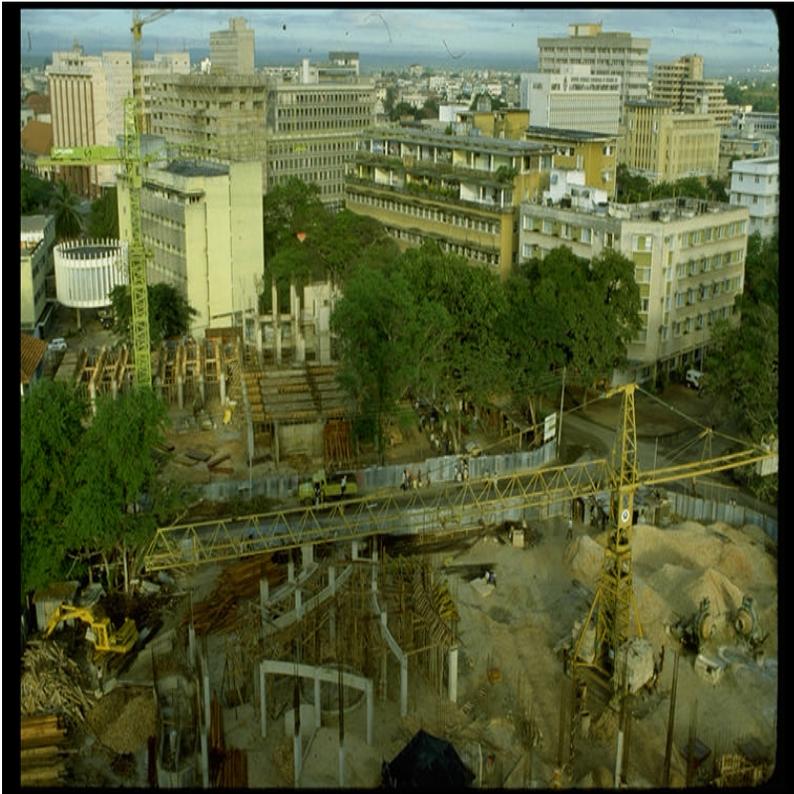


MAKING CITIES WORK FOR ALL

Global Action Plan for City Development Strategies



- A new approach to provide sustainable livelihood, safe and secure living environment, and improved quality of life of the urban poor.
- Build self-sustaining capacity through improved governance
- Enhance productivity of the city and link the city economy to the region and the nation
- Develop new frameworks for participatory decision-making and analytical expertise for strategic planning

CITIES ALLIANCE

Draft

June 2, 2000

Making Cities Work for All Global Action Plan for City Development Strategies

Table of Contents

Executive Summary

- I Political and Economic Transformations in an Urbanizing World**
- II City Development Strategies: A New Approach to Urban Development**
- III Actions and Work Program**
- IV Continuity with Development Trends and On-going Activities**
- V Achieving Local and Global Impact**

Tables

- 1. Envelope of Capital Assistance Needs in Cities 2010**
- 2. Summary Actions and Work Program**

Annexes

- 1. Action Plan Year 1 (2000)**
- 2. CDS Efforts Currently Underway**

Executive Summary

New Approach to Cities in an Urbanizing World. The 21st century will witness massive and rapid urbanization, with two billion new residents in cities of the developing world in the next 25 years. This process, though stimulated by economic development, has also led to sharp divisions in growth between cities and among people. The 21st century will also witness increased urbanization of poverty. Nearly one billion urban residents in the cities of the developing world are likely to be poor if current trends continue. The challenge for the cities is to improve equity, efficiency, productivity, and governance in order to provide sustainable livelihoods, safe and secure living environments, and a better quality of life for the urban poor. The City Development Strategy is one tool which, along with squatter upgrading, is being sponsored by members of the Cities Alliance to achieve sustainable urban development.

This Action Plan is a call to mobilize the global urban community to take part in developing a new approach to urban development, starting with City Development Strategies to be financed in nearly 100 cities, affecting 200 million residents and 100 million poor over the next five years. The effort will have impact far beyond numerical totals. Cities Alliance and the CDS are intended to set new standards and develop new tools of participatory decision-making at the city level and to reach self-sustaining capacity in cities and nations so that cities might reach an entirely new plane of development in this urban century.

Decentralization. This challenge for cities is due to the momentous change in global relationships of exchange, coupled with the progressive shift in the balance of power between cities and nation states. The urban transition that will produce 50 million-sized cities in the next 25 years is not merely a matter of numerical change. It is also an historical shift in political and social relationships between cities and nations. The rich diversity in cultural and economic assets of nations are often concentrated in cities, and the power to act on these resources is gradually being transferred to cities, either by deliberate institutional shifts through decentralization policies or by political and economic reality.

Governance in Cities. Improved urban governance is one of the most important keys to success in making cities work, not only to address the challenge of urban poverty, but also to harness the opportunities that globalization provides. With decentralization, the task of marshalling civic capacity to prepare development strategies falls increasingly to city government. Much work will be needed to put enabling conditions and the norms of good governance into place so that cities can respond to the challenges before them. The norms of good urban governance characterized by sustainability, decentralization, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security are mutually reinforcing. The participation of all the key stakeholders is essential for this process. Participatory governance is the only sure means of achieving an authentic vision of the future and the only sure way to achieve improvements in economic and social status for all citizens. The City Development Strategy promoted by the Cities Alliance is specifically designed to provide such a framework.

Value Added. With improved governance and strategic planning, cities will attain new levels of efficiency and productivity . Tens of trillions of dollars will be needed as investments in cities to improve levels of service of present populations, especially the poor, as well as to accommodate the new urban dwellers of the future. Past experience has shown that only a small fraction of these investment needs is likely to come only from donor resources. Cities will have to improve their financial resource base, improve the operation and maintenance of existing infrastructure and improve its credit-worthiness for accessing domestic and international resources.

