



Cities Alliance
Cities Without Slums

2003
ANNUAL REPORT

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*Cover: Shack fires in informal settlements are a part of daily life.
Beirut squatter camp, Alexandria, Johannesburg, South Africa. 2002.*

Photographer: Caroline Suzman © 2003.



James D. Wolfensohn
President
The World Bank Group



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A Shared Vision for City Development

Four years ago we joined forces to launch the Cities Alliance. Our objective was to scale up the impacts of successful approaches to urban poverty reduction. This year's Annual Report illustrates how the Alliance's strategic framework is focusing the resources of its members on citywide and nationwide scales of action.

Our most significant achievement to date has been to demonstrate how improving the lives of slum dwellers provides a strategic opportunity for the international development community to target poverty where it is growing fastest – in cities. By focusing on the city as a whole, rather than on sectors, and supporting long-term commitments, Alliance members are promoting a comprehensive approach which links urban poverty reduction and sustainable economic growth.

Mayors and other civic leaders are now on the front line of implementing the Alliance's Cities Without Slums action plan, and city development strategies are providing a mechanism for local stakeholders to address the linkages between the broad range of issues that we know trap people in poverty – from lack of access to safe drinking water and sanitation, to insecure tenure, HIV/AIDS and lack of jobs.

Although there is still a very long way to go, we are immensely proud of these initial achievements, made through the concerted efforts of Alliance members. The Alliance is clearly helping us to learn from those cities and countries which are making progress in improving the lives of their most vulnerable residents, and also to set new standards to support these efforts.

We are pleased to renew our strong commitment to our partnership in the Cities Alliance.

James D. Wolfensohn
President
The World Bank Group

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Executive Director
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Ribeira Azul, Salvador, Bahia, Brazil

Introduction

The Cities Alliance grew stronger in 2003. Not only has the partnership expanded, but the Alliance's strategy is increasingly being mainstreamed and producing results. This strategy, adopted by Alliance members when the partnership was formed in 1999, calls for a concerted attack on urban poverty by focusing efforts in two areas: city development strategies (CDS) which reflect a shared vision for the city's future, and citywide and nationwide slum upgrading.

Leadership by Alliance members in support of this strategy is most apparent in their actions building on the endorsement of the Alliance's Cities Without

Slums action plan by the world's heads of state¹ and the adoption of its goal as Target 11 of the Millennium Development Goals (MDGs) – “by 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers”.

During 2003 Alliance members have consolidated their efforts to help achieve this target both with more resources and by aligning their country operations in support of citywide and nationwide strategies.

¹ United Nations Millennium Declaration, General Assembly resolution A/RES/55/2, 18 September 2000.

Local authorities leading the way

The organisations of local authorities represented in the Alliance, as well as an increasing number of national associations worldwide, are promoting CDS and citywide slum upgrading among their members; as a result, local authority associations are also increasingly at the centre of Alliance-funded activities.

During 2003, the Chilean Association of Municipalities has obtained Alliance support for Local Development Strategies for Housing Solutions to Overcome Poverty; the National Association of Local Authorities in Ghana is prepared to play a key role in replicating city-based poverty reduction strategies drawing on the experience gained in preparing a CDS in the Kumasi region; and the Association of Latvian Cities was awarded funding for CDS in eight cities under its Latvia Cities Program – City Development Strategies for Economic Development.

Operational Partnerships with Local Government Associations

- Association of Latvian Cities
 - Association of Municipalities of Burkina Faso
 - Chilean Association of Municipalities
 - China Association of Mayors
 - City Managers' Association of Gujarat (India)
 - Latin American Chapter of the International Union of Local Authorities
 - League of Cities of the Philippines
 - National Association of Local Authorities in Ghana
 - South African Cities Network
-

One of the most positive developments over the past year has been the extent to which city leaders are increasingly networking among themselves to share knowledge on CDS and citywide upgrading. A good example is the South African Cities Network (SACN), which was launched in October 2002 by South Africa's nine metropolitan areas. This network promotes a learning partnership among the civic leaders who are actively transforming local governments and has adopted CDS as its core integrating programme to achieve the goals of equitable economic development and poverty reduction.

