CITIES ALLIANCE MEMBERS' REPORTS

The *2006 Annual Report* incorporated, for the first time, short summaries of the major activities of our members. We have expanded the section this year, further revealing the rich and diverse range of activities in which our members are involved. We are also pleased to highlight the contributions of the Governments of Chile and Ethiopia, two of our new members—with the Philippines—that continue to breathe new life and vitality into the Cities Alliance.

United Cities and Local Governments
(www.cities-localgovernments.org)

Support for Local Government. The urban versus rural population balance witnessed a significant change in 2007 as city dwellers began to outnumber country dwellers. As a result, mayors called for greater participation in setting the policy agenda for the issues affecting their constituents. They also requested more funds to meet these needs since, as United Cities and Local Governments (UCLG) observes, less than one percent of global development funding is channelled through local governments.

Present in 136 of the 192 United Nations members states in seven world regions, UCLG's members include individual cities, regions, and national local government associations.

Success in finding effective and practical solutions to major policy questions through peer-to-peer work within its broad network (70 percent of the world's local governments participate in decentralised cooperation programmes) makes UCLG a vocal advocate for greater involvement of local authorities in the definition and implementation of the global development agenda.

The concerted lobbying efforts of local and regional governments and partners contributed in no small part to the approval of the International Decentralization Guidelines by the UN-HABITAT Governing Council. These guidelines recognise the need for effective decentralisation both as a prerequisite of good governance and as an expression of democratic practice. In 2007 UCLG celebrates the launch of a new European Union (EU) thematic programme which is expected to facilitate access to EU funding for local government programmes.

The first UCLG Global Report on Decentralisation and Local Democracy (GOLD) will be published this year. The report—the first of its kind—aims to periodically assess the progress of and obstacles to the spread of local democracy and decentralisation. It will provide analysis of global trends and should become an advocacy instrument for local authorities.

Links with Cities Alliance Goals and Activities. UCLG plays an active role in the governance of the Cities Alliance. As a result, the voice and role of local authorities have steadily grown stronger in the Alliance and UCLG is actively promoting Millennium Development Goal-based city development strategies, notably through programmes in Latin America and Africa. UCLG hopes this initiative leads to more cities implementing projects directly.

Through its membership, UCLG promotes capacity-building initiatives that enable local governments to increase their role in the execution of slum upgrading programmes. Furthermore, UCLG is developing a policy paper on local finance that will serve as a reference in local governments' international advocacy efforts and offer tools and reforms aimed at increasing the integration of sustainable financing in CDS and slum upgrading initiatives.

At the second UCLG World Congress to be held in Jeju, Korea under the title "Changing Cities are Driving our World," local and regional government leaders will come together to define their international agenda for 2007 to 2010. Progress toward the Millennium Development Goals, facing the challenges of climate change, and promoting peace through city diplomacy initiatives are all high on the agenda. Other sessions will include topics such as innovative governance and fostering greater social cohesion.

Courtesy of UCLG

Mayors attending UCLG Executive Bureau meetings in Paris

Government of Brazil:
Ministry of Cities and the Brazilian Federal Savings Bank
(www.cidades.gov.br and www.caixa.gov.br)

Brazil's federal government established a Ministry of Cities in 2003 to address society's demand for and to fill a gap in designing a coherent urban policy. The new ministry incorporates citizen input into policy formulation and addresses challenges that arose due to the lack of a national urban policy.

New housing policy. In 2004, the new Ministry of Cities designed a housing policy that established that sector's institutional-political framework. The ministry also began working in partnership with the Brazilian Federal Savings Bank (Caixa Econômica Federal, or CAIXA), the biggest public commercial bank in Latin America, to overcome the significant housing deficit, estimated at 7.9 million houses. CAIXA has a leading role in this process since it facilitates housing credit and provides technical and specialised human resources.

In addition to the institutional activities, citizen participation played a role in passing the law creating the National System for Housing of Social Interest and the National Fund for Housing of Social Interest. The law sets national criteria under the guidance of the Ministry of Cities and contributes to the policies and programmes that promote access to dignified housing for low-income populations (see figure 1). The fund gives grants to cities and states for slum upgrading projects. In 2006, $500 million was allocated. Government investment in housing has been growing, compared to the past 25 years. From January 2003 to December 2006, R$35.14 billion[8] were directed to housing. In 2006, the National Fund for Housing of Social Interest had a R$1 billion budget, of which R$850 million was to be invested in urbanising settlements, with priority being given to *palafitas* (shanty houses).

Urbanisation in precarious settlements. The issue of urbanisation in precarious settlements was in the spotlight after its inclusion in the Brazilian Growth Acceleration Programme (PAC). The plan contains

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8. US$1 equals about R$1.9 (reals).

Figure 1. Rising numbers of poor households receiving housing financing (2002–2006)

Social Housing Financing for Poor Families
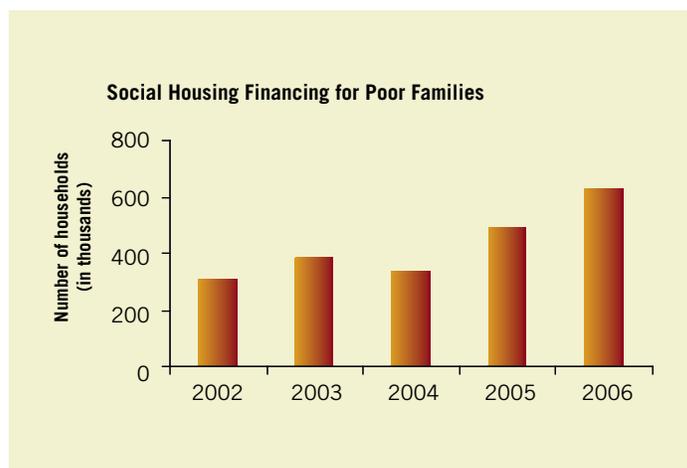
Government of Brazil Increases Housing Assistance to Poorest Households

From 2002 to 2006 the number of poor families in Brazil receiving federal housing assistance more than doubled, from 309,400 to 630,500 households.

Of these, assistance to the very poorest (those earning less than 3 times monthly minimum wage, a government unit of income measurement) increased by 350 percent.

R$170.8 billion for the next four years, directed to eliminating infrastructure and energy bottlenecks and improving economic growth and equitable income distribution. Some R$2.3 billion is expected to be invested annually to urbanise precarious settlements and address urban, environmental and land regulation issues.

In parallel with housing investments, efforts are being made by the National Secretary for Urban Programmes to encourage land regularisation in precarious settlements as a way of assuring land ownership and housing rights. Through the programme "Papel Passado" that favours sustainable land regularisation, the Ministry of Cities, with Cities Alliance funding,[9] has supported regulatory interventions countrywide. Some 1.4 million families in 2,300 settlements have benefited. Of these, 380,000 families have received land ownership certificates, or have been granted the right to live and to occupy land. With the resources allocated by the PAC, it will be possible to signifi-

Courtesy of CAIXA

IDB-financed housing programme in Alagados IV and V neighborhoods, Salvador (Bahia State), Brazil

cantly expand activities and improve lives in 12 million urban households lacking land tenure.

By adopting such policies, Brazil reassures its commitment to the Millennium Development Goals (MDGs), especially MDG Target 11 that advocates improvement in the standard of living of slum dwellers. Brazil, therefore, as a Cities Alliance member, contributes actively to reaching this target.

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9. The full name of the programme is: The National Urban Development Policy: Support to the National Programme for Land Tenure Regularisation and Socio-Environmental Risk Prevention in Precarious Settlements.

Government of Chile:
Ministry of Housing and Urban Planning
(www.minvu.cl)

Success of Development Measured by Quality of Life

Michelle Bachelet Jeria,
President of the Republic of Chile

People's quality of life is a country's measure of success. Economic and political progress is not very useful if peoples' living conditions do not improve. The success of development is measured by peoples' ability to feel safe in their neighbourhood, live with dignity in their homes, travel expeditiously to their workplace and enjoy their free time together with their family and friends indulging in culture, sports and recreation.

