the *urban karte* indicator, these cities began the assessment of their present conditions in relation to their liveability, bankability, competitiveness, and governance.

To institutionalise CDS in the National Planning Framework, a list of recommendations was developed, including building on the current strength and core links of CDS with the larger system, and strengthening the horizontal (within the city planning and development process) and vertical (interaction with the rest of the planning system at the provincial, regional, and national levels) influences of CDS. A Harmonisation Workshop compared three planning processes: the Comprehensive Development Plan of the Department of Interior and Local Government; the Comprehensive Land Use Plan of the Housing and Land Use Regulatory Board, and the CDS Process. The workshop also identified areas for collaboration and common tools that may be applicable to all three processes, as a first step towards harmonising them.

Capacity-building activities were enhanced through partnerships with the leading academic institutions in the country for a CDS Learning Centre, which integrated CDS into its training courses, offered a study tour in the People's Republic of China on resource mobilisation and sewerage treatment, and used the technical assistance provided by the Japan Consultant Trust Fund administered by the World Bank for transport planning and traffic management. This technical assistance covered training to address traffic hot spots in cities, and

it resulted in recommendations to institutionalise transport impact assessment in planning, adopt longer-term transport planning, and establish capacity-building programme at the national level.

Recognising the need to enhance local governments' capability to access financing from other sources or through their own measures, as well as to improve their expenditure management and budgeting processes, workshops on capital budgeting and project preparation and packaging were undertaken, using the detailed project description method.

Representations were also made for the participation of the League of Cities of the Philippines (LCP) in various decision and policy-making bodies that involve local governance. Subsequently the LCP was allowed to participate in the meetings of the governing boards or committees of the Municipal Development Finance Office and the National Land Use Committee.

Through the CDS, the country continued its outreach activities, such as participating in the Fourth World Urban Forum, in Nanjing, where it showcased CDS in the Philippines, and improving its CDS Web site and information, education, and communication materials.

A real neighbourhood in Valenzuela, Manila, Philippines. © Farouk Tebbal/Cities Alliance









## SHACK/SLUM DWELLERS INTERNATIONAL

www.sdinet.co.za



**Activities for the year under review.** Between 2008 and 2009, Shack/Slum Dwellers International (SDI) expanded its footprint to include three new countries: Liberia, Bolivia, and Haiti. There are now women's savings collectives in the major slums of Monrovia, Cochabamba, and Port-au-Prince, and formal arrangements with local authorities are already in place in both Monrovia and Port-au-Prince

In the area of enumerations large-scale information-gathering drives are underway in Cape Town, South Africa; Dharavi, India; Nairobi, Kenya; Recife, Brazil; and in large cities in Zimbabwe, Zambia, and Namibia. These community-based enumerations have become increasingly important for city authorities who are seeking pro-poor, participatory solutions to their upgrading challenges.

In 2009, SDI's international finance facility—Urban Poor Fund International (UPFI)—continued to grow. It provided seed capital for grassroots-driven upgrading projects in cities including Lilongwe, Malawi; Kitwe, Zambia; Harare, Zimbabwe; Kroonstad, South Africa; Morotua, Sri Lanka; and Iloilo, the Philippines. UPFI has followed the demands of SDI affiliates, which are increasingly being drawn into activities in small- and medium-size towns.

The intention in all of these cases—as with SDI projects in larger cities—is primarily to provide for tenure security, basic services, and incremental housing opportunities to communities that are not only vulnerable and marginalised, but also organised and ready to engage other actors in development, especially local authorities. As a result, these projects aim to leverage resources from other institutions, principally governments, to affect policy so that the projects can be scaled up to the citywide level. Larger projects are underway in Kenya, South Africa, and India, and other projects are in the pipeline in Brazil, Uganda, and Tanzania.

### **Contribution to Cities Alliance coherence of effort.**

Over the past year, SDI has been directly involved with the Cities Alliance on several fronts. SDI worked with the Cities Alliance to secure a \$15 million grant from the Bill and Melinda Gates Foundation. The Cities Alliance will use grant funds to enable further access to land, citizenship, and inclusion for slum dwellers in cities and towns of several low-income countries in the South. SDI has also worked directly on Cities Alliance-linked projects in Swaziland, Liberia, Sierra Leone, Angola, and, more recently, Uganda.

