

CITIES ALLIANCE

SOME REFLECTIONS FROM THE PORTOLIO, 2000-2009

Summary

The revitalised Cities Alliance (CA) business approach has been greatly informed by lessons from the CA's first ten years. The following portfolio retrospective highlights a number of the key lessons that have been identified by the Secretariat. The review focuses on a group of eight countries that, combined, have received approximately 50% of CA funding assistance for country activities during the CA's first decade. In each of the countries, the CA funded five or more activities. What have the results been so far? What factors have contributed to the successes or lack thereof?

The CA portfolios in Brazil, the Philippines and South Africa have long been cited as CA success stories. These are, of course, Middle Income Countries (MICs) with significant capacities, which can make any funder look good. But there are many MICs, so why did the CA programme take such strong root in these countries?

All three were among the first CA grant recipients, and all three benefitted from:

- strong support by at least one CA member;
- continuity of that support throughout the decade;
- financial support of Non-Core (earmarked) funding from CA members;
- staff support dedicated to advance the portfolio; and
- strategic leadership by government counterparts and the lead CA member.

BRAZIL

Brazil emerged from the beginning as a champion of slum upgrading. The urbanisation transition in Brazil was over by the time the CA launched in 1999, a transition that was poorly managed and resulted in the formation of huge slums or favelas in Brazilian cities of all sizes. Protracted pressure by social movements for over ten years led to changes in the Brazilian Constitution, and path-breaking legislation designed to underwrite the Rights of the Poor to the City. President Lula's election in 2002 ignited a programme of pro-poor actions targeted at Brazil's slum communities that continue to this day. CA support was at the right place at the right time.

Building upon the support it had provided through AVSI to the city of Salvador de Bahia, Italian Cooperation designed a much larger project with the support of the World Bank, which was brought into the CA around the time of the CA's formation, helping the organization to establish an early foothold in Brazil. What began as an upgrading and rehabilitation project blossomed to take on a citywide and, eventually, a statewide significance. Early in 2001, Italy committed more than \$5m to the CA for an innovative slum upgrading programme in the state of Bahia, Brazil.

The budget included funds for a full-time senior urban specialist and a small support staff to be based in Brazil, to help supervise the Bahia programme and to further develop the CA portfolio. The consistency of Italian support, augmented by the presence of CA staff in Brazil, was also instrumental in ensuring that the Bahia project remained on-track through a very difficult transition between Governments, which has been a feature of the CA portfolio in Brazil. Through this support, and the presence, the Cities Alliance provided support to the Ministry of Cities (created in 2003), and its flagship national programme of Land Regularization, extending security to millions of the poorest Brazilians. In the same period, the World Bank also built a robust urban portfolio in Brazil.

The strong partnership between the Cities Alliance and the World Bank also established solid relations with the Municipality of São Paulo, a relationship that continues to flourish, and produce outstanding results, even today. Working in the most difficult slums, the Municipality introduced a range of innovative reforms, replacing legal action and forced evictions with negotiated solutions, introducing a citywide upgrading policy, and eventually producing – with Cities Alliance support – one of the most advanced and innovative information managements systems (www.habisp.inf.br). São Paulo's role has evolved within the Cities Alliance, and it has increasingly being called upon to share its knowledge and experiences internationally.

Another important highlight of the Cities Alliance's support to Brazil has been its relationship with the University of São Paulo, which culminated in the production of an extremely successful distance course on slum upgrading, also in partnership with the Ministry of Cities. Overall, the Cities Alliance and its members have made a very active contribution to the urban debate, and landscape, in Brazil, and the Ministry of Cities and Caixa Econômica Federal have proved to be extremely active and stable partners. Brazil's decision to join the Cities Alliance, in 2003, was a landmark event in the history of the organisation, and one which greatly strengthened the CA. Today, Brazil is increasingly exporting its know-how to other countries and cities in the CA network.

While Brazil became the early showcase for CA slum upgrading, Philippines and South Africa took early leadership in city development strategies. Local leaders in both countries were exposed to the CDS concept in the late 1990s, and quickly adapted the ideas and made CDS programmes of their own design.

THE PHILIPPINES

The World Bank, with Japanese funding, piloted CDSs in the Philippines and other Asian cities during 1998-1999, and brought the Philippines CDS programme into the CA when it was launched in late 1999. From an early stage it was clear that the CDS programme in the Philippines was going to be different, as cities shared limited CA resources amongst themselves, and were also extremely active about sharing their learning. Japan hosted regional CDS conferences in 1999 and 2000, and provided Non-Core funding to the CA to support the Philippines CDS programme.