City Development Strategies are intended to help cities improve its governance and make new strides in qualitative and quantitative improvements in service delivery. Cities will be able to take action to mitigate crises, to plan proactively, to set out the goals and operational activities considered important by all stakeholders , and to achieve a smoother transition into future growth. Cities that are governed and managed well can expect to improve the efficiency with which their scarce resources are allocated. Many cities can also improve efficiency of administration and service, as has been shown in dozens of cities around the world.

A second area of value added is for cities that plan their strategic moves over decades can expect to waste fewer resources on “catching up” with rapid growth and poorly-sited facilities and services. Many cities have shown that a well- managed growth can extend services to low income populations in a way, which allows graduation to higher standards of service in accordance with public and private capacity to pay. A third area of value addition is in expanded productivity, for both the organized and informal private sector as well as the public arena. Cities that understand their competitive position, and move wisely and quickly to capitalize on their comparative advantage, can expect worthwhile economic returns. .

Content and Process of CDS. The City Development Strategy is seen as an instrument to develop a civic capacity for collective vision and action. City Development Strategies are produced using participatory techniques and processes proven over decades of assistance, for instance, stakeholder buy-in and counterpart contributions, and fully informed citizenry. In addition, CDS process brings to life at the city level, the comprehensive approach, including the coordination of donor assistance, which is at the center of comprehensive development framework.

City Development Strategies address at least four broad themes, two may be thought of as establishing enabling conditions for growth and development and the second two as outcomes. Taken together they are seen as the fundamental elements for sustainability in urban development:

- Good urban governance; as characterized by the norms in the campaign
- Fiscal balances, i.e., cities that are credit-worthy;
- Livability, especially for the urban poor in environmental, social, and economic terms ;
- Competitiveness, i.e., the ability to improve productivity.

Specific outcomes expected from the participatory CDS process will vary in accordance to the specific context, but are likely to include:

- a collective vision for the city that is responsive to its comparative strengths and advantages in the national and regional context, that is “owned” by the city and all the stakeholders
- an agreed strategic framework for growth and poverty reduction and identified action areas with assigned roles for each stakeholder group,
- demonstration and pilot activities to be carried out using internal resources,
- increased capacity in the city to conduct strategic development planning,
- an investment framework with sources of finance, including donor support,
- at the national or regional level through associations of local governments and other institutions, to spread this capacity to other cities.

CDS Action Plan. In the next five years, the Cities Alliance CDS activities will be undertaken in nearly 100 cities affecting lives of over 200 million urban residents. CDS costs can vary greatly—say between \$ 200 thousand and US\$1 million per city—and their leveraging ratio is equally variable. But the measure of success of the CDS Action Plan is not only the numerical impact in cities helped or lives improved, although these changes are important. Rather, **the measure of success is an impact on changes in institutional behaviors**. At the global level, this would mean setting a new standard of practice for city development strategies. By the close of the decade, the CDS will have become a standard approach in the practice of urban development, one that is more easily achieved and more effectively implemented than the traditional urban master plan, the obsolete cousin of the CDS.

Within specific countries, the CDS should have established a link between the development of urbanized regions on the one hand, and on the other, conceptual and empirical ties to the national decentralization and development agenda. The CDS should help national and city leaders to understand both the opportunities and bottlenecks in productivity and growth. The Cities Alliance will produce analytical frameworks and monitoring indicators with which to measure these outcomes.

The first two years all partners of the Cities Alliance will be on a learning curve. This will require more detailed analysis of demand for work in each of the world’s major regions, and entail developing the tools, including analytical frameworks, a guidebook, and monitoring indicators. Therefore in the first two years of the Cities Alliance, 7 to 10 cities will be taken up each year. In the subsequent years, 10 to 15 cities will be sponsored each year. Taken together, these CDS will generate investment at local level of around US\$ 4000 million by stakeholders, sub-national and national governments, bilateral and multilateral agencies. This will affect the lives of 200 million urban residents and 100 million poor.

Strategies in cities will differ greatly in content, scope, and focus. However, in most cities several themes will be central, governance, poverty, economic growth and sustainability. In selected cities, an effort will combine both City Development Strategies and Squatter Upgrading efforts.

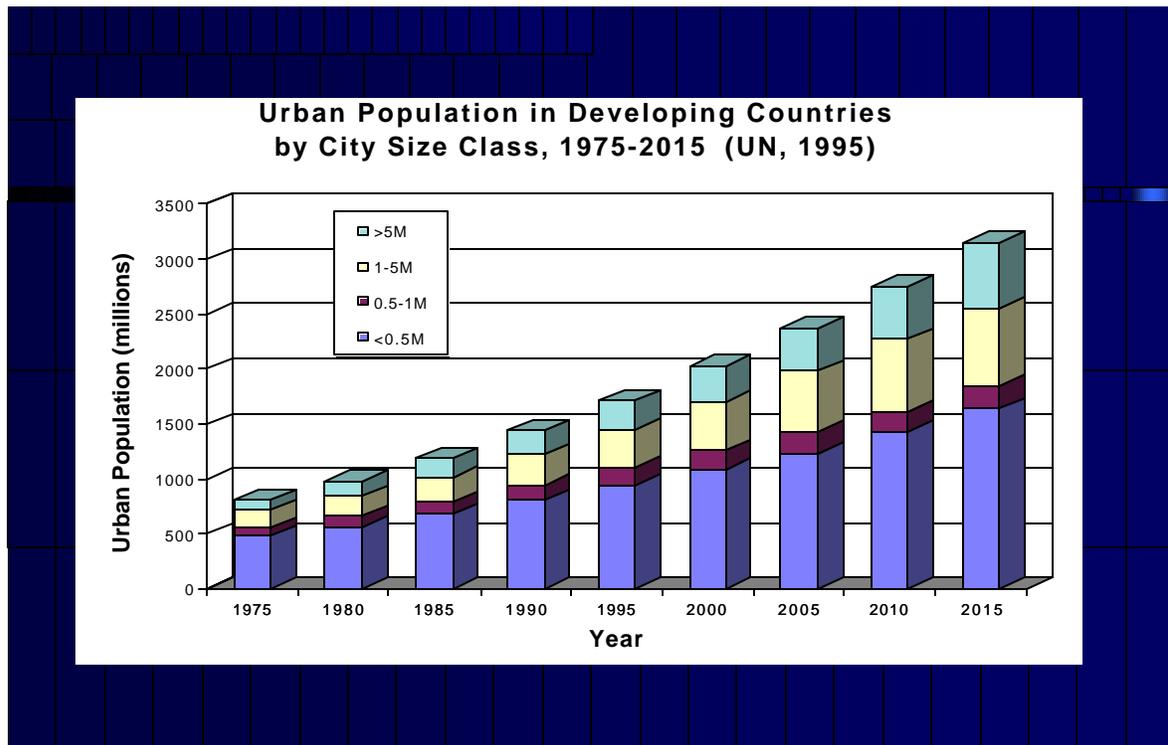
The Action Plan builds on the comprehensive approaches now being adopted in major development institutions and extends the programmatic efforts of agencies in the UN system and bilateral donors. Moreover, the Plan includes a built in learning process. Already, more than 30 cases are underway (see Annex 2) and form the sample of pilot experiences from which much has already been learned.

