An aerial photograph of a densely packed urban slum, likely in Cairo, Egypt. The buildings are multi-story, constructed from grey concrete or brick, and are tightly packed together. Many buildings have flat roofs, some of which are cluttered with debris or have small structures on them. Laundry is hanging from balconies and windows. In the background, modern high-rise buildings and a river are visible, contrasting the slum with the rest of the city. In the foreground, the back of a man's head and shoulders is visible as he looks out over the slum. The overall scene depicts the stark contrast between informal urban development and modern city infrastructure.

2008 ANNUAL REPORT

*Cities Alliance*  
Cities Without Slums

## CONTENTS

<b>Tribute/Foreword</b>	<b>iii</b>
<b>Introduction</b>	
Redefining Cities Alliance' Terms of Engagement	iv
<b>Cities Alliance in Action</b>	<b>1</b>
Transforming Approaches to Slum Upgrading	1
Scaling Up City Development Strategies	11
Sustainable Financing of Investments	22
<b>Cities Alliance Members' Reports</b>	<b>29</b>
<b>Enhancing Results and Learning at Cities Alliance</b>	<b>76</b>
Designing a Monitoring and Evaluation Framework	76
Strengthening Communications and Knowledge Sharing	78
Knowledge Sharing Activities	78
Publications Review	84
New Knowledge and Information Management Tools	88
<b>Cities Alliance Organisation</b>	<b>89</b>
The Consultative Group	90
The Executive Committee	91
Update on the Policy Advisory Board	91
The Secretariat	91
<b>Financials</b>	<b>93</b>
Abbreviations and Acronyms	104





**Cities Alliance**  
Cities Without Slums

**2008 ANNUAL REPORT**

**The Government of Ghana sees this urbanization process as inevitable. Properly managed, we believe it has the potential to positively transform our political economy, bring women into the mainstream of our society, and consolidate our democratic institutions.**

—Minister Kwadwo Baah-Wiredu

## A TRIBUTE

### *to Honourable Minister Kwadwo Baah-Wiredu*

Consistent with Goal 8 under the Millennium Development Goals (MDGs), Ghana has integrated her development efforts into the broader nexus of the development partners' programs. There are predictable gains from such integration. Like many other countries in sub-Saharan Africa, the Government of Ghana has to come to terms with a number of unprecedented developmental challenges. These include the prevalence of poverty, the unknown consequences of climate change, asymmetrical terms of trade and the need to continually strengthen our democracy. At the same time, the continent of Africa is slowly being transformed from its historically rural roots, based on the village and subsistence agriculture, to an increasingly urban economy, based on manufacturing and commerce in towns and cities of all sizes.

The Government of Ghana sees this urbanization process as inevitable. Properly managed, we believe it has the potential to positively transform our political economy, bring women into the mainstream of our

society, and consolidate our democratic institutions. However, in order to respond to the challenge of a sustainable urbanization process, the Government of Ghana has identified the need for a long-term vision, with policies geared to the needs of our grandchildren.

The Government of Ghana welcomes the decision of the Cities Alliance itself to adopt a longer-term, programmatic approach. The basis now exists for us to enter into a partnership, with the Government and people of Ghana providing the vision and the leadership, and the Cities Alliance and its members providing support and advice.

On behalf of the Cities Alliance, I am honoured to present the 2008 Annual Report. I hope that future editions will honestly record real progress in our partnership.

KWADWO BAAH-WIREDU, MP  
Minister of Finance and Economic Planning

Honourable Minister Kwadwo Baah-Wiredu was elected to Ghana's parliament in 1997. He first joined President John Agyekum Kuffour's government as Minister of Local Government and Rural Development in 2001. In 2003, he moved to become the Minister for Education, Youth and Sports in 2003 before he was appointed Minister of Finance and Economic Planning in 2005, where his vision, competence and determination soon earned him widespread acclaim. He was adjudged the best minister of Finance and Economic Planning for Africa in 2007 by *Emerging Markets* and received his award in Washington, D.C. The Cities Alliance was privileged to work with Minister Baah-Wiredu, and was inspired by his desire to improve the lives of all Ghanaians. He wrote this Foreword shortly before his untimely death.