This close cooperation is expected to continue. In September 2009, SDI leadership visited the Cities Alliance Secretariat in Washington, D.C., to develop a joint work plan for the years ahead.



A slum in Mumbai, India. © Mark Edwards / Peter Arnold Inc.

Left: Family living in a slum in Jakarta, Indonesia.  
© Ron Giling/Still Pictures







[www.sida.se/urban](http://www.sida.se/urban)

**Organisational urban policy.** Urban development has a high profile in Swedish foreign policy. Swedish policy for global development aims at coherence in all policy sectors, and it highlights sustainable urban development as one of its priority areas. As Swedish Minister of Environment, Andreas Carlgren put it at the Fourth World Urban Forum (WUF 4) in Nanjing, China, "Our urban development policy aims at combating exclusion in urban areas and placing cities in a better position to contribute to reducing global climate change and improving our global environment".

During the year under review, the Swedish government took several initiatives to highlight these key issues:

- Climate change and the environment is one of the government's three main priorities in its policy on development cooperation.
- The Swedish International Development Cooperation Agency (Sida) has been tasked with the elaboration of a government policy framework focusing on environment and climate change where energy, water, and urban development will play important roles.

The Swedish Government also launched an International Commission on Climate Change and Development chaired by the Swedish Minister for International Development Cooperation, Gunilla Carlsson. In the commission's report, *Closing the Gaps: Disaster Risk Reduction and Adaptation to Climate Change in Developing Countries: Report of the Commission on Climate Change and Development*, the following was said about urban development: "The vulnerability of poor urban dwellers to climate change is often ascribed to their poverty, but it is far more the result of failed policies on the local and national level and international agencies to support urban policies and governance systems that ensure that needed infrastructure is in place along with preparedness for extreme weather conditions".

The profile of urban development within Sida, however, became less visible through the reorganisation that took place during 2008. Urban development is now part of one of eight policy areas that are the main focus of Sida development cooperation—lumped together with water and energy and environment and climate change—the objective being to seek synergies between the areas. Urban development projects, however, remain limited to country assistance programme partly because of the low expressed demands in PRSPs (Poverty Reduction Strategy Papers) and similar documents. This again harps back to the weakness of local governments in negotiating a platform in international development.

**Activities for the year under review.** Highlights from the year under review include the following:

- During fall 2008, DFID (UK Department for International Development) and Sida sponsored an evaluation of the Community-Led Infrastructure Funding Facility (CLIFF). The overall conclusion of the evaluation is that "CLIFF is an innovative model, with undoubted successes in assisting organisations of the urban poor to finance and undertake community-driven infrastructure, housing and urban services initiatives". The evaluation also concluded, "CLIFF has piloted an interesting and potentially widely replicable approach to housing and services for the urban poor and it is recommended that donor funds should be made available to support scaling up to include new organisations and locations".
- State Secretary, Dan Ericsson from the Ministry of Finance was appointed to the board for the Urban Poor Fund, a self-governed, self-managed, ongoing, and expanding financial facility that provides capital to member national urban poor funds that are members of Slum Dwellers International.
- The Swedish Royal University College of Fine Arts organised a workshop facilitating dialogue between



slum dwellers and representatives from all Swedish political parties represented in Parliament.

- Sida's experiences in the field of urban cultural heritage formed the basis for an exchange between the Swedish National Board of Antiquities, Japanese aid and the World Bank.

- Sida has also been working on the report, *The Sustainable City Concept: Building on Swedish Experiences*, a guidance brief and documentation of Swedish experiences domestically and internationally on integrated sustainable urban planning. Sida first presented the Sustainable City concept at the World Summit for Sustainable Development in Johannesburg in 2002. During the year under review, Sida developed the initial examples into a guidance brief that can serve as a tool for local governments in developing countries and can be used by different stakeholders such as twinning cities and international organisations. The guidance brief may also be useful in the promotion of sustainable urban development for international courses on sustainable cities. The guide will be launched at WUF 5 in Rio de Janeiro to create broader awareness of the concept and to establish partnerships. The lessons and outcomes from Sida's session on planning at WUF 4 in Nanjing, where India, South Africa, and Sweden compared experiences, were also incorporated into the Sustainable Cities process.

