

# Urban Management Programme

## City Development Strategies: A synthesis and lessons learned

### Introduction

Cities are growing rapidly. In 2030, it is estimated that there will be *two billion* more people living in urban areas than there are today. Much of the impact of this will be felt in the developing world, particularly Sub-Saharan Africa and South and South East Asia, where cities will nearly double their population by this time.<sup>1</sup>

However, despite this growth, cities are not necessarily thriving, particularly in the case of cities in the developing world. Instead, this rapid urbanization brings enormous pressure to bear on the living environment in cities. The result has been an urbanization of poverty, the growth of slums and increased desperation for those struggling to survive and raise families in overcrowded settlements on marginal land, without access to basic services and often, without access to basic human rights.

Managing this increasing urban poverty has been left more and more to local solutions and resources, a task for which many local governments are ill equipped and under-resourced. The magnitude of the problem can be overwhelming. In many cases, the problem at hand lacks any legal basis – e.g. informal/unplanned settlements – thus further hampering efforts to address the issue. As a result, actions taken to improve the situation are often fragmented or insufficient, or in many cases they address the symptoms rather than the causes. Thus, the urban poor remain without a voice, and without a means to improve their situation.

Conversely, this increase in urban poverty brings a new awareness and thinking around how to tackle these problems, and at the same time takes advantage of all the positive aspects that cities have to offer. There is an increased understanding in the international community that cities are our future, and that urban citizens, including the urban poor, have much to contribute to making cities sustainable, equitable and productive.

Cities provide opportunities and make major contributions to economic growth through the weight of their location, populations, economies, power and resources. The urban poor are working to organise themselves to improve their situations despite overwhelming odds. Local authorities are recognizing their role in providing basic services and support to all citizens. National governments are increasingly focusing on processes of democratization and decentralisation. Development agencies are supporting urban strategies that reduce poverty and highlight the need for improved urban governance.

### Purpose of this Publication

This document is based on lessons from seven City Development Strategy (CDS) exercises conducted by UN-HABITAT/Urban Management Programme in the past two years in Bamako, Mali, Colombo, Sri Lanka, Cuenca, Ecuador, Johannesburg, South Africa, Santo Andre, Brazil, Shenyang, China and Tunis, Tunisia. These CDS activities were all held in cities in which the Urban Management Programme is actively pursuing city consultation work. Therefore, the UMP is in a good position to closely examine the process, share lessons learned and highlight good practices and results in the seven cities. As the CDS processes have only recently been completed, this report highlights process and participation, and looks at outcomes and

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<sup>1</sup> Cities Alliance: Cities Without Slums; 2001 Annual Report

outreach in institutionalizing the process. Evaluation of impact on the ground cannot be measured until activities within the Action Plans have been implemented.

Through this work, UMP attempts to demonstrate that, from the initial lack of clarity regarding the concept of CDS, there is an emerging consensus on the need to integrate a pro-poor perspective. The first three of the seven CDS exercises of UN-HABITAT/UMP, initiated in Colombo, Johannesburg and Santo Andre in 1999, were carried out within the earlier paradigm of City Assistance Strategy Programme (CASP) and focused mainly on local economic development. The latter four, in Bamako, Cuenca, Shenyang and Tunis, focused on pro-poor CDS and were carried out through stakeholder driven participatory processes. The lessons from these seven CDS exercises provide important directions, not only for the process of carrying out a CDS exercise, but also for Cities Alliance policies and its future work programme related to CDS.

This document explains the CDS and the Urban Management Programme, and explores their links and complementarity. This includes an exploration of the city development strategy itself, and what it is designed to achieve, as well as describing the changing paradigm of CDS over the past two years through a review of earlier papers presented at the consultative group meetings of the Cities Alliance. A summary overview of the City Development Strategies in the seven cities is included in the first section, concluding with lessons drawn from the CDS exercises. Further information on the details of the CDS activities, in the form of a more comprehensive evaluation and documentation of the experiences from each of the seven cities, comprises the remainder of this document.