Housing deficit addressed through neighbourhood recovery. One of the major challenges facing Chile's Concertación[10] governments in the 1990s was the housing deficit, totalling nearly 1,000,000 homeless families. Between 1990 and 2005, the government cut the deficit almost in half as a result of a housing policy based on a "trilogy"—subsidies, savings and credits—and focusing 67 percent of fiscal resources on the poorest 30 percent of Chile's population. The model has not been problem-free, however. Urban segregation, a lack of citizen participation and public space, deterioration of the existing housing stock, and insufficient comprehensiveness and neighbourhood perspective in the housing policy remain challenges.

10. Coalition of political parties in government since 1990, following the return to democracy in Chile.

Summer Water Festival in Coquimbo, Chile

Courtesy of Government of Chile

In response, the government developed the Neighbourhood Recovery Programme with the goal of working in 200 neighbourhoods countrywide from 2006 to 2010. The goals of the programme, co-financed by the Cities Alliance, are to create neighbourhoods with a greater degree of social integration, recover deteriorated public space, and strengthen community relations. The programme will include the coordinated participation of municipalities and other public and private sector institutions linked to housing and targeting specific sectors of society, including female-headed households, youth, the elderly, and the disabled. Programmes supporting education, health, training and employment will also be supported.

Voting for *Obra de Confianza* (Trust Works), a programme that carries out *Quiero mi Barrio* (I love my barrio) and seeks to re-establish co-existence and collaboration among neighbours to protect, develop and empower the neighbourhood.

A participatory process was conducted in each of Chile's thirteen regions. Two-hundred neighbourhoods in 79 communes were identified. Programme implementation began in the last quarter of 2006 in 75 neighbourhoods. An additional 72 neighbourhoods were added at the beginning of 2007 and programmes in the final 53 neighbourhoods are expected to begin in 2008. It is estimated that 450,000 people will benefit from the programme.

The implementation model for interventions involves three phases:

- **Phase 1—Design of the neighbourhood contract:** conduct a basic technical study conducted jointly with local residents to provide general guidelines for designing a management plan for the neighbourhood contract, establish a neighbourhood development council, and undertake confidence building work.

- **Phase 2: Execution of the neighbourhood contract:** consider three funding sources: direct programme financing ($500,000 to $1,500,000 per neighbourhood), other Ministry of Housing and Urban Planning (MINVU)-financed programmes, and programmes belonging to other public and private institutions.

- **Phase 3: Conclusion of works and closure of the Neighbourhood Contract:** Evaluation of programmes by MINVU and neighbourhood development councils.

Government of the Federal Democratic Republic of Ethiopia: Ministry of Works and Urban Development

Emerging urban agenda. The Ethiopian Government approved an urban development policy in March 2005, and created the Federal Ministry of Works and Urban Development in October 2005. These actions demonstrated the importance of an "emerging urban agenda" in terms of national policies and actions. The government's Plan for Accelerated and Sustained Development to End Poverty (PASDEP) (2005/06 to 2009/10) includes two urban programmes—the **Urban Development Package** and the **Urban Good Governance Package**—which were developed by the Ministry of Works and Urban Development during 2006.

The **Urban Development Package** has five strategic pillars: a micro- and small-enterprise programme; an integrated housing development programme; a youth development programme; provision of land, infrastructure and services; and strengthening of urban-rural linkages.

It will:

- Construct 400,000 houses in 72 urban centres; at least 20 percent of beneficiaries will be women.

- Create employment opportunities for 1.5 million urban residents in 825 urban centres. Fifty percent of beneficiaries will be women.

- Enable the voluntary creation of 10,000 small enterprises.

- Provide social facilities for youth to gain knowledge and engage in recreation in a productive and meaningful way.

- Ensure the participation of urban residents, public authorities and other stakeholders in all programmes.

- Deliver 13,825 hectares of serviced land in all urban centres.

Implementation of the Urban Development Package, by federal, regional and local government authorities, started in mid-2006 and is continuing as the ministry's main activity.

The **Urban Good Governance Package** provides the policy, legislative, regulatory, administrative, systems, institutional, and capacity building support for the five strategic PASDEP urban pillars. Seven areas are addressed: land management, financial management, development planning, organisational and human resource development, infrastructure management, public participation, and justice reform. Implementation of the package's seven sub-programmes and 23 projects commenced in the first half of 2007.

Linkages with Cities Alliance goals. The five pillars of the Urban Development Package will have real impacts on urban employment generation, fixed capital formation, slum reduction, poverty reduction and improvements in health. The Urban Development Package will increase GDP growth and help achieve Millennium Development Goals. The package contributes directly to Cities Alliance goals by:

- Scaling up successful approaches to urban poverty reduction through job creation, vocational and technical training, and development of micro- and small enterprises.

- Identifying and providing financial and other resources that help cities of all sizes obtain more financial and human resources for improved and expanded delivery of infrastructure and services, including housing.

- Promoting positive impacts of urbanisation such as job creation and urban contributions to national GDP that support urban and rural development goals.

The seven sub-programmes and 23 projects of the Urban Good Governance Package will support implementation of good urban governance practices in

Inner City Urban Renewal through Housing Development, Addis Ketema Sub-City Housing Development (Amanuel Site), Addis Ababa, Ethiopia

Ethiopian urban centres to facilitate accelerated and sustained urban development. The Urban Good Governance Package contributes directly to Cities Alliance goals by bringing cities together in direct dialogue, promoting the developmental role of local government, and helping local urban authorities plan and prepare for future growth.

Agence Française de Développement
(www.afd.fr)

Urban development activities. The Agence Française de Développement (AfD) is strongly committed to supporting local and central governments as they work towards sustainable management of their urban settings. AfD is involved in over 100 urban development projects worldwide and pledges annually an average of an additional €150 million.

Financial Instruments for Urban Development. AfD channels its funds through a wide range of financial instruments that include loans and grants. Central governments and local governments are eligible for this assistance. For example, Ouagadougou, Burkina Faso's capital, recently received a sub-sovereign loan to finance its central market. AfD also offers credit facilities to national financial institutions specialising in municipal finance, such as the Caisse des Prêts et de Soutien aux Collectivités Locales (CPSCL) in Tunisia, and credit enhancement tools for local governments wishing to access directly the financial markets.

Local Governments at the Centre of AfD's Operations. Local governments are at the centre of AfD's strategy since most projects are undertaken in the framework of increased decentralisation. AfD supports its partner cities in meeting the challenges of poverty alleviation and access to basic services, economic development and environmental management.

For this purpose, AfD focuses on three types of operations. First, AfD supports city governments in strategic planning for urban expansion, investment programming, and sector and economic development strategy formulation.

Second, AfD is at the side of cities to finance infrastructure for water and sanitation services, roads, drainage, waste collection and treatment, and schools. AfD's support extends to new infrastructure and infrastructure rehabilitation as well as to sustainable management and maintenance mechanisms, involving the private sector as appropriate.

Lastly, AfD facilitates the strengthening of local government capacity to implement strategic plans and maintain and develop infrastructure. This in-

cludes training technicians, managers and officials; providing technical assistance; and building capacity to mobilise sustainable financial resources. For the latter, AfD supports municipalities in optimising local taxation systems and revenue-earning infrastructure. Likewise, AfD promotes a contractual approach between the central government and the cities, which enhances the local government's capacity to plan and finance investments over several years. As shown in Niger, Senegal and Tunisia, such municipal contracts officially empower municipal authorities tasked with implementing development projects, while allowing the central government to monitor financial and governance issues.

Promoting City-To-City Cooperation. In several instances, AfD builds on the experience of French local governments who wish to get involved with their counterparts in the South. These partnerships, mostly city-to-city as demonstrated between Lyon and Ouagadougou, Lille and Cotonou, and Paris and Amman, facilitate the exchange of experience, particularly when initiated at the identification stage of an AfD project. This three-sided cooperation has proven very efficient, notably in planning and municipal management improvement programmes.
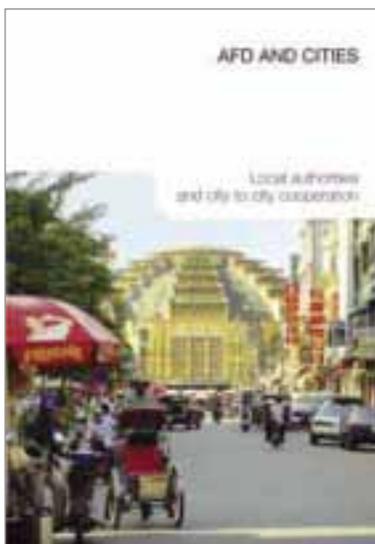
AfD and Cities Alliance. Collaboration with the Cities Alliance has become central to many AfD operations. Several city development strategies have been co-financed by the Cities Alliance and AfD. Recent examples include projects in Cotonou, Benin; Dakar, Senegal; and Ouagadougou, Burkina Faso. The cooperation will extend in the near future in the field of municipal finance.