- The Swedish foundation for environmental strategic research, MISTRA has been selected to establish a Centre of Excellence for Sustainable Urban Futures in Gothenburg. The decision came after a competitive process between different consortiums consisting of universities, private companies, cities, and think tanks in Sweden. The winning consortium comprises Chalmers University of Technology, the University of Gothenburg, the Swedish Environmental Research Institute, the City of Gothenburg, the Gothenburg Region Association of Local Authorities, the Country Administration of Västra Götalands Län, with international interaction platforms in Kisumu, Kenya, Manchester, U.K., and Shanghai, China.

The Centre of Excellence aims at becoming an international player focusing on issues of urban sustainability and transdisciplinary research. Activities will centre on Urban Liveability and Health, Urban Structures and Growth, and Urban Environment and Climate Change. The Centre of Excellence is likely to be resourced with US\$20 million, with another US\$20 million in cofinancing over a 10-year period. It will be formally launched in January 2010. Sida will add additional resources for the establishment of local urban knowledge platforms in low-income countries and other dissemination activities.

A street in Mbale, Uganda. © Hilde Refstie/Cities Alliance.



## Cities Initiatives

**Eco<sup>2</sup> Cities – Economic and environmentally sustainable cities.** In response to the climate change challenge, the World Bank, in collaboration with Sida and AusAid, launched the initiative Eco<sup>2</sup> Cities: Ecological Cities as Economic Cities. The initiative will promote an integrated approach for environmentally and economically sustainable urban development, as well as develop an analytical framework that can be used by decision makers to put together a set of programme elements for their cities. The Eco2 Cities concept has been applied in the city of Tianjin, China, where Stockholm City and other partners are involved in the structural plan and developing an environmental load profile.

**The Cities Development Initiative for Asia (CDIA).** CDIA is a partnership between the Asian Development Bank (ADB) and the governments of Germany, Spain, and Sweden, established to assist medium-size Asian cities to bridge the gap between their development planning and the implementation of their infrastructure investments. CDIA projects link strategic city development plans to the implementation of infrastructural projects by carrying out pre-feasibility studies and capacity building, thus closing the gap that has been identified by the Cities Alliance. The operational objectives are to improve urban infrastructure services through technical assistance, to bring priority infrastructure projects to a stage where they are able to be financed, and to strengthen institutional dialogue and cooperation on urban management.

**City twinning.** The Swedish government has established an International Centre for Local Development (ICLD) to promote local democracy by financing twinning between Swedish cities and their partners in developing countries. The cooperation builds on the experience and know-how of Swedish municipalities and regions, promoting research and knowledge development with a focus on local democracy and local self-government. ICLD's operations are financed by Sida and cover three main areas: knowledge and capacity development, municipal partnership, and international training.





## UNITED CITIES AND LOCAL GOVERNMENTS

[www.citieslocalgovernments.org/uclg/index.asp](http://www.citieslocalgovernments.org/uclg/index.asp)



The international financial crisis, the climate change negotiations, and the debate on aid effectiveness topped the work programme agenda for United Cities and Local Governments (UCLG) in 2009, with the world organisation working with its members to ensure that the local voice is heard in the formation of responses to these issues. It has become increasingly difficult to ignore this local voice and the importance of efficient decentralisation, thanks to the growing acknowledgement that cities are part of the solution to these global challenges.

UCLG also hosted the Cities Alliance Annual Public Policy Forum and Consultative Group Meetings, which were held in Barcelona in January 2009. The Public Policy Forum focused on aid effectiveness. The meetings benefited from the participation of a large number of local government practitioners from across the world, making for a stimulating debate with the World Bank, nongovernmental organisations, and government officials on how development aid can make a lasting difference to local people.