### **City Development Strategies and the Urban Management Programme**

The City Development Strategy (CDS) is one of the two key approaches within the Cities Alliance<sup>2</sup> and is the focus of this publication. A CDS is seen as an instrument to develop pro-poor urban governance in cities. Ultimately, it is about participatory decision-making. For cities facing the challenges of urbanizing poverty, increasing competitiveness and emerging pressures on economic and environmental sustainability, the CDS provides a framework for economic growth, making it sustainable and equitable through pro-poor policies, strategies and actions.

The UMP approach is based on three important principles of enablement, participation and capacity building. Empowering local authorities and other partners, through enabling legal and institutional frameworks, is a necessary condition for the CDS exercise. Without the participation of those at the local level – local authorities and the urban poor – sustainable citywide strategies cannot be achieved. This participation must be genuine, resulting in local ownership of the process. For that participation to be meaningful, civil society organizations and city government institutions need solid institutional and technical capacity.

The goals of a CDS process include a collective city vision and strategy, improved urban governance and management, increased investment and systematic and sustained reductions in urban poverty. The most important product of a CDS is a citywide strategy that turns the city into an engine of equitable economic development and has a direct impact on poverty reduction, local economic growth and improved governance.

### **Emerging Paradigm of Pro-Poor CDS within Cities Alliance**

When the Cities Alliance was launched in 1999, the concept of CDS was not well defined. While almost every city in the world undertakes a city development strategy of some sort (often referred to as a Master Plan, or a Strategic Plan), there was a lack of clarity about how different the CDS promoted by the Cities Alliance were from existing city planning and development activities. The prevailing notion of CDS within

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<sup>2</sup> The Cities Alliance was conceived in 1999 as a coalition of cities and their development partners, committed to address urban poverty reduction as a global public policy issue. Consultative Group Members are UN-HABITAT and the World Bank, Associations of Local Authorities, and Governments. For more information on the Cities Alliance, visit [www.citiesalliance.org](http://www.citiesalliance.org).

the Cities Alliance was then largely influenced by the World Bank's draft Urban Strategy Paper that called for making cities "Competitive, Bankable, Livable, and Manageable". Many CDS exercises, especially those initiated in 1998, were carried out within this perspective.

The early documents of Cities Alliance on CDS attempted to move away from an explicit focus on economic growth towards a poverty reduction focus. This placed the CDS within the overall objectives of Cities Alliance to address urban poverty reduction as a global policy issue. For example, the first CDS action plan prepared in June 2000 interpreted CDS as sustainable urban development focusing on four basic themes of "good urban governance, livability and security for the poor, fiscal balances, and competitiveness (or improved productivity)". There was also an attempt to define a participatory process of preparation for a CDS. This was a significant departure from the earlier perspective of CDS, where the outcomes were merely an investment strategy. The emerging paradigm of a CDS identified by Cities Alliance was:

"a collective vision for the city that is responsive to its comparative strengths and advantages in the national and regional context, a vision that is "owned" by the city and all the stakeholders, and provides an agreed strategic framework for growth and poverty reduction, and identified action areas with assigned roles for each stakeholder group"<sup>3</sup>

In a subsequent paper on CDS by the Cities Alliance, developed after some consultation among many partners, there was a greater clarity and balance between the economic growth and poverty reduction objectives. This paper defines a CDS as, "an action-plan for equitable growth in cities, developed and sustained through participation, to improve the quality of life for all citizens." It further states that, "the goals of a City Development Strategy include a collective city vision and action plan aimed at improving urban governance and management, increasing investment to expand employment and services, and systematic and sustained reductions in urban poverty."<sup>4</sup>

At the International Forum on Urban Poverty held in Marrakech in October 2001, the relationship between the inclusive and productive city was discussed. These discussions can be viewed as an important step forward in the continuous tension and reconciliation between social and economic challenges. From these discussions, two important lessons were drawn:

"First, it seems accepted that a city can hardly be inclusive - i.e. socially and spatially integrated - if it is not productive. But cities, even if very productive, are not automatically inclusive. The redistribution of the benefits of economic growth requires a clear and voluntarist policy because the invisible hand of the market does not favour spontaneously social inclusion and equity.

The second lesson is that it is not enough to promote equity and social integration, there is also a need to develop and implement a local policy aiming at increasing urban productivity in the formal and informal sectors, in the private and public sectors, in the entire urban economy. This is indeed the "principle of Marrakech": reducing urban poverty requires promoting simultaneously inclusive AND productive cities.<sup>5</sup>

It is this framework that was used in the seven CDS exercises carried out by UMP/UN-HABITAT.

