



2010 ANNUAL REPORT

An Alliance in Transition

CITIES  
WITHOUT  
SLUMS

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# Foreword



It is my pleasure to present the Cities Alliance 2010 Annual Report. This has been an important and transitional year for the Cities Alliance, with a number of significant developments. After a period of intensive and constructive discussion amongst our members, the contours of our future direction are becoming ever more clear. Let me single out the following highlights from 2010:

- ∴ The launch of our first country programme in Uganda, in partnership with national and local government. A range of members, from the World Bank to Slum Dwellers International (SDI), and local partners—from NGOs to the University of Makerere—are now engaged in a multi-year programme that, if successful, could have a profound impact on urban development in Uganda;
- ∴ The adoption of a new business model that saw the closure of the old grant facility, the approval of a country programme approach, the design of the new Catalytic Fund, as well as the reorganisation of the Secretariat;
- ∴ Strengthening of the Cities Alliance as a partnership, with our members taking the lead and the secretariat playing a more facilitative role;
- ∴ Improved integration and alignment with the World Bank, our co-founder and host.

These changes are due to be reflected in the adoption of a revised Charter at our Consultative Group meeting in Mexico City towards the end of the year. I am extremely confident that, in taking these bold decisions, our members will have provided an excellent and stable platform for the Cities Alliance over the next few years.

For my part, I am very grateful for the lively participation, and passion, shown by our members, as well as the support and guidance that the Secretariat has received from the Cities Alliance Executive Committee (EXCO). I would also like to acknowledge the wonderful support and advice that I have received from Elisabeth Gateau, secretary general of United Cities and Local Government (UCLG) and the chair of the Cities Alliance' Executive Committee, and the encouragement and guidance that I have received from Zoubida Allaoua, Director, Finance, Economics and Urban (FEU) at the World Bank.

Most importantly, I would like to thank all members of the Secretariat, for their excellent and consistent dedication, their constant support and—not least—for their good humour. We have needed it.

**William Cobbett**  
*Manager*

SECTION 1

# Cities Alliance in Action





*New high-rise blocks alongside slum dwellings by the river in Mumbai, India.*

## An Alliance in Transition

**D**uring the period under review (the fiscal year ending 30 June 2010), Cities Alliance underwent some of the most fundamental operational and organisational changes of its 10-year history. The process of transition was catalysed at the Barcelona meetings of the Consultative Group (the board of directors of Cities Alliance) in January 2009, when the Alliance's medium-term strategy (2008–10), designed to consolidate and build upon the mandate and success of Cities Alliance after its first eight years of operation, was formally approved. The implementation of that strategy, as well as related issues and consequences which were thrown into high relief as a result, motivated a process of reevaluation and a shift towards change. The change process was given an added impetus by the celebrations of the Alliance's tenth anniversary (held in Mumbai in January 2010), which provided excellent opportunities to assess the Alliance's achievements, plans, and potential.

The overarching goal of the medium-term strategy is to increase the contribution of Cities Alliance to systemic change in urban environments by:

- ⌘ Increasing ownership and promoting leadership of cities; for example, through greater devolution of powers to cities from national governments;
- ⌘ Raising the profile of cities, and of slums, in the minds of the stakeholders and audiences of Cities Alliance;
- ⌘ Increasing the depth and breadth of involvement of the members of Cities Alliance; and,
- ⌘ Continually improving the management of the Cities Alliance work programme.

However, making the most of the greater attention being paid to cities and slums will require better leveraging of the Alliance's unique membership—from the World Bank to slum dwellers—and improvements in the efficiency and management of Cities Alliance.

The change process at work since 2009 has also been fuelled by dynamics in the global debate over urban development, in which healthy, thriving cities have gained the status of a global public good.



Slum on the outskirts of Lima, Peru

Recent reports from private organisations (McKinsey, Arup), United Nations agencies (UNFPA, UN-Habitat), and the World Bank (*World Development Report 2009*) have highlighted the nature and challenges of urbanisation, in each case making a compelling case for the importance of cities and systems of cities in the global economy.

The consensus which has emerged from the recent debates is that while cities have problems associated with a broad range of deficits—including poor planning in the face of rapid urban growth and a nonexistent or hostile policy environment—the cities themselves are not the problem. Rather the key message from the emerging advocacy on cities is that cities must simultaneously respond to their current challenges and, more critically, plan better for future growth.

The coalescing of that consensus was helped along by evidence that some of the most perceptible policy

shifts in urban development were occurring in Sub-Saharan Africa, hitherto the locus of many ill-advised and counterproductive policies at both the local and national levels. In both the more-urbanised countries of West Africa (such as Senegal, Benin, and Ghana), as well as those noted for low levels of urbanisation (such as Uganda, Malawi, and Tanzania), new policies and initiatives to respond to the growing urban reality have begun to emerge. Elsewhere in the world, India has embarked on a bolder approach, introducing comprehensive programmes to reform cities and upgrade slums on an unprecedented scale.

Other contextual motivations for the Alliance's movement towards change include (i) shifts in the architecture of development assistance, with greater emphasis on results and accountability, and the emergence of new models of cooperation which reject top-down, high-cost, patronising models of development assistance; (ii) the global financial and economic crisis, which touched all urban communities and investment financing systems around the world, creating a need for improved systems of financing; and (iii) the emerging risks posed by the effects of climate change.

The tide towards change was bolstered by modifications to the World Bank trust funds which govern Cities Alliance procedures. Changes in grant-making procedures—as well as in the Development Grant Facility, the source of the World Bank's contributions to the Alliance's core funds—meant that Cities Alliance had to align itself more closely with Bank operations and ensure the strategic relevance of all Cities Alliance members (the World Bank included)—all in the interest of improving the coherence of Alliance operations.

Taken together, these factors prompted an introspective deliberative process within the Alliance, one with the potential to produce far-reaching consequences for the future of the Alliance and its operations. It was and still is a process, not an abrupt shift. With it the Alliance began to move towards a more programmatic and results-oriented approach to the implementation of its medium-term strategy. Cities Alliance activities were, however, still be-

ing processed under its original open-access grant facility, which made up approximately 80 percent of grant funding support. That facility formally closed on 31 March 2010 to make way for a new grant facility better aligned with the new goals of catalysing change towards inclusive cities.

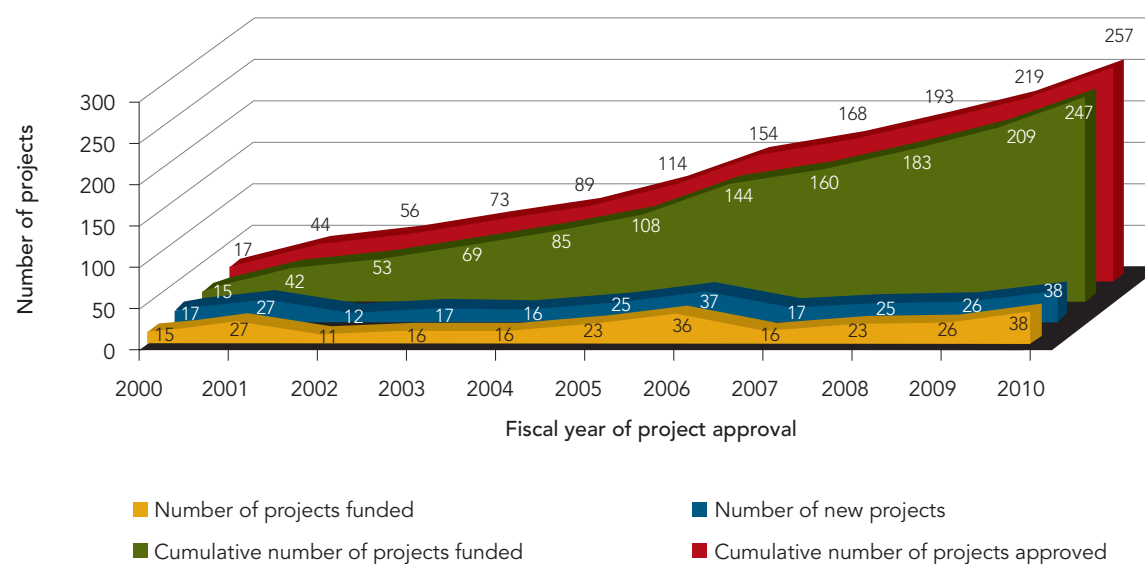
As of June 2010 the Alliance had processed 235 projects under the old facility, with grant approvals of more than US\$70 million for country-specific projects and more than US\$42 million for regional and global projects. For the year under review the Alliance approved US\$16 million, the highest amount since 2006, including \$10.7 million of allocations from the Alliance's core funds. A total of 38 projects were approved during 2010 (figure 1), with increasing numbers of these approvals reflecting the Alliance's shift towards longer-term, programmatic commitments that raise the profile of cities and slums and aim to effect systemic change.

Two activities funded from the old grant facility illustrate the Alliance's emerging new business model: (i) the Dar es Salaam Investment Resource Mobilisation for Metropolitan Development project, and (ii) support for the publication of the City Statute of Brazil, a collaboration with Brazil's Ministry of Cities. A brief review of these two activities will clarify the reasoning behind the evolving business model.

### Putting Cities in the Driver's Seat of Urban Mitigation Efforts: the Dar es Salaam Investment Resource Mobilisation for Metropolitan Development

This project is designed to support the city of Dar es Salaam in its efforts to address its massive infrastructure deficits. Dar es Salaam is Tanzania's largest and most important industrial and commercial centre, with an estimated population of about 4

**FIGURE 1**  
Summary of Cities Alliance Portfolio Growth from 2000 to 2010



Note:

A. Figures reflect both country-specific projects and regional/global projects.

B. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities

C. Projects cancelled during project preparation and project implementation were included in the calculation of figure 1.

million. The city generates approximately 40 percent of Tanzania's GDP and more than 80 percent of the national government's domestic revenues. As a port city, it is critical not only to Tanzania but also to the region of Eastern Africa as a whole, particularly to the landlocked countries surrounding Tanzania, such as Uganda, Rwanda, Burundi, and Zambia.