Institut des Sciences et des Techniques de l'Equipement et de l'Environnement pour le Développement
(www.isted.com)

ISTED

The Cities Department of the Institut des Sciences et des Techniques de l'Equipement et de l'Environnement pour le Développement (Isted) coordinates activities to collect partner know-how in the field of development, promote the exchange of experience among Northern and Southern countries, and support the international activities of its members.

Isted works frequently in coordination with local, national and international public and private organisations on the following types of activities:

- Creating knowledge opportunities through studies, thematic working groups and missions of expertise.
- Strengthening skills through training, research programmes and seminars.
- Facilitating networks and partnerships.
- Sharing and disseminating information through conferences and publications.

Urban Development Research Programme. In 2006, Isted published the final evaluation of its urban research programme PRUD (Programme de recherche urbaine pour le développement)[11] whose activities were undertaken in conjunction with the Groupe-

ment d'Intérêt Scientifique pour l'Étude de la Mondialisation et du Développement (Gemdev). Under the programme, thirty research projects with broad geographic reach were supported. The research, initiated by the French Ministry of Foreign Affairs, invited proposals with two research thrusts: (i) intervention in a city (metropolisation, the environment and cultural heritage, and creating infrastructure, city services and community facilities), (ii) the different approaches and strategies of city managers (governance, decentralisation and local democracy; the use of expertise with regard to professional knowledge and urban culture).

As a result of the PRUD programme, the French Ministry of European and Foreign Affairs decided to launch, for the next four years (2007–2010), a new programme devoted to urban and local governance. That programme will support: (i) the African municipal network, (ii) western and central African local sustainable development and decentralised policy strengthening, (iii) urban governance strategies, (iv) evaluation and follow-up.

Basic services. Isted published the guide *Basic services in cities in developing countries: Equitable access and coverage for low-income households* in June 2006. Programme Solidarité Eau (pS-Eau) led the working group to complete this guide. The guidelines note

11. See www.gemdev.org/prud for more information.

the conditions required for poor people to achieve good access to services and suggest three approaches for water, sanitation, and waste management:

- Improving universal services to ensure the same regulations are applied to all without causing exclusion.
- Establishing partnerships with neighbourhood stakeholders.
- Associating users with service management by encouraging users to organise into groups and manage services.

The main results were presented and discussed with African local authority delegates in Nairobi during the Africities Summit in September 2006.[12]

Emerging cities. Based on the results of 25 years of urban development programmes supported by French aid, Isted was requested to conduct a review of urban topics as keys to understanding and action for growing cities. A book and a Web site were launched in July 2007 to help local and national authorities discuss activities with French representatives, public and private entities, and mayors.

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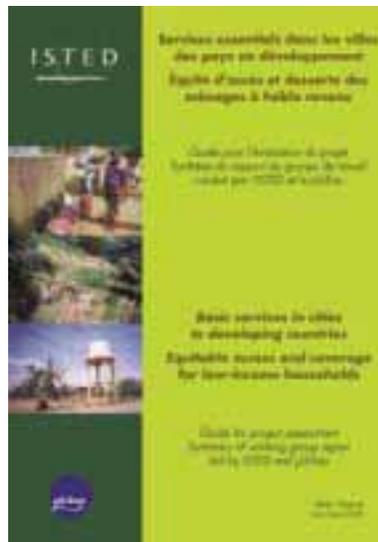
12. Executive summary of this report available at: www.isted.com/pole-ville/services_essentiels/synthese_services_essentiels_2006.pdf.

Government of Germany:
German Federal Ministry for Economic Cooperation and Development
(www.bmz.de/en)

Urban development activities. The German Federal Ministry for Economic Cooperation and Development (BMZ) continued to expand its urban portfolio through new programmes, primarily in Asia.

Under the theme "Investing in Asia's Urban Future," more than 100 representatives of municipal, local, provincial and national agencies dealing with urban development joined donors at a conference held by BMZ and the Asian Development Bank (ADB) to discuss new ways to improve the living conditions of the 1.6 billion people in Asia's cities. The main outcome of the conference was the establishment of a joint City Development Initiative for Asia (CDIA). The CDIA will provide technical support to cities to facilitate their access to financing from international and domestic sources. The CDIA is expected to complement Cities Alliance efforts as it is envisioned as a mechanism to direct resources to cities following the preparation of a city development strategy. Cities Alliance member Sida is also joining efforts in support of this initiative.

On the occasion of the third session of the World Urban Forum in Vancouver, BMZ organised a joint BMZ-Cities Alliance networking event on "The Inclusive City." Recent and emerging urban strategies to counterbalance the widening socio-spatial and economic gap were presented. The discussion among panellists and network participants helped to pinpoint essential requirements for practical urban and national development policy.

Links to Cities Alliance goals. In its urban portfolio, Germany will continue its focus on the following main approaches to improving urban services:

- Capacity development in various fields of urban management to implement poverty-oriented programmes.
- Financing and development of new finance facilities for urban infrastructure and services.

Its main areas will lie on the poverty-oriented improvement of urban infrastructure and the promotion of good urban governance.

Germany continued supporting the Cities Alliance through its financial contribution and secondment of personnel to the Alliance's secretariat. Germany would like to contribute further to the dissemination of best practices in pro-poor urban policies and encourages proposals from partner cities of the Cities Alliance.

Courtesy of BMZ

Beneficiaries of poverty alleviation programme in Egypt

Government of Japan
(www.mlit.go.jp/english/ and www.jbic.go.jp/english/)

CDS **in the Philippines.** The Japanese government has supported cities in the Philippines in conducting city development strategies. The CDS programme, now in its third phase, has been notable for involving mayors, local governments and a range of stakeholders in defining city strategies. The League of Cities of the Philippines (LCP), consisting of 117 cities, has been the implementing agency.

CDS phase 1 was initiated by the World Bank in 1998 for seven cities. Participating local government units (LGUs) worked on city improvement by planning, budgeting, and programming development projects and individual action programmes through the CDS process. About 30 more cities became involved in strategy development during CDS phase 2.

CDS phase 3 built on the successes of the first two phases and began with the signing of an agreement between the World Bank's Philippines country office and the LCP in September, 2005. To date, 47 cities in the Philippines have undertaken a CDS process supported by the Cities Alliance, in part with Japanese contributions, and the World Bank.

Unique features of Philippines CDS work include the role of LCP as the implementing agency, and the many member cities that have participated in the CDS process. Information dissemination to share knowledge, challenges, and experiences is part of the CDS process. LGUs give presentations on the challenges they face and look for ways to improve their projects by learning from the examples of others. About fifty LGUs are trying to expand and improve their responses to challenges in the Philippines through CDS processes.

Two notable approaches to CDS in the Philippines include projects in San Fernando and Marikina cities. In San Fernando City, La Union, the city government implemented a housing project to relocate informal settlers based on CDS experiences in other cities, since informal settlers are common in the Philippines. In San Fernando, La Union, 100 houses were built with World Bank support. The city government is also tackling waste management and traffic issues.

In the Philippines, *jeepneys* (popular transport vehicles) cause traffic congestion and air pollution. Marikina City, Metro Manila, wanted to reduce urban traffic congestion and improve air quality. The city government began promoting bicycle transportation as a safe, inexpensive, and clean alternative. Sixty kilometres of bikeways are now planned and the city is conducting classes on safe bicycle riding and bicycle maintenance. Two kilometres of World Bank-supported bikeways have been completed, to date.