A staff secondment from Japan to the World Bank's urban anchor was a key champion and driver for the initiative (with strong support from the World Bank Manila Office). However, there is little doubt that the real champion of the CDS programme has been the League of Cities of the Philippines (LCP), which received \$1m in CA funding during the decade.

The CDS Programme has already completed three phases, with a fourth and final phase still anticipated. The goal of the LCP is to ensure that every City in the Philippines (a very specific, legal definition) will have undertaken a City Development Strategy. Even in the earlier phases of the CDS Programme, such as Phase two around 2003, large cities such as Marikina in Greater Manila, or smaller cities like Iloilo, have used the CDS process to address issues of economic and social development, with very visible impacts over time. More than 60 LCP cities have now undertaken CDSs, and the programme continues to grow and evolve, with the next phase to include enhancing climate change adaption and city competitiveness.

The real feature of the national CDS programme in the Philippines, however, is the manner in which the League of Cities has championed the process, using it as a vehicle for shared learning between cities, supporting the introduction of a range of innovations, as well as using CDS as a basis for lobbying for greater recognition, or specific reforms, from the national government. In the context of the updated MTS work programme of the Cities Alliance, it is envisaged that the LCP and the Philippines will increasingly be exporting its CDS know-how to other countries and cities, and is scheduled to co-host (with the Cities Alliance) an international CDS workshop during 2010.

The Cities Alliance has also supported slum upgrading activities in the Philippines, in partnership with the Housing and Urban Development Coordinating Council (HUDCC), the Asian Development Bank, and UN-Habitat.

SOUTH AFRICA

The Johannesburg CDS was the first project implemented with CA funding¹ and, through a combination of the city's stature and national government support, helped catalyse strategic city planning throughout South Africa. The CDS concepts were quickly grasped and adapted by South African local authorities, which also helped create the Southern African Cities Network (SACN). Through SACN facilitation (with World Bank support), most South Africa metros completed CDSs during the first half of the decade. The CA provided financial assistance to the SACN to help establish the city network and for shared learning activities on priority themes that cut across the CDS cities (e.g., HIV/AIDs, transport). Over the course of the project, SACN decided to produce a report on the state of South African cities – generating and analyzing comparative data across the metros on numerous social, financial and other indicators.

The result was the South Africa State of the Cities Report 2004 (SoCR), one of the most influential outputs funded by the CA in its first 10 years. Focusing on the nine largest cities, the Report caught the attention of policymakers in the Department of Finance, and helped bring a new focus on the importance of South Africa's cities. A second SoCR was produced by SACN with CA funding in 2006, and a year later, SACN financed a State of Finances of South African Cities. The impacts of these pioneer

¹ The CA made a timely \$350,000 contribution towards a major restructuring of Johannesburg that was going on during the launch of the CA, called *iGoli 2010*.

reports are still reverberating, with SoCRs now being implemented or developed in more than 10 countries. As part of implementation of the CA's Medium Term Strategy, the CA is partnering with the African Centre for Cities (University of Cape Town) and the Association of African Planning Schools (AAPS) in select Sub-Saharan Africa countries, and the local government associations in those countries, to produce a new generation of SoCRs.

The CA's South Africa portfolio benefitted from strong World Bank support throughout these ten years, including continuity of the lead Bank task manager; and from Non-core funding provided by Norway and Sweden to support the SACN activities and to finance a full-time urban specialist (regional advisor) to backstop the CA portfolio. This regional support has been instrumental for managing a significant portfolio that has grown to include revisions of the national upgrading programme, and the elaboration of citywide slum upgrading strategies and plans for Tshwane and Ekurhuleni. South African cities are increasingly exporting their CDS and upgrading know-how to other countries and cities in the region, including a South-to-South partnership between Johannesburg and Addis Ababa and, more recently, between Johannesburg and Lilongwe.

MOZAMBIQUE

The outcomes from the CA portfolio in Mozambique provide an instructive contrast to those of Brazil, Philippines and South Africa. Although the CA has funded seven activities in Mozambique during 2000-2009, few significant outcomes are apparent to date. The country, of course, has capacity constraints common to Least Developed Countries (LDCs), but in addition the following elements are of note:

- there has been no consistent driving CA member (depending on the activity, UN-Habitat, the World Bank or USAID were CA project sponsors) and a general lack of continuity of support by members;
- projects have not been connected or strategically aligned;
- engagements have been at the city level but overwhelmingly without national government involvement (apart from 1 of the 7 CA projects);
- there has been no dedicated country/regional CA staff support or earmarked financial support.