### Local Action Internationally

**Aid-effectiveness.** Greater support to local and regional authorities is necessary for aid to be effective. UCLG, as a member of the Cities Alliance, is opening the dialogue with donors and multilateral institutions on the need to consider the Paris Agenda from a broader perspective, which includes all stakeholders in development. The Cities Alliance Public Policy Forum in Barcelona was a good example of the kind of policy dialogue between donors and the organised voices of local governments that will be instrumental to improving international aid efficiency.

Recipients of development aid require capacity building to increase ownership of development and mutual accountability. These key issues are the focus of intense scrutiny in UCLG's Policy Paper on Aid Effectiveness,

developed by the UCLG Capacity and Institution Building Working Group. The first draft of this document was presented in Barcelona at the Cities Alliance annual meeting and discussed over 2009 at the UCLG statutory meetings.

UCLG is concerned at the overly national orientation of the alignment principle set out in the Paris Agenda. As the worldwide representative of local and regional authorities in more than 136 countries, UCLG has been invited to participate as a member of both the Organisation for Economic Co-operation and Development Working Party on Aid Effectiveness and the Advisory Board of the UN Development Cooperation Forum. The debates concerning the implementation of the Cities Alliance Mid-Term Strategy have contributed greatly to enriching exchanges with donors.

**Climate change.** All UCLG members are affected by climate change to varying, even dangerous, extents. Approaches to climate change also vary accordingly in the cities around the world. Local and regional governments agree, however, that local solutions must be developed if we are to meet the international commitments required to safeguard the future of humanity. Local leaders emphasise the need to ground the international discussions and to go from a sector-based approach to an integrated approach, which requires efficient governance as its cornerstone. UCLG and its partners have worked to ensure a united voice of local and regional governments through their inclusion, in concrete amendments, in the complex architecture of the United Nations Conference of the Parties, to be held in Copenhagen in December 2009.

**A positive view of urbanisation.** Acknowledgement of well-managed, dense, urban centres as instruments for a sustainable future has been a main feature of the international action of UCLG, particularly within the frame-

Environmental refugees from the countryside in the process of squatting land on the outskirts of Buenos Aires, Argentina. © Mark Edwards/ Still Pictures



work of our collaboration with the chairs of the Cities Alliance. This focus can also be seen in our contributions to the new urban and local government strategy of the World Bank and in the UN-HABITAT through our contribution to the establishment of the World Campaign on Sustainable Urbanisation.

Additional international human and financial resources will be needed to enable cities to prepare for the numerous challenges ahead. With the support of Cities Alliance members, UCLG has targeted capacity building in medium-size and small cities and their associations. The newly established Committee on Urban Strategic Planning gathers cities that are keen to evaluate and innovate their City Development Strategy processes through city-to-city exchange. The multiple and catalytic roles of local government associations deserve special attention in the initiative, which is led by cities in the South.

**Local finance.** In the area of local finance, UCLG has continued to promote the 25 recommendations put forward in its Policy Paper on Local Finance. During the annual meeting of the African Development Bank (AFDB), held in Maputo in 2008, the UCLG Committee on Local Finance presented these recommendations and called for more direct support mechanisms to finance urban development. In 2009, the committee has followed up on these developments to ensure the representation of local government interests in the urban strategy of the AFDB. The World Bank has responded by inviting UCLG to participate in meetings to develop its urban and local government strategy.

Although it may only be over the coming year that we are able to assess the true consequences of the financial crisis for local and regional authorities, the importance of analysing the nature of local finance—its hurdles and constraints as well as its opportunities—cannot be overestimated, as this will be part of the solution. Following the publication of the first *Global Report on Decentralization and Local Democracy (GOLD)* in collaboration with the World Bank and the Cities Alliance, an international team has already been set up to work on the second edition. The second GOLD Report will focus on local finance, building on the work developed within the UCLG committee.



Top: A family newly arrived from the country living on the outskirts of Mexico City. © Mark Edwards/ Still Pictures  
Bottom: The Ninth Cities Alliance Public Policy Forum in Barcelona, Spain. © Chii Akporji/Cities Alliance  
Right: Chickalane, Mozambique: Water taps at a camp for people displaced by floods. © Heldur Netocny/Still Pictures









One of the major lessons the United Nations Human Settlements Programme (UN-HABITAT) learned during the year under review was that climate disruption and energy depletion highlight all of the factors and forces—individual, national, global—that make our 21st century cities so complex and so vibrant. Within that context, UN-HABITAT demonstrated once again that it is particularly well placed as both an observatory and a catalyst of the forces at play in a rapidly urbanising world, one in which cities are the first victims of climate disasters and arguably the greatest contributors to greenhouse gas emissions that cause many of the problems.