Courtesy of Government of Japan

Far left: CDS-3 Investment Planning Workshop, Philippines

Left: Housing Project in San Fernando (La Union), Philippines

Courtesy of Government of Japan

Government of Nigeria:
Federal Ministry of Environment, Housing and Urban Development

Two ministries merged. In recognition of the inextricable linkages between the environment and human settlements as interdependent and mutually reinforcing pillars of sustainable development, the ministries responsible for the environment and human settlements were merged into a single body in December 2006. The new Federal Ministry of Environment, Housing and Urban Development will pursue successful delivery of MDG 7 target on ensuring environmental sustainability.

Urban development programmes. Building on the gains of democratic governance, a National Economic Empowerment Development Strategy (NEEDS) was implemented from 2003 to 2007. NEEDS aims to enhance economic growth, human development and service delivery, especially through positive governance, zero tolerance for corruption, public service reform, and improvements in financial planning and control. In April 2007, a NEEDS-2 action document emphasising urban upgrading as a strategy for poverty reduction was prepared.

Oshodi highway in Lagos, Nigeria: a challenge in urban management

The Federal Government, in collaboration with the Lagos and Ogun State Governments, has embarked on city-wide redevelopment of the Lagos Mega-City region. A Lagos Mega-City Development Authority was established in March 2007 with responsibility for implementing strategies proposed for infrastructure development, slum upgrading, sanitation, physical planning, security, sanitation, traffic and transportation, funding and institutional reforms.

The first phase of a Rapid Urban Sector Profiling Studies (RUSPS) was initiated for six Nigerian cities. It involves action-oriented urban assessments of needs and capacity-building gaps, and focuses on governance, local economic development, basic urban services, slums, gender, and the urban environment. Project components include preparation of feasibility studies, policy development, project implementation, local economic development, local leadership, and environmental management. It will provide strategic guidelines for balanced and integrated development.

The MDG Debt Relief Fund project commenced in the Moferere-Ondo central business district in 2006. It involves redevelopment and upgrading of basic services, an HIV/AIDS community advocacy programme, and general awareness campaigns. Similar projects will start in Bilbis-Tsafe (Zamfara State) and Awka, Umunze (Anambra State) in 2007.

Improving national standards. A National Environmental Standards and Regulations Enforcement Agency was established in November 2006 with responsibility for environmental protection, biodiversity conservation, and the sustainable development of Nigeria's natural resources. Also, a National Building Code was adopted in August 2006 to guide and regulate activities in the building industry, set standards, and specify sanctions and remedies for infringement.

The potential of Nigerian cities. While cities in most Western countries drive the national economy, Nigerian cities have yet to achieve this role as its cities have inadequate planning, congestion, squalor, and extreme poverty. Nigeria has an estimated population of 140 million, is one of the most rapidly urbanising countries in Africa and has about 60 percent of its population living in urban areas. The proportion of urban dwellers in slums rose from 24.09 percent in 1990 to 50.7 percent in 2005 and is on the increase. Nigerian cities have enormous potential for economic development and poverty reduction if properly administered and managed, however budgetary allocations to urban management are grossly insufficient, and technical and managerial capability are deficient.

In addition to on-going activities and to better ensure effective administration, strengthen the capacity of city administrators and mobilise increased resources for sustainable development and poverty reduction, Nigeria will undertake a State of the Cities Report in 2007 to assess and analyse the performance of 20 of its largest cities in terms of livelihoods, environmental sustainability and service delivery, spatial form and infrastructure, financial resources, and governance, with a view to generating information for preparation of MDG-based city development strategies. Also imperative for the future is the need to develop new strategies for increased private sector involvement in the financing and management of sustainable urbanisation.

Courtesy of Federal Ministry of Environment, Housing and Urban Development, Nigeria

Slum settlement in Makoko, Nigeria

Government of Norway: Ministry of Foreign Affairs
(www.regjeringen.no/en/dep/ud.html?id=833)

New urban development policy launched in 2007. In early 2007, Norway's main activity in urban development was the production of an urban development policy entitled "Cities—hopes and challenges." The policy will be launched publicly later in the year. The process has been open and transparent, bringing government ministries, universities and research institutions, civil society organisations, and corporate business and consultancy firms into active dialogue and cooperation. On this basis, an informal Norwegian urban development network has emerged. During the process, Norway's ongoing urban development assistance was also mapped.

The policy emphasises full integration of the urban perspective in all Norwegian assistance sectors. It also promotes a synergetic relationship among bilateral, multilateral and civil society players with regard to urban development and national and international urban knowledge production and advocacy. The environment, gender, humanitarian assistance, and peace and reconciliation are singled out in the policy as broad cross-sectoral perspectives of particular interest for Norwegian assistance. These are also perspectives highly relevant to the future work of Cities Alliance. It is explicitly stated in the policy that Norway shall contribute to a strengthening of the work of the Cities Alliance with regard to knowledge development, urban environment, gender, and rights-based advocacy.

Priorities and partnerships. At the UN-HABITAT Governing Council 21, a main human settlements event in 2007, Norwegian priority issues included youth, gender, decentralisation, and local democracy. The meeting resulted in the adoption of resolutions paving the way for a Youth Opportunities Development Fund, a gender strategy and further emphasis on decentralisation as important UN-HABITAT tasks and challenges. Identical priorities will also be reflected in Norway's upcoming negotiations with UN-HABITAT for a second programme agreement phase (2008–2009). This comes in addition to urban financing, water and sanitation and urban land programmes.

Norway has been involved in the Cities Alliance strategy process following the 2006 Universalia evaluation of the Cities Alliance. To make the Cities Alliance more relevant and effective in relation to stakeholders, Norway supports strengthened involvement of civil society in the work of the Alliance at all levels. In 2007, Norway expects to nearly double its core assistance to the Cities Alliance and UN-HABITAT.

Jan-Andreas Solberg

Community leader explaining savings project run by Rede InterAção to new members and the media in São Paolo, Brazil

Government of South Africa: Department of Housing
(http://www.housing.gov.za/)

Housing provision. During the financial year 2006/7 a total of 271,219 housing opportunities were provided through the government subsidy programme. Of this total the vast majority were built directly by government, while a small proportion was built through private sector developers. Thus, the total number of units completed and under construction since 1994 stands at 2,355,913.

The right to adequate housing remains enshrined in South Africa's constitution (section 26, Act 108 of 1996), and the government continues to play a leading role in the provision of adequate housing, especially for the poor, and low-income earners. Yet despite the achievements stated above, the demand for low-income housing is not abating, with the current backlog standing at 2.2 million units.

Since 2005, government has made a concerted effort to involve the private sector, including developers and financial institutions, in the provision of low-income housing. These efforts have paid off and in recent years various excellent examples of "inclusionary" (mixed income, mixed typology) housing have been developed through this partnership.

Informal settlement upgrading. The Comprehensive Plan for the Development of Sustainable Human Settlements (commonly referred to as Breaking New Ground/BNG), announced by South Africa's Minister of Housing in 2004, foresees a dramatic change in the approach to housing, moving away from the "mere" provision of shelter to a strategy for developing integrated communities close to social amenities and economic opportunities. In line with this plan, a pilot programme that includes at least one informal settlement upgrading project per province is being undertaken. These lead projects are taking a phased, area-based approach to services and housing, and include social and economic amenities in their planning, with a strong focus on community participation. The experiences from these lead projects will form the basis for the consolidation of a national upgrading strategy to be developed in the current financial year (2007/8), and eventually roll out to all existing informal settlements country-wide in order to meet our Millennium Development Goals target.

Integrated development planning. In 2006, a specific programme was introduced to address inadequate housing planning at the municipal level. The programme provides support to municipalities in the compilation of good quality, credible and realistic housing plans as part of the overall process of integrated development planning. The programme provides process and product guidelines for municipal housing sector plans, as well as an indication of the division of roles and responsibilities regarding housing planning for municipalities and provinces. Capacity building initiatives to support municipalities will remain a priority for the South African government. The close linkage between the Provincial Planning Dispensation and the programme for Housing Sections of Integrated Development Plans ensures realistic planning and better collaboration between provincial and local spheres of government, thereby contributing to more effective service delivery on integrated housing programmes, including programmes aimed at the upgrading of informal settlements.