I Political and Economic Transformations in an Urbanizing World

The Urbanizing World

One of the most profound changes taking place in the twentieth century is the increase in the world's urban population. The rapid growth of the urban population can be gauged from the broad sweep of history. Only 233 million lived in cities in 1900, (14 % of the world's population), and by 2000 AD this number had grown to nearly 3 billion urban residents (46.7% of world's population). The urban dimension of growth (around 2.5 %) is reflected in somewhat inverse proportion to rural population change (1.1 %) per annum. By 2020, some 4.4 billion people will live in cities, nearly 60% of world population.¹ Nearly 57 million new urbanites will be added each year. The situation is more pronounced in developing nations where nearly 80% of the world population resides.

Perhaps more important from the governance and management perspective is the sheer numbers of large cities. Accompanying the urban transition is the **increase in the number of large cities**. Since 1950, the number of large cities (populations in excess of 1 million)



¹ UNCHS (Habitat) *Basic Facts on Urbanization*, Nairobi, May 1999; p. 2.

has increased from 80 to the expected figure of 365 in the year 2000. Moreover, between 1995 and 2015, the number of mega-cities (populations greater than 10 million) is expected to double to 26.²

The explosive growth of cities has been accompanied by the **massive urbanization of poverty**. Increasing proportions of the poor now live in urban areas. UNDP estimates the total number of people living in poverty – defined as living on less than one dollar per day – to be 1.3 billion. But the present capacity of the cities to address the issues of rising urban poverty is limited.

Surveying the impact of global trends on cities, the *1999 State of the World's Cities Report*, offers three principal conclusions: first, cities are undergoing profound, diverse and rapid changes; second, that cities are experiencing a “crisis of urban governance,” caused by the inadequacy of conventional procedures and attitudes which are unable to adapt to rapid change; and, thirdly that despite these challenges, cities are “making gains as centers of productivity, knowledge generation and technological innovation.”³ The work of the Cities Alliance aims to be responsive to these trends.

The Changing Institutional Environment of Global Cities

Economic liberalization and decentralization of government have been the most common features of recent developmental policies of many countries. These countries have evolved policies aimed at achieving high economic growth rates, integrating national economies with the global economy and increasing economic efficiency through greater competition. Less progress has been made to foster urban contributions to national goals. Cities make a significant contribution to the national income. It is often said that cities are the “engines of growth” of the national economy, producing anywhere from a 25 to 50 percent or more of national GDP. Development of cities must now assume increasing importance in the pursuit of national economic goals, for instance by taking a more active part in improving governance, fostering economic development, and taking steps to reduce poverty, all without losing sight of their fiscal and economic responsibilities as parts of the national system of growth.

In a global economy, there is an **increasing competition among cities** to attract cross-border investments. The ability of a city to attract global investments largely determines the extent of investments in a nation. But, many local governments lack the necessary capacity to develop a strategic framework for economic growth and poverty reduction.

The challenge is to recognize the structural transformation taking place in many city economies – an enlarged informal sector, shift from a traditional large manufacturing enterprises to small-scale firms, increase in service and knowledge based industries. It is important to assess the impacts of this change on the poor. Innovative policies and strategies are needed to enhance economic growth and generate employment for the poor. However, the

² World Bank, *Urban and Local Government Development Strategy*, Washington DC, 1999, p.25

³ UNCHS (Habitat) *State of the World's Cities: 1999*, Nairobi, 1999, p. 8.

present capacity of city governments for such strategic visioning is limited. Appropriate tools and methods for economic analysis of urban areas need to be developed to provide a firm basis of policy formulation at the local level. For example, productivity gains at the city level may be linked to improved governance, or investment in infrastructure, or a combination of both.

Decentralization and New Modes of Urban Governance

Decentralization programs initiated in many countries have now given urban local governments a greater responsibility for management. Urban local governments are expected to provide an adequate infrastructure base to attract domestic and international investments as well as ensure that a minimum level of basic services is available to all its residents.

The rapidly changing macro-economic environment and the worldwide trend towards greater democratic decentralization pose enormous challenges to elected representatives and municipal officers in cities. The ushering in of local democracy has produced a new cadre of political leaders who are enthusiastic but often lack the requisite knowledge and skills for local level decision-making. For municipal staff, the process of local democracy and the problems of rapid urban growth necessitate improved managerial, technical and financial capacity. There is now a **need for a major shift away from the traditional methods of urban management** to strategic planning processes.