Minister Kwadwo Baah-Wiredu  
1951–2008

Courtesy: Government of Ghana

## INTRODUCTION

### *Redefining Cities Alliance' Terms of Engagement*

Since its launch in 1999, the members of the Cities Alliance have been remarkably constant in retaining the organisation's focus on the issues of slums, and cities. In this period, the Cities Alliance has supported a range of city and national governments in their attempts to undertake citywide and nationwide slum upgrading, reduce urban poverty, and improve the long-term sustainability of their cities, large and small. Some have been very successful, while many will need ongoing, and consistent, support. These are long-term, difficult development challenges, requiring sustained interventions, as well as tenacity and innovation, over time.

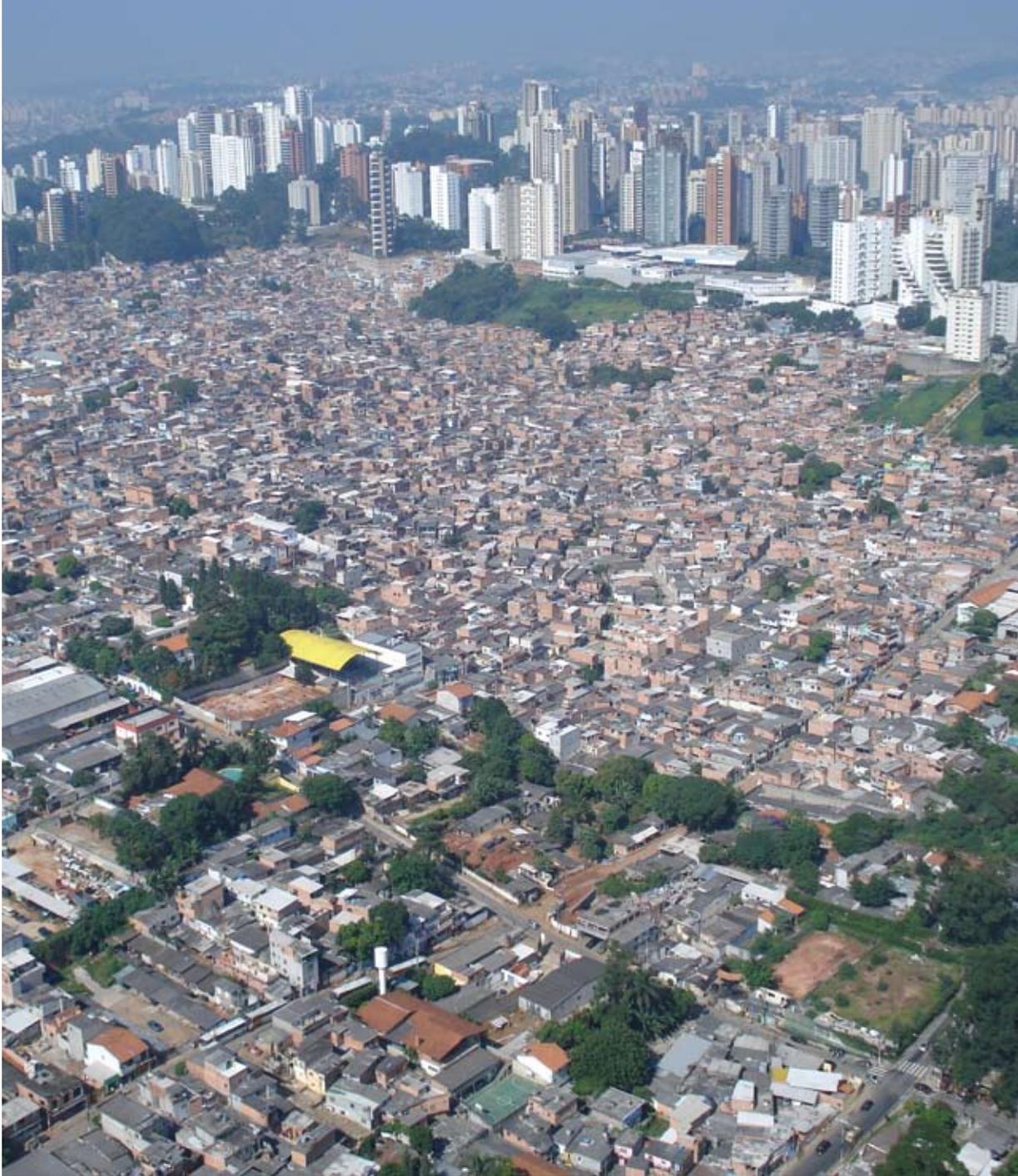
The past year provides an excellent example of just how rapidly new developmental challenges can emerge, capturing the headlines and attention of international development agencies, providing us with yet another reminder how short-term crises and long-term solutions continue to collide. There is, for example, an increasing appreciation of the role of cities, not just as egregious polluters but, as recognised in the Jeju Declaration issued at the end of United Cities and Local Governments's (UCLG) 2007 World Congress, also as essential agents for responding to the challenges of climate change. More recently, cities in many developing countries have become the *loci* of protests by the urban poor who are struggling to cope with the consequences of very sharp rises in the price of staple foods. Rapidly increasing energy costs are