As of the fourth quarter of 2008, UN-HABITAT had co-operation programmes and projects in 50 countries, the majority in the least developed countries. More than 20 other countries benefitted from the support of UN-HABITAT's global programmes, many in collaboration with our partner, the Cities Alliance. UN-HABITAT's country-level activities were and remain focused on supporting governments in the formulation of policies and strategies to create and strengthen a self-reliant management capacity.

The agency's multiple partnerships continued through the year to act as channels for constant two-way dialogue, especially with municipal authorities, grassroots civil society organisations, and business firms. These partners kept UN-HABITAT alert to emerging concerns and best practices.

The importance of partnerships is why UN-HABITAT's Medium-Term Strategic and Institutional Plan (2008–13) is anchored in the principle of partnerships, rather than in the capacities of the United Nations or of UN-HABITAT alone. As agreed by the 58 member states of the Governing Council that oversees our work programme and budget, the plan has six components: (1) effective advocacy, monitoring, and partnerships; (2) the promotion of

participatory planning, management, and governance; (3) the promotion of pro-poor land and housing; (4) environmentally sound basic infrastructure and services; (5) strengthened human settlements finance systems and an institutional component; and (6) excellence in management.

The year 2008 was pivotal in establishing the new plan and guiding its implementation. In the latter part of the year, a new series of UN-HABITAT regional surveys began with the first *State of African Cities Report*, undertaken in cooperation with the UN Economic Commission for Africa. (UNECA). Also, cooperation between UN-HABITAT and Russia's Ministry of Regional Development resulted in a *State of Russian Cities Report*. In addition, plans are underway to publish other regional flagship reports.

As in previous years, UN-HABITAT was also able to influence national government policies and help align them with the international agenda as defined at a series of major meetings, from the 16th Session of the Commission on Sustainable Development in New York in May to the UN-sponsored climate change negotiations in Poznan, Poland, in December.

In November 2008, the fourth session of the World Urban Forum (WUF) in Nanjing, China, made its mark as the world's premier conference on cities. At WUF, UN-HABITAT launched its new flagship quarterly magazine, *Urban World*, which replaces *Habitat Debate*.

Implementation of the One UN programme further reinforced UN-HABITAT's operational links with other UN agencies. In 2008, the programme was piloted in eight countries.

The agency also worked diligently over the course of the year to help central and local governments strengthen

their abilities in every aspect of urban life—legislation, policy making and decentralisation, and the building of administrative, managerial, operational, and financial capacity. For example, UN-HABITAT provided training in transparency in land administration for the first time. In addition, the Global Land Tool Network, which promotes poverty reduction through land reform, better land management, and security of tenure, grew to include 36 global partners, 58 member organisations, and more than 600 individuals.

UN-HABITAT was also active in the area of disaster management in 2008. The agency helped rebuild homes in Lebanon, Afghanistan, Indonesia, and Peru that were destroyed as a result of natural disaster or conflict.

In sum, throughout the year under review UN-HABITAT demonstrated that it is uniquely placed to strengthen local capacities and leverage all available public or private resources and energies in favour of positive urban change. From new youth guidance centres in African cities and a new gender plan, the agency sought to pave the way for vibrant, rights-based civil societies as well as sustained social and economic stabilisation.



UN-HABITAT providing aid in southern Lebanon. Courtesy: UN-HABITAT







During the year under review, the United Nations Environment Programme (UNEP) has concentrated on two environmental issues affecting cities, especially in developing countries: climate change and sustainable urban planning and management.

**UNEP activities in sustainable urban planning and management, 2008–09.** In most developing countries, development is slowed by environmental degradation. The contribution of environment to social and economic development is often poorly understood. To address these challenges, UNEP is developing a range of activities aiming at integrating environment with long-term development. For instance, since 2008, UNEP and the FIA Foundation for the Automobile and Society have been developing a campaign, “Road Design and Finance for Safety, Sustainability, and Accessibility”, to strengthen the links between environmentally sustainable modes of road transport and safer roads in developing and transitional countries.