Dar es Salaam has a population growth rate of 4.3 percent per year, but lacks the capacity to effectively cope with its rapid urbanisation. Most of the city's built up areas where more than 70 percent of the residents live remain unplanned. Land tenure is insecure, while massive infrastructure deficits in housing, transport, and water and sanitation services prevent the citizenry from accessing basic infrastructure and social services.

Guided by an enabling national regulatory framework which encouraged the greater devolution of power and resources to local governments, the city proposed a priority Dar es Salaam Infrastructure Development Programme to the World Bank, which sought initial funding support for project appraisal from the Cities

Alliance. Estimated to cost approximately US\$375 million, the massive programme the city proposed is intended to engage the government of Tanzania and other development partners to address the city's urban challenges. Projected activities include the upgrading of the road network to link communities and improve intra-city mobility; the upgrading of storm and road drains and drainage systems to decrease wide spread flooding and reduce related public health risks; the institution of a city-wide solid waste management system, including collection, transport, and disposal systems; and the strengthening of urban management to improve revenue collection and financial management.

To launch the programme and create the awareness necessary for attracting the requisite funding support, the city partnered with Municipal Councils of Ilala, Kinondoni, and Temeke to organise a forum on 3 May 2010. The objective was to sensitise representatives of the national government and the development partner community to the needs and priorities of Dar es Salaam, and more importantly to seek their views and support for the city's development efforts.



*Aerial view of Dar es Salaam with the port in the background*



The forum was well-attended and generated tremendous interest in Dar es Salaam's infrastructure development from the national government, international development agencies, and the private sector. For example, a South African waste management company was prompted to explore the potential public private partnerships in solid waste disposal systems. The city's decision to catalyse dialogue among its partners about how to address its urbanisation challenges has better positioned it to attract investment financing from donors and investors.

### Catalysing Change in Land Tenure through Urban Regulatory Reform in Brazil

In partnership with the Ministry of Cities, the Cities Alliance supported the publication and dissemination of Brazil's City Statute (Federal Law Number 10.257), which was approved in 2001. Arguably one of the most far reaching urban policy reform measures introduced in recent years, the City Statute was the result of over ten years of intensive negotiation among diverse social and political forces, including citizens' movements, professional bodies, academic institutions, trade unions, researchers, NGOs, parliamentary representatives, and progressive town mayors.

The City Statute regulated and expanded constitutional measures on urban policy and explicitly acknowledged the right of all citizens to the sustainable city in Brazil. It also reinforced the fundamental role of the municipalities as formulators of urban planning policies, as had been originally promulgated in 1988 in the country's constitution, and brought the municipalities into the mainstream of development and urban management processes.

The Statute consolidates into a single text an unwieldy number of themes relevant to democratic governance, including the right to the city, to territorial organisation, to urban planning, and to democratic management. In addition, it includes the obligation of public authorities to undertake urban policies that guarantee property and the social functions of the city and benefit the citizenry. The same negotiation process that gave rise to the City Statute also led



*Competing for land – slums and high-rises in São Paulo, Brazil*

to the creation of the Ministry of Cities—the first country-level ministry in the world dedicated solely to urban issues—and the National Cities Council in 2003, which together provide the sociopolitical basis for the legal reform outlined in the City Statute.

The principles of the City Statute have understandably generated disputes among jurists, urban development specialists, property developers, and organised social movements about how best to interpret and implement them. For example, there was strong resistance in the Brazilian Congress and elsewhere from the landed gentry to the right to urban property ownership in accordance with the constitutional principle governing the social functions of property and the city. Despite the limitations of the City Statute and the tensions it has created, it remains one of the most significant urban regulatory reforms in recent times and has undoubtedly contributed to progress.

Cities Alliance's support for the City Statute was provided in the context of a partnership with Brazil that dates back to 2001 and has been gaining strength ever since. The partnership facilitates close engagement with city, state, and national policy makers on social housing and slum upgrading and on the design and implementation of urban planning and knowledge tools. It has become a fundamental component of national slum upgrading and pro-poor housing policies all over the country and has created opportunities for international knowledge sharing. The Alliance continues to maintain a regional office based in São Paulo.



*San Javier Park Library, Medellín, Colombia, reflecting upgrading in Comuna 13 of Medellín*

## Defining Cities Alliance' Operational Approach to Change

The broad features of Cities Alliance's evolving business model include the following:

- ⌘ Support for longer term programmatic engagements with communities and national and local governments;
- ⌘ Support for activities that are structured within and enhance a favourable national urban policy environment;
- ⌘ Support for activities that are prepared with wide-ranging stakeholder consultations; and,
- ⌘ Support for activities which have the potential for catalytic effects and far-reaching impact and scale.

With these elements in mind, the Secretariat began to clarify the business model for members and clients alike. Identifying the city as the entry point for any intervention, the Alliance affirmed a new commitment to funding for and support for what it called, "transformative processes towards inclusive cities." These processes need to be comprehensive and holistic, providing space, voice, and opportu-

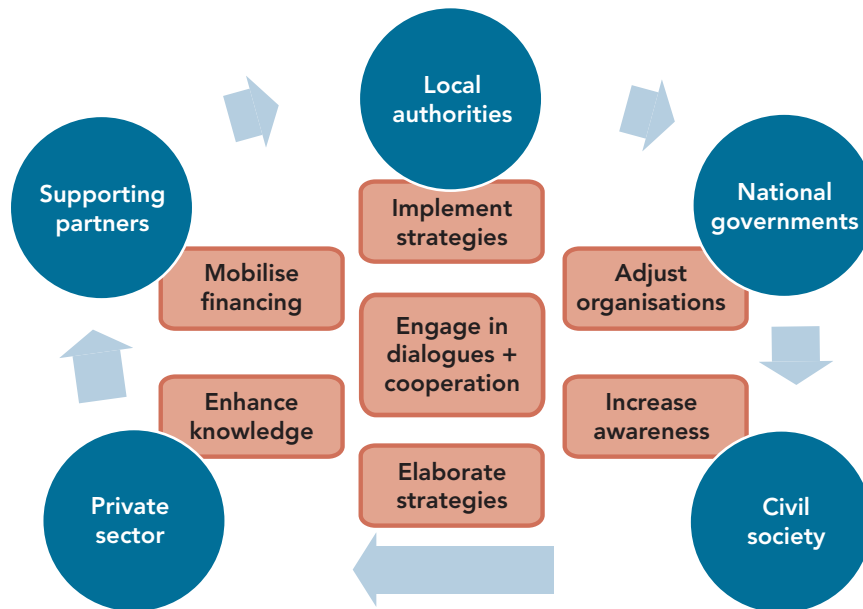
nity for the urban poor. Taking stock of its 10 years of support of slum upgrading and city development, the Alliance defines an inclusive city as one that:

- ⌘ Has an empowered citizenry engaged in urban development;
- ⌘ Provides security of tenure and access to shelter;
- ⌘ Is adapted to the environment;
- ⌘ Has effective and responsive city management;
- ⌘ Provides access to affordable services; and,
- ⌘ Provides access to economic opportunities.

Drawing from the considerable experience of its 10 year project portfolio, the Alliance avers that transformative processes require the commitment, ownership, and leadership of local stakeholders. Successful transformative processes are driven by the city and involve national governments, local governments, civil society, and the private sector, as well as supporting partners such as development agencies and financing institutions. Collectively referred to as the drivers of urban transformation, these stakeholders cooperate on a broad range of actions (figure 2). They mobilise financing, enhance

**FIGURE 2**

Drivers of urban development and the outcomes of their interaction.



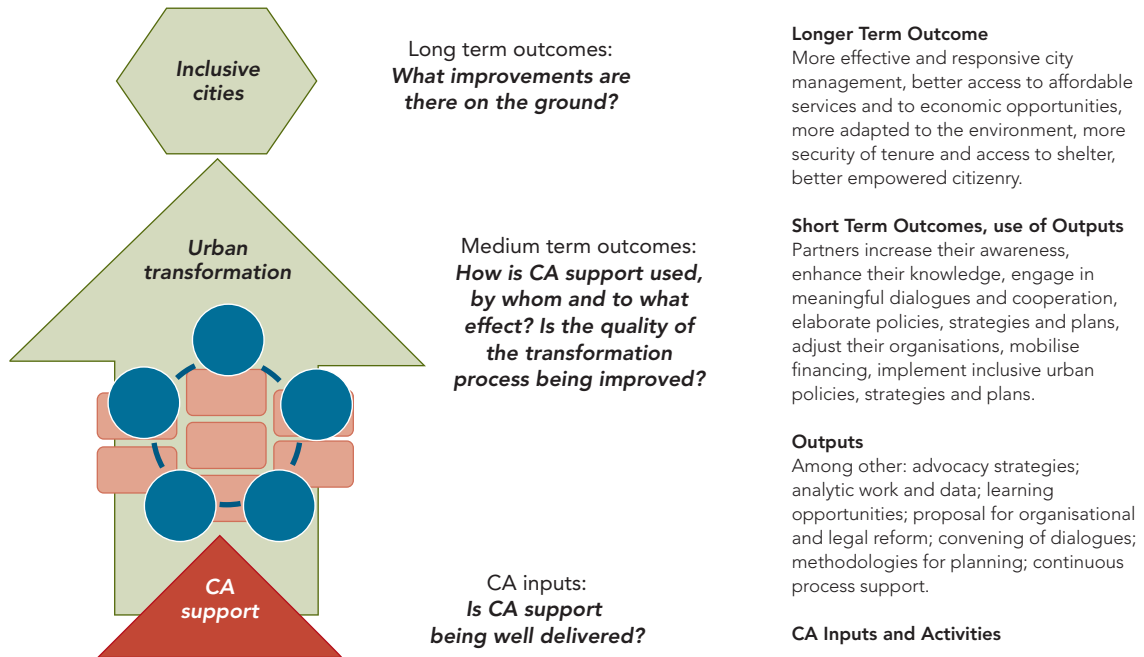
knowledge, elaborate and implement strategies, and so on.

