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*Rt Hon Clare Short MP
Secretary of State for International
Development*

Meeting the Challenge of Cities Without Slums

The world is continuing to urbanise rapidly – particularly in developing countries. Nearly half of the world's population is now living in urban areas and an increasing proportion of these people are poor. Poor people are drawn to cities and towns because they provide employment opportunities. However, taking up such opportunities all too often requires the poor to live in squalid conditions, in slums and shanties, and to endure inadequate services, insecurity, and consequent social and political problems.

The Millennium Development Goals, agreed to by the entire United Nations membership, include a clear international commitment to meet this growing challenge of poverty in urban areas. Development assistance works most effectively when the recipient countries themselves drive the process. At the national level, when a developing country government prepares a Poverty Reduction Strategy, they set the agenda. International development agencies can then collaborate in the effort. The Cities Alliance supports the same approach at the city level. Urban poverty is a global problem, but cities and their citizens need to deal with it at a local level, and international agencies should support them in doing this.

The experiences captured in this Annual Report demonstrate the value of cities taking the lead and forging partnerships with civil society, the private sector, and the poor urban residents themselves, in order to eliminate poverty. These partnerships work to challenge the systematic exclusion of the urban poor, develop new livelihood opportunities, improve services, and empower poor people to live as full citizens.

The Alliance's focus on citywide initiatives, rather than localised pilot interventions, is already resulting in innovative community-led financial facilities that increase poor people's access to credit for housing and infrastructure, and in new mechanisms for engaging the public and private sectors in the provision of services to the poor.

DFID activities are aligned with the Cities Alliance agenda to promote city-level strategic planning and to work towards cities without slums. As members of the Cities Alliance, our collective goal must be not only to work towards, but to exceed, the target of improving the lives of 100 million slum dwellers by 2020.

I am pleased to have this opportunity to commend the work of the Cities Alliance in this, its second Annual Report.

*Clare Short
Secretary of State for International Development
United Kingdom*



Introduction

Three years after its creation, the Cities Alliance is already making development impacts at both the global and local levels. Principal among these is the adoption by world leaders of an international development target which, for the first time, focuses on tackling poverty where it is growing most rapidly — in cities. The Alliance's Cities Without Slums initiative has been endorsed as a Millennium Development Goal — *“by 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers”*. This goal is already being adopted as a challenging vision by civic leaders worldwide, who are responding with specific actions and concrete targets for improving

the living conditions of their most vulnerable and marginalised urban residents.

The Alliance is helping its members define a new strategic course for urban development co-operation, a course increasingly led by civic leaders who are tackling head-on the negative effects of growing inequalities and social exclusion. By focusing on the city as the unit of analysis, rather than on sectors, and on solutions promoted by local authorities and the urban poor themselves, city development strategies (CDS) supported by the Alliance provide a framework for city-wide poverty reduction. And by engaging potential investment partners from the outset, the Alliance is encouraging the

A pipeline carrying drinking water to more prosperous districts of Bombay passes through the shantytown of Mahim. Bombay, India, 1995.

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development of new investment instruments to expand the level of resources reaching local authorities and the urban poor.

This report highlights Alliance impacts at both the local and the global level. Examples from all regions demonstrate Alliance partners in action during Fiscal Year 2002 (FY02), as well as the achievements and impacts of Alliance activities initiated in FY01. It is clear that Alliance partners have already begun the process of drawing lessons from these experiences and are adapting their approaches based upon these lessons.

Achieving the promise of Cities Without Slums will require new thinking and behaviour from slum dwellers, governments and international agencies alike. To continue business as usual is to guarantee the creation of the next slum, and the misery that it embodies.

Anna Tibaijuka, Executive Director of UN-HABITAT, Co-Chair of the Cities Alliance Consultative Group, World Habitat Day message, October 2001.

At the global level there is growing evidence that international commitment to the Cities Without Slums Millennium Development Goal (MDG) is influencing the operations of Alliance partners and the way they do business:

- “Secure Tenure” was adopted as an indicator for measuring progress towards the Cities Without Slums MDG Target – a significant step as insecure tenure is a causal factor of both urban poverty and slum formation.

Cities Without Slums Millennium Development Goal

Target 11

By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

Progress will be monitored through...

Indicators 30 and 31:

(30) Proportion of people with access to improved sanitation

(31) Proportion of people with access to secure tenure

*United Nations General Assembly (A/56/326)
6 September 2001.*

- Speaking on “The Economics of Sustainability” in April 2002, macro-economist Jeffrey Sachs, advisor to the UN Secretary-General on the MDGs, stressed the need for an “urban-based poverty reduction strategy”, arguing that “the current rural-based strategy does not address the plight of cities...”.
- Norway became the latest Alliance member to issue an urban development policy paper. NORAD’s position paper *Poverty and Urbanisation - Challenges and Opportunities* (April 2002), quotes the Alliance’s 2001 Annual Report on its cover page, and strongly commits NORAD to contributing to the Cities Without Slums MDG.

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- The World Bank's *World Development Report 2003: Sustainable Development in a Dynamic Economy*, devotes a full chapter to "Getting the Best from Cities". Sections on "Inclusion and access to assets – challenging the institutional roots of urban slums" and "Empowerment through access to assets – security of tenure" highlight critical issues directly linked to achieving the Cities Without Slums MDG.
- The Asian Development Bank (ADB) joined the Cities Alliance. ADB's commitment, as spelled out in its Technical Assistance programme "Promoting Urban Poverty Reduction Through Participation in the Cities Alliance" (March 2002), will support CDS and citywide upgrading in the region and should also strengthen Alliance efforts to mobilise investment follow-up.

The events and activities of this last year have broadly reinforced the Alliance's strategic focus on urban poverty reduction. Alliance members committed to achieve this goal on 16 December 1999, the day they launched the *Cities Without Slums* action plan. Moving forward, the Alliance needs to continue to strengthen its ability to fill strategic knowledge gaps through learning and information-sharing among its members. In reviewing its activities, it is important to determine what works, what does not, and why. To this end, though the Alliance is less than three years old, it has commissioned an independent evaluation of the impacts of the Alliance partnership. An initial report to the membership is scheduled for the fall of 2002. What are the early results of the interventions? How should impact be measured and monitored? Are the interventions being conducted with efficiency and efficacy? The Alliance must ask these questions of its own partnership, and of the partners with which it engages, to ensure that it achieves results.