The collaboration between UNEP and UN-HABITAT and the development of the joint Partnership Framework 2008–13 also aims at improved integration of the urban environment in the formulation of national policies and strategies.

For instance, one activity under this Partnership Framework involves improving solid waste management in Nairobi. UNEP, in close coordination with UN-HABITAT, is assisting the City Council of Nairobi to prepare an integrated solid waste management plan for Nairobi. The plan will provide for the scientific assessment of the character and quantity of the city’s waste, provide projections on future waste, and assess the current waste management system. It will also recommend appropriate environmentally sound technologies and a policy framework for each component of integrated solid waste management. The project is expected to be

completed by early 2010. Stakeholder consultations will be carried out at each stage of the plan’s preparation. The outcomes will be disseminated at the regional and national levels to support replication of the plan.

**UNEP activities in climate change, 2008–09.** Cities in developing countries are facing the challenge of responding to the impacts of climate change, and poor urban dwellers are most at risk. At the same time, cities in developing countries are the fastest growing urban areas in the world. Energy consumption, increasing transport, and building activities will all lead to escalating amounts of carbon dioxide emissions.

To make the voices of local governments heard in the global debate, UNEP actively supports the Local Government Climate Roadmap to Copenhagen. This process, led by ICLEI and the main local government associations, aims at recognising cities and local authorities as key actors in the post-Kyoto climate regime to be adopted during the United Nations Climate Change Conference in Copenhagen (COP 15) UNFCCC COP15 climate negotiations in Copenhagen in December 2009.

In addition, UNEP is supporting ICLEI in the development of better mechanisms for reporting greenhouse gas emissions from and for cities.

**Contribution to the coherence of efforts of the Cities Alliance.** The environment is the biggest asset of the poor, and it is this premise that underlies UNEP’s work with cities and national governments. UNEP promotes urban planning that allows cities to develop on the basis of the continued availability of environmental resources. Sustainable urban development will also minimise health risks and reduce environmental impacts at local and global levels.



The primary objective of UNEP's engagement in the Cities Alliance has been to improve the environmental dimension in Cities Alliance projects with the goal of achieving sustainable urban development. Several activities have been undertaken under the Environment Initiative, started by UNEP in late 2005.

In 2008, one of the major activities under the Environment Initiative was the development of a Joint Work Programme. This three-year programme, started in mid-2009, aims at better addressing the environmental issues faced by cities, especially in developing countries. To achieve this overall objective, the project will provide support to cities and Cities Alliance members in better integrating the environmental dimension in the design and implementation of city development strategies and will provide a body of knowledge that is useful to cities in their long-term strategic planning.

In addition, the Joint Work Programme will mobilise different UNEP divisions for supporting the environmental work of the Cities Alliance. Further, the programme will strengthen cooperation between UNEP and other development partners on the particular issue of cities and climate change.

Linked to the latter, a second phase of the Joint Work Programme is currently being developed that will emphasise cities and climate change and bringing on board UN-HABITAT and the World Bank.



Water pollution in China. © Zhao Weiming/UNEP / Still Pictures



Air pollution in Mexico City, Mexico. On most days a brownish haze composed of 11,000 tons of pollutants hangs over the city. © Mark Edwards / Still Pictures

Left: UGA, City view with a construction site in Kampala, Uganda. © Achim Pohl/Das Fotoarchiv / Still Pictures





## UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

[www.usaid.gov/our\\_work/economic\\_growth\\_and\\_trade/urban\\_programs/index.html](http://www.usaid.gov/our_work/economic_growth_and_trade/urban_programs/index.html)



In 2008, the United States Agency for International Development (USAID) initiated a new hiring process designed to double the agency's foreign service officers corps and ramp up its technical capacity in areas such as environmental protection, engineering, and governance. This initiative will greatly increase USAID's ability to operate in difficult urban environments and will build upon the work the agency has also been conducting on critical urban development issues.