Successful urban transformation processes give the drivers a better appreciation of the situation of the urban poor and their contribution to urban development. Local governments and their partners also gain deeper knowledge about what inclusive urban development means and initiate meaningful dialogues and exchange ideas with all stakeholders on the urban issues, challenges, and opportunities fac-

ing them. In doing so, they catalyse and consolidate broad and inclusive partnerships. Keeping in mind the lessons learned, local and national governments can team up with communities and development partners like Cities Alliance to implement policies, strategies, and plans and mobilise financing and other resources needed to create more inclusive cities. Cities Alliance support acts to catalyse these transformative processes leading to inclusive cities (figure 3).

**FIGURE 3**

Stylized urban transformation processes catalysed by Cities Alliance support



Slum scene in Old Fadame, Accra, Ghana.



*Upgrading housing in a slum in São Paulo, Brazil*

## The Four Pillars of the Cities Alliance Work Programme

**T**o more strategically frame this process of change the Alliance is adapting the erstwhile slum upgrading and city development strategy instruments of the partnership into four work programme pillars: the Catalytic Fund, Country programmes, Knowledge and Learning, and Communications and Advocacy. The old grant facility is being transformed into a new Catalytic Fund (CatFund) while the lessons from its first 10 years of operations are being encapsulated into a more strategic and programmatic approach called country programmes. This is aimed at improving support for urban development issues in lower-income economies. The Alliance is also adopting a knowledge programme driven by joint activities with members, in addition to a more focused communications and advocacy programme motivated by these same partnerships. The proposals for the four work programme pillars were endorsed at the Mumbai Consultative Group meetings and were still being finalised as of the end of fiscal year 2010.

### I. The Catalytic Fund

Unlike the old open access grant facility, CatFund grants will be awarded within the context of a competitive call for project concept notes to be sent out twice a year. The concept notes will be evaluated, and then selected proponents will be invited to develop them into proposals. These will be subject to further competitive evaluation, and proposals that meet the programmatic focus of the Cities Alliance portfolio and enhance its catalytic impact will be selected. An external evaluation panel will assist the Secretariat in the selection process and ensure objectivity and transparency.

Projected to be formally launched in the first quarter of 2011, the Cat Fund will provide support to cities attempting transformative change. Selection criteria for proposals will include the nine core criteria for eligibility for funding from the Cities Alliance charter (see box 1). In addition, proposals will be ranked and selected on the basis of an assessment

**BOX 1**

## Nine criteria for evaluating Cities Alliance proposals

1. **Targeting the objective:** The activity must aim to promote pro-poor policies, reduce urban poverty (including promoting the role of women in city development) and/or support scaling up of slum upgrading and/or city development strategies.
2. **Government Commitment and Approval:** The activity must have government/local authority commitment and approval.
3. **Linkage to Investment Follow-up:** Where appropriate, development banks and private and public sector investment partners should be clearly identified and involved from the beginning in the design of the activity to increase the odds of investment follow-up for implementation.
4. **Partnerships:** Proposals must be based upon participatory and democratic processes involving local stakeholders, including both the private sector and community organisations. They must include appropriate strategies and actions to ensure participation of and ownership by resident communities. Proposals should demonstrate the nature and extent of participation by all relevant stakeholders.
5. **Co-financing:** All proposals should include co-financing, combining seed funding from the Cities Alliance with at least 20 percent financing of the total project budget from the cities themselves and other sources. Co-financing can be in the form of in-kind contributions.
6. **Coherence of Effort:** Activities should be designed to maximise collaboration between Cities Alliance partners.
7. **Scaling-up:** The proposal should focus on designing activities with city-wide or nationwide scale rather than on pilot projects.
8. **Institutionalisation and replication:** Activities should contribute to the creation of mechanisms that help cities and their national associations institutionalise support for city development strategies and citywide and nationwide upgrading programs so as to facilitate replication in other cities.
9. **Positive Impact on Environment:** Activities supported by the Cities Alliance are expected to achieve significant environmental outcomes.

of the catalytic effect of the proposed activity. Proposals most likely to qualify will be those that aim to catalyse change towards more inclusive cities.

Successful proposals will endorse systems of partnerships that harness the synergy of multiple drivers of transformation towards a common goal as the required foundation for the transformative process in a city. Projects to be funded by the Catalytic Fund will also advance the collective know-how of all city drivers by sharing knowledge and learning experiences with a broader audience. Priority will be given to project proposals with a high potential for generating case studies and practical experiences with well-defined problems that address local needs as well as the knowledge interests of the Alliance. Primary instruments for knowledge generation and sharing include city-to-city exchanges; advisory services provided by Alliance members; and the presentation of case

studies by the applicant to a peer audience at forums such as the World Urban Forums, the UCLG congresses, and Africities.

## II. Country Programmes

A country programme supports the process of transformation towards inclusive cities through the institutionalisation of dialogue and operational partnerships between the drivers of urban development in selected countries. Country programmes are longer term, demand-oriented interventions uniquely tailored to each country's urbanisation context and needs. Country programmes aim to maximise the coherence of partnerships and to engender and consolidate national urban agendas focused on inclusive, pro-poor cities. Leveraging the power of the Cities Alliance as an alliance that brings together the key drivers of change, country

programmes facilitate engagements with stakeholders at all levels of the urban development spectrum, —national, local, community, and private—to:

- ∴ Improve national urban policies to reflect the input of local authorities and of communities;
- ∴ Develop urban strategies and policies that reflect and respond to the needs of the urban poor;
- ∴ Develop credible urban development plans aligned with investment financing. A series of facilitated exchange between all stakeholders is critical to ensure that programme design meets these objectives.

During the year under review, the Land, Services, and Citizenship for the Urban Poor (LSC) programme came to best exemplify the workings of a country programme. Funded by the Bill and Melinda Gates Foundation, the LSC programme is a longer term intervention mechanism that aims to build citizenship and good governance at the local level, improve access to land and urban services, and

enable a better policy environment for efficient and effective urban management. The LSC programme mobilises significant funds beyond those available through Cities Alliance core funds to support a carefully selected group of countries to manage the urbanisation process and plan for inclusive cities. Preliminary focus of the LSC is on lower-income countries, particularly those in Sub-Saharan Africa. Country selection is guided by three key criteria: (i) demonstrated demand from the national government; (ii) political commitment to addressing the needs of the urban poor; and (iii) the nature and extent of the Cities Alliance member engagement in the country.

The LSC is currently being rolled out in three countries of focus—Uganda, Ghana, and Vietnam. Implementation is far more advanced in Uganda than in Ghana or Vietnam. In Uganda, the LSC is called “Transforming Settlements of the Urban Poor in Uganda” (TSUPU) (see box 2). The programme targets secondary towns and focuses on communities and national and municipal governments. Local

## BOX 2

### Transforming Settlements of the Urban Poor in Uganda (TSUPU)

In Uganda, the LSC programme is called “Transforming Settlements of the Urban Poor in Uganda” (TSUPU). TSUPU has the overarching objective to create inclusive cities without slums in Uganda and is focused on secondary cities based on the consensus that these represent the best opportunities for managing rapid urbanisation and ensuring a better urban future for their citizens. The Ministry of Lands, Housing and Urban Development (MOLHUD) and other stakeholders selected five secondary cities for the roll out of TSUPU: Jinja, Mbarara, Mbale, Kabale, and Arua.

So far TSUPU has had the following outcomes:

- ∴ The incorporation of urban development into the Uganda Country Assistance Strategy and the recognition that urban development is a vehicle for the structural transformation of the Ugandan economy.

- ∴ The agreement by the World Bank’s Energy Sector Management Assistance Program (ESMAP) to work with TSUPU to extend energy access to secondary cities using its resources for Sub-Saharan Africa.
- ∴ The formal partnership between the International City Managers’ Association (ICMA) and the Urban Authorities Association of Uganda to assist the government of Uganda to successfully implement the TSUPU.

Arguably the most visible outcome of TSUPU so far has been the launch by the government of the Uganda National Urban Forum (UNUF) on 6 May 2010. UNUF aims to promote sustainable development in Uganda by enhancing cooperation and networking, advocacy and lobby, research and training, and access to support priority programmes.



*Celebrating the launch of UNUF in Kampala.*

leadership and ownership of the programme, in this case by the Ministry of Land, Housing and Urban Development is fundamental to the programme design.

The Uganda LSC initiative is designed to facilitate national and municipal-level forums that will provide for the establishment of shared understanding and partnerships based on reciprocal rights and responsibilities, which are essential to citizenship and good governance. A number of municipal-level forums—including those in Mbarara and Mbala—have since taken off.

In Ghana, the actions taken by the Accra Metropolitan Assembly to evict slum dwellers during early meetings on programme design sparked a national debate around forced evictions. Cities Alliance's approach was to encourage the debate to unfold and to strategically point to the types of interventions that match the circumstances, while also giving time for a meaningful commitment to the urban poor to take shape. Preliminary programme design has been endorsed by the Ministry of Local Government and Rural Development.

In Vietnam, programme design focuses on supporting efforts to scale up community-based slum upgrading. Cities Alliance's approach is to bridge the gaps between the ongoing work of the national government, the Association of Cities of Vietnam Network, the Asian Coalition for Housing Rights, and Cities Alliance members. The government of Vietnam is seeking to operationalise its National Urban Upgrading Strategy, which aims to promote participatory planning methods for upgrading that are more responsive to citizens' needs. Moreover, an existing community upgrading process involving the Association of Cities of Vietnam and a system of Community Development Funds, developed with support from the Asian Coalition of Housing Rights, is underway, with potential for replication.

