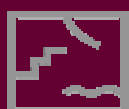


# CITY DEVELOPMENT STRATEGIES

Lessons From  
UMP/UN-HABITAT Experiences

*Bamako, Mali*  
*Cuenca, Ecuador*  
*Colombo, Sri Lanka*  
*Johannesburg, South Africa*  
*Santo Andre, Brazil*  
*Shenyang, China*  
*Tunis, Tunisia*



Urban Management Programme  
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The Urban Management Programme represents a major approach by the United Nations family of organisations, together with external support agencies, to strengthen the contribution that cities and towns in developing countries make toward economic growth, social development and the alleviation of poverty. The programme develops and promotes appropriate policies and tools for municipal finance and administration, land management, infrastructure management and environment management. Through a capacity-building component, the UMP supports the establishment of an effective partnership with national, regional and global networks and external support agencies in applied research, dissemination of information and experiences of best practices and promising options.

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# Urban Management Programme

## City Development Strategies: A synthesis and lessons learned



## Foreword:

The Urban Management Programme is a joint initiative of the United Nations Development Programme, the United Nations Human Settlements Programme (UN-HABITAT) and the World Bank. The UMP is committed to implementation of pro-poor governance at the local level through its 120 city consultation processes, which have been undertaken in 57 countries in the developing world. As an extension of the city consultations, the city development strategy (CDS) process has been implemented in 7 cities to further improve the capacity of the municipal authorities to implement participatory management mechanisms.

These CDS have been undertaken by the UN-HABITAT and UMP regional offices, in collaboration with anchor institutions and local partners. The City Development Strategies experience, presented in this report, are based on the pro-poor participatory process used in all UMP city consultations. For the UMP partner institutions, these CDS exercises have provided an opportunity to scale up the UMP city consultations and include the dimension of economic growth. For the Cities Alliance, the experience of these seven CDS provide important lessons for adopting a participatory process involving all stakeholders in a CDS exercise.

This publication is comprised of summaries of the seven CDS cities, which illustrate the process through an examination of the challenges and opportunities presented in the implementation of the CDS in the four regions. It is hoped that these summaries will provide a valuable base of knowledge for the undertaking of similar activities and future city development strategies. Full reports of each CDS are available on UMP websites and on CD-ROM.

Dinesh Mehta  
Coordinator, Urban Management Programme  
UN-HABITAT

## 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 urbanisation brings enormous pressure to bear on the living environment in cities. The result has been an urbanisation 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 democratisation 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

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

outcomes and outreach in institutionalising 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 city-wide strategies cannot be achieved. This participation must be genuine, resulting in local ownership of the process. For that participation to be meaningful, civil society organisations 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

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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).

city-wide 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 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:

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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



“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 realised 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 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

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<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)

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

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.