Improved urban governance is one of the most important factors in reaching the potential of cities, not only in addressing the challenge of urban poverty, but also in harnessing the opportunities that globalization provides. Good urban governance is characterized by sustainability, decentralization, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security. With decentralization, it is implicit that the task of preparing a comprehensive development strategy is that of city governments. The conventional mode of physical master planning, with its long preparation periods, technocratic orientation and limited political buy-in is no longer adequate to provide the main plank of a city strategic framework. Approaches that are driven by the participation of all the key stakeholders i.e. civic engagement, are essential.

The **City Development Strategy (CDS)** approach promoted by the Cities Alliance provides such a framework. The CDS approach is designed to help cities to adopt norms of good urban governance. The participatory governance framework of CDS enables cities to face the challenges of globalization and decentralization, become future-focussed, plan and act strategically to reach a new standards of well being for the poor, and achieve improvements in economic and social status for all citizens.

Investment Needs in Urban Infrastructure

Tens of trillions of dollars will need to be invested in cities to improve levels of service of present populations, as well as to accommodate the new urban dwellers of the future. Though it is extremely difficult to project the needs for capital in cities of the developing world, Table

1 provides a notional indicator of basic services and infrastructure, derived from per capita needs and projected over the next 10 years.

Table 1 Envelope of Capital Assistance Needs in Cities 2010
(Rough estimate of current prices)*

Financing Needs	Unit (Household size=5)	Unit Costs (US\$)	Total Costs by 2010 \$US billions
Land	50m2 @ \$30 per meter (5 persons)	1,500	3000.0
Shelter	\$1,500 per unit of 5 persons	1,500	3000.0
Water and sewerage	100 LCD @ \$300	300	3000.0
Public sector services (drainage, solid waste, other)	\$20 per capita per year	200	2000.0
Transportation (public roads and vehicles)	\$50 per capita		5000.0
TOTAL			US\$16000. Billion

* excludes regional and national grids for power, water, transportation and telecommunications.

Past experience has shown that only a fraction of these investment needs is unlikely to come only from donor resources. Cities will have to improve their financial resource base, improve the operation and maintenance of existing infrastructure and improve its credit-worthiness for accessing domestic and international resources. Earlier attempts at investment planning in cities had poor coordination and poor sequencing of basic infrastructure. This led to poorly utilized infrastructure or wasted investments. City Development Strategies are intended to help cities take action in advance of crises, to plan proactively, to use investments more efficiently and effectively, to be more demand sensitive, and to prioritize activities on the basis of explicit objectives rather than on historical precedent.

II. City Development Strategies: A New Approach to Urban Development

City Development Strategies are not merely old master plans in new clothes. Rather, they are a new approach to urban development adapted to the changing global environment of liberalized trade, globalization of the world economy, growing urban poverty, and rapidly shifting structures of city economies. CDS is an urban version of a corporate strategy, which reflects the need to accommodate the rapidly evolving business environment brought about by globalization in the business and financial spheres and decentralization and democratization in the fiscal and political arenas. CDS can take many forms, but above all they should help cities to envision a future and manage an urban transformation process to make cities function more effectively.

Making cities work for all means cities that are governed and managed well can expect to improve the efficiency with which their scarce resources are allocated. In effect, this means spending on infrastructure and services that will earn tax and service payments, as well as complementary private sector investments. These are needed to maintain and improve public services, especially for the poor, and leverage them with private investment. Many cities can also improve efficiency of administration and service, as has been shown in dozens of cities around the world. In the end, CDS are expected to contribute to wasting less on poorly maintained infrastructure and subsidized services that do not serve the intended beneficiaries – the poor.

A second area of value added is in expanded productivity, in the organized and unorganized private sector, as well as in the public arena. Cities that understand their competitive position, and move wisely and quickly to capitalize on their comparative advantage, can expect economic returns. Small percentage gains in one or both of these areas over the next several decades for cities that undertake CDS can translate into very large value added. For example, improvement by one percentage point in the spending efficiency of the 50 largest cities in Latin American would produce savings equal to the entire ODA for the region.

Third, cities that plan their strategic moves over decades can expect to waste fewer resources on “catching up” with rapid growth and poorly sited facilities and services. Many cities have shown that a well-managed growth can extend services to low income populations in a way, which allows graduation to higher standards of service in accordance with public and private capacity to pay.

Phases of a CDS Exercise

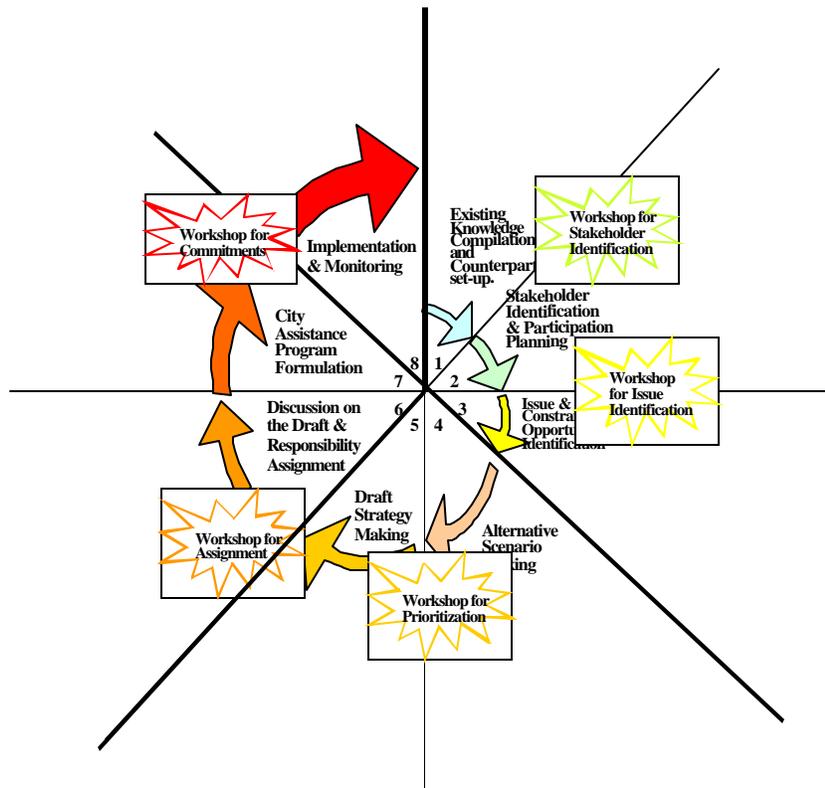
A City Development Strategy starts with the commitment of a city, backed by regional and central government, to take stock of how the city will confront the major challenges in economic and social development. The first steps begin with participatory processes which evolve and engage stakeholders (local government, community groups, private business sectors and civil society) in analyzing the city’s problems, exploring their vision for the city,