The Cities Alliance has already committed its own resources to support a Vietnam Urbanisation Review, a new tool developed by the World Bank as part of its urban and local government strategy. The review will help policy makers to better understand and manage the urbanisation process and prioritise investments for the urban poor. The



programme also anticipates support from multi-lateral development banks, including the World Bank's International Development Association (IDA) and the Asian Development Bank's (ADB) City Development Initiative for Asia (CDIA). Based on the consultation processes with the various stakeholders thus far, the Cities Alliance expects its members to coalesce around the objectives of the LSC programme and to improve the lives of the urban poor.

### III. Knowledge and Learning

Cities Alliance has always supported activities that generate knowledge and learning. This third pillar of the Cities Alliance work programme is now to focus knowledge and learning specifically on experiences and case studies of transformative processes towards inclusive cities. These would be analysed, packaged, and disseminated to urban development practitioners to facilitate better informed policy dialogues at the local, national, and international levels.

Additionally, knowledge and learning activities will showcase other multidimensional action areas essential to the building of more inclusive cities, such as gender and youth.

The primary instruments for leveraging the Alliance's knowledge are the joint work programmes (JWPs) between Cities Alliance members and partners. JWPs leverage members' comparative advantages to generate coordinated approaches and to deepen knowledge on cross-sectoral topics such as climate change, the environment, and integrated urban environmental planning. The JWPs also nurture stronger and more effective partnerships between Alliance members and city stakeholders in addressing environmental challenges that affect the economic and social lives of citizens, particularly the most vulnerable.

During the year under review, the Alliance approved a number of significant JWPs, most of which focused on the environment and the impacts of climate change. These followed on the heels of ongoing



General view of the mud-filled in Toi Market within the sprawling Kibera slums in Nairobi November 23, 2006.

JWPs on the environment that had begun to yield some early results. For example, the JWP on Cities and Climate Change—established between UNEP, UN-Habitat, and the World Bank—aims to leverage the resources and knowledge of the three organizations to more efficiently address the effects of climate change on cities. The programme has already made significant progress on one of its major deliverables, the greenhouse gas standard (GHG) for cities which was launched at the Fifth World Urban Forum in Rio de Janeiro in March 2010. The standard provides cities with baseline information reviewed by several organisations that have worked in GHG Protocols—such as the World Resources Institute (WRI), ICLEI, and the World Business Council on Sustainable Development (WBCSD)—so that they can monitor their emissions. The GHG is already being implemented by cities such as Bangkok.

A second JWP between Cities Alliance and UNEP focuses on assisting city officials and practitioners to integrate environmental concerns into their city management and planning practices. In doing so, the partners aim to make more coherent use of environment tools through a common framework and methodology that will enhance coordination on the ground, both for conceiving and implementing projects. This will ultimately benefit cities and their citizens.

During the year under review, several JWPs were approved. One JWP with the World Bank is exploring the linkages between climate change, disaster risk, and their effects on the urban poor through case studies from Mexico City, Jakarta, São Paulo, and Dar es Salaam. The final report will be presented at the C40<sup>1</sup> meeting in 2011.

The main focus of the “Eco2” JWP with the World Bank is to deliver training activities on the Eco2 approach (Ecological Cities as Economic Cities) to Indonesia, Vietnam, and the Philippines and to promote exchange of learning in Asia about related topics and approaches, including Japan’s experiences with sustainability in cities. The Eco2 Initiative was



*The beginning of the rice harvest, Mai Chau, Hoa Binh province, northern Vietnam*

launched in June 2009 at the World Bank Urban Research Symposium in Marseilles, France. It is an integral component of the World Bank’s new urban and local government strategy positioned as a new urban sector business line “promoting a safe and sustainable urban environment.” It also advocates a focus on improved urban form and design to achieve efficiency gains, reduce a city’s greenhouse gas emissions, and take advantage of the co-benefits of climate change mitigation and adaptation. The Eco2 approach provides cities with an analytical and operational framework that they can apply to their particular challenges. Adopting a bottom-up approach which builds on local initiatives and incorporates key stakeholders’ priorities and concerns, it also helps cities to access the financial resources needed for strategic urban infrastructure investments.

<sup>1</sup> The C40 is a group of cities that work closely with the Clinton Climate Initiative to tackle challenges posed by climate change.

In addition to the knowledge and learning activities on the initiative to be undertaken in Asia, other key deliverables of the Eco2 JWP include an international conference in Yokohama, Japan in October 2010 with representatives from the government of Japan, Asian partners, cities, international agencies, and other urban stakeholders; and a report containing the evaluation and feedback of the training and capacity building activities undertaken for target audiences, including national government agencies, city associations, and pilot cities.

Another JWP with the World Bank helps cities to better respond to and plan for emerging and urgent disasters caused by climate variability with a focus on West Africa. It has delivered post disaster assessments for Burkina Faso and Senegal following major floods and these are expected to inform policy and decision making.

### *Leveraging urban knowledge*

The Alliance's strengthened Knowledge and Learning programme will continue to leverage existing

partnerships with more developed and urbanised economies like India, Brazil and South Africa, which have longer-term experience dealing with urban challenges and opportunities. In India, for example, the Alliance signed an agreement with the Ministry of Urban Development to improve the Peer Exchange and Reflective Learning (PEARL) knowledge-sharing network, created under the Jawaharlal Nehru National Urban Renewal Programme (JNNURM).

Cities Alliance's support centres on developing effective networking mechanisms for assessing the knowledge needs of cities, developing new knowledge products and sharing them with the cities, and helping to build the capacities of the cities to share and access knowledge for better city governance and more efficient urban infrastructure investments. PEARL would be the horizontal learning platform for knowledge sharing and cross-learning activities. Initially, Cities Alliance support would cover the JNNURM cities, the long-term goal being to expand the network to other towns and cities covered under the Urban Infrastruc-



*Housing in New Delhi, India.*



*Planned housing in São Paulo.*

ture Development Scheme for Small and Medium Towns (UIDSSMT).

Cities Alliance also entered into a knowledge partnership with the government of Brazil to provide guidance and technical support on its implementation of the National Housing Plan (Plano Nacional de Habitação—PlanHab). PlanHab was created as part of a concerted effort to address Brazil's growing housing deficit, recognising that improved access to housing and reliable urban services is essential for poverty reduction and growth.

In 2005, Brazil's national housing deficit was estimated to be 7.9 million, or about 15 percent of the total housing stock. The housing deficit is concentrated in urban areas (6.4 million). Of the total deficit, approximately 2.3 million, or 29 percent, are in the metropolitan centres of Belém, Fortaleza, Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo, Curitiba, and Porto Alegre. In terms of regional distribution, the Southeast and Northeast

represent over 71 percent of the housing deficit. The deficit comprises three types of backlog: those living in precarious housing (19.7 percent), shared housing (56.8 percent), and households paying excessive rent (23.5 percent). Households earning less than 3 minimum salaries per month account for over 90 percent of the housing deficit.

The government of Brazil began to address the housing deficit in 2004 through the Ministry of Cities. A National Housing Policy was intended to catalyse planning in the housing sector and to improve institutional capacity to provide access to housing. Consolidation of the National Housing Policy began in August 2007 with the preparation of the National Housing Plan, which aimed to develop a well-targeted programme to benefit the poor while making the most effective use of public resources.

One major challenge in the preparation of the National Housing Plan was the formulation of a strategy to operationalise the principal goal of the

National Housing Policy—universal access to dignified housing for every citizen in a country with profound levels of social and economic inequities. Cities Alliance support was designed to facilitate the provision of technical assistance and guidance during the first 12 months of implementing the PlanHab. In particular, the Alliance’s support targeted policy improvements in the national slum upgrading programme, the implementation of a reformed national housing subsidy programme for the poor, and the dissemination of learning in these areas.

In South Africa, Cities Alliance is helping to strengthen the South African National Upgrading Support Programme (NUSP), a comprehensive plan for the development of sustainable human settlements introduced in 2004 by the Minister for Housing. Known as “Breaking New Ground: The Comprehensive Plan for the Development of Sustainable Human Settlements,” the goal of the programme was to help mitigate the proliferation of

informal settlements. By 2005 roughly 2.3 million households in South Africa lived in shacks, either in informal settlements or in the backyards of formal housing, and that figure was increasing by 8 percent per year. Within the framework of the comprehensive national plan, the government finalised a second, thorough, wide-ranging policy initiative on the upgrading of informal settlements. That policy has been formally incorporated into the National Housing Code—the legally binding repository of all national housing policy since the Housing Act of 1997—as a national housing programme.

Cities Alliance’s grant was to support the renamed Department of Human Settlement’s development of a national upgrading programme based on the Breaking New Ground policy. Cities Alliance support is currently enabling the revision of informal settlements policy on the basis of international experience and what has been learned in the pilots; the preparation of a national strategy for the rollout of the informal settlements programme at scale; the



*A resident of Langa township motel, Cape Town, South Africa.*



*Thriving commercial street scene in Accra, Ghana.*

refinement of policy and implementation frameworks for informal settlement upgrading at provincial levels; and the development of systems for the monitoring and evaluation of the programme's implementation.

#### **IV. Communications and Advocacy**

The Cities Alliance medium term strategy (2008–10) identified “the need for increased advocacy, together with partners, to promote understanding of the role of cities and local authorities in development.” Prompted by the findings of a Working Group comprising some of its donor members and the endorsement of those findings by its Executive Committee, the Secretariat took the first critical steps towards developing a “systematic and comprehensive advocacy strategy for the Cities Alliance in conjunction with its members.”

Programme design was predicated on two strategic objectives derived from the consultations with members: (i) to demonstrate to policy makers in donor governments/agencies and their multilateral organisations, particularly in Europe, the urgent

need to address rapid urbanisation—particularly the growth of slums—and the central role of cities and local governments in responding to issues related to urbanisation; and (ii) to support efforts to catalyse change processes around issues of rapid urbanisation and the role of cities in developing countries, and particularly Cities Alliance in-country programmes.