Aerial view of Brickfields Social Housing Project in New Town, Central Johannesburg, South Africa

Courtesy of South Africa Department of Housing

Government of Sweden:
Swedish Interntional Development Cooperation Agency
(www.Sida.se/urban)

New urban development policy launched. The Swedish International Development Cooperation Agency (Sida) launched an urban development policy in 2006 entitled "Fighting Poverty in an Urban World." It identifies five strategic focus areas for Sida's urban work and guides Sida staff in integrating urban issues into development cooperation. By demonstrating why appropriate urban development is the key to economic growth and poverty alleviation at local and national levels, it provides a useful tool for dialogue with partner countries, development partners, civil society organisations, the private sector—and within Sida.

While the policy text is brief, a more comprehensive document entitled "More Urban—Less Poor" provides a descriptive and analytical background to the critical issues related to urban development. This reader-friendly publication has received worldwide recognition.

Urban development planning. Recent urban development work has begun to show results. In Kenya, for example, urban development was recently proposed to be one of the three principal sectors in the 2007 to 2010 cooperation strategy between the Kenyan government and Sida.

Sida also supports a programme in Kosovo to enhance development planning in six municipalities in response to an unprecedented construction boom and urban growth, and the limited local capacity for managing these changes. The programme, implemented by UN-HABITAT, will help meet the significant need for improved spatial and urban planning. Through the programme, civil society and other stakeholders are actively involved in shaping the development of their own neighbourhoods.

In cooperation with the Ministry of Industry in Bangladesh, support is given to efforts to relocate some 175 highly polluting tanneries from central Dhaka to the outskirts of the city. This is the first industrial relocation of this scale in the country and environmental issues are in focus. Valuable lessons are being generated at a national level for managing future industrial relocations.

Publications and events. In cooperation with the Aga Khan Trust for Culture, "Fighting Poverty in Historical Cities" was published. Focusing on Africa, the paper describes how the fight against urban poverty can be combined with and managed by using resources embedded in a rich cultural heritage. The case of Zanzibar is described in detail. Another publication widely distributed during the period was Sida's report from the World Urban Forum held in Vancouver in June 2006.

Two major events supported by Sida during this period included a workshop in Stockholm, "Financial Services for the Majority: Experiences and Innovative Methodologies," in December 2006; and a Consultative Group to Assist the Poor working group on housing microfinance.

Housing finance support. By entering new agreements covering the period 2006 to 2008, Sida remains one of the major contributors to the Slum Upgrading Facility (SUF) and the Community-Led Infrastructure Financing Facility (CLIFF). Also, the successful microfinance programme for housing and infrastructure investment in Central America continues. It is now estimated to have reached at least 550,000 people, corresponding to about five percent of the urban population in the five cooperation countries.

Donor harmonisation. In line with the ambitions to support urban development in harmony with other donors, Sida recently joined the Asian Development Bank and Germany's Ministry for Economic Cooperation and Development in their efforts to establish a city development initiative for Asia.

On an innovative pilot basis, a fund to support new technologies within the field of sustainable municipal environmental projects is under preparation.

Untreated Wastewater from 175 tanneries in Dhaka, Bangladesh flowing into the Buriganga River

Courtesy of Sida

Government of the United Kingdom: Department for International Development
(www.dfid.gov.uk)

Urban development support. The Department for International Development (DFID) of the United Kingdom (UK) supports urban development through bilateral grants, support to global initiatives, and urban content of other sector programmes. DFID programmes in well–performing, low-income countries increasingly emphasise general poverty reduction budget support. The nature of fiscal decentralisation in each country will determine the share of DFID budget support spent at the city level.

International initiatives that DFID supports include annual core funding of $2 million to UN-HABITAT, and specific funding to improve monitoring of MDG target 11 that seeks to improve the lives of slum dwellers. DFID supports the Cities Alliance with a commitment of $6.5 million until 2010.

Housing finance. With little access to secure housing, and often working in the informal economy, slum dwellers are seldom able to access finance. DFID currently supports two partnerships to bring together private finance for housing for the urban poor. This includes a DFID grant for $13.4 million to the Community-Led Infrastructure Financing Facility (CLIFF), which helps mobilise public and private finance for housing improvements. CLIFF has disbursed $10.4 million which has leveraged $65 million more from the private and public sector. This has led to the construction of 7,000 homes and access to sanitation for over two million slum dwellers.

Kadija (9) and Mobina (3) beg at a market in Dhaka, Bangladesh to support their family

DFID also provides $10.9 million to the Slum Upgrading Facility. This exists to mobilise domestic capital for slum upgrading and municipal development. In November 2006 pilot activities started in four countries: Ghana, Indonesia, Sri Lanka and Tanzania.

Country programme highlights. DFID's largest bilateral urban poverty programme is in India. DFID currently has large, long-term urban programmes totalling $527 million in the focus states of Andhra Pradesh, Madya Pradesh and West Bengal. These are aligned with the Jawarahal Nehru National Urban Renewal Mission, which links investment with urban reform.

DFID's large sector involvement in urban development in India initially focused on service delivery. The emphasis has moved to strengthening city governance, improving policy and planning processes, and community strengthening to make service delivery more accountable to citizens.

The UK government is engaged in a sustainable development dialogue with China. The partnership involves high-level dialogue and technical exchanges. The urban component of the dialogue involves working with ministries in China on the critical issues of regeneration of low-income urban areas and better urban planning, drawing on new and best practice in both countries.

DFID water and sanitation programmes frequently have a significant urban component. For example, the $31.5 million Advancing Sustainable Environmental Health project in Bangladesh has a large urban component. International initiatives on water and sanitation also have an urban component, including rural-urban disaggregated data in the UNICEF/WHO Joint Monitoring Programme, and the Water and Sanitation for the Urban Poor initiative.

Publications. The UK recognises that making an impact on urban poverty requires working in partnership; thus the funding detailed above is directly linked to Cities Alliance goals. DFID also supports the production and dissemination of publications on urban poverty. In DFID's recent white paper, "Making Governance Work for the Poor," the importance of improved governance is highlighted as central to poverty reduction. Also, the DFID-funded publication "Making Planning Work" was launched at the third World Urban Forum in Vancouver in 2006. The publication covers the importance of establishing effective partnerships and sharing skills, and includes 20 case studies.

Government of the United States:
United States Agency for International Development
(www.usaid.gov)

Urban development activities. The United States Agency for International Development (USAID) and its partners worldwide continue to support cross-sectoral solutions to improve the capacity of cities and local governments in addressing the challenges of rapid urbanisation. Programmes supported include local economic development, improved service delivery, and sustainable financing of basic infrastructure and services. USAID promotes pro-poor local governance policies, economic growth, and more equitable access to services in countries worldwide. USAID also supports the development of employment-based activities that generate jobs and raise working skills among the urban poor and youth through public-private partnerships to improve the business environment and connect the informal sector with the formal economy. For example, the employment rate for graduates of Entra 21, an innovative workforce development programme now operating in 18 countries throughout Latin America and the Caribbean, is 50 percent.

To respond to the demands of urbanisation, USAID also carries out programmes in shelter finance, secu-

rity of tenure, and increasing local government revenue. Through a partnership with Shorebank International in Morocco and South Africa, financial sector institutions were brought downmarket. By bringing the formal banking sector into urban slums, over $23 million in new loans were issued for housing. USAID supports city-to-city partnerships that bring greater transparency, participation and accountability to local governments and also improve service delivery in cities to demonstrate the tangible benefits of a more democratic society. In Afghanistan, for example, USAID will build on the successes of a partnership programme to improve community services in Kabul and expand the model to other Afghan cities. By partnering with national and local governments, associations, the private sector, non-governmental organisations and other donors, USAID aims to bring greater resources to improve the lives of the urban poor.