The country programme approach being proposed for the CA would mitigate against these conditions by putting in place a programmatic and strategic framework, around which the individual projects would be linked and synergies and scale realised. The active CA portfolio in Mozambique certainly indicates interest in urban issues among a good range of local authorities and stakeholders, which is an important criteria for selection of country programmes. The commitment of the Governments of Brazil and Italy to provide technical and financial support to the Municipality of Maputo for an urban upgrading initiative also bode well for a prospective country programme.

INDIA

The CA's experience to date in India provides similar lessons on the value of a strategic and programmatic framework guiding a country portfolio, as well as the repercussions of the lack thereof.

While the Alliance benefitted from the presence of a Regional Advisor in New Delhi from 2000-2005 working to promote the CA's objectives, the portfolio, in hindsight, generally suffered from a combination of the following:

- Consistent support from at least one CA member was not forthcoming.
- The CA's India portfolio generally developed as and when proposals arose and funding was secured;
- Projects were not strategically aligned but amounted to a host of disconnected *ad hoc* CDS and slum upgrading activities; and, at the same time
- The Government of India introduced sweeping changes to development assistance, leaving only the largest donors operating in the country.

While as a whole the portfolio to date has not been as coherent as it may have been, it is not without some significant achievements. In partnership with the Water and Sanitation Program (WSP), a national project to scale up minimum sanitation, and introducing minimum sanitation objectives, was instrumental in catalysing a National Urban Sanitation Policy and is directly linked to major national government funding programmes, most notably the \$22 billion Jawaharlal Nehru National Urban Renewal Mission (JNNURM). As a result, cities are being encouraged to prepare slum sanitation upgrading plans as an integral part of their citywide water/sewer improvement plans in order to qualify for funding from the national programmes, now reported to be flowing for such projects in over 30 cities. It serves as a reminder not only of the significance of political will and leadership, but of targeted Cities Alliance support for significant national level initiatives.

In the state of Maharashtra, the Cities Alliance has played different, but instrumental, roles in two separate sets of activities. With the Community Led Infrastructure Facility (CLIFF) the Secretariat played an active role in the establishment and subsequent support to a well-resourced and innovative initiative designed to demonstrate and strengthen the capacity of slum dwellers to actively participate in urban development.

Working with the All India Institute of Local Self Government (AIILSG), and the World Bank, the Cities Alliance has provided resources to supplement the State Government's bold attempts to transform the Mumbai mega-city. One of the innovations of this programme, which has produced a constant stream of high-quality policy options, was the creation of the Mumbai Transformation Support Unit (MTSU), which has been used as the vehicle to commission, manage and disseminate a vast range of policy options, at the request of the State Government.

Building on the lessons of our experience and with the active support of the Alliance's current Regional Advisor and the strong long term commitment of the World Bank in particular, a promising pipeline of new activities is currently under development that bodes well for the CA's future engagement in India. Most significantly, the Cities Alliance has responded to signals from the Government of India to move away from the financing of projects in individual cities, and focus more on providing knowledge and technical support to key Ministries at national (and state) level.

In particular, the Ministry of Housing and Urban Poverty Alleviation's was the first to clearly express this demand for knowledge support, particularly on slum upgrading, affordable housing and urban poverty reduction, underscoring some of the central tenets of the Medium Term Strategy, namely the role for the CA in knowledge sharing, advocacy and urban policy formulation and debate. The CA is also providing knowledge support to PEARL, the horizontal learning network of the JNNURM cities set up by Ministry of Urban Development and focused on city governance and implementing urban reforms and infrastructure projects.

Responding to both the Ministry of Urban Development, and the Ministry of Housing and Urban Poverty Alleviation, the Cities Alliance secretariat has been working closely with the World Bank and World Bank Institute, as well as WSP and DfID, to forge partnerships with a range of Indian institutions at the national and state levels. The result is likely to be a multi-year country programme of very real significance for the Cities Alliance, and for its partners.

VIETNAM

The Alliance's support for Vietnam's urban practice dates from 2000 and above all demonstrates the significance of a sustained partnership. Over the course of the Alliance's engagement with Vietnam, the country's focus on urban poverty has sharpened noticeably. One of the earliest initiatives of the Cities Alliance was to support a series of urban upgrading policy studies undertaken by the World Bank. This work was instrumental in leading to significant progress in the evolution of urban development policy, particularly in respect of urban upgrading, including the provision of shelter and access to basic services for the poor, and a national urban upgrading programme is now being developed.

At the same time, a growing number of Vietnamese cities have been turning to CDSs as a strategic tool to identify ways to meet the challenges of urbanisation and decentralisation. The City of Hanoi also played host to a very successful Cities Alliance conference on CDS, which was hosted towards the end of 2004, and which was instrumental in exposing other countries in Asia, and beyond, to the concept of CDS.