It is envisaged that the first objective will be achieved through a joint work programme with Alliance members to campaign for communications and advocacy activities in Europe. Implementation of the second objective of the advocacy strategy is still in its early stages. It is currently focused on the identification of advocacy needs and opportunities in Country programmes. For example, an assessment of advocacy needs in Ghana by Cities Alliance members revealed a strong undercurrent of hostility in the media and in public opinion towards slum dwellers and little recognition of the potential of municipal and metropolitan governments to improve economic development and poverty reduction. At the same time, there was evidence that governmental and civil society partners were ready to make improvements in

policies and programmes. Finally, since the Land Services and Citizenship programme institutionalises consultation with the urban poor at all levels, awareness-raising and other communication activities were incorporated into the LSC in-country design for Ghana.

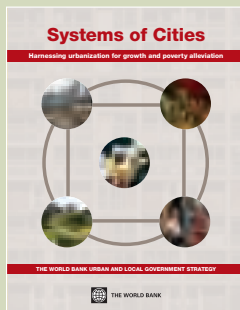
To champion Cities Alliance advocacy efforts, the Secretariat established an Advocacy Panel, which when fully developed will comprise eminent urban experts and policy makers. The Panel will provide strategic advice to the Cities Alliance; formally represent the Cities Alliance; and use their own local and global networks to seek opportunities to promote the goals, activities, and products of the Cities

Alliance. The Advocacy Panel currently has one member—Hon. Clare Short, MP, former Secretary for International Development.

### *Other communications and outreach activities*

Outside of developing an advocacy strategy, communication activities for the period under review focused on balancing the Alliance's normative communications and knowledge sharing functions with the increasing focus on advocacy activities. Significant outcomes of these activities are described in the following sections.

## :: World Bank's New Urban and Local Government Strategy



The World Bank launched a new Urban and Local Government Strategy during the period under review. Titled *Systems of Cities: Harnessing Urbanization for Growth and Poverty Alleviation*, the new 10-year strategy called for a

broader-based, scaled-up approach to reducing urban poverty and sought to help governments at all levels make cities more equitable, efficient, sustainable, and environmentally friendly. Predicated on the idea that density, agglomeration, and proximity are key factors in human advancement, economic productivity, and social equity, the new strategy promotes the following messages:

- :: Urbanisation is too important to allow cities to handle it alone. Successful urbanisation requires national attention to critical policy areas—such as land and housing markets—that fall beyond the purview of a single city administration.

- :: Cities need to be equipped to handle new residents. This will require them to be more proactive in updating their urban planning regulations to allow density to increase sustainably and to prevent demand pressures for scarce housing and land to bid up prices excessively.
- :: The costs of not planning ahead for future urban growth will be excessive and difficult to reverse.
- :: Fostering the benefits of agglomeration and managing congestion will have big payoffs for economic growth and poverty reduction.

To reach the increasing number of secondary cities, which are experiencing significant urban growth, the World Bank will expand on its wholesaling approaches by working through financial intermediaries and by developing national and state programmes that retail financial services and technical support to local governments.

### Cities Alliance at Africities 5

16–20 December 2009



The Cities Alliance was one of the most visible participants at the fifth Africities Summit held in Marrakesh, Morocco. The meeting was attended by close to 4,000 delegates representing a wide range of local government officials from 47 African countries. At the summit, the Alliance hosted a number of networking sessions, including a CDS workshop with specially invited mayors from Francophone Africa; and a well-attended session on “Defining Planning Programming Processes,” hosted in collaboration with ISTD, during which discussants weighed in on the need for pro-poor, participatory planning and programming and corresponding tools and methods. In recognition, the Summit’s organisers awarded the Alliance the prestigious prize for “Consistency of Tools and Methods of Support to Local Governments” for its support of local governments around the world, particularly in Africa.

### Cities Alliance at the Fifth World Urban Forum, 22–26 March 2010

Cities Alliance followed Africities 5 with an even more spectacular showing at the Fifth World Urban Forum (WUF V) in Rio de Janeiro, Brazil. The Alliance hosted a well-designed and strategically located booth and co-hosted a number of networking and side events with its partners. Highlights included:

- :: “Nine Years of the Brazil City Statute,” a networking event with Brazil’s Ministry of Cities to discuss the development and implementation of Brazil’s groundbreaking City Statute;
- :: “City Development – The Role of National Government,” a side event with the German Federal Ministry for Economic Cooperation and Development (BMZ); and
- :: “Successful Approaches to National Slum Upgrading and Prevention Policies and Programmes—15 Country Case Studies,” a side event in collaboration with the World Bank Institute, UN-Habitat, IADB, and GTZ.

The Alliance also saw WUF V as an opportunity to launch three major co-publications: *The City Statute of Brazil: A Commentary*, a collection of essays analysing the City Statute in partnership with the Brazilian Ministry of Cities; *Distance Learning Course on Integrated Slum Upgrading Actions: Abridged Version*, the English translation of a comprehensive overview of an award-winning distance learning course on slum upgrading offered by the University of São Paulo and supported by the Alliance; and *Building Cities: Neighbourhood Upgrading and the Urban Quality of Life* in partnership with the Inter-American Development Bank (IADB), which documents the evolution of settlement upgrading programmes in the region and describes the most critical challenges in improving quality of life.





## :: Publications Summary



### Cities Alliance 2009 Annual Report

*Cities Alliance, Washington D.C., January 2010*

The 2009 Annual Report celebrates, takes stock of, and assesses the urban environment within which the Alliance has operated for the past ten years. It

also explores new urban and development aid exigencies that have developed since. The key message of the Annual Report is that national policy frameworks that accept the inevitability of urbanisation are the most likely to create the conditions necessary for economic growth and reduce both urban and rural poverty. International development partnerships like the Cities Alliance can enable this process by strengthening local governments and local accountability; by providing multiyear, programmatic support driven by local partners; by promoting learning between cities, countries, and communities; by promoting the idea that women have an essential role in development; and by building on what is already working locally instead of imposing solutions from afar.

### Sana'a: A City Development Strategy

*Cities Alliance, the Government of Yemen, Municipality of Sana'a, The World Bank, Washington, D.C., July 2009*

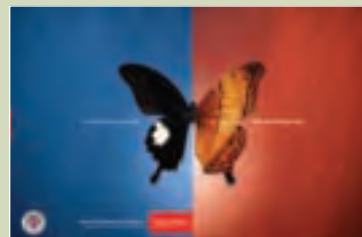
This publication summarises the main outcomes of the studies, discussions, and strategic planning accomplished during Sana'a's city development strategy process. Since the issuance of the Local Authorities Law No. 4 in 2000, the government of Yemen has pursued an ambitious decentralisation agenda that aims to delegate greater fiscal and administrative authority to local governments and

to give community stakeholders—including public leaders, residents, and investors—more control over the economic and social development of their cities and towns. To date, city development strategies have been initiated in four of Yemen's largest urban areas—Sana'a, Aden, Hodeidah, and Mukalla. With support from the Cities Alliance and the World Bank, the CDS process in each of these cities brought together public and private sector leadership to assess the strengths and weaknesses of the city, identify opportunities for equitable economic growth, develop a long-term vision, and draft a prioritised action plan. In all four cases, the CDS process has been accompanied by revisions to the cities' master plans to ensure a strong link between economic development plans and infrastructure.



### MTSU: Transforming Mumbai into a World Class City

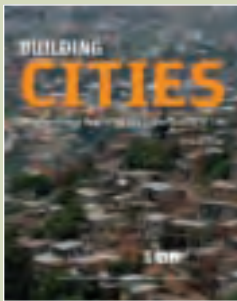
*Mumbai, India, Mumbai Transformation Support Unit, All India Institute of Local Self Government, Cities Alliance, June 2009*



The MTSU was established in 2005 by the World Bank, the Cities Alliance, USAID, and the government of Maharashtra. It coordinates support for more than 40 projects designed to enhance economic growth in Mumbai, reduce poverty, and

## :: Publications Summary (continued)

improve quality of life for 12 million residents, especially slum dwellers. The MTSU published this report to capture its activities during Phase I (June 2005–March 2008) of the ground breaking Mumbai Transformation Programme, a massive private sector initiative which sought to make the city a better place to live, work, and invest in. It was subsequently endorsed by the government of Maharashtra (of which Mumbai is the capital), the Indian national government, the World Bank, and Cities Alliance. The initiative is currently in its second phase of implementation.



### **Building Cities: Neighbourhood Upgrading and Urban Quality of Life**

*Washington D.C., Inter-American Development Bank, Cities Alliance, David Rockefeller Center for Latin American Studies, Harvard University, March 2010*

This publication documents the evolution of both the theory and practice of settlement upgrading programmes and describes the most critical challenges in improving the quality of life of the settlements' inhabitants. Each of the seven chapters addresses an urban upgrading theme. The publication aims to synthesise the knowledge accumulated by the community of urban development practitioners within the Inter-American Development Bank (IADB), which has more than 20 years experience in assisting national, state, and local governments with settlement upgrading programmes. It also aims to contribute to the policy dialogue and to the debate about the design and implementation of settlement upgrading programmes taking place in all countries of the Latin American and Caribbean region.

### **Síntese do Curso á Distância: Ações Integradas de Urbanização de Assentamentos Precários**

*São Paulo, Ministry of Cities, Brazil and Cities Alliance, March 2010*

This publication is based on an award-winning distance learning course on integrated slum upgrading initiated by the Brazilian Ministry of Cities and organised in conjunction with the University of São Paulo. First offered in August 2008, the three-month course was conducted by a multidisciplinary team of academics with substantial practical experience. It covered different aspects of slum upgrading, including the national policy framework, environmental legislation, social participation, cost calculation, project design, and monitoring and evaluation.