identifying opportunities for development, agreeing priorities and developing strategic action plans.

The various phases of a CDS exercise are:

Preparatory Phase – identification of key partners, base-line information and consensus-building of a common understanding of city’s priorities (no. 1, top right in accompanying schematic)

Schematic View: Process in Typical CDS



Consultative Phase – stakeholder group meetings to arrive at a formal political commitment, agreed vision and strategic framework (no. 2);

Strategy Formulation – evaluating options, analysis of strengths and weaknesses, identification of stakeholder roles, developing action plans within a realistic financing framework (3, 4, and 5)

Implementation – implementation of demonstration projects, resource mobilization by stakeholders, investment plans and donor negotiations (6 and 7)

Regeneration— stocktaking and strategic visioning as and when appropriate in the future (8).

Participation of all key stakeholders in the process is of crucial importance. A locally based institution, (an anchor institution) is best suited to coordinate this process for and on behalf of all the stakeholders, to anchor the process outside of the political realm and provide sustainability to participatory processes.

Products of the CDS

The intended outcomes of livability and competitiveness have been identified. To achieve these, some important products have to be realized during the process. These include the following:

- A consensus vision statement for the city that recognizes its comparative strengths and advantages in the national and regional context, and is owned by the city administration and the majority of stakeholders;
- an agreed strategy framework for growth and poverty reduction and identified action areas with assigned roles for each stakeholder group;
- demonstration or pilot activities to be carried out by internal resources, highlighting the commitments of the city government and local stakeholders;
- an investment framework with sources of finance, including donor support.

Although investment plans are often important for cities and donors, they are not a sine qua non of city development strategies. Rather, the Cities Alliance seeks to build a civic capacity and a change in standards about how urban development is to be approached, working progressively towards local, sustainable interest and ability to define needs, directions, and investment programs. For example cities and nations may need a new or revived commitment to public information and outreach programs, greater clarity on decentralized systems of service and governance, and follow-up technical assistance and training in service delivery, management, governance or private sector inputs. In short, investment alone is not the panacea to urban problems. However, when cities see investment programs as necessary, the Cities Alliance should be ready to help.

III Actions and Work Program

The guiding actions of the Cities Alliance are to build political will among key constituencies, serve as a clearinghouse for information and good practices, and incubate “model” programs in both City Development Strategies and Squatter Upgrading. The first step in meeting these objectives is to review the pool of experience developed in rich and poor nations in the recent past. Cities like Barcelona and Chattanooga have produced successful examples from which much can be learned, although the means for sustaining these efforts are rarely available to cities in the developing world. Another important contribution has been generated by the UMP in the developing world, although in these cases, the themes have been focussed on specific sectors and linkages to lending assistance have been limited.

A rich set of experiences has been built up only in the past several years through the initial efforts of the Cities Alliance and the Government of Japan. An evaluation report on Lessons Learned from CDS will be available at the CG meeting and will serve as one of the key discussion documents for a high level technical seminar to be organized in late CY 2000. Accordingly, early phases of the Action Plan will include stocktaking from lessons from past experiences as well as those harvested from the most recent cases of CDSs (see Annex 2).

Summary of Actions

The Plan of Action can be seen in three broad phases (see Table 2). In general, the first year should be aimed at stocktaking, translating experience to date into guidelines and getting started on putting together i) an analytical framework and ii) identifying indicators of outcomes. The initial years also should expect to devote resources and policy attention to building understanding and political support for CDS. Starting in the second year, work would continue to spread and validate the collective understanding of CDS practice, trying out the indicators and framework, and moving forward on reaching greater scale of impact by means of local and international associations of local governments and cities. The outer years of the Plan would aim to come to closure by using these tools— guidelines, indicators, and analytical framework—as tools to achieve the overall programmatic objective.

Building political commitment and sharing knowledge would be accomplished through regional seminars designed specifically for this purpose in addition to country consultations and publications. Regional seminars will be organized in rotating sequence (following Fukuoka) commencing in the second quarter of 2001 in Latin America or Africa, for example, to begin harvesting the lessons of the subsequent cohorts of pilot CDS financed under the Cities Alliance. Upon the completion of six regional seminars, a global conference will be held to summarize lessons and convert them into a manual of standard practice.

Table 2: Summary Actions and Work Program

Summary of Actions by Year				
Year (CY)	2000	2001-2005	2006-2010	2011-
Actions	Development of approaches and tools, mobilizing support, for city strategies and national integration	About 10 cities per year, with structured learning cycles and cross fertilization. Several flagship cases with comprehensive coverage of economic, financial, and poverty issues	Self-starting and self-directed strategies, linked to national development strategies	Fully self-sustaining process with monitoring, evaluation, and dissemination
Grant Support (US\$)	3 million	5- 7 million per year	5-10 million per year	1 million
Self Sustaining Support	Symbolic and occasional substantial counterpart support	Counterpart support from national, NGO, and private sector		

Selecting Cities for Assistance

Demand is strong in most regions of the world for assistance to cities, and more detailed work and extensive consultation will be needed in the first year of the Plan to gauge and meet the demand for assistance in CDS across the world's major regions. Detailed procedures and criteria have been developed to guide and select cities for assistance from the Cities Alliance. Procedures include the assurance that participating cities have secured agreement from national authorities to take part and an emphasis on partnerships among donors in carrying out CDS.