**Activities for the year under review.** USAID has been conceptualising and creating innovative partnership models that create linkages between the private sector, government, and civil society organisations to improve service delivery and economic growth opportunities for the urban poor. The new Leadership with Associates award signed with the International Youth Foundation (IYF) is one example of these efforts; the IYF model involves creating alliances with businesses, governments, and nongovernmental organisations to improve both short-term results and long-term sustainability.

USAID has also continued to implement its successful Making Cities Work strategy, which strives to assess, design, and implement activities that improve local governance, delivery of basic services, municipal infrastructure finance, and urban environmental and health issues. A key component of this strategy has been the CityLinks Program, which establishes partnerships between U.S. municipal officials and their counterparts in developing-country cities. The knowledge sharing which results helps improve local government management and service delivery in the host countries and introduces U.S. democratic practices to local officials and citizens. In 2008, partnerships were forged between U.S. officials and officials in Afghanistan and Ethiopia, among other countries.



Stone walls totaling approximately 500 metres aimed to reduce the number of serious accidents was constructed on a highway in Bazarak city which is in the Panjshir province. The safety wall has already prevented numerous accidents and lives have been saved. Courtesy: USAID

Another piece of USAID's urban development portfolio is the agency's ongoing partnership with Evensen Dodge International, which promotes innovative financing for municipal development in Mexico and is piloting initiatives in Paraguay, Morocco, Vietnam, and South Africa.

**Contribution to Cities Alliance coherence of effort.** USAID's membership in the Cities Alliance has strengthened the work of both organisations and magnified their ability to respond to pressing urban development challenges around the globe.

For example, as a Cities Alliance member, USAID has been able to grant proposals for slum upgrading and city-development strategies that have resulted in funding for more than 20 projects in Asia, Sub-Saharan Africa, Latin America, and Northern Africa. These projects

have received more than US\$8 million in grant funding from the Cities Alliance and have leveraged more than US\$32 million in additional contributions to benefit the urban poor.

Most recently, USAID partnered with the Cities Alliance and the World Bank to sponsor the presentation of the photo exhibit, "The Places We Live" at the National Building Museum in Washington, D.C. The exhibit was positioned as part of World Habitat Day celebrations, which were held for the first time in the United States on October 5, 2009. USAID worked with the U.S. Department of Housing and Urban Development in addition to a coalition of national stakeholders in urban development, such as the International Housing Coalition, the American Planning Association, and the National Association of Realtors, to ensure a highly successful American outing for the World Habitat Day celebrations.



Left: Courtesy: UNEP

Top: The AMSP Charikar team provided a computer training center focused on building the technical capacity of local females. The centre is equipped with seven computer stations and trains 21 students during each three-month term. Courtesy: USAID

Bottom: Work is being done on the Khost water supply system to improve the city water and provide potable and healthy water to wider range of people. © Courtesy: USAID









Jakarta, Indonesia. Woman in a slum collects water from a polluted river. © Ron Giling / Still Pictures  
 Left: Traffic in New Delhi, India. © ullstein - Unkel / Still Pictures

**Portfolio Update.** World Bank lending approvals for urban operations in fiscal year 2009 amounted to US\$2.1 billion, a five percent increase from the past fiscal year. Among the 25 new urban operations in the 2009 fiscal year are the following noteworthy projects:

- Indonesia: National Program for Community Empowerment in Urban Areas supports the government's efforts to ensure that the urban poor benefit from improved socioeconomic and local governance conditions;
- Morocco: Solid Waste Sector Development Policy Loan supports the government in implementing reforms aimed at improving the performance of the municipal solid waste sector;
- China: Wenchuan Earthquake Recovery Project supports the government in restoring essential services, building capacity of local governments to manage the recovery programme, and creating a recovery and reconstruction strategy;
- Montenegro: Land Administration and Management Project works to improve the efficiency of permitting and the property registration system;
- Burundi: Public Works and Urban Management Project seeks to increase access to sustainable infrastructure services and generate short-term jobs through public works programmes;
- Brazil: Ceara Regional Economic Development: *Cidades do Ceara* project promotes economic development, improves urban infrastructure, and enhances regional management capacity.