Translated into English as the *Distance Learning Course on Integrated Slum Upgrading Actions: Abridged Version*, the publication provides an operational overview of the actions involved in integrating slums in Brazil's urban fabric. These were based on three federal government guidelines as elucidated in the national Growth Acceleration Programme (PAC): (i) to undertake physical interventions, including public works involving urbanisation, environmental recovery and, wherever necessary, the construction of new housing units and the provision of social equipments and amenities; (ii) to boost tenure regularisation; and (iii) to focus on social work to ensure that slum dwellers participate in the programmes.

SECTION 2

# Cities Alliance Organisation





*Poor neighbourhood built on a hill in Mexico City, Mexico*

**E**ach of the three legs of Cities Alliance—the Consultative Group, the Executive Committee, and the Secretariat—retained their fundamental responsibilities during the period under the review. At the same time, they each adopted new roles that reflected the changes associated with the organisation’s transitional process.

The Consultative Group—the Cities Alliance’s board of directors—retained responsibility for setting the Alliance’s long-term strategy, approving its annual work programme and budget, and reviewing its achievements. In addition, the annual Consulta-

tive Group meeting, held in Mumbai in January 2010, became the platform for discussion of fundamental changes to the Cities Alliance, beginning with discussions on a revision of the Cities Alliance Charter (the constitutional document governing operations), which were still ongoing at time of this report. The Mumbai Consultative Group meeting also saw the confirmation of the exit of three members—Japan, Canada, and the Asian Development Bank—and the admission of Habitat for Humanity International (HFHI) as the newest member of Cities Alliance.

## Consultative Group Members as of June 2010 comprised:

### LOCAL AUTHORITIES:



United Cities and Local Governments



Metropolis

### INTERNATIONAL NGOS:

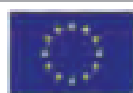


Shack/Slum Dwellers International



Habitat For Humanity International

### MULTILATERAL ORGANISATIONS:



The European Union



UNEP



UN-Habitat



The World Bank

### GOVERNMENTS:



Australia



Norway



Brazil



Philippines



Chile



South Africa



Ethiopia



Spain



France



Sweden



Germany



United Kingdom



Italy



United States



Nigeria

### The Executive Committee

Discussions at the Mumbai meetings also focused on strengthening the Executive Committee (EXCO) to better position it to provide the Secretariat with necessary guidance on its work programme. Recommendations were made to make the Executive Committee fully accountable to the Consultative Group, while the Secretariat would be primarily accountable to the Consultative Group through EXCO. The Executive Committee would also give the Secretariat the opportunity to consult with members and subcommittees of EXCO on fund raising, operations, country selection, and strategic issues.

### The Cities Alliance Secretariat

Staff movements in the Secretariat included the coming on board of Federico Silva, who joined the Secretariat as a Junior Professional Officer

sponsored by the government of Italy, and Jean-Christophe Adrian, who left to assume a new position as Coordinator of UN-Habitat's response to the devastating earthquake in Haiti. A major change to the overall structure of the Secretariat also reflected Cities Alliance's move towards a new business model. The Secretariat was divided into four main team units, all under the direction of the Programme Manager:

- ✺ Partnership Operations;
- ✺ Programme Administration;
- ✺ Global Programme Operations; and,
- ✺ Country Programme Operations.

To delegate responsibility and enhance efficiency, staff were assigned to one or more of the four teams units, each of which is led by a Team Leader responsible for establishing and following a well-defined work programme and budget (see table on the following page).

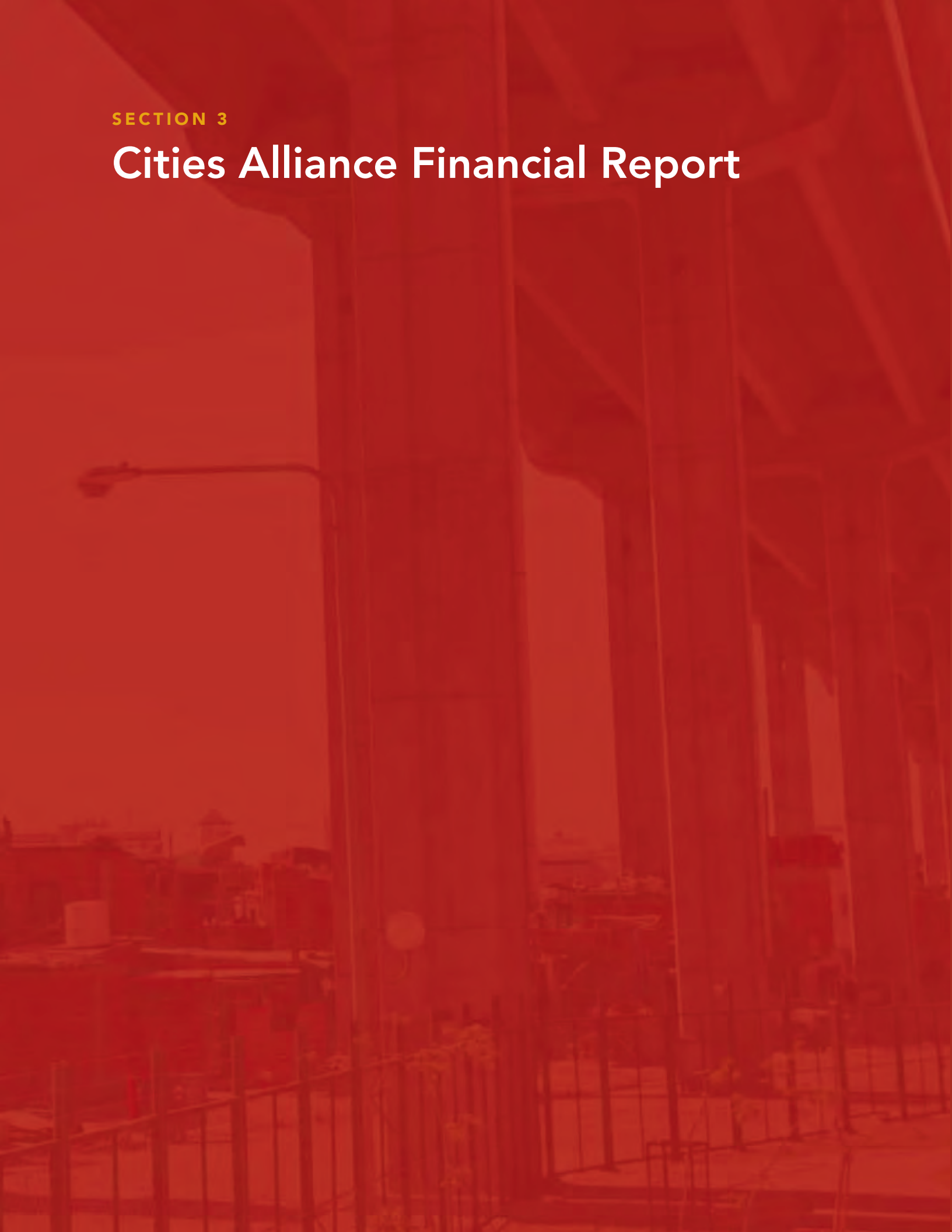


Cities Alliance team meeting with the Ghana Country programme team in Accra

WORK UNIT	RESPONSIBILITIES	STAFF
<b>Partnership Operations</b>	<ul style="list-style-type: none"> <li>:: Secretariat management</li> <li>:: Member relations and resource mobilisation</li> <li>:: Governance support, Consultative Group and Executive Committee</li> <li>:: Outreach and representation</li> <li>:: Human resources administration</li> <li>:: Office administration</li> </ul>	<ul style="list-style-type: none"> <li>:: William Cobbett – <i>Programme Manager</i>, Team Leader</li> <li>:: Kevin Milroy – <i>Deputy Programme Manager</i></li> <li>:: Susanna Henderson – <i>Senior Programme Assistant</i></li> <li>:: Neelam Tuteja – <i>Programme Assistant</i></li> </ul>
<b>Programme Administration</b>	<ul style="list-style-type: none"> <li>:: Financial administration (financial reporting, budgeting, etc.)</li> <li>:: Resource management</li> <li>:: Grant administration (FM, procurement, grant agreements, etc.)</li> <li>:: Information management</li> </ul>	<ul style="list-style-type: none"> <li>:: Phyllis Kibui – <i>Programme Coordinator</i> – Team Leader</li> <li>:: Madhavan Balachandran – <i>Financial Management Specialist</i></li> <li>:: Oksana Mushtatenko – <i>Resource Management Analyst</i></li> <li>:: Viorica Revutchi – <i>Programme Assistant</i></li> <li>:: Regianne Henriette Bertolassi – <i>Programme Assistant</i></li> <li>:: Erika Puspa – <i>Information Management Analyst</i></li> <li>:: Rodolfo Gaspar – <i>Information Management Assistant</i></li> </ul>
<b>Global Programme Operations</b>	<ul style="list-style-type: none"> <li>:: Catalytic Fund</li> <li>:: Knowledge and learning</li> <li>:: Communications and advocacy</li> <li>:: Special projects (for example, Financing of African Cities)</li> <li>:: Monitoring and results reporting</li> <li>:: Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>:: Gunter Meinert – <i>Senior Urban Specialist</i> – Team Leader</li> <li>:: Chii Akporji – <i>Communications Officer</i></li> <li>:: Federico Silva – <i>Junior Professional Officer</i></li> <li>:: Alex Ricardo Jimenez – <i>Research Analyst</i></li> <li>:: Juliet Bunch – <i>Web Editor</i></li> <li>:: Iraj Hettiarachchi – <i>Short-Term Temporary – Communications</i></li> <li>:: Thierry Paulais – <i>Senior Urban Finance Specialist – Special Project on Financing for African Cities</i></li> </ul>
<b>Country Programmes Operations</b>	<ul style="list-style-type: none"> <li>:: Country Programmes for low-income countries</li> <li>:: Land, Services, and Citizenship programme</li> <li>:: MIC programmes (Brazil, Philippines, India, South Africa, Chile)</li> </ul>	<ul style="list-style-type: none"> <li>:: Julian Baskin – <i>Senior Urban Specialist</i> – Team Leader</li> <li>:: Andrea Merrick – <i>Urban Specialist</i></li> <li>:: Andrea Zeman – <i>Urban Specialist</i></li> <li>:: Celine D’Cruz – <i>Urban Specialist</i></li> <li>:: Hilde Refstie – <i>Research Analyst</i></li> <li>:: Dhiraj Ajay Suri – <i>Regional Advisor</i> – South Asia</li> <li>:: Tewodros Tigabu – <i>Regional Advisor</i> – East and Central Africa</li> <li>:: Mamadou Diagne – <i>Regional Advisor</i> – West Africa</li> <li>:: Adele Hosken – <i>Regional Advisor</i> – Southern Africa</li> <li>:: Anaclaudia Rossbach – <i>Regional Advisor</i> – Brazil</li> <li>:: Mariana Kara Jose – <i>Research Analyst</i></li> </ul>

SECTION 3

# Cities Alliance Financial Report







*Slum under a bridge near La Boca in Buenos Aires, Argentina*

**T**he fiscal year ending 30 June 2010 was a year of transition for Cities Alliance. More than \$10 million in new Core funding allocations were approved during FY10, the most since FY06, as the Alliance closed its old grant facility on 31 March 2010. More than \$9.3 million of proposals to be funded from Core funds were submitted by the closing date, of which \$4 million were still in process at year end and will be carried forward into FY11.