The Alliance is also supporting the preparation of a new Johannesburg-Addis Ababa Partnership Programme, drawing on the experience of Johannesburg's *iGoli* plans to help Addis Ababa address key CDS knowledge gaps in the context of the New Partnership for Africa's Development (NEPAD). Earlier this year, the Cities Alliance also supported a delegation from the Lagos State Government which visited South African cities to exchange ideas and experiences on a wide range of issues, including decentralisation, city development strategies, and intergovernmental relations.

City development strategies are now recognised as a powerful tool for multisectoral analysis and investment planning at the city level. As a number of examples in this report illustrate, the CDS process empowers the urban poor and business leaders to participate in establishing legitimate priorities for investments in infrastructure and service delivery for the poor. This report also describes how CDS partners are learning to adapt existing financial mechanisms to respond to these investment demands, and are piloting new ones. CDS are also increasingly being used to develop local Poverty Reduction Strategy Papers (PRSPs), to analyse the local economy and to devise a common strategy for economic growth, employment generation, and poverty reduction.

Political will for nationwide slum upgrading

An increasing number of national governments are providing leadership to achieve the Cities Without Slums MDG Target. In the spirit of a 'learning alliance', this report examines the experiences of nine countries in light of the support they are providing to their cities in undertaking citywide slum upgrading. These experiences differ in many significant respects, clearly underlining the fact that there is no single solution or approach that all must follow. At the same time, there is one overarching point of commonality: each of these national programmes is being driven from within. Development agencies have much to learn from these countries, and certainly their leadership will inspire others.

Nowhere is this more evident than in Brazil. A powerful new voice for slum dwellers emerged last year with the election of President Luiz Inácio Lula da Silva ('Lula'). Having lived for a number of years in São Paulo's slums, Lula speaks with first-hand knowledge of the obstacles, opportunities, hopes,

and fears millions of slum dwellers face daily. “When people begin to realise that they have a chance that a dream can be realised, things will happen”, Lula said at the April 8 ceremony launching São Paulo’s Land Regularisation Campaign for slum dwellers and attended by the UN MDG Slum Dwellers Task Force. One of Lula’s first actions as president was to create the new federal Ministry for Cities to help fulfill the government’s commitment to improve the lives of slum dwellers. Fortuitously, the Alliance’s 2003 annual meeting will take place in São Paulo, a city that is tackling, head-on, its most deprived and violent *favelas*.

Bilateral and multilateral members in action

During 2003 Alliance members worked together both at the global level in establishing new financing facilities and providing critical co-financing, but also at the country level where Alliance members are increasingly using the partnership to scale up the impact of their activities while empowering local leadership. UN-HABITAT and the World Bank remain key partners in Alliance activities in all regions, but, as is illustrated below, during 2003 all of the Alliance’s development agency partners were actively engaged in preparing and implementing Alliance activities at the country level:

- GTZ offices in South Africa, Ethiopia, Chile, Peru, and the Philippines have helped cities develop Alliance-funded programmes this past year;
- USAID offices in South Africa, Morocco, and India have been active partners, and offices in the Philippines, Panama, and elsewhere are developing new activities for Fiscal Year 2004 (FY04);
- The offices of SIDA were involved in new partnerships in South Africa and India;
- Norway was active in South Africa and provided key financial support to scale up Alliance activities throughout Sub-Saharan Africa;
- Japan continued to support CDS information networks throughout Asia and is developing new FY04 programmes in Indonesia and the Philippines;
- Italy made important new commitments in Brazil, including building on their ongoing support to slum upgrading in Salvador, Bahia, to scale up this approach within the framework of a new statewide poverty reduction programme;
- DFID was active in South Africa, Swaziland, and South Asia;
- The Netherlands is becoming engaged with Alliance partners in pro-poor economic development in Africa;
- AfD has helped develop a new CDS proposal in Niger, and France is also supporting the development of a new slum upgrading initiative in Brazil;
- CIDA has incorporated CDS in a major new programme in India;
- The ADB has supported CDS in India, the Philippines, and Vietnam.

The decision of the United Nations Environment Programme to join the Cities Alliance underscores our concerns about the urban environment. We need to work with cities to take action now, both for the protection of the local environment and human health as well as for managing the impact of cities at the national, regional and global levels. The Cities Alliance can provide the catalytic role for the urban environment, as GEF has done for the global environment.