beginning to encourage planners to question some of the orthodoxies of city form.

In this increasingly fluid global context, the value of the Cities Alliance as a stable, focused partnership has become increasingly clear. Although the resources at its disposal remain modest, the relevance of its mandate and the value of the knowledge it is able to generate are becoming increasingly valuable to its members and partners, alike. Despite the tendency for many development partners to constantly refocus their priorities, there is a growing realisation that the issues that the Cities Alliance was created to address—slums, and the unsustainable development of cities—are longer-term, developmental challenges that, in the absence of concentrated effort and policy changes, will not only remain, but continue to grow.

In order to constantly test the quality of its work and measure its impact, the Cities Alliance submits itself to regular evaluation. An independent evaluation of the organisation in 2006 not only reaffirmed its relevance but also identified the increasingly important role that the Cities Alliance should play in sharing knowledge, and underscored the importance of the organisation becoming a Learning Alliance.

To respond to this challenge, the secretariat produced a Medium Term Strategy (MTS), covering the period 2008–2010, which was approved by the Consultative Group earlier this year. Reaffirming its original mandate to address urban poverty reduction by



Courtesy: Municipality of São Paulo

Paraisópolis—one of the largest slums in São Paulo with the city skyline in the background

supporting citywide and nationwide slum upgrading programmes, and by promoting city development strategies, the Consultative Group decided that: *“the Goal of the Medium Term Strategy is for the Cities Alliance to increase its contribution to systemic change, and to scale”*<sup>1</sup>

The strategy is underpinned by a number of essential points of departure. The **first** is to reconfirm the Cities Alliance as a coalition, created as a vehicle to

focus on specific issues, and to improve the coherence of its members’ efforts. The **second** acknowledges the modesty of the resources of the Cities Alliance, especially when considered against the scale of the issues to which it responds. The **third** point of departure is consequential—a belief that the Cities Alliance’s major impacts will be achieved through the sharpness of its focus, the quality of its portfolio, and the quality and relevance of the learning that it shares.

The MTS emphasises that the Cities Alliance is much more than a funding mechanism, or a clearing

<sup>1</sup> Cities Alliance Medium Term Strategy—2008–2010, p. 4



Chir Alporoj/Cities Alliance

Representatives of new Cities Alliance members at the Manila Public Policy Forum, November 2007

house for a range of projects. It is better understood as a catalytic mechanism, increasingly able to identify and fill important knowledge gaps, influence and take forward the international debate on urban poverty reduction and improve the quality of support delivered to developing countries and cities through increased collaboration between its members. Indeed, the Cities Alliance is uniquely positioned to provide incentives to enhance coherence of effort and local ownership, both of which are fundamental to achieving the aims of the Paris Declaration on Aid Effectiveness.

The implementation of the strategy will, of necessity, introduce some important changes to the workings of the organisation, not least through improved monitoring and evaluation to maximise the impact of its interventions.

Consequently, the first premise of the MTS is that the Cities Alliance should prioritise working with those governments already committed to promoting change and reform over time—for three main reasons: (1) the Cities Alliance support will have a far greater impact; (2) the opportunities for learning and knowledge sharing will be greatly enhanced, and (3), the model or example to other cities or countries will be more emphatic.