### **What will the CDS Deliver?**

Making cities work means that value added to the development process can be realized through participatory processes. First, 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

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<sup>3</sup>CG/4 - PPF/7 paper for the Meeting of the Consultative Group Montreal, Canada - June 12-13, 2000

<sup>4</sup> City Development Strategies: the Cities Alliance perspective, draft May 2001

<sup>5</sup> Concluding remarks, Deputy Executive Director, UN-HABITAT, IFUP Marrakech, available on [www.un-habitat.org/ifup](http://www.un-habitat.org/ifup)

administration and service. A second area of value added is in expanded productivity, both in the private and public sectors. Cities that understand their competitive position, and move wisely and quickly to capitalize on their comparative advantage, can expect economic returns. Third, cities that plan their strategic moves over decades will waste fewer resources on “catching up” with rapid growth and poorly sited facilities and services. Many cities have shown that 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.<sup>6</sup>

### **The Urban Management Programme**

The Urban Management Programme (UMP) is one of the largest urban global technical assistance programmes of the UN system. Working with partners at all levels through regional and sub-regional offices, the programme develops, applies and shares urban management knowledge in the fields of participatory urban governance, alleviation of urban poverty and urban environmental management.

One of the major methods to achieve this is the participatory city consultation process. UMP undertook 120 city consultations in 57 developing countries in Africa, the Arab States, Asia and Latin America and the Caribbean during Phase 3 (1997-2001). These city consultations operate on the principle of participation and working together towards common solutions and action plans to address priority problems on the ground. Through the city consultation process, local governments are encouraged to engage in constructive dialogue with stakeholders and involve them in the decision-making concerning city development. Local and regional partner institutions are encouraged to build adequate rapport with the city government and stakeholder groups and ensure that institutional mechanisms, that allow for continued involvement in future activities, are established.

A UMP city consultation is designed on the tenet of partnership, whereby all stakeholders, both within and outside the city government, treat with each other on the basis of respect and equality.<sup>7</sup> In particular, the views of civil society stakeholders are accorded full consideration, even if they are not expressed in the language and terminology commonly used by the urban development professionals. The knowledge and support of civil society stakeholders is essential to address urban problems. Each consultation is designed to maximize partnership between city government and civil society stakeholders. The stronger the partnership, the better the result.<sup>8</sup>

The principal motivation of choosing UMP cities to undertake these seven CDS activities was to build upon the city consultation methodology successfully implemented in 120 cities in 57 countries by UMP to the CDS process. These UMP city consultations subscribe to the principle of participation and working together towards common solutions and action plans to address priority problems on the ground.

Through the city consultation process, local governments are encouraged to engage in constructive dialogue with stakeholders and involve them in decision-making concerning city development. The knowledge and support of civil society stakeholders is considered essential for solving problems. Each consultation is designed to maximize partnership between city government and civil society stakeholders. The stronger the partnership, the better the result. Local and regional partner institutions of UMP are encouraged to build adequate rapport with the city government and stakeholder groups and ensure that institutional mechanisms, that allow for continued involvement in future activities, are established.

The UMP city consultation follows a typical process, although this is not linear, but rather, overlapping and circular as necessary. It begins with city selection and moves through consultation planning, city profile preparation, city consultation event and process of consultation, preparation of an action, detailing and final

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<sup>6</sup> Making Cities Work: Global Action Plan for CDS, World Bank/UN-HABITAT Cities Alliance, May 2000

