

City Development Strategies: the Cities Alliance perspective

1. INTRODUCTION

The economic future of countries is increasingly being determined in their urban areas. Globally, the process of decentralisation is shifting power and resources to cities and their citizens, raising the importance of how well cities are managed, and how well city economies are performing. Two alternative urban scenarios are emerging: one of cities characterised by increasing poverty, social exclusion and decline; the other of inclusive cities characterised by equitable and sustainable growth.

It is often the quality of urban governance that divides declining cities from prosperous cities.

The Cities Alliance was created to work in partnership with cities that are attempting to improve opportunities for all their citizens, particularly the urban poor and women who are often the most disadvantaged, and that do so in an inclusive manner. Indeed, many cities are leading the way in redefining their priorities, rethinking the way in which the city is managed, and introducing innovations and improvements in urban governance.

The Cities Alliance promotes action in two areas: citywide slum upgrading, and the formulation of City Development Strategies. These activities provide support to local capacity to implement the Habitat Agenda and directly attack urban poverty.

The Cities Alliance recognises that while there are common issues, each city has its own characteristics and that it is for civic leaders and citizens to determine their city's own future. Cities Alliance assistance supports local assessments and solutions, and provides ways and means in which these can be considered from a wider perspective. All support is managed within the national context, with support and involvement of the national government.

2.0 WHAT IS A CITY DEVELOPMENT STRATEGY?

A City Development Strategy is an action-plan for equitable growth in cities, developed and sustained through participation, to improve the quality of life for all citizens.

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.

Achieving this overall goal will occur through a wide variety of approaches in different cities around the world, with local and national conditions determining both the chosen approach and the final outcomes. Notwithstanding local differences, the Cities Alliance places great emphasis on the lead being taken by the city itself, with the urban poor and local business leaders actively engaged within a wider participatory process – in short, local ownership of the process is vital.

3.0 STRATEGIC FOCUS OF CITY DEVELOPMENT STRATEGIES

Most City Development Strategies focus on the need to effect improvements in three, closely related categories: urban governance, local economic growth, and poverty reduction.

3.1 Urban Governance

Urban governance is a broad concept that describes the method through which priorities are set, decisions are taken and people and institutions interact. Good urban governance is characterised by transparent decision making, sound financial management, public accountability, equitable resource allocation and probity, and should lead to sustainable improvements in most urban indicators. Good urban governance is enhanced when the subsidiarity is adopted as a guiding principle, decentralising resources and responsibilities to the lowest effective level.

3.1.2 Effective decision making and management

One of the most direct elements of good urban governance, the manner in which decisions are taken is central to the building of consensus, and the demonstration of accountability. Effective participation in formal decision-making structures by all stakeholders can help build consensus on development priorities, improve the equity and efficiency of resource allocation, ensure the transparency and accountability of local authorities and the sustainability of interventions.

However, open and democratic decision making needs to be underwritten by the managerial capacity and systems to ensure implementation. To ensure meaningful

participation, a city development strategy should build the capacity of both local governments and their civil society partners.

3.1.2 The budgeting process

The local government budget, how priorities are selected, how allocations and appropriations are made, how revenue growth is promoted and the poor are assisted, is one of the tests of good urban governance, as well as financial and political accountability. City governments which have introduced participatory budgeting processes are amongst the most successful in building consensus and meeting the needs of the poor.

3.1.3 Institutional frameworks

While some aspects of these frameworks may be determined by the policies and legislation of higher levels of government, city governments need to ensure the most effective institutional arrangements within their scope and jurisdiction. This needs to result in a clear determination of roles, rights and responsibilities, incorporating not only public institutions, but also the private sector, civil society and citizens within its scope. Closely linked to the establishment of effective institutional frameworks is the ever-present need for municipal reform, including the building of capacity.

3.2 Local Economic Growth

The future of cities increasingly relies on their own economic abilities and advantages; a local economic development strategy is at the core of a city development strategy. Priorities include identifying ways of improving the city's overall economic performance and efficiency, promoting competitiveness of the city in national and international contexts, and promoting broad-based employment generation that includes the informal sector. Involving micro-enterprises as well as the private sector in conceiving the development strategy, and securing their increased involvement and investment, and defining the supportive role of government, is critical to overall success.

3.2.1 Managing a local economic development strategy

Each city needs to understand and make maximum use of its comparative advantage, and focus on those goods or services that are consistent with this, particularly those that generate broad-based employment. The articulation of a local economic development strategy, underpinned by sound municipal finance systems, will be instrumental in improving the city's access to source of private finance for investments in support of the strategy. The successful implementation of a local economic development strategy will promote a healthy and buoyant fiscal revenue base of the city.

3.3 Poverty Reduction

The reduction of urban poverty should be one of the most tangible outcomes of a successful City Development Strategy. A City Development Strategy will address issues that have a direct and tangible impact on improving the livelihoods and the quality of life of the poor through actions that are targeted, inclusive and enabling.

A CDS includes actions such as the delivery of essential services, equitable pricing policies for essential services, as well as less visible elements such as public access to information, defining and protecting the right to facilities and opportunities – in short, a pro-poor policy environment. It is also critical to remove legal obstacles that have a discriminatory effect and deny women equal access to basic services, land tenure, credit or employment

3.3.1 Secure tenure

For millions of urban poor and slum dwellers, formal recognition of their rights and permanence in the city is often the catalyst for social inclusion, as well as the improvement of shelter conditions. The granting of secure tenure is one of the most significant expressions of inclusiveness and political will, and has an immediate and visible impact on investment, particularly in shelter for the urban poor.

3.3.2 Improved access to services

The provision of essential services, particularly water and sanitation, energy and urban transport affects the daily lives of the urban poor, who normally pay a hefty premium for services provided by informal sources. A city development strategy will need to examine options for efficient service delivery and equitable pricing policies.

Formulating a city development strategy will focus on the most effective methods of service provision, include delivery mechanisms, cost recovery and the regulatory framework.

4.0 MONITORING PROGRESS

Overall, a city development strategy should produce some significant outputs, the first of which will be a common vision and strategy for a city, one that has been built by participation, and which embodies the greatest degree of consensus.

This common vision will reflect a very clear strategy for local economic development and for urban poverty reduction, articulating pro-poor policies within the wider urban constituency.

Most importantly, the consensus and the strategy must translate into clearly defined action plan(s), with a timetable and assignment of responsibilities for implementation, and methods for regular accounting to all stakeholders.

The following issues have been identified as essential to monitoring the overall success of a city development strategy:

- Institutionalisation of the CDS;
- Impact on poverty reduction;
- Impact on inclusiveness.

The following table can serve as a baseline for the development of a range of indicators to be developed by cities to assist them to measure their progress, and their success:

CITYWIDE INDICATORS Good urban governance Effective local economic performance Systematic poverty reduction		
Urban Governance	Local economic growth	Poverty Reduction
<ul style="list-style-type: none"> • Improved participation • Access to information • Reduced social conflict • Predictable administration • Reduced discrimination • Enhanced participation by women • Systemic capacity building • Public institutions adopt pro-poor approach • Clear institutional framework 	<ul style="list-style-type: none"> • Economic and growth strategy • Improved access and terms for municipal credit • Improved revenue streams • Improved service delivery • Private sector engaged • Informal sector engaged • Municipal debt reduction • Women economically active • Improved access and terms of credit within informal sector 	<ul style="list-style-type: none"> • Improved service delivery • Equitable pricing policies • Extension of secure tenure • Upgrading of informal settlements • Active women participation • Improved revenue collection • Reduced wastage • Reduced systems losses • Improved terms and access for household credit