Links to Cities Alliance programming. By working across a range of sectors, including democracy and governance, economic growth, and health, and by leveraging public and private sector resources to reduce

the causes and effects of urban poverty, USAID supports the goals of the Cities Alliance. USAID works at the community, local government, and national levels to build capacity and improve policy. At the municipal level, USAID's decentralisation and local governance strengthening programmes introduce participatory approaches to planning with the aim of increasing transparency and accountability at the local level. By building the foundation of good governance and management at the municipal level, it is possible for local governments to access resources from the private sector to finance improved urban services. In Mexico, USAID's partner, Evensen Dodge International, has demonstrated that sub-national governments can successfully access private capital markets, opening the way for local governments with sound financial management practices to invest more in improving water, sanitation and other essential services. USAID is expanding its work on innovative financing to build models from regions as diverse as Africa and Asia.
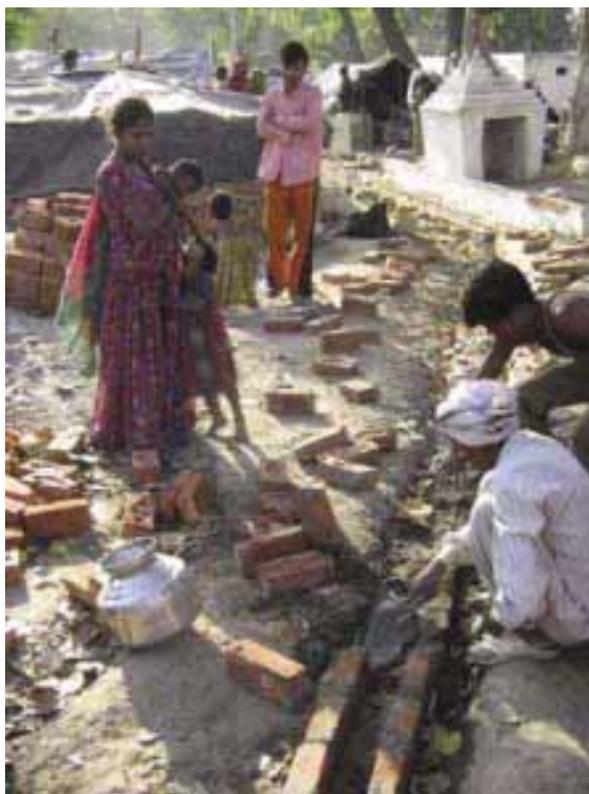
Courtesy of USAID

Drainage system being put into place with matching contributions from the community of Marwari Basti in Agra, India

United Nations Human Settlements Programme
(www.unhabitat.org)

Thirtieth anniversary of UN-HABITAT's founding. The year 2006 marked the 30th anniversary of a meeting in Vancouver, Canada that led to the founding of the United Nations Human Settlements Programme (UN-HABITAT). Today, UN-HABITAT has 150 technical cooperation programmes and projects under execution in 48 countries, of which the majority are in the least developed countries. In many of these, the Cities Alliance is a key collaborator.

The United Nations convened the Habitat I conference in Vancouver in 1976 as governments began to recognise the consequences of rapid urbanisation, especially in the developing world. In those days, when two-thirds of the world's population lived in rural areas, urbanisation and it challenges were barely considered by a United Nations created just three decades earlier.

The growing global awareness of human settlements challenges contributed directly to the resounding success of the third session of the World Urban Forum held in Vancouver in June 2006 to mark UN-HABITAT's 30th birthday. More than 10,000 people participated in the World Urban Forum, now a biannual event.

Asia-Pacific regional conference. In a fitting climax to 2006, the first Asia-Pacific Ministerial Conference on Housing and Urban Development unanimously adopted a new mechanism setting up a permanent secretariat. Like governments in Latin America and Africa that hold regional conferences, the Asia-Pacific governments agreed to meet regularly at the regional level. High on the agenda will be urban poverty and governmental accountability for addressing poverty issues.

Partnerships. The Cities Alliance secretariat participated in these meetings and contributed to and advised on UN-HABITAT flagship reports such as the *State of the World's Cities*. With half of the world's population now living in towns and cities, the 2006/7 edition of the report shows that the battle for attaining the Millennium Development Goals will be won or lost in the urban arena. It shows for the first time that urban growth is almost synonymous with the growth of slums, and that the urban poor are just as likely as their rural counterparts to suffer from malnutrition, hunger and disease.

Other highlights include UN-HABITAT assistance to helping more than 30 countries institute new regulations for the progressive realisation of land, housing
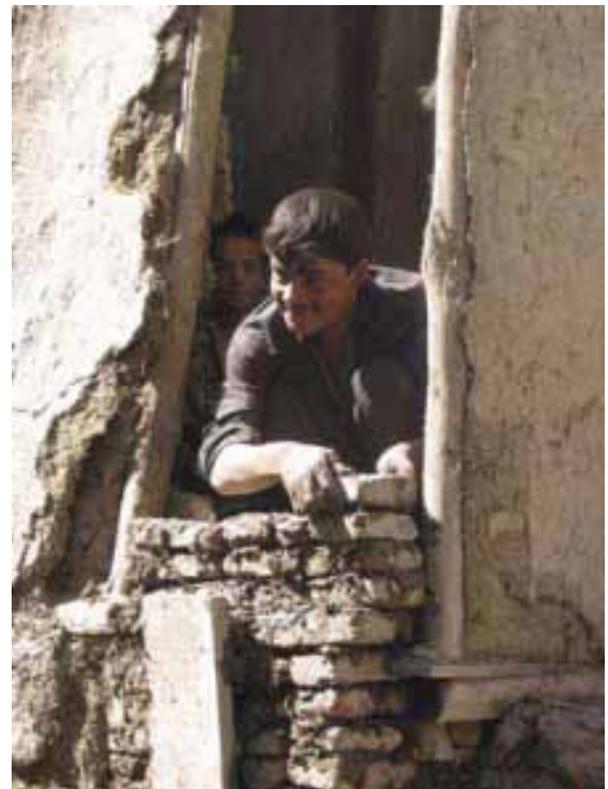
Rebuilding after a bombing raid in Afghanistan
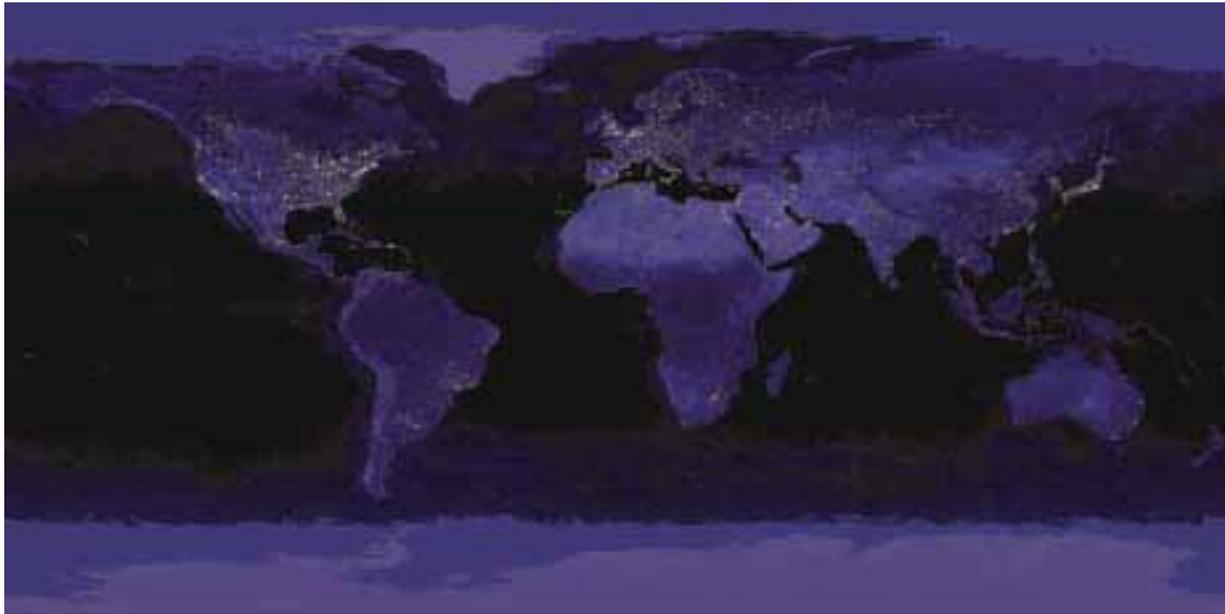
This image of earth's city lights was created with data from the US Defense Meteorological Satellite Program (DMSP) Operational Linescan System (OLS). Originally designed to view clouds by moonlight, the OLS is also used to map the locations of permanent lights on the earth's surface. The brightest areas of the earth are the most urbanized, but not necessarily the most populated. (Compare Western Europe with China and India.) Cities tend to grow along coastlines and transportation networks. Even without the underlying map, the outlines of many continents would still be visible.

and property rights, including women's rights. Collectively, over 80 countries in Africa, Asia, Latin America and Arab States were implementing new housing and urban infrastructure development projects in collaboration with UN-HABITAT, the United Nations Development Programme, the European Commission, the Cities Alliance, the World Bank, regional banks and bilateral donors.