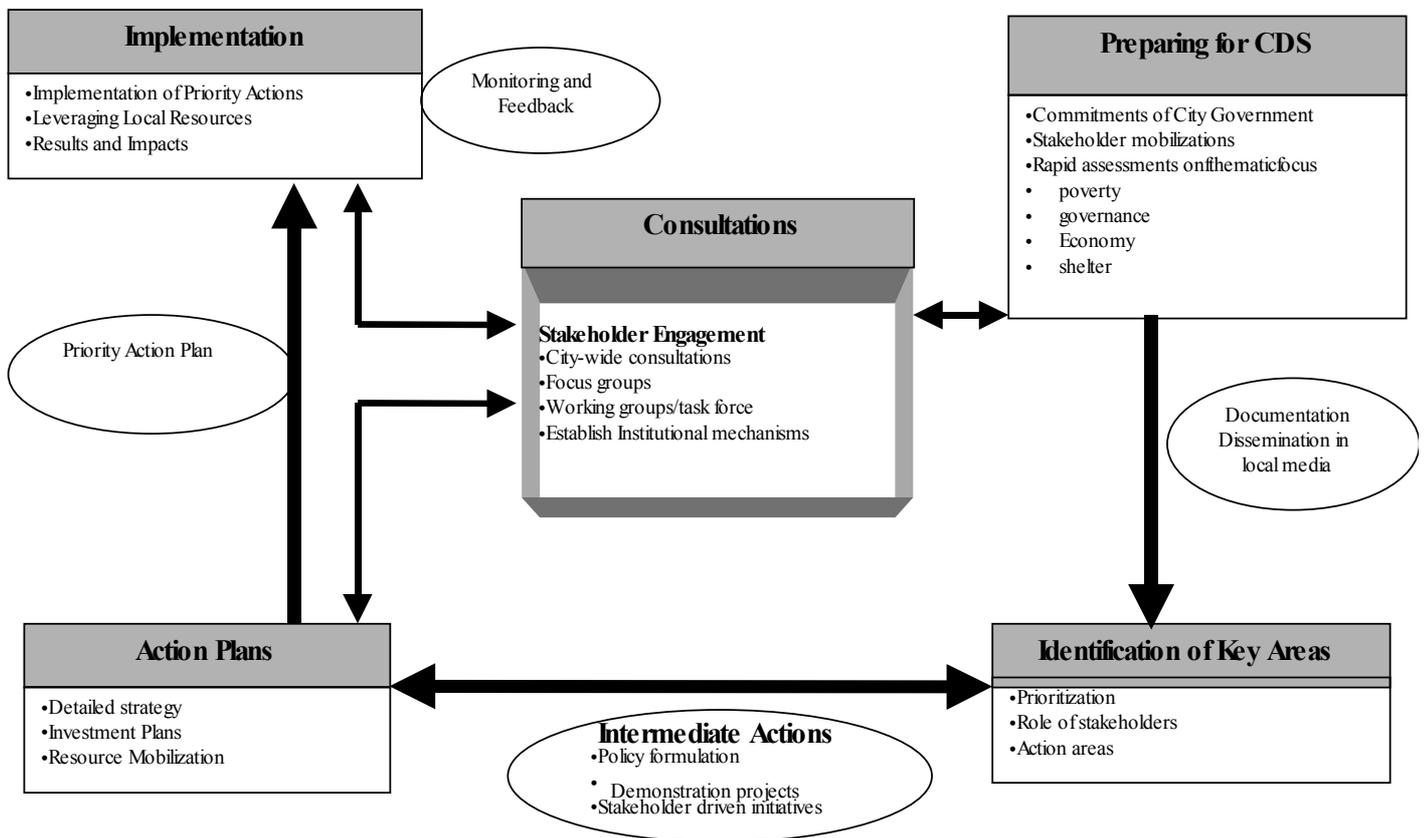
<sup>7</sup> Urban Management Programme, “Participation to Partnership: Lessons from UMP City Consultations”, UMP series #27, May 2001

<sup>8</sup> Participation to Partnership: Lessons from UMP City Consultations, May 2001

adoption of the Action Plan, implementation and replication. This is a simplified and shortened version of the UMP city consultation process, but is described here to show the close links between UMP and CDS in strategy and philosophy. In fact, the current operational guidelines of the CDS were developed in partnership with UMP and built on UMP's lessons and experiences on the ground.

There are some differences between the UMP city consultation process and the CDS, however these lie more in the focus and the scale. The CDS takes a definite economic view and clearly targets poverty reduction. It views the enabling conditions for sustainability in urban development as good urban governance and fiscal balances, with outcomes focused on livability, especially for the urban poor, and competitiveness, allowing a city to develop its economic niche in the national and international context. The UMP city consultation process, albeit ultimately focused on poverty reduction, has broader sectoral and thematic entry points of participatory urban governance, urban environmental sustainability, urban poverty alleviation, and gender as a cross-cutting issue.