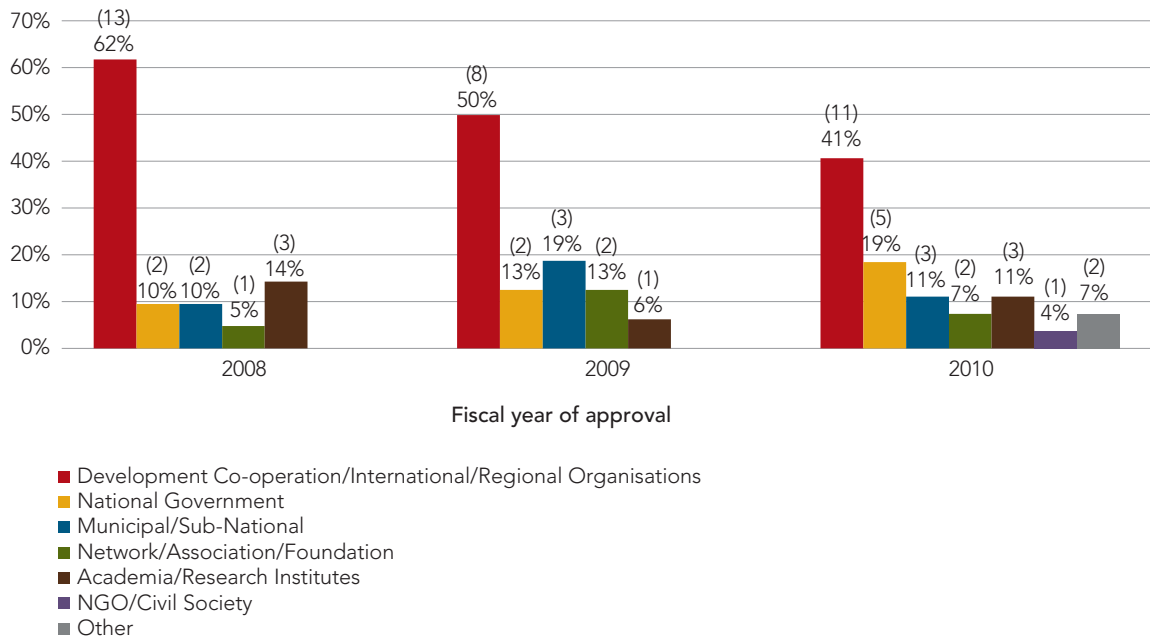
Funding allocations during the fiscal year reflected the Alliance's medium-term strategy to prioritise client execution. Two-thirds of all approved allocations in FY 2010 will be directly executed by recipient governments or local development partners, up from 50 percent client execution in FY09 and 38 percent in FY08 (figure 4). At the same time, the World Bank made significant changes to its procedures and systems for administering recipient grants, leading to increased processing time and tasks for setup of client grants. (The World Bank administers Cities Alliance funding.) A study was commissioned during the year to evaluate the link-

ages between client execution and client ownership of Alliance grant funding, and the effect of grant processing time on project effectiveness.

The World Bank also announced changes to its Development Grant Facility (DGF). Through the DGF's long-term funding window, the Bank is the largest source of Core funding to the partnership. However, the Bank is closing that window, and the Alliance will therefore be making a phased exit from DGF funding over the next three fiscal years. Overall, contributions from donors remained strong during FY10. Core contributions of \$7.1 million rose slightly from FY09 levels of \$7.0 million, and Core disbursements rose 14 percent to \$8.5 million. Total disbursements were \$14.7 million, just short of the record of \$14.9 million set in FY08.

The Alliance also introduced new reporting and budgeting formats in alignment with its new business model and results framework. These changes are reflected in the allocation reporting on the following pages.

**FIGURE 4**  
Grant Recipients for Country-Specific Projects for Fiscal Years 2008, 2009 and 2010



**Notes:**

- a. Projects do not include: (1) Community-Led Infrastructure Finance Facility (CLIFF) Activities and (2) Slum Upgrading Facility (SUF) Activities.
- b. Projects cancelled during preparation were not included in the calculation, as no grant agreements had been issued and no disbursements made.
- c. For Fiscal Year 2010, projects for which Grant Agreements are under preparation are included.

UNAUDITED

**TABLE 1**  
**Cities Alliance: Sources and Uses of Funds**  
 (as of 30 June 2010)

<b>CORE FUNDS</b>			<b>NON-CORE FUNDS</b>	
<b>Cumulative</b>	<b>FY10</b>		<b>FY10</b>	<b>Cumulative</b>
68,060,054	7,101,356	Contributions Received	3,954,928	73,382,075
0	0	In-Kind Contributions	604,000	8,610,079
5,577,924	290,255	Investment Income	189,569	738,146
<b>73,637,978</b>	<b>7,391,611</b>	<b>Total Sources of Funds</b>	<b>4,748,496</b>	<b>82,730,301</b>
(56,588,122)	(8,503,075)	Project Disbursements	(6,220,076)	(51,290,867)
0	0	In-Kind Disbursements	(604,000)	(8,610,079)
(997,941)	(68,671)	Trust Fund Administration Fees	(59,015)	(1,495,089)
32,001	0	Foreign Exchange Gain (Loss)	(85,700)	194,633
<b>(57,554,062)</b>	<b>(8,571,745)</b>	<b>Total Uses of Funds</b>	<b>(6,968,791)</b>	<b>(61,201,403)</b>
16,083,916		<b>Fund Balance</b>		21,528,898
(11,458,750)		Less: Undisbursed Allocations		(8,022,983)
<b>4,625,166</b>		<b>Funds Available for Allocation</b>		<b>13,505,915</b>

**TABLE 2**  
Financial Contributions  
(US\$ as of 30 June 2010)

Paid In (a)

DONOR	PLEDGES	DURATION	FY10	CUMULATIVE
<b>Core funding</b>				
ADB	1,250,000	2002–2003, 2005–2007	(26,683)	1,223,317
Australia	750,000	2008–2010	0	750,000
Brazil	450,000	2004–2010	75,000	450,000
Canada	1,500,000	2000–2001, 2003–2006	0	1,585,293
Chile	100,000	2009	50,000	100,000
Ethiopia	250,000	2006–2010	49,978	199,953
European Commission	1,000,000	2009–2011	533,213	533,213
France	2,575,000	2000, 2002–2011	100,000	2,103,387
Germany	2,950,000	2000–2009	358,425	3,120,452
Habitat for Humanity	50,000	2010	50,000	50,000
Italy	4,720,000	2000–2010	581,840	4,848,065
Japan	1,750,000	2000–2005	0	1,750,000
Netherlands	3,500,000	2000–2004, 2006–2008	0	3,499,940
Nigeria	50,000	2005	0	50,000
Norway	6,855,000	2000–2009	962,181	6,976,356
Philippines	50,000	2008	0	50,000
Shack Dwellers Int'l	150,000	2008–2009	50,000	150,000
South Africa	250,000	2006–2010	50,000	200,000
Spain	2,250,000	2008–2010	0	2,321,400
Sweden	6,125,000	2000–2012	379,588	5,464,985
UNEP	1,200,000	2003–2009	99,987	1,199,987
UN-HABITAT	400,000	2004–2007	0	400,000
United Kingdom	7,100,000	2000–2007	0	7,500,148
United States	3,498,880	2000–2010	787,827	3,248,880
World Bank	20,850,000	2002–2010	3,000,000	20,284,679
<b>Total core</b>	<b>69,624,903</b>		<b>7,101,356</b>	<b>68,060,054</b>

Note: Fiscal year covers the period July 1 through June 30.

a. Amounts may vary from amounts pledged because of exchange rate fluctuations.

b. Noncore funding is earmarked for a specific facility, region, or activity. The facilities include the Community-Led Infrastructure Finance Facility, the Cities Without Slums Facility for Sub-Saharan Africa, the Slum Upgrading Facility, and the Land, Services, and Citizenship project.

c. Secretariat funding includes in-kind funding for staff secondments from UN-HABITAT, Germany, France, and Norway.