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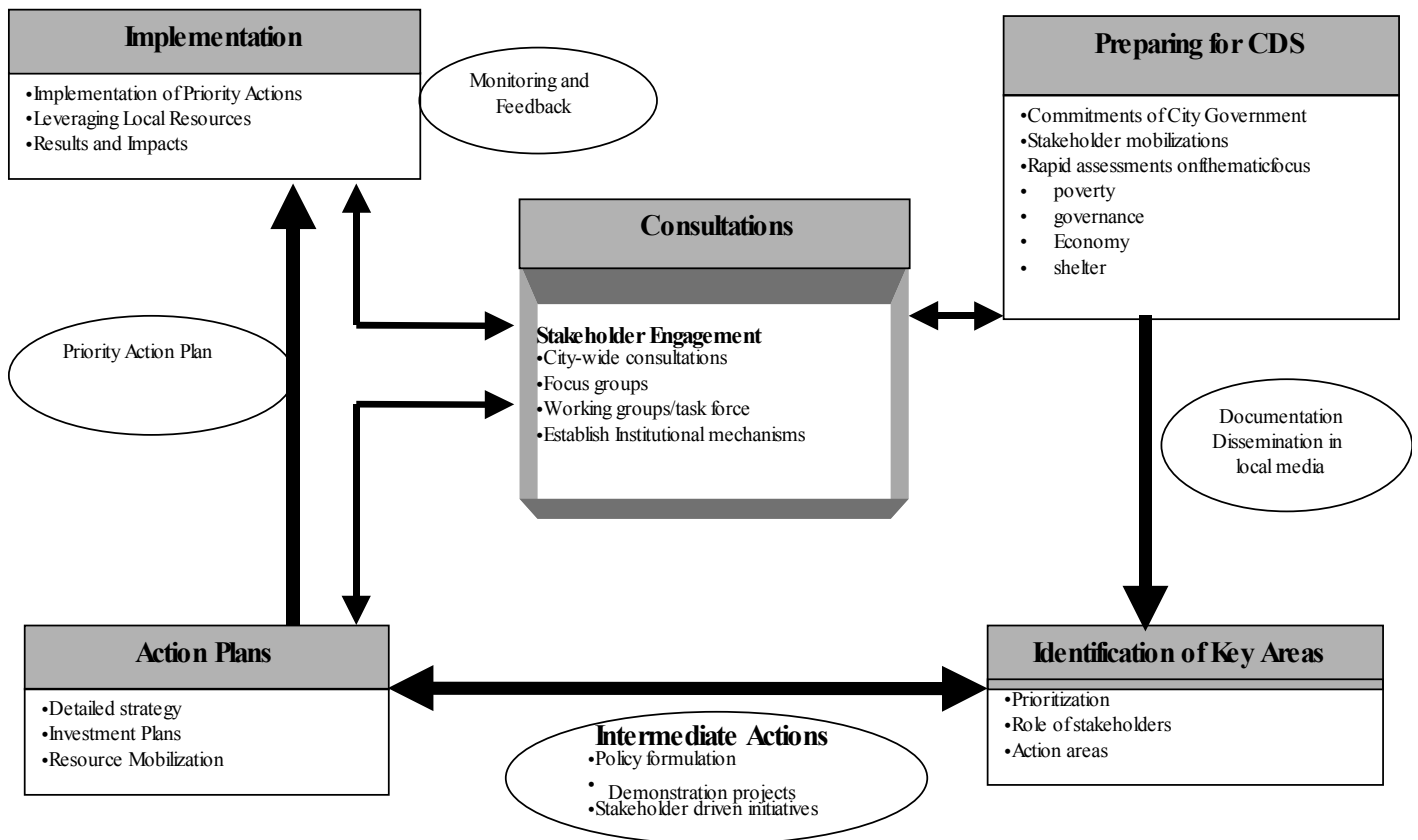
<sup>7</sup> Urban Management Programme, "Participation to Partnership: Lessons from UMP City Consultations", UMP series #27, May 2001

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

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 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.

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

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

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, 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 analysing data in a gender disaggregated way are first steps towards mainstreaming gender in strategic development.

## **A Study of Seven CDS Carried out by UN-HABITAT/UMP**

This section sets out to review the seven City Development Strategies recently completed in Bamako, Mali, Colombo, Sri Lanka, Cuenca, Ecuador, Johannesburg, South Africa, Santo Andre, Brazil, Shenyang, China and Tunis, Tunisia. Of these, Colombo, Johannesburg, and Santo Andre represent the first generation of CDS referred to as the City Assistance Strategy Programme, or CASP. These exercises were carried out by UN-HABITAT. UMP regional offices carried out the remaining four CDS. It is important to note that in all seven of the cities, UMP was and is active through its city consultation work, prior to the initiation of the CDS.

### **Cuenca, Ecuador**

Over the past twenty years, Ecuador has experienced what amounts to an economic crisis, including a collapse of the private financial system and a change of currency from the Sucre to the US dollar, leading to high inflation and high speculation on interest rates. The resulting measures of economic adjustment have severely impacted the poor of Ecuador. The most significant local manifestations of the economic crisis have been the shattering of the local financial systems and the increase in the phenomena of outward migration. In Cuenca in particular, increasing outward migration is a growing concern due to its socio-economic implications. On one hand, migration has altered the family structure as heads of households go abroad to work for extended periods of time, leaving younger members behind. On the other hand, the incomes that are sent back to families in

Cuenca are very high. It is estimated that \$500 million per year may be flowing back into the city. Although it can sometimes result in an increase in alcoholism and drug addiction among young people in affected families, this money serves to drive the economy in many ways, making migrant remittances as important as tourist sector revenues and higher than the budget of the Municipality of Cuenca.