Urban upgrading is now accepted as an appropriate approach for addressing infrastructure and service deficiencies in the densely populated, low-income areas of Vietnam's cities. As significantly and as a result of the sustained support received from its donor community, Vietnam has been moving from pilot upgrading projects to broader upgrading programmes.

There is real promise for continued scaling up and institutionalisation of urban upgrading in Vietnam. A national upgrading strategy, as well as a National Upgrading Investment Plan to 2020, has been developed which the Government is looking to operationalise and which, among other things, aims to promote participatory planning methods for upgrading to be more responsive to citizens' needs. Cities Alliance members, including the World Bank, GTZ, UN-Habitat, Japan, the ADB, UCLG (via the Association of Cities of Vietnam), and SDI and its affiliates, amongst others, would seem to be

particularly well placed to respond through the framework of the Land Services and Citizenship Programme.

EGYPT

The Cities Alliance's portfolio in Egypt has benefitted over the years from the support of multiple CA members, including UN-Habitat, the World Bank, GTZ, USAID and UNEP. Significantly, this has been matched by committed government (and community) partners, including local Governorates and the national General Organization of Physical Planning (GOPP) whose real interest in replication has remained evident from the first slum upgrading project supported in Ismailia in 2001 to the CDS project completed in Alexandria in 2007. The GOPP is currently in the process of rolling out CDSs to cities nationwide, consistent with the urban planning legislation passed by the Government in 2008 that makes participatory, strategic planning mandatory for all cities. While the Alexandria CDS did not catalyse these reforms, it can be credited with having contributed to the debate.

The above success factors notwithstanding, CA member support in Egypt has not always been consistent or assured. The sound portfolio that the CA has maintained in Egypt over the past decade has also resulted from significant Secretariat staff time devoted to its management. The Government of Egypt appears committed to developing a national urban upgrading strategy and Cairo has also continued to approach the Cities Alliance for support for its efforts to upgrade and improve the management of the Greater Cairo region.

While not without some difficulties, the range of support that the Alliance and its members have been able to offer Cairo over a number of years is demonstrative of the type of assistance within a cumulative, coherent work programme. A sample of the support provided to date includes:

- Preparatory assistance for a Greater Cairo metropolitan development strategy and citywide upgrading;
- Inclusion of Cairo amongst 5 other major cities of the South (Lagos, Manila, Mumbai, Ekurhuleni and São Paulo) in a five-day international policy dialogue hosted by the City of São Paulo for key city officials to exchange experiences on the challenges of slum upgrading;
- An international symposium co-hosted by GTZ and the Government of Egypt focused on the informal areas of Cairo;
- Creation of a comprehensive reliable database for improved urban management (under discussion).

CHINA

During the CA's early years in China a Cities Alliance member, the World Bank, provided dedicated support, working in particular with the Ministry of Construction, to develop a meaningful series of CDS projects in city-regions. Both the Ministry of Finance and the National Development and Reform Commission closely followed the CDS activities so as to broaden the understanding of the role of city-regions in development and to help identify corresponding institutional reform and strategic policy

issues. The sizeable World Bank investments to which the Alliance-supported CDSs were linked have also been credited with contributing to China's urban policy reforms.

While only in more recent years, through the strong support of GTZ partnering on a successful urban upgrading project in Yangzhou did the CA's China portfolio become of note once again, the intervening years having witnessed only a few *ad hoc* projects. On reflection, the portfolio suffered from the lack of a long-term, coherent work programme: a notable absence given both the size of the country and the Alliance's relatively small amount of funds.

The lessons from the Alliance's experience in China have certainly informed the CA's emerging business approach. The portfolio relates the all-too familiar, but important story of the significance of dedicated staff support, a strategic alignment of activities and a programmatic framework of engagement for achieving systemic change at scale.

Conclusion

If one were to extend the reflection of the CA's past portfolio to countries where the Alliance has supported between three and five projects, a number of similar conclusions can be drawn. A series of Alliance-supported projects in a city or country, however well conceived, do not, in and of themselves, assist the national partners in achieving systemic change, or impacts at scale. More likely than not, they will simply amount to a handful of discrete slum upgrading and/or CDS projects. Where substantively involving national or state policymakers, or where conceived as part of a longer-term strategic country programme, designed to leverage additional resources, there is significant potential for impact and scale to emerge from the Alliance's relatively small, targeted investments.

Overall, an assessment of the combined efforts of a relatively few Cities Alliance members points to very significant achievements in a small number of countries, and a range of projects with mixed results in others. In countries such as Egypt, or Mozambique, it becomes very clear how a coherent national framework, and the concerted and coherent support of all Cities Alliance members, could have had a far more significant impact.