Based on past experience, and taking into account the objectives of this Action Plan, eligibility criteria for financing of CDS will include, *inter alia*: i) a demonstration of institutional commitment; ii) active civil society organizations in the city and their, as well as other stakeholder buy-in; iii) resource commitment from the city; iv) support by central government authorities; and v) strong potential for impact, including scaling-up, and vi) prospects for building civic capacity to sustain the effort in the candidate city and the host country or region. These criteria will be strengthened over the course of the five years to include every increasingly rigorous demonstration that large-scale impact will result. For instance, national and local governments will need to show documented commitment, signs of reform, and financial backing for the proposals they wish to have financed by the Cities Alliance.

Indicators, Monitoring and Evaluation

Measuring outcomes is an explicit part of the Action Plan, and indicators and a monitoring scheme are already under development. The Cities Alliance has begun the development of indicators of key dimensions of urban development, including governance, fiscal management, participation, civic strength, and welfare of citizens, including the poor. Several key dimensions, governance and civic capacity, will be measured using several approaches, including benchmarks (from selected best practice countries), longitudinal studies, and cross country comparisons. Evaluation of the experiences with City Development Strategies and their impacts on cities and nations will take into account indicators of participating cities, measured against own and comparison benchmarks as well as qualitative surveys from local and national observers.

Planned Activities

Year 1 is aimed at stocktaking, constructing analytical framework, and synthesizing and converting this experience into guidelines of practice. Also included are the following:

- Prepare CDS action plan report for wider dissemination
- Draft an analytical framework for CDS in the development agenda (e.g., moving "outward" in the city production function)
- CDS toolkit, guidebook, benchmark indicators for monitoring and evaluation
- Initiate CDS in at least 5 cities and including local associations in key cities
- Synthesize CDS experience of earlier work carried out through Japanese grant, WB in-house, UMP CC, Research study, Seminar on experience sharing

Year 2 is aimed at spreading understanding about CDS and specific knowledge about the conduct and outcomes of CDS. Work includes the following:

- Initiate CDS in 7- 10 cities
- Develop a Knowledge Management Strategy and approaches to scaling up
- Continuous experience sharing among partners and cities via Electronic Chat, Web Site, the CDS journal and a CDS newsletter.
- Annual seminars or workshops among participating cities; focusing on utility of framework and indicators

Year 3/4/5 concentrates on techniques of institutionalization and consolidation of city experience with regional development and other local and national development objectives and devising strategies to scale up and institutionalize the process of CDS

- Initiate CDS in 10 – 15 cities each year
- Syntheses of CDS experiences and devise strategies to scale up to national levels
- Institutionalizing CDS approach, i.e., devising ways to measuring success in terms of indicators and overall objectives (self-sustaining capacity building)

IV Continuity with Development Trends and On-going Activities

The objectives and approach of the City Development Strategies embody the cardinal principles of the Habitat Agenda and form the substantive basis for Habitat's Global Campaign for Good Urban Governance as well as other complementary programs. The CDS approach is seen by Habitat as one of the important practical tools which cities can use to implement good governance. It is also another important iteration in the unfolding of the participatory city management philosophy, with broader and more holistic ambitions than previous methodologies. Moreover, by fostering CDS, the Cities Alliance is also supporting key objectives concerning urban development in the World Bank's strategy for urban development and governance.

Underlying Principles of CDS

The CDS approach is based on the three important principles: good governance, enablement, and capacity building. These principles embody, not only the philosophical tenets of the CDS approach, but also highlight the intended outcomes.

Norms of Good Urban Governance. Good urban governance is characterized by **sustainability, decentralization, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security**, and that these norms are interdependent and mutually reinforcing. Sustainability in all dimensions of urban development implies that Cities must balance the social, economic and environmental needs of present and future generations.⁴ Leaders must have a long-term, strategic vision of sustainable human development and the ability to reconcile divergent interests for the common good.

Decentralization of authority and resources implies that responsibility for service provision should be allocated on the basis of the principle of subsidiarity, that is, at the lowest appropriate level consistent with efficient and cost-effective delivery of services. This will maximize the potential for inclusion of the citizenry in the process of urban governance. Decentralization and local democracy should improve the responsiveness of policies and initiatives to the priorities and needs of citizens. Cities should be empowered with sufficient resources and autonomy to meet their responsibilities.

Equity of access to decision-making processes and the basic necessities of urban life. The sharing of power leads to equity in the access to and use of resources. Women and men must be equally represented, their needs and priorities equally addressed, in all urban decision-making and resource allocation processes. Inclusive cities provide everyone with equal access to basic appropriate standards of nutrition, education, employment and livelihood, health care, shelter, safe drinking water, sanitation and other basic services.

⁴ See the 27 principles elaborated in the Rio Declaration on Environment and Development, 1992.

Efficiency in the delivery of public services and in promoting local economic development. Cities must be financially sound and cost-effective in their management of revenue sources and expenditures, the administration and delivery of services, and in the enablement, based on comparative advantage, of government, the private sector and communities to contribute formally or informally to the urban economy. A key element in achieving efficiency is to recognize and enable the specific contribution of women to the urban economy.

Transparency and Accountability of decision-makers and all stakeholders. The accountability of local authorities to their citizens must be a paramount concern; there is no place for corruption in cities. Transparency and accountability are essential in allowing stakeholders to have insight into local government operations and to assess which sectors of society are benefiting from decisions and actions. Universal access to, and the free flow of, information is fundamental to transparent and accountable governance. Laws and public policies should be applied in a transparent and predictable manner. Public officials should adhere to high standards of professional and personal integrity.