In keeping with the resolutions of various UN bodies, UN-HABITAT worked to bring the urban dimension into the international climate change debate. This led to a robust cooperation programme with United Nations Environment Programme to better promote conservation in both the built and the natural environment to help offset the negative environ-

mental impacts of urbanisation. UN-HABITAT is also supporting UNEP in an initiative to improve the environmental dimension of Cities Alliance-supported projects.

Over the past months, UN-HABITAT and its partners worked on Habitat's new Medium-term Strategic and Institutional Plan (2008-2013) to ensure that urban poverty and other human settlements problems remain properly prioritised within the agency and high on the international agenda. Progress in urban development and poverty reduction is still being measured. It depends as much on the political will of governments and local authorities as communities themselves, and the degree to which all consult one another.

United Nations Environment Programme
(www.unep.org)

During the past year, the United Nations Environment Programme (UNEP) concentrated on three environmental issues affecting cities and poor urbanites: climate change, the depletion of biodiversity and ecosystems, and inadequate sanitation and discharge of untreated municipal wastewater.

Climate change. Cities in developing countries are facing the challenge of responding to the impacts of climate change. Poor urban dwellers will be most highly at risk from impacts such as natural disasters, sea-level rise, increased health risks through vector borne diseases, water shortages, and threats to food security. At the same time, cities in developing countries are the world's fastest growing urban areas. Energy consumption, increasing transport needs, and building activities will all lead to carbon dioxide emissions which contribute to climate change.

To assist cities in developing countries respond to such challenges, UNEP has developed a proposal on African cities and climate change, focusing on both adaptation to risks and mitigation of emissions. UNEP is also developing a Clean Development Mechanism project for cities, whereby developed country cities reduce greenhouse gases by, for example, investing in clean energy projects in developing country cities.

To make the voices of local governments heard in the global debate, UNEP gathered urban policymakers from Africa during a workshop at the Fourth Africities Summit (Nairobi, September 2006) to formulate a joint position on climate change. This message was transmitted to the 12th conference of the parties of the UN Framework Convention on Climate Change (Nairobi, November 2006).

Sustainable urban policy decisions have far-reaching impacts on the global climate, and at the same time benefit a city. For example, by increasing efficiency and reducing emissions in the energy, construction and transport sectors, cities will also reduce air pollution, thereby improving citizens' health. A climate action handbook for cities developed by International Council for Local Environment Initiatives (ICLEI), UN-HABITAT and UNEP seeks to support urban policymakers in monitoring carbon dioxide emissions and guiding them in ways they can improve their city's resilience while at the same time reduce carbon dioxide emissions.

Ecosystems and biodiversity. Cities draw on their surrounding ecosystems for goods and services, and city by-products and emissions can affect regional and even global ecosystems. Therefore, cities are important managers of ecosystems and users of biodiversity.

The international community has set a target to reverse the loss of biodiversity by 2010. Together with international organisations such as the Convention on Biological Diversity, ICLEI, the World Conservation Union, and others, UNEP assists cities in meeting this target. During the recent international meeting "Cities and Biodiversity: Achieving the 2010 Target" (Curitiba, March 2007), cities welcomed UNEP's initiative to form a global partnership to meet this challenge. UNEP collected case studies and recommendations for cities during a 2006 African regional workshop in Nairobi. The collection was published in the booklet "Viumbe hai. African Cities, Ecosystems and Biodiversity."

Sanitation and wastewater. Discharge of untreated municipal wastewater into rivers, lagoons, estuaries and the ocean is one of the most serious threats to the health of coastal populations and to sustainable development worldwide. Many cities are facing daunting challenges in addressing municipal wastewater

Courtesy of UNEP

Nairobi National Park, Kenya

disposal and keeping pace with rapid urbanisation. There is an overall need to adopt and implement alternative and sustainable approaches to municipal wastewater management, with the goal of reducing the large proportion of the population without access to adequate sanitation.

As one of the responses to this need, UNEP, jointly with the UNESCO Institute for Water Education and the United Nations Division for Ocean Affairs and the Law of the Sea, has developed a training course entitled "Improving Municipal Wastewater Management for Coastal Cities." In 2006, this course was delivered in China, Egypt, Guam, Papua New Guinea and Saudi Arabia. To date, some 160 professionals from ten countries have been trained. The content is based on the UNEP/WHO/UN-HABITAT/Water Supply and Sanitation Collaborative Council (WSSCC) Guidelines on Municipal Wastewater Management. UNEP offers assistance to former course participants in the formulation of feasible and environmentally-friendly project proposals.

Linking with cities. The environment is the biggest asset of the poor—it is under this premise that UNEP works with cities and national governments. UNEP promotes city planning which 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. For example, UNEP is giving technical support to a CDS in Sana'a, Yemen on air quality and water management.

UNEP's primary objective of its engagement in the Cities Alliance has been to improve the environmental dimension of Cities Alliance-supported projects with the goal of achieving sustainable urban development. To this end, UNEP and the Cities Alliance commissioned a study from ICLEI on ways to integrate the environment into city planning. The report will be published in the latter part of 2007.

Also, the November 2006 Public Policy Forum of the Alliance focused on the theme "Environment, Poverty and Development in an Urbanising World," the first PPF to deal with the environment. UNEP organised a session which made the case that ecosystem services are an asset for cities. UNEP made concrete recommendations to the 2006 Cities Alliance Consultative Group on how the environment could be included in Alliance-supported projects to the benefit of recipient cities. The forthcoming Cities Alliance medium-term plan provides options for operationalising this concept.

Asian Development Bank
(www.adb.org)

Urban development activities. City regions and megacities serve as magnets for people, enterprise and culture. In the next 20 years, another 1.1 billion people will live in Asia's already congested cities. Without effective urban management, this growth will only exacerbate the existing problems of pollution, lack of potable water, slums and traffic congestion, among others. Though Asian cities on average provide 80 percent of the economic base of the economy, large disparities have emerged as poverty has urbanised. Today, over 200 million people live in poverty in Asia's cities and many more are vulnerable to economic and environmental shocks. These serious and growing problems have overwhelmed urban managers. The response cannot be simply "business-as-usual." We need to develop new modes for engagement in this sector, reflecting new roles and types of clients. Today's responses must address the factors key to a sustainable future: economic, environmental and social.

Urbanisation is a mega-trend in Asia and the Asian Development Bank's (ADB's) Long-Term Strategic Framework, 2001 to 2015 marked it as one of its main challenges. ADB has a long history of working in the urban sector. Around 10 percent of ADB lending, both in amount and number of loans, has been for urban sector projects and totalled over $11 billion. There appears to be a strong demand from cities for ADB financing, particularly in China, India and Pakistan. However, total borrowing from ADB must be consistent with overall macroeconomic and public debt considerations.

Project completion reports show that urban multisector projects have generally performed well, with 81 percent rated successful or highly successful between 1995 and 2005. The performance of water and sanitation projects has been somewhat weaker (67 percent were rated successful). Urban sector projects were generally rated as relevant, effective, and efficient. Because of their complexity and the often lower capacity at the local government level, urban sector projects require more technical assistance support than some other sectors.