**New World Bank urban and local government strategy.** It has been nearly a decade since the World Bank last issued an urban strategy. Recent developments and topics of urban debate, including rapid urbanisation, climate change, decentralisation, and the various approaches to city economic growth and urban poverty, frame the agenda of the new strategy. Increasing recognition of the importance of cities to national governments in stimulating economic growth has been underscored by the World Development Report 2009 (*Reshaping Economic Geography*) and the Commission on Growth and Development (*Urbanization and Growth*).

The new strategy focuses on ways of harnessing urbanisation to deliver on the growth agenda, while addressing the challenges of urban slums, housing, and land administration reforms. The “Urbanization Review”, a major new knowledge product launched in the strategy, provides an analytical framework that helps countries and cities better understand and respond to urbanisation pressures. The climate change agenda also figures prominently in the new strategy. A major thrust of the strategy is on new approaches to urban development that enable countries, cities, and their donor partners to scale up their impact through broader-based programmes using wholesaling techniques that empower cities and other regional development actors while strategically engaging with countries at the national level. Global consultations took place across all of the six regions where the Bank is engaged, including local and national government officials, donor and development partners, nongovernmental organisations, and the private sector.

For more information, visit the new World Bank Urban Strategy Web site at [www.wburbanstrategy.org](http://www.wburbanstrategy.org).

**The Fifth Urban Research Symposium.** This gathering in Marseille, France, focused on cities and climate change, dealing with both adaptation and mitigation strategies. Participants included the French Ministries of Sustainable Development and Foreign Affairs; the French Agency for Development; and a host of institutional, strategic, and private sector organisations. It featured commissioned research on relevant topics and

highlighted empirical work from cities around the globe. More than 600 people from 85 countries attended the symposium, including more than 150 authors working in 44 countries who presented in 35 parallel sessions, 10 plenary sessions, and four side events.

All of the symposium research papers are available for download at [www.urs2009.net](http://www.urs2009.net).

**Cities and Climate Change.** The Bank has scaled up its focus on climate change and cities. In addition to the Urban Research Symposium, the Bank has increased resources on analytical work on sustainability and climate change in the urban sector: work on the impact on coastal cities is being undertaken by a number of regions, including East Asia, the Middle East, and North Africa; a Mayors Handbook on Climate Change is being prepared; and urban projects are increasingly undertaking work on climate change aspects of urban development. The Bank’s cities and climate change efforts are spread across the Bank’s urban regions (operations departments) and the central urban anchor.

**World Bank Urban Forum.** The theme for this year’s Urban Forum was “Innovations in Urban Space”. Many of the sessions were structured around key topics of the new urban strategy. The forum also paid special attention to the ongoing global financial crisis. As the crisis unfolds, it is becoming clearer that cities will play an important role in preserving jobs and creating new ones and providing social safety nets to those most harmed. Participants included 150 World Bank staff and delegations from UN-HABITAT, United Cities and Local Governments, Metropolis, Agence Française de Développement, German Technical Cooperation (GTZ), and the Rockefeller Foundation.

**Global City Indicators Programme.** This programme is designed to establish comparative indicators and benchmarks that can be linked to the Millennium Development Goals and national-level development strategies. Key stakeholders reviewed a summary document with a proposed rollout strategy, which was presented in Nanjing at the Fourth World Urban Forum in November 2008. The Bank is an active board member and active

champion of the Global City Indicators Facility. (There are 12 board members, including seven city representatives.)

**New publications.** The Bank's urban unit published *Private Sector Initiatives in Slum Upgrading and Exploring Urban Growth Management: Insights from Three Cities*. A new notes series, titled *Directions in Urban Development*, was initiated; the first notes were *City Regions: Emerging Lessons from England*; *Impacts of Financial, Food, and Fuel Crisis on the Urban Poor*; and *Infrastructure and Heritage Conservation: Opportunities for Urban Revitalization and Economic Development*. All of these can be found on the web site at [www.worldbank.org/urban](http://www.worldbank.org/urban)



Ursulután Province, San Francisco Javier, El Salvador. A father and his children walking through the wreckage after an earthquake destroyed 90 per cent of the village. © Jorgen Schytte / Still Pictures