Civic Engagement and Citizenship. People are the principal wealth of cities; they are both the object and the means of sustainable human development. Civic engagement implies that living together is not a passive exercise: in cities, people must actively contribute to the common good. Citizens, especially women, must be empowered to participate effectively in decision-making processes. The civic capital of the poor must be recognized and supported.

Security of individuals and their living environment. Every individual has the inalienable right to life, liberty and the security of person. Insecurity has a disproportionate impact in further marginalising poor communities. Cities must strive to avoid human conflicts and natural disasters by involving all stakeholders in crime and conflict prevention and disaster preparedness. Security also implies freedom from persecution, forced evictions and provides for security of tenure. Cities should also work with social mediation and conflict reduction agencies and encourage the cooperation between enforcement agencies and other social service providers (health, education and housing).

Principle of Enablement: Empowering local authorities, through enabling legal and institutional framework for poverty reduction, and improved city productivity and standards of living of its residents is a necessary condition for CDS exercise. In situations where the necessary supportive policies, laws and procedures have not been put into effect, governments must at least indicate that they are supportive of a CDS approach being adopted. The Cities Alliance can use experience in individual cities to lobby for and promote enabling institutional change at national level – i.e. scaling-up. Enablement implies that cities require the powers to govern, including service delivery responsibilities, a framework for making open public choices, means of financing the services they are responsible for delivering, and some sort of performance standard articulated in national law or policy which city governments should strive to meet.

Principle of Capacity Building Achieving good governance requires building capacity of civil society organizations as well as city government institutions. Through the CDS process, it is expected that institutional capacity of all stakeholders will be built for participatory governance. The strategic planning framework adopted in the CDS exercise will also ensure development of new tools for the use of all stakeholders.

Capacity building for the local government is usually associated with human resources development, organizational improvement and building of institutional and legal frameworks. But in the context of the CDS it also implies the need to ensure that diverse social groups are able to get needed information and participate in the making of public policy. It includes the need for development of vibrant markets and a confident private sector that contribute energetically and creatively to a partnership with local government. This nostrum applies not just to the formal sector, but to the informal sector as well.

Continuity with Agency Trends

The principles of CDS complement the Comprehensive Development Framework (CDF) used at a national level. The CDF takes a holistic approach to development to address the ‘fundamental, long-term issues of the structure, scope, and substance of societal development’. It is based on the principle of ‘ownership’ by the country and is evolved in partnership by the government with the civil society, the private sector and international agencies. It is perceived as a long-term vision of needs and solutions that focus primarily on the structural and social concerns.

Moreover, the CDS program conforms quite well to the Comprehensive Country Assistance approach and the UN Development Assistant Framework adopted at national level. The various **UNCHS** programs, including the Urban Management Programme, Sustainable Cities Programme, Safer Cities, Local Agenda 21 and Disaster Management, emphasize participatory governance and consultative approaches, but largely concentrate on sectoral or thematic issues. The various city consultation approaches pioneered by these program use developing country expertise, and focus on poverty alleviation and social equity, emphasizing gender awareness.

V Achieving Local and Global Impact

The CDS is an instrument to develop a sustainable civic capacity to develop **a collective vision and undertake comprehensive action in cities where CDSs are undertaken**. It addresses at least four broad themes, two may be thought of as establishing enabling conditions for growth and development and the second two as outcomes. Taken together they are seen as fundamental elements in ensuring sustainable urban development.

In terms of *enabling conditions*, cities will improve:

Good urban governance, that is, the efficient and effective response to urban problems by accountable local governments working in partnership with civil society. To achieve this CDS activities will be designed to institutionalize a participatory process of doing business with regard to decision-making and modes of urban service delivery that will continue after Cities Alliance sponsored CDS activities have ceased.

Fiscal balance - cities will be “bankable” in that they will achieve a financial soundness that will enable them to possess, or have access to a full range of finances - own sources, shared revenue, borrowing and capital markets etc - to finance investment needs and growth. In effect, cities should strive to become credit-worthy.

In terms of *outcomes* cities will achieve:

Livability, meaning improved environmental circumstances of the urban poor as well as minimum environmental conditions for health and welfare for all;

Competitiveness, in a way that will allow a city to develop its economic niche in the national and international context, to generate economic wealth and to ensure that approaches to urban equity and social safety nets are consistent with incentive systems that foster a productive and competitive private sector.

In each of these areas, or depending on the interest of the city, in selected areas, a CDS should enable the city to focus on priority areas of concern. A comprehensive CDS would cover all areas. But whether partial or comprehensive, the CDS should enable the city to have clarified an identity and comparative advantage, and established a path forward, and linked this vision to the regional and national circumstances of development.

Achieving Broader Impact

In the short term, CDS is intended to set new norms and standards of practice in cities, nations, and in development assistance agencies. Activities that merely end up identifying a direction forward and an investment plan will not qualify for Cities Alliance support. Rather, CDS is aimed to build sustainable local and regional capacity to develop vision and action, and spread these achievements so that greater impact is felt in the country and region on a self-sustaining basis. Building civic capacity at the local level is the rationale for, and added value, that deserves grant support from the Cities Alliance.

By the second year of the Action Plan, alliances should include national and international organizations and associations of local administration, management and governance. These organizations represent the most likely, but not the only, vehicle for disseminating new practices in planning and governance and achieving a higher plane of impact. Specific proposals will be solicited and welcome to the Cities Alliance, if they are not already formulated by Alliance partners, to foster scaling up CDS to national and regional levels. In the medium term, the CDS should begin to reach national and regional significance.