### Participatory CDS Process



The scale of the CDS is also broader: it is city-wide as opposed to neighbourhood or community, and aims at both the local level, in improving the circumstances of the urban poor, and the national level and beyond, as the city establishes itself economically and competitively in the global marketplace.

There is value-added for both UMP and Cities Alliance to continue working together on CDS activities. The City Development Strategy methodology benefits from the foundation of participatory decision-making and capacity that has been built up in UMP cities through programme activities in the last fifteen years. And UMP benefits from the possibilities to up-scale and broaden its city consultation activities, focusing in on poverty reduction, and economic development.

### **Generic Framework of the Seven CDS**

The goals of CDS include a collective city vision and strategy, improved urban governance and management, increased investment and systematic and sustained reductions in urban poverty. The actual approach of each CDS varied with local and national conditions. However, regardless of local differences, most City Development Strategies have adopted a participatory process with an aim to effect improvements in three interrelated categories: Urban Governance, Economic Growth, and Poverty Reduction. Gender mainstreaming was an important cross-cutting issue.

Urban Governance: Governance as a concept recognizes that power exists inside and outside the formal authority and institutions of government. In the process of CDS exercises, it was recognized that governance includes government, the private sector and civil society. In addition, it highlights that governance emphasizes 'process'.<sup>9</sup> Many of the CDS activities were used to promote participatory approaches to strategic planning and development. The CDS used the principle of urban citizenship, which affirms that no man, woman or child can be denied access to the necessities of urban life, including adequate shelter, security of tenure, safe water, sanitation, a clean environment, health, education and nutrition, employment and public safety and mobility<sup>10</sup>. The core principles of good urban governance - equity, effectiveness, accountability, participation and security - were emphasized during the preparation of CDS. It was recognized that improving urban governance was the key to addressing the challenges of urban poverty as well as to harnessing the opportunities that globalisation and decentralization provide.

Economic Growth: The future of cities increasingly relies on their own economic abilities and advantages. A primary focus of the CDS is the economy - examining the way in which a city makes its living. As a part of the CDS exercise, a local economic development strategy was developed in each city. The CDS process was useful in bringing together a diverse group of stakeholders - the local government, the private sector, and the poor - to define priority areas and develop action plans focusing on improving the city's overall economic performance and efficiency, and promoting employment generation. It also allowed and encouraged people to think in a new and different way about the future of their city. The linkages between economic growth and poverty reduction were identified through urban labour markets. In many cities, detailed studies of the urban informal sector and small enterprises had to be carried out.

However it was also recognized that there were limits to economic interventions at the local level. In many cities, the domain functions and authority of local governments, defined by the national legislation, did not provide for major economic policies and investment decisions at local level. It is likely, therefore, that there will be many constraints in implementing the local economic development plans.

Poverty Reduction: Building cities that are externally competitive and internally equitable, and city-regions that are productive and economically dynamic as they grow in relation to other city regions, are two of today's greatest challenges of development. These challenges relate directly to the key issue of poverty reduction. The reduction of poverty was seen as an important goal for all the CDS, though in some cases, it was not as explicit as other goals. In many cities, key information on the poor - their housing situation,

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<sup>9</sup> The Global Campaign for Good Urban Governance, Concept Paper, Draft 5, November 2000

<sup>10</sup> *ibid.*

employment conditions and service delivery - was not readily available and considerable time and effort was devoted to this task. Participation of the poor through organized groups was possible in many cities. In a few cities, these efforts were successful in establishing institutional mechanisms for a more sustained participation of the poor.

Gender Mainstreaming: Gender mainstreaming is a strategy for integrating both women's and men's concerns and experiences equally in the development process to achieve sustainable and equitable development. It offers women and men the same opportunities and possibilities and provides a tool through which gender equality can be reached. The participation of women can be seen as a first step towards gender mainstreaming in the CDS process, however it does not necessarily promote the access of women to resources and local decision making. Including gender equity as a determining factor in local planning and in the human development index of the city, and collecting and analyzing data in a gender disaggregated way are first steps towards mainstreaming gender in strategic development.