This approach addresses one of the founding tenets of the Cities Alliance Charter, that of meeting the challenge of scale. *In the MTS, it is argued that the issue of scale is not addressed by merely finding the greatest concentrations of poverty, but rather in working*

*with those governments which hold the greatest promise for improving the living conditions of the greatest numbers of the urban poor.* In effect, the Cities Alliance's natural partners are those that are taking—or have already taken—decisive actions to address the needs of their urban poor through citywide or nationwide reforms. At the same time, the Cities Alliance will ensure that least developed countries continue to be well represented in its work programme, and that the organisation does not unduly privilege middle-income countries.

The challenge of building a consensus while fundamentally rethinking the priorities and processes within a city, or of introducing a comprehensive strategy to upgrade a city's slums, are difficult tasks, generally well beyond a Mayor's single term. Such challenges require bold political leadership, clear strategies, multi-sectoral reforms, and the reallocation of priorities and resources. Above all, they require consistent effort, over time.

To help city Mayors and national governments achieve such goals, the Cities Alliance will itself offer more dedicated and comprehensive support, over time. The Cities Alliance will increasingly move beyond a portfolio of unconnected projects, especially as it is increasingly clear is that individual projects of two or three years in duration are very unlikely to have the kind of impact necessary to support systemic changes, nor are they likely to achieve scale.



Clete Silveiro/Municipality of São Paulo

Breaking new ground for slum upgrading in Paraisópolis in Brazil

Over the next few years, the Cities Alliance will develop a more programmatic approach to the support that it provides to cities and countries. Such support should combine activities at both the city and national level, designed to influence and guide national policy formulation, such as:

- Analysing the city's or country's slum situation;
- Producing a State of the Cities Report;
- Strengthening the national association of local governments;
- Assessing the intergovernmental fiscal system;
- Designing a course on slum upgrading;
- Promoting advocacy events to influence public opinion.

To achieve real change the leadership of the city or the country is indispensable. Development assistance sometimes obscures the fact that the ultimate responsibility for the success of the city or national reforms and programmes lies with the recognised representatives of that city or country. Given this fact, the task of the Cities Alliance and its members is to

offer support, to mobilise the best possible expertise, and to be candid and objective in the technical advice offered.

A successful and sustainable citywide upgrading programme, city development strategy or national urban strategy can, ultimately, only be the political responsibility of the local partners. They should therefore, be the ones to take the lead in identifying their needs, formulating their vision and, indeed, in selecting which of the Cities Alliance partners with whom they would like to work. As a matter of policy, the Cities Alliance prefers the city or local partners to implement the activities, wherever practical.

Beyond the gradual restructuring of its approach to cities and countries, the strategy also requires a deepening and strengthening of the Cities Alliance as a coalition. This will involve, in part, the active engagement of more members of the Cities Alliance which is currently reliant on the extensive involvement of a few members. The Alliance will actively promote communities of practice amongst, and beyond, its members, to increase involvement and the sharing of



Looking to the future of cities: Slum scene in Manila with skyline in background

knowledge and learning. Specifically, the Alliance will also utilise local government officials as a rich resource to other cities grappling with problems that, while daunting, are seldom unique.

In addition, the Cities Alliance will adopt a bolder approach to the generation of knowledge products that are known to be in demand. Working through its members, the Cities Alliance will make available tools based on the experience of cities and countries that have already tackled similar developmental challenges, and which can help identify those policies and practices that have had the greatest impact.

The final, broad area where the MTS encourages new thinking is in the role of the Cities Alliance in promoting specific policies or approaches that individual members are either reluctant, or unable, to address. Even without the projections of future challenges, the scale of the existing challenges facing cities in developing countries requires practitioners to move beyond their caution, and spell out the need for urgent policy changes that will affect the lives of hundreds of millions of very poor people.

Key challenges for the Cities Alliance, as a coalition of the most influential international partners addressing the urban, city and slum challenges, include the need to:

- **Recognise** urban growth as an inevitable and positive reality;
- **Introduce** bold policies to capture the benefits of urbanisation;
- **Treat** slum-dwellers as citizens, with full rights and responsibilities;
- **Stress** the importance of small and medium cities;
- **Reject** the false tension between urban and rural poverty;
- **Highlight** the potential of urbanisation for reducing environmental problems; and,
- **Actively** promote the developmental role of women.

Some of the messages may run counter to the some pockets of developmental orthodoxy, as well as to the prevailing views of many national and local government leaders. The Cities Alliance has both the capacity and the ability to provoke open debates on these and other issues and, indeed, to call for fresh thinking in a number of critical areas.