Policy decisions, events and other highlights. ADB's new Cities Development Initiative for Asia (CDIA), as part of its Urban Services Initiative, aims to reshape ADB's engagement in the sector to deliver the technical and financial resources needed to respond effectively to client needs. In particular, ADB has introduced new lending products including sub-sovereign lending, local currency financing, and refinancing, among others, which are suited for application in this sector. The newly established CDIA is an important step forward. Germany's BMZ participated in the development of this initiative and Sida is supporting CDIA as well. A well-coordinated, multi-donor initiative can contribute significantly towards improving the living conditions of people in Asian cities. CDIA will facilitate international dialogue, training and advice to help Asia's urban decision-makers build problem-solving capacity, to support them in preparing municipal infrastructure investment, and to assist in finding financiers.

The CDIA is an innovative way to address the key elements of the Paris Declaration— scaling up investments in the urban sector, fostering ownership, aligning support with national priorities, harmonising systems of support, and providing for clear and monitorable outcomes. CDIA will give cities the central role in (i) determining the approach to building coordination, financial management and procurement capacities to complement assistance programmes; (ii) coordinating among donors to effectively deliver that assistance; and (iii) ensuring assistance produces the desired outcomes.

Complementing Cities Alliance funding, the CDIA will provide technical support to cities to prepare and support implementation of city development strategies and cities without slums programmes. As urban projects are multi-faceted and multi-sectoral, several activities go into establishing the enabling framework for, and strengthening the institutions involved in, investment projects. CDIA will provide support to address these issues in (i) national urban strategies; (ii) strengthening agencies prior to implementation of investment programmes; (iii) financial structuring, due diligence and negotiation; and (iv) support to project implementation.

Challenges to achieving Cities Alliance's goals in the medium term. ADB aims to support Cities Alliance partners in financing identified investments in their region focused on urban infrastructure development and urban renewal. As a financing institution, it will be challenged to provide expanded financial options, at affordable terms and conditions, for governments and beneficiaries. Governments and international financial institutions will need to find ways to creatively involve the private sector in these endeavours, as active partners for programmes that reach out to all segments of the urban population.
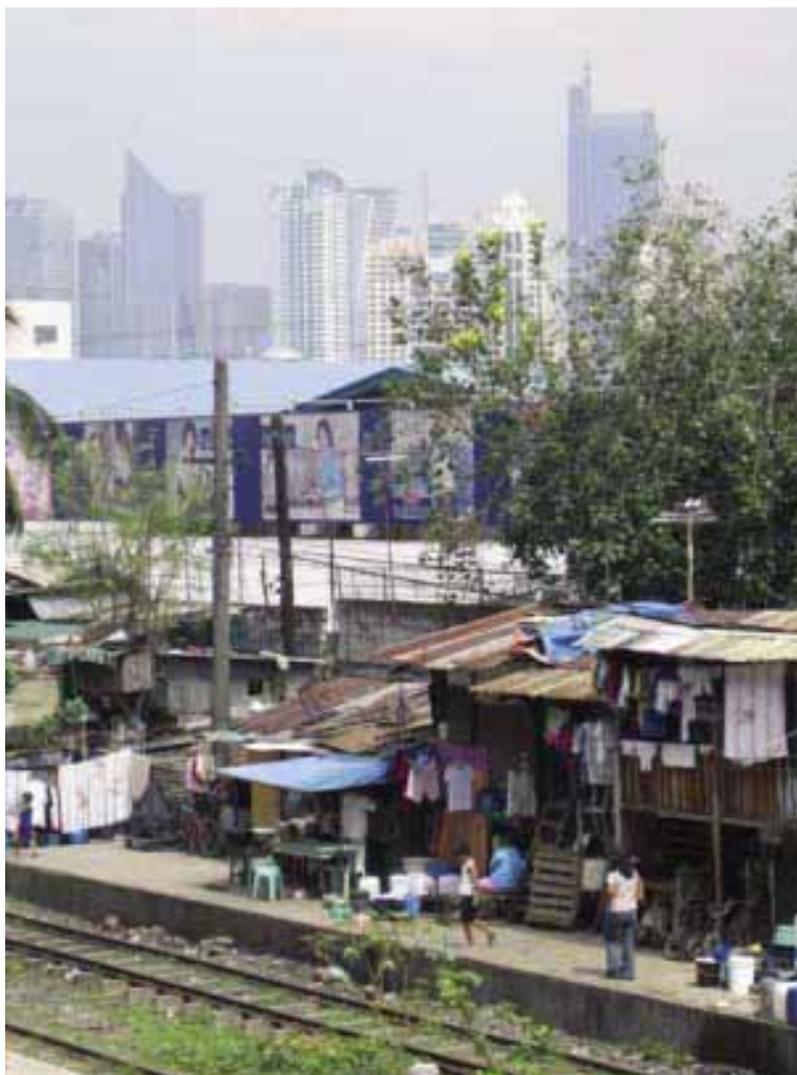
Florian Steinberg/ADB

Informal settlement near railroad tracks and Manila's commercial district, the Philippines

The World Bank
(www.worldbank.org)

Portfolio update. World Bank lending approvals for urban operations in fiscal year 2007 amounted to $1.7 billion. The number of explicitly urban operations supported has been stable over the last 3 years although within the Bank's overall programme there are an increasing number of "urban space" operations.

Notable among the twenty-three new urban operations approved in the past fiscal year are the following projects: *Lagos (Nigeria) Metropolitan Development and Governance*, which highlights transparency and accountability in delivering basic services to the urban poor in Africa's largest city; *Sichuan (China) Urban Development Project*, which tackles head-on the issue of land supply for urban expansion; *Sri Lanka Puttalam Housing*, which takes a comprehensive view of the needs of those displaced by internal conflict and provides public services as well as regularising land titles; and *Bolivia Urban Infrastructure*, which seeks to strengthen local government in the area of infrastructure investment targeted to low-income areas.

Urban strategy update. The Bank has begun updating its 2000 Urban Strategy seeking to integrate various urban activities into five thematic areas: cities and economic growth; land, housing and urban expansion; decentralisation, urban governance and financing of city services; healthy and safe cities, and; poverty in the city.

Highlights from the past year
4th Urban Research Symposium 2007 which focused on *urban land use and land markets* was sponsored by the World Bank and several partners including Sida, the Lincoln Land Institute, GTZ and the Cities Alliance. The symposium featured commissioned research on salient topics and highlighted empirical work from cities around the globe, with a notable contribution from Africa.

World Urban Forum 3. Vice President Katherine Sierra led a World Bank delegation to the *World Urban Forum 3* held in Vancouver, Canada in June 2006. In her keynote address, Ms. Sierra remarked that the task ahead to accommodate the next two billion urbanites requires attention to the strategic building blocks of good governance, a healthy business environment, well-coordinated cross-sectoral policies, functioning urban land and labour markets and effective mobilisation of domestic resources.

City indicators initiative. The first phase of developing a comprehensive set of city indicators to help cities monitor their performance and quality of life is complete. The indicators, intended to be used worldwide, are collected by participating cities, and on behalf of the cities by a City Indicators Facility.

The indicators build on UN-HABITAT's extensive experience. Pilot cities focus on the Americas and include: Belo Horizonte, Porto Alegre, and São Paulo, Brazil; Bogota and Cali, Colombia; Montreal, Toronto, and Vancouver, Canada; and King County, Washington, United States. The second phase of development of the indicators will be supported for three years through the World Bank's Development Grant Facility. A City Indicators Facility will initially be established at the University of Toronto. New cities will be added from all regions (www.cityindicators.org).

The Global Facility for Disaster Reduction and Recovery (GFDRR), a major partnership of donors, United Nations organisations, and the World Bank,

and designed to help meet the global demand for increased investment in disaster prevention and mitigation, was launched in September 2006. More than 14 donors have already pledged over $50 million to support national capacity development for disaster risk reduction in natural disaster hotspot countries.

Urbanisation and the Growth Commission. The recently established independent Growth Commission has selected urbanisation as one of the key themes for its deliberations leading to state-of-the-art reviews on: urban productivity, regional inequalities and rapid growth, policies for housing affordability, and financial innovations and housing.

New publications: The Bank released a monograph, *Thirty Years of World Bank Shelter Lending: What Have We Learned*, that describes the Bank's lending for housing and a book entitled *Financing Cities*, which presents cross-country experience.

Erika Puspa/Cities Alliance

Informal settlement in the centre of Jakarta, Indonesia