### **Overall Lessons**

The seven CDS represent a very diverse set of cities in terms of population size, economic levels and socio-political context. Yet, in each of these cities, it was possible to adopt a participatory process, though the degree of participation of the poor has varied. The outcomes of these CDS are also quite different in each city. In almost all the cities, the implementation of CDS strategic action plans has not yet begun, and therefore, the impact on poverty reduction is difficult to measure.

An attempt was made to synthesize the ongoing CDS experience and assimilate lessons on the process of conducting a CDS exercise. Despite the diversity, it is possible to derive a set of common issues and principles that have an impact on the process and outcome of CDS.

### **Focus of CDS**

- The pro-poor focus of CDS needs to be emphasized from the outset. This determines the entire consultative process, engages the urban poor as an important stakeholder and sets the tone for the entire CDS.
- Local economic development may be an important goal of CDS, but it should be viewed within the context of poverty reduction. If this is not done, the formal private sector is likely to dominate the CDS process. The linking factor between local economy and poverty reduction is the labour market. A more detailed understanding of the labour market, especially the informal sector, is crucial to engage the poor.
- Municipal governments are the key drivers of the CDS process. But credibility of the municipal government with the stakeholders is important for successful consultations. Improved management and governance in municipal governments needs to be accorded high priority.

### **Local Ownership of CDS**

- A locally 'owned' CDS, as opposed to one that is donor-driven, is more likely to succeed in mobilizing all the stakeholders in the city and raise local resources for implementation.
- A local 'champion' of the CDS process is essential. A strong and committed leader (e.g. the Mayor) is required to mobilize diverse groups of stakeholders for the CDS process.
- The presence of organized stakeholder groups in the city, especially groups of the poor, is important for the consultation process. Involving stakeholders in the decision-making process has a positive impact on the implementation of the action plans as well as strengthening their sense of ownership, which supports sustainability and institutionalization of the process.

### **The CDS Process**

- The CDS cycle needs to be placed within the context of the 'life' of the local government. A 'fast track' approach for CDS using tools of rapid appraisals for poverty and economic analysis is more suited for conducting a CDS within a relatively short period.
- It is critical to show concrete results in the CDS process at the earliest possible stage. These results serve to reinforce commitment in the participatory process. Small but highly visible actions and results at intermediate stages of the consultation process lead to sustained interest of all stakeholders.
- A CDS can and should capitalize on existing initiatives in cities. Coordinating and building on existing participatory efforts and creating partnerships lends strength to the CDS process and improves the likelihood of institutionalization of participatory mechanisms.

### **Action Plans and Investment Follow-up**

- Action plans need to strike a balance between being realistic and, at the same time, incorporating an agreed future vision that will result in a real improvement in people's lives. Action plan implementation is more likely when most or all of the key stakeholders have "ownership" of the plan and are committed to work in partnership with all stakeholders.
- Local resources to implement action plans appear to be both more reliable and more sustainable than resources from external sources.
- Investments through donor funds do not happen immediately. Each donor agency, whether involved in CDS from the beginning or not, has a pre-defined set of procedures to be followed before financial decisions are made. And often, these decisions take a long time.

### **The CDS Process and Tools of City Consultations**

Each of the seven CDS activities was able to build on the successful UMP city consultation process in the city. There are some differences between the UMP city consultation process and the CDS, but these lie more in the focus and the scale. The CDS takes a definite economic view and clearly targets poverty reduction. It views the enabling conditions for sustainability in urban development as good urban governance and local economic development, with outcomes focused on livability, especially for the urban poor. The UMP city consultation process, though focused on poverty reduction, has broader sectoral and thematic entry points of participatory urban governance, urban environmental sustainability, urban poverty alleviation, and gender as a crosscutting issue.

The scale of the CDS is also broader than UMP city consultations. It is citywide as opposed to neighbourhood or community, and aims at the local level, in improving the circumstances of the urban poor, the national level, and beyond.

However, despite these differences, the generic process of the UMP city consultation has worked well for preparing a CDS in many diverse contexts. Based on this experience, it is possible to adapt this process for CDS activities. It is important to recognize that consultations with the stakeholders are essential at each stage of the process. It is also necessary to ensure that there are distinct outputs that need to be disseminated to a wider group of stakeholders throughout. An intermediate action plan that is implemented with local resources is essential for continuous engagement of the stakeholders.