Klaus Töpfer, Executive Director, UNEP

In October 2002, UNEP announced its decision to join the Alliance. UNEP’s substantive contribution will strengthen both the operational and normative aspects of Cities Alliance activities, particularly the urban environmental components of CDS and citywide upgrading.

In October 2002, the UN also organised the first meeting of the Millennium Project’s Task Force on Improving the Lives of Slum Dwellers. This is one of ten such task forces designed to help devise strategies to assist developing countries in meeting

the MDGs. Several Alliance members, as well as members of the Alliance's Policy Advisory Board and Secretariat, are contributing to the work of this task force.

UN-HABITAT is leading the UN's efforts to monitor progress for MDG Target 11. In May 2003, UN-HABITAT published a practical *Guide to Monitoring Target 11: Improving the Lives of 100 Million Slum Dwellers*, which cities and countries can use in setting their own Target 11 goals. UN-HABITAT's 2003 *Global Report on Human Settlements* is also focused on "Facing the Slum Challenge". Scheduled for publication in October 2003, it is likely to be the most comprehensive report ever assembled on the world's slums, including updated statistics on the scale of the urban poverty challenge, an assessment of slums in the development context, as well as policy responses.

In response to increased demand from its client countries and in light of the critical role infrastructure plays in poverty reduction, the World Bank Group is taking decisive steps to ensure that its

infrastructure investments will make key contributions to achieving the MDGs. A new Infrastructure Vice Presidency was established in June 2003 to focus on supporting the provision of infrastructure to the hundreds of millions who lack basic services, as well as to improve economic performance to raise incomes. The World Bank Group is also exploring new instruments to operate at the sub-sovereign level, including participating with other Alliance members in the design and capitalisation of GuarantCo and establishing the IFC's new Municipal Fund.

This year's Annual Report demonstrates that, with committed members and innovative partners, the Cities Alliance is helping to improve the quality and impact of urban development cooperation, as well as to expand the level of resources reaching local authorities and the urban poor. The Alliance's global impact was highlighted by the independent evaluation which was completed during FY03 and reviewed by the Consultative Group at their Brussels meeting.

Independent Evaluation of the Cities Alliance

An independent evaluation of the Cities Alliance was commissioned in 2002 to inform Alliance members of the impacts of the partnership to date as well as to make recommendations for improving future progress. The Alliance was evaluated against three criteria—relevance, efficacy, and efficiency—and against its own objectives as stated in its charter:

- To improve the quality of urban development cooperation and urban lending;
- To strengthen the impact of grant-funded urban development cooperation;
- To expand the level of resources reaching the urban poor by increasing the coherence of effort of existing programmes and sharpening the focus on scaling up successful approaches; and
- To provide a structured vehicle for advancing collective know-how.

The evaluation report concludes:

"In sum, the comparative advantage of the Cities Alliance is in the process of being vindicated:

- In encouraging and facilitating the collaboration of partners in the process of drawing the lessons of urban development and extracting best practice;
- In providing a means to develop initiatives which would not be possible for ordinary donors, restricted by the need to deal exclusively with sovereign governments;
- In providing unorthodox ways to work with the poor and with NGOs in up-scaling the two priority tasks for a full attack on urban poverty;
- In creating the promise of a 'learning alliance', a point to pool experience, to evaluate and to disseminate it to all participants in urban development.

Thus, given the brief life of the Cities Alliance so far since it became fully operational, this is a strong performance. Given some reorientation in the light of the experience of the first years, it seems set to grow stronger in its role. We can say on the record that, in the absence of the Cities Alliance, the alerting of world opinion both to the demographic transition to a predominantly urban developing world and to the opportunity to make a serious attack on urban poverty would be significantly less; the scale of donor commitments would be much less; that the scale of collaboration—and therefore the magnification of the urban development efforts—would be less; that the mechanisms for the pooling and dissemination of experience would be inferior. Furthermore, the promise of significant action against urban poverty in the future would be considerably less as a result."

The complete *Independent Evaluation: An Assessment of the First Three Years* is available on request.