

# 1. Introduction

The Cities Alliance (CA) was established in response to the recognition that an unprecedented transition was about to take place, leading to a majority of the population of the developing countries coming to live in urban areas. Poverty itself was becoming a predominantly urban phenomenon. Over the next quarter century, the city-dwellers of the developing countries were projected to double, and, without counter action, the number of slum dwellers would increase from 837 million to 1.5 billion.

In the past half century, with accelerating urbanisation, countless governments and international agencies have made efforts to cope with the by-products of the immense increase in the economic output of developing countries, spreading slums and squatter settlements, with chaotic disorder and chronic deprivation inflicted upon the increasing numbers of the poor. Yet while there have been improvements – reflected in the rising levels of health and the average expectation of life – few of the measures to cope with slums have done more than touch the surface of the problem. Indeed, remedies have rarely been able to attain the scale to keep pace with the growth of slums, let alone cope with the cumulative backlog. Many of the agencies and governments that had formerly tried to tackle the problem became disillusioned with any prospect of success, became demoralised at the growing and apparently uncontrollable scale of the problem, and withdrew. Yet the costs of neglect were everywhere fearfully apparent in stunted lives and despair, in the spread of mega cities and countless miles of slum. Policy had failed, and the resources to follow the old formulae were pathetically small relative to the problem. If governments could do little, private business – while everywhere at the small scale level closely interwoven with the growth of slums – nowhere showed the capacity to deal with the problem in a fashion radical enough to have a significant effect. The only point where one could detect the beginnings of sustained improvement was in the hands of the slum dwellers themselves, in the hands of the poorest.

At the same time, there was a rising debate among international aid donors concerning the effectiveness of aid. Despite half a century of efforts and cumulatively vast expenditures, there was very little to show in terms of a sustained effect on the alleviation of poverty in developing countries. The slum upgrading programmes of the 1980s, initiated, promoted and sponsored by external agencies as pilot projects to inspire governments in developing countries to upscale their responses to a nationally significant programme failed in the face of the immense shortage of resources – government could deliver nothing like what was required. The lessons drawn by the donors were that the effect of aid must be maximised by combining forces, by focussing much more sharply on specific targets. During the Cold War, aid had been a political instrument in the global rivalries, to win friends or keep allies. In such a context, agencies were often forbidden to collaborate lest the national role in assistance be concealed. Now, many agencies began to move towards exploring collaboration rather than competition, partnership, the search for complementary or mutually reinforcing roles. Secondly, with all the collaboration of aid agencies in the world, aid efforts on their own could make little impact on the problem – after all, the combined annual total of aid was tiny compared to the millions trapped in slums. Aid could only work by helping those who were trying to help themselves, by mobilising the poor millions. Only then could one begin to conceive of strategies of such a scale that they could bring real hope.

However, for aid to locate itself at the point where it could be effective in helping to tackle poverty on a significant scale, it must go below the level where it normally operated, dealing exclusively with sovereign governments. Attention had to be focussed at the level of the city and of the poor and the slum dweller. At the level of the city, aid needs to operate with those who manage the city as part of a broad alliance of city dwellers, and all

who are committed to bringing the poor into the public arena as a means of seeking to alleviate and reduce poverty. For that to mean very much beyond the rhetoric of electioneering, the city managers need to have shown themselves committed to managing the city efficiently, to good governance. That often requires national reform, decentralisation of public powers and finance, to empower city managers to act.

This line of argument indicates the emerging agenda of reform and urban governance and the developing priorities of multilateral and bilateral aid donors. The time was ripe for a new international initiative with the capacity to establish entrenched mechanisms to assist and facilitate the attack on poverty at a local – city – level, to be able to sustain this effort over the several decades of the transition to a predominantly urban developing world, and to do so on an unprecedented scale, appropriate to the accumulated backlog of poverty and the massive expected increase. The process can only be effective at scale if in the hands of the cities themselves and of the urban poor.

Hence, the threads of these different arguments led to the creation of a 'cities alliance', established in the first instance by a partnership between the largest urban financing agency in developing countries, the World Bank, and the United Nations agency, Habitat (what was at that time the United Nations Centre for Human Settlements) with global responsibility for human settlements and housing and with an unrivalled experience in programmes of urban assistance. Other bilateral donors – including representatives of all the G-7 powers, plus Netherlands, Norway and Sweden – joined, along with other UN agencies and the representatives of the leading local government and city associations. The speed with which this process took place showed it met a genuine need – as the French representative said at one stage: if the CA had not existed, it would have been necessary to invent it.

On the basis of the contributions made by the donors, the CA began to finance innovatory projects in scaling-up slum upgrading and the development of city development strategies. At the Berlin inaugural meeting in December 1999, former-President of South Africa, Nelson Mandela, lent his immense authority to the new action plan for slum upgrading, Cities without Slums, and in the following year, the Secretary General of the United Nations included the targets of this plan in the development goals for the new millennium. The essence of the CA's approach to the two priority areas of focus was developing the capacity to share experience, to learn at all levels of the relationships between aid donors, local government and slum dwellers. It seemed that the new initiative for the first time for a long time allowed the return of some measure of optimism about being able to tackle on a significant scale the immense problems of urban poverty in developing countries.

The CA has now been in operation for three years, and in that time has allocated some \$30 million in 27 countries in financing projects in its two areas of focus. It is time to take the opportunity to stand back and consider what has been accomplished. That is the purpose of this report (for the terms of reference see Annex IV). However, as we shall see, the CA spent the first year building its organisation, promoting its objectives and raising funds. It spent the second in trying, as swiftly as possible, to spread its basic message and stimulate funding applications. Only in the third year, has it settled into a more normal form, with a full complement of expert staff in the Secretariat and now the much enhanced experience and skill to guide itself towards its objectives. It is thus premature to assess any kind of impact of the CA on urban poverty, the final test of its efficacy. This report is accordingly restricted to assessing how far the actions taken and the procedures followed are relevant to the achievement of the CA's objectives, and within this limited perspective, efficacious and efficient.