Annex 1: Action Plan, Year 1 (CY2000-2001)

Milestone and Event	Description	Qtr.	Budget*
CDS Action Plan	Purpose, goals, and outlines of action for work in city development strategies over a five year period	1	12 SW
Regional Meeting 1	FUKUOKA Meeting July 10-12	1	
Issues Paper: CDS in global Development Agenda	Issues and recommendations about blending CDS work into mainstream agenda of development assistance agencies	2	4 SW
Overview of CDS	Overview of CDS experiences inside and outside development assistance agencies and analytical framework for linking to development mission, role for associations of local governments	2	30,000
CDS Guide Book (first draft)	Explanation of purpose and guidelines for carrying out CDS together with local associations, monitoring tools	2	15 SW
Analytical Framework	Development of economic and developmental basis for CDS	2	15,000
Indicators	Development of indicators and monitoring system	2	6 SW
Regional Meeting 2 (tbd)	Africa or Latin America (discuss experiences, plus framework and indicators)	3	50,000
	- CDS guidebook (second draft includes framework and indicators)	3	10 SW
CDS course II	Roundtable seminar on methods and techniques for CDS	3	4 SW
Initiate CDS in at least 5 cities	Regional office of UNCHS and WB teams	2-4	
Stock-taking and analysis to synthesis experience	Consultant at regional and global level over first two years. Report summarizes Regional Meetings and serves as discussion document for global workshop	1-3	30,000
Global experience sharing workshop on CDS	Workshops for national level officials, together with city authorities, to explain CDS, review monitoring indicators and analytical framework.	4	25,000
Dissemination of CDS outcomes	CDS Reports on illustrative cases and global synthesis report	1-4	25,000

*Budget items show staff weeks for work to be completed by World Bank and UNCHS staff and dollar amounts for consultants or other costs.

Annex 2: CDS Efforts Currently Underway

Africa				
City	Country	Status	Source of Fund	TM
Johannesburg	South Africa	Active	Cities Alliance/UMP - DGF/WB	Junaid Ahmad/Mon Charles
Kampala	Uganda	Active	WB/Cities Alliance	Deepali Tewari
East Asia				
City	Country	Status	Source of Fund	TM
Haiphong	Vietnam	Completed	WB/Cities Alliance	Tim Campbell
Ho Chi Minh	Vietnam	Active	Japanese Govt./WB Partnership	Alan Coulthart
Phitsanulok	Thailand	Active	Japanese Govt./WB Partnership	Tom Zearley
San Fernando City	Philippines	Active	Japanese Govt./WB Partnership	Toru Hashimoto
Olongapo	Philippines	Active	Japanese Govt./WB Partnership	Toru Hashimoto
Roxas City	Philippines	Active	Japanese Govt./WB Partnership	Toru Hashimoto
Sagay	Philippines	Active	Japanese Govt./WB Partnership	Toru Hashimoto
Lapu lapu	Philippines	Active	Japanese Govt./WB Partnership	Toru Hashimoto
Dipolog	Philippines	Active	Japanese Govt./WB Partnership	Toru Hashimoto
Dapitan	Philippines	Active	Japanese Govt./WB Partnership	Toru Hashimoto
Bandung	Indonesia	Active	Japanese Govt./WB Partnership	Dan Hoornweg
Fulling	China	Active	Japanese Govt./WB Partnership	Geoffrey Read
Guangzhou	China	Active	Cities Alliance	Mats Andersson
Tianjing	China	Active	Cities Alliance	Mats Andersson
Changsha	China	Active	Cities Alliance	Mats Andersson
LAC				
City	Country	Status	Source of Fund	TM
Cali	Colombia	Active	WB/Cities Alliance	Alexandra Ortiz
Buenos Aires	Argentina	Active	WB/Cities Alliance	Mike Cohen
Santo Andre	Brazil	Active	UMP Initiative - DGF/WB	Yves Cabanne
South Asia				
City	Country	Status	Source of Fund	TM
Dhaka	Bangladesh	Active	Japanese Govt./WB Partnership	Balakrishna Menon Parameswaran/Zahed Khan
Khulna	Bangladesh	Active	Japanese Govt./WB Partnership	B. Menon, P. Khan
Tamil Nadu State	India	Active	WB	Hiroaki Suzuki
Bangalore	India	Active	WB/Cities Alliance	Richard Beardmore
Ahmedabad	India	Active	WB/Cities Alliance	Hiroaki Suzuki
Colombo	Sri Lanka	Active	UMP Initiative - DGF/WB	Jelena Pantelic/Dinesh Mehta

Annex 2: CDS's Recommended for Approval

Africa				
City	Country	Status	Source of Fund	TM
Nairobi	Kenya	Proposed	Cities Alliance	David Kithakye
Nouakchott	Mauritania	Proposed	Cities Alliance	Abdelghani Inal
Nouadhibou	Mauritania	Proposed	Cities Alliance	Abdelghani Inal
East Asia				
City	Country	Status	Source of Fund	TM
Phnom Penh	Cambodia	Proposed	Cities Alliance	Mariko Sato
Ulanbataar	Mongolia	Proposed	Japanese Govt	Edouard Motte
ECA				
City	Country	Status	Source of Fund	TM
Sofia	Bulgaria	In Preparation	Cities Alliance	Robert Buckley
LAC				
City	Country	Status	Source of Fund	TM
Recife	Brazil	Proposed	Cities Alliance	Vitor Serra
South Asia				
City	Country	Status	Source of Fund	TM
Kathmandu	Nepal	Proposed	Cities Alliance	Ballakrishna Menon
Pershawar	Pakistan	Proposed	Cities Alliance	Shahnaz Arshad
Hyderabad	India	Proposed	Cities Alliance	Mariko Sato
MENA				
San'a	Yemen	Proposed	Cities Alliance/Govt. of Japan	Sonia Hammam
Taiz	Yemen	Proposed	Cities Alliance/Govt. of Japan	Sonia Hammam