**TABLE 2 (CONTINUED)**

Financial Contributions

(US\$ as of 30 June 2010)

Paid In (a)

<b>DONOR</b>	<b>PLEDGES</b>	<b>DURATION</b>	<b>FY10</b>	<b>CUMULATIVE</b>
<b>Non-core funding</b>				
Canada	75,000	2004	0	73,608
France	375,000	2008–2009	149,789	357,209
Gates Foundation	15,000,000	2009–2012	0	14,999,980
Italy	14,889,630	2001–2011	1,754,630	14,455,148
Japan	4,250,000	2000–2005	0	4,250,000
Netherlands	350,000	2003–2004	0	350,000
Norway	3,200,000	2002–2007	0	3,272,992
Sweden	9,134,054	2003–2012	50,612	9,863,663
UNEP	15,000	2007	0	15,000
United Kingdom	24,620,000	2001–2011	1,999,897	24,200,527
United States	843,947	2003–2008	0	843,947
World Bank	700,000	2001	0	700,000
<b>Total non-core</b>	<b>73,452,631</b>		<b>3,954,928</b>	<b>73,382,075</b>

**TABLE 3**  
 Approved FY10 Funding Allocations – Summary  
 (US\$ as of 30 June 2010)

	<b>NON-CORE</b>	<b>CORE</b>
<b>Country/regional project allocations:</b>		
Projects supporting implementation of policies and strategies	0	758,200
Projects supporting elaboration of policies and strategies	0	1,857,950
Projects providing country-specific data and knowledge	0	1,214,500
Subtotal	<b>0</b>	<b>3,830,650</b>
<b>Country programming allocations:</b>		
Land, Services, and Citizenship Programme	2,685,500	229,500
Other country programming support	588,000	175,000
Country partnership programmes	500,000	1,870,851
Subtotal	<b>3,773,500</b>	<b>2,275,351</b>
<b>Global knowledge and advocacy activities:</b>		
City development strategies	0	75,000
Environment/ climate change/ disaster risk reduction	1,500,000	415,000
Communications and advocacy	0	665,000
Other learning and knowledge sharing	0	225,000
Subtotal	<b>1,500,000</b>	<b>1,380,000</b>
<b>Partnership allocations</b>		
Management, finance, and administration	0	1,900,000
Technical, knowledge, communications and M&E*	0	1,260,000
Governance	0	100,000
Subtotal	0	3,260,000
<b>Total approved funding allocations</b>	<b>5,273,500</b>	<b>10,746,001</b>

\* Includes in-kind contribution of staff secondments from Germany, France, UN-H, and Italy through the World Bank Junior Professional Officer programme.

**TABLE 4**

Approved FY10 Funding Allocations – Detailed  
(US\$ as of 30 June 2010)

<b>COUNTRY</b>	<b>TITLE OF ACTIVITY</b>	<b>ALLOCATION AMOUNT (US\$)</b>
<b>COUNTRY/REGIONAL PROJECT ALLOCATIONS</b>		
<b>Projects supporting the implementation of policies and strategies</b>		
Indonesia	Making Urban Investment Planning Work: Building on the Indonesian CDS Process	488,200
Kiribati	Kiribati Sustainable Towns Programme: Supporting the Implementation of Town Development Strategies	200,000
Swaziland	Supporting the Implementation of the Comprehensive Urban Upgrading Programme for Mbabane, Swaziland	70,000
<b>Projects supporting the elaboration of policies and strategies</b>		
Indonesia	Indonesia Slum Alleviation Policy and Action Plan (SAPOLA)	500,000
Jordan	Programmatic Regional City Development Strategy for Secondary Cities (Jordan)	500,000
Mexico	Green Growth in the Face of Climate Change: Support to the Municipality of Othon P. Blanco, Mexico for a Sustainable Development Strategy	75,000
Mongolia	Support for Public Consultation and Dissemination of Economic Sector Work: Enhancing Policies and Practices for Ger Area Development in Ulaanbaatar	74,450
Mozambique	Support for Upgrading the Chamanculo C Neighbourhood, Maputo Municipality – Preparatory Grant	73,500
Namibia	Namibian City Development Strategies (CDS) Pilot	250,000
Syria	Urban Upgrading Strategy for Rief Damascus (Syria) Territories	310,000
Tanzania	Dar es Salaam: Investment Resource Mobilisation for Metropolitan Development	75,000
<b>Projects providing country-specific data and knowledge</b>		
Ethiopia	Integrated Urban Database	248,500
Syria	Syria State of Cities Report	450,000
Vietnam	Urbanisation Review	250,000
Latin America and Caribbean, multi-country	State of Latin American and Caribbean Cities Report	191,000
Europe and Central Asia, multi-city	East Europe and Central Asia Urban Regeneration and Community of Practice	75,000

**TABLE 4 (CONTINUED)**

Approved FY10 Funding Allocations – Detailed  
(US\$ as of 30 June 2010)

COUNTRY	TITLE OF ACTIVITY	ALLOCATION AMOUNT (US\$)
<b>GLOBAL KNOWLEDGE AND ADVOCACY ACTIVITIES</b>		
<b>Theme: City development strategy</b>	Brazil City Statute Publication (in English, for international dissemination)	75,000
<b>Theme: Environment/ climate change/ disaster risk reduction</b>	Supporting Cities and Disaster Management (with GFDRR)	75,000
	First Urban Climate Change Research Network (UCCRN) Assessment Report on Climate Change in Cities (ARC3)	75,000
	Strengthening Climate Adaptation and Disaster Risk Management in Latin American and Caribbean Cities	65,000
	Climate Change and the Urban Poor	200,000
<b>Theme: Communications and advocacy</b>	The First Eco2 East Asia Programme: Proposal of Knowledge Management and Capacity Building (Japan non-core funding)	1,500,000
	Places We Live Exhibit: World Habitat Day, National Building Museum	150,000
	World Urban Campaign: Support for Set-up and Launch	250,000
	Cities Alliance Branding, Graphic Standards, and Corporate Videos	115,000
<b>Other learning and knowledge sharing</b>	Pan-African Electoral Assembly of United Cities and Local Governments	150,000
	Learning and Knowledge Dissemination	150,000
	World Urban Forum	75,000
<b>COUNTRY PROGRAMMING ALLOCATIONS</b>		
<b>Land, Services, and Citizenship Programme</b>		
Uganda	A Strategy for Transforming Settlements of the Urban Poor in Uganda: A Secondary Cities Support Programme (Gates Foundation project funding)	2,685,500
Uganda	UAAU/ICMA Partnership Proposal: Achieving the Urban Management Components of the STSUPU Programme in Uganda	229,500
<b>Other country programming support</b>		
Africa regional	∴ Defining Africa's Emerging Urban Agenda: Central Programme Operations (State of Cities Report initiative) (from Africa Facility funding)	498,000
	∴ Support and Oversight for Data Collection and Quality (UN Habitat)	45,000
	∴ Support and Oversight for Capacity Building and Knowledge Sharing (World Bank Institute)	45,000



**TABLE 4 (CONTINUED)**

Approved FY10 Funding Allocations – Detailed  
(US\$ as of 30 June 2010)

<b>COUNTRY</b>	<b>TITLE OF ACTIVITY</b>	<b>ALLOCATION AMOUNT (US\$)</b>
Africa regional	Country Programme Development and Support, Francophone Africa	75,000
Global	Expert Support for Country Programme Development and Operations: Financial Sustainability; Programme Design	100,000
<b>Country partnership programmes</b>		
Brazil	Improving the Managerial Skills of Social Interest Housing Programmes	249,605
Brazil	Consolidation of the Social Work Methodology for Slum Upgrading	75,000
India	Citywide Slum Upgrading Plan (CSUP) for the Heritage City of Agra (India)	499,987
India	Supporting and Operationalising the National Urban Sanitation Policy (NUSP) in India	75,000
India	India International Workshop: Scaling up Upgrading and Affordable Housing: From National Policies to State Programmes and City-wide Slum-Free Interventions	75,000
India	Knowledge Support for PEARL Programme under JNNURM	500,000
India	Planning Support Unit: An Initiative to Support City Development Planning in the State of Madhya Pradesh	249,519
India	Interim Phase: India Knowledge Support on Slum Upgrading, Urban Poverty Reduction, and Affordable Housing	71,740
India	India Portfolio Supervision and Support	75,000
Philippines	Philippines Traffic and Transport Management for CDS Cities (from Japan non-core funding)	500,000
<b>PARTNERSHIP OPERATIONS</b>		
<b>Management, finance, and administrative operations</b>		
	Secretariat: Management, Finance, and Administrative Operations	1,900,000
<b>Technical, knowledge, communications, and M&amp;E operations</b>		
	Secretariat: Technical, Knowledge, Communications, and M&E Operations	1,150,000
	Independent Technical Assessment	10,000
	South Asia Regional Operations	100,000
<b>Governance and administration</b>		
	Consultative Group and Executive Committee Meetings	100,000

# Abbreviations & Acronyms

ACHR	Asian Coalition for Housing Rights
ACVN	Association of Cities of Vietnam
ADB	Asian Development Bank
CDIA	City Development Initiative for Asia
CDS	city development strategies
CG	Consultative Group
CSUP	City-wide Slum Upgrading Plan (India)
ESMAP	Energy Sector Management Assistance Program
GFDRR	Global Facility for Disaster Reduction and Recovery
HFHI	Habitat for Humanity International
IADB	Inter-American Development Bank
ICMA	International City Managers Association
ISTED	Institut des Sciences et des Techniques de l'Équipement et de l'Environnement pour le Développement
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
JWP	joint work programme
LSC	Land, Services, and Citizenship programme (Cities Alliance)
MoLGRD	Ministry of Local Government and Rural Development (Ghana)
MoLHUD	Ministry of Lands, Housing, and Urban Development (Uganda)
MoUD	Ministry of Urban Development (India)
MTSU	Mumbai Transformation Support Unit (India)
NUSP	National Upgrading Support Programme (South Africa)
PAC	Programa de Aceleração do Crescimento (Growth Acceleration Programme) – (Brazil)
UAAU	Urban Authorities Association of Uganda
UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns (India)
UNEP	United Nations Environment Programme
UNFPA	United Nations Fund for Population Activities
USAID	United States Agency for International Development
WBCSD	World Business Council for Sustainable Development
WUF	World Urban Forum