There is a growing concern in Ecuador and within its cities around improving economic development and doing so from the local level. This is especially important as the country moves towards a more decentralised structure. All municipalities of Ecuador are required to produce a local development plan as a prerequisite for State transfers. Human development is a key objective of this – providing further opportunities for the people in terms of economic development. Even before the CDS was initiated in Cuenca, the city had established local development plans for the city. These focused on key policies of participation and public-private cooperation. The City Development Strategy in Cuenca took this work further. It focused on poverty reduction and economic growth within the framework of a Strategic Investment Plan and strove to further develop participatory processes in the city.

Cuenca, Ecuador		
Background to CDS	Process	Outcomes
<ul style="list-style-type: none"> <li>Population 430,000, growth rate 2% per annum</li> <li>32% below poverty line</li> <li>high inflation due to change of national currency to US dollar</li> <li>dependence on state resources for municipality (87%)</li> <li>high out migration from Cuenca, migrant remittances to local economy \$ 500 million annually</li> <li>tourism and related industry is major contributor to the local economy</li> <li>under decentralization law, local government required to prepare development plan through participatory process</li> <li>Municipality and the Agency for Development and regional integration of Cuenca (ACUDIR), major drivers of CDS</li> </ul>	<ul style="list-style-type: none"> <li>Focus of CDS on poverty reduction and economic development within the framework of SIP (strategic investment plan)</li> <li>A fast-track (three month) CDS process, all UMP anchor institutions involved in initial studies.</li> <li>Continuous workshops for consultations among all stakeholders for identification of key areas</li> <li>Strategic areas identified – promotion of formal sector, strengthening of informal sector, urban environmental management, municipality as a promoter of economic growth</li> <li>Continuous monitoring of the CDS process established</li> <li>Gender mainstreaming of CDS process emphasized</li> </ul>	<ul style="list-style-type: none"> <li>SIP with 15 well-developed projects with a total value of \$48 million developed</li> <li>The 15 projects include, development of an Investment Trust Fund, 7 investment projects, 4 municipal capacity strengthening projects, and 3 stakeholder facilitation projects</li> <li>The trust fund is an innovative outcome, with over \$30 million contributed by municipality, local banks and managed by ACUDIR</li> <li>With the formal establishment of the trust fund, many SIP projects will be funded on commercial terms thereby reducing dependence on donor funds</li> <li>An urban indicators observatory established in municipality to monitor the CDS process and outcomes</li> </ul>

The Strategic Investment Plan, or SIP, had the following goals:

- To foster a participatory process involving all stakeholders in the definition of priority issues for the formulation of the strategic plan;
- To collate accumulated experiences, capabilities, motivations, initiatives and proposals from all social actors in order to develop a vision of local capabilities and the viability of projects;
- To collate strategic planning experiences and small and medium-scale production initiatives developed in the city, so as to connect them with the Plan;

- To document acquired experiences in order to draw out lessons that enhance participatory planning processes and the collective generation of knowledge, and;
- To strengthen the substantial role of the Municipality of Cuenca and of the Agency for the Development and Regional Integration of Cuenca (ACUDIR), as guiding and operating structures respectively, in order to foster local economic development and ensure the continuity of the proposals of the Strategic Investment Plan.

The methodology to achieve these goals was based on Urban Management Programme city consultation and CDS guidelines and was mutually agreed between key stakeholders in the process. It was done on a “fast track” basis, which in retrospect did not afford enough time for the process, but which managed to be successful despite this. It involved five phases (some overlapping), including stakeholder consultation, the establishment of a Regional Consultant Team and a Permanent Workshop, fieldwork, formulation of project profiles, and feedback and dissemination of the results and products.

The field work stage included the preparation of a base line study through extensive interviews and information collection, identification of on-going initiatives, preparation of the initial proposal and mobilisation and consultation with stakeholders. The quality and range of information collected through these interviews and consultations was very high and formed an excellent base on which to build the SIP. The Permanent Workshop also turned out to be key to the success of the CDS. It met daily to share information and de-brief on the progress, allowing for constant evaluation and, if necessary, adjustment as the process unfolded. It was a critical method of self-monitoring. It was also through this Permanent Workshop that the city government was involved in the process, after an initial resistance to what they saw as a tradition process and a lack of understanding in the process and goals. Ultimately, however, it was possible to demonstrate that it was important and indeed even better for all stakeholders to work as partners in the process.

A wide range of stakeholders were involved throughout. The main motivation for municipality involvement was the possibility of formulating an economic plan and project profiles that could be integrated in the development plan of Cuenca. In turn, the municipality provided human, technical and logistical resources. The Mayor, Vice Mayor and two councillors were particularly involved although the process had to be flexible to maintain their interest and time. The Agency for the Development and Regional Integration of Cuenca (ACUDIR), a public-private association, played a central and important role in driving the whole process and remained motivated throughout. Civil society was represented through NGOs, CBOs, academic institutions and women’s groups, and it was not difficult to secure their interest and enthusiasm in the process and outcome. The most common interactions with civil society groups were through interviews and debates in various phases. Gender was consciously mainstreamed into the process through a study on gender inequalities in the city, the use of disaggregated data and the participation of a gender-balanced group of local actors and technical team. Priority was also given to women’s projects, and gender policy proposals were produced.

The most important outcome of the CDS in Cuenca was a Strategic Investment Plan (SIP) composed of 15 projects of a total value of US\$48 million. The SIP linked to

five strategic areas – the formal sector, the informal sector, urban environmental management, the municipality as economic promoter and an economic programme for gender equity. The 15 project proposals can be organised into four areas as follows:

- A Development and Investment Trust Fund
- A Portfolio of 7 investments Projects
- A set of 4 Municipal facilitating strategies
- A set of 3 Management facilitating tools

At US\$30 million out of the proposed US\$48 million, the Development and Investment Trust Fund is the core of the proposal. Its objective is to establish a financial entity within the Municipality to enhance the capabilities of local investors and inter-sectoral integration initiatives in financing development projects and strengthening municipal financial management. The remaining projects and proposals in the SIP are placed to benefit from the Trust Fund.

Approximately US\$1 million per day is transferred to Cuenca. It is important to remember that Cuenca has been suffering a dramatic drain of its active population (about 10% of the economically active population). Remittances are generally informal or through consumer goods (fridges, TV, etc) bought in the country of origin and sent through suppliers. The main idea of the Trust Fund, then, is to create a “municipal bank”, offering enough guarantee and incentive to attract this impressive floating money, which, to-date, is generating inflation and speculation on land and housing. The existing municipal corporations are functioning relatively well and could put assets in such a venture. At the same time, Cuenca Municipality is enjoying a high degree of confidence with existing banks.

### **Evaluation and Lessons:**

The CDS process in Cuenca is seen as a success. It resulted in a comprehensive Strategic Investment Plan that has been validated and agreed by a wide range of actors in a relatively short time frame. A participatory urban indicator observatory is being established to monitor the progress of CDS implementation. Development of the details of funding mechanisms is taking much longer, and therefore actual implementation of the full plan will be a slow process. Balancing poverty reduction, citizen participation and gender equity with the realities in Cuenca around globalisation, decentralisation and competitiveness generated on-going debate. This in itself can be viewed as positive, as it allowed for open discussions around these critical issues.

Some lessons can be drawn from the experience of the Cuenca CDS. First, the participation of international inter-institutional consulting team was a good concept, leading to improved collective knowledge on the process and the tools. The drawback is in the follow-up – once the process is complete, it is difficult to keep these institutional resources involved. To alleviate this, strong and continued leadership from UMP and a strengthened local counterpart is required, as is more intense preparation in advance of the CDS itself. Second, a Strategic Plan should have preceded the Strategic Investment Plan. That would have meant that a more common vision of the future could have been agreed earlier, helping in the formulation of the investment plan itself. Third, the informal production sector was not sufficiently involved and represented in the process. ACUDIR was better placed to represent formal and organised sectors of the economy, but there is a need to



broaden the scope to include these non-organised groups. Fourth, there was consensus on the need to build a local information system to monitor the economic and social situation of the city – something that was lacking during the CDS process. Fifth, the gender mainstreaming approach was successful and contributed to the success of the outcome. Finally, despite high stakeholder involvement and satisfaction, institutionalisation of the new relationships was not done and should be pursued through initial partnerships with more organised groups and increased involvement of the Municipal Council for Tourism.

From a technical perspective, the CDS process in Cuenca could have benefited from a longer time frame. Potential investment sources should have been identified at the outset, particularly taking into account national and informal sector resource possibilities.

## Shenyang, China

The city of Shenyang is the fourth largest city in China with a population of 7 million people. It is the economic, industrial and political centre of northeast China, and enjoys economic growth and a very low incidence of urban poverty (estimated at 2.2% of the urban population). Poverty in China is characterised by inadequate incomes to meet basic needs, insufficient quality and quantity of food and no access to recreation and cultural amenities. At the same time, the poor are reported as having adequate housing, with 100% of the population in the urban core with access to basic services.

China is increasingly recognising the important role and contribution of its cities to national economic growth. Within the framework of national policies and laws, cities have been granted powers over urban infrastructure development, including the planning and implementation of social and economic development strategies based upon local conditions.

Shenyang is currently functioning under what is termed an “open space” – one of limited state control – but at the same time receiving less state capital investment and subsidies than cities that are under stricter control from the state. One result of this has been the closure of some state-owned enterprises and the resulting increases in unemployment. There have been reports that these closures are leading to an increase in the numbers of urban poor. Shenyang, therefore, needs to finance its own development while at the same time creating strategies for the absorption of labour back into the workforce.

Shenyang, China		
Background	Process	Outcomes
<ul style="list-style-type: none"> <li>Population 7 million, Fourth largest city in China</li> <li>Major manufacturing center, economic output \$ 14 billion with an annual growth of 10.3%</li> <li>FDI of over \$ one billion, expected to rise after induction of China in WTO. Exports to 133 countries from Shenyang</li> <li>Very low poverty incidence – 2% of city's population</li> </ul>	<ul style="list-style-type: none"> <li>CDS process seen as a part of the city's five-year development plan exercise</li> <li>CDS provided a framework for inclusion of more participants in the process, as compared to previous exercises</li> <li>Civil society groups included workers' union, women's federation, overseas Chinese association, and federation of disabled persons. Industry and business federation, along with</li> </ul>	<ul style="list-style-type: none"> <li>The CDS completely 'owned' by the city</li> <li>Focus on economic restructuring and modernization</li> <li>Establishing a social guarantee system for the poor and unemployed. Unemployment insurance scheme and new social security tax</li> <li>Urban Agricultural development through 'green</li> </ul>

<ul style="list-style-type: none"> <li>• Major issue relates to unemployment created by privatization of SOEs</li> <li>• CDS based on follow-up to SCP consultations</li> <li>• CDS initiated in August 2000</li> </ul>	<ul style="list-style-type: none"> <li>• the city government were key drivers of the process</li> <li>• State Planning Commission and provincial governments also involved in the process</li> </ul>	<ul style="list-style-type: none"> <li>• food production bases</li> <li>• Establishing a governance system with a reduced role of city government and increased participation of private sector in decision making process</li> <li>• CDS completed October 2001</li> </ul>
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It was within this framework that the City Development Strategy in Shenyang was initiated. The major focus of the CDS was on a redefinition of the ‘social’ role of the city government and the promotion of economic growth through public-private decision-making processes. The CDS received strong and high-level support from the Shenyang Municipal Government. The city’s chief operating officer, the Secretary General, was assigned as the main focal point responsible for the Shenyang CDS. This showed the high level of interest and commitment in the CDS process from the city government.

At the same time, Shenyang was in the process of preparing its newly updated Tenth Five Year Plan. The outcomes of the CDS were incorporated into this development plan exercise and in fact went a long way towards enhancing it.

The principle objective of the Shenyang CDS was to provide a comprehensive development framework for Shenyang, one that would improve its livability, competitiveness, bankability, governance and management capacity. This was achieved through a broad based participatory process involving the city government, the Provincial Government of Liaoning Province and national government agencies as well as private and the civil society partners.

The outputs of the Shenyang CDS were as follows:

- A comprehensive development framework for Shenyang: a participatory analysis of the principal strategic needs of the city economy and its people was undertaken, representing the consensus of the participating parties. Specific outputs were a list of key stakeholders in the city and their current and possible future roles and responsibilities in shaping city’s development and a comprehensive development framework listing priority areas/sectors and assigned responsibilities of various government agencies and other stakeholders. A specific poverty profile was not prepared, although poverty was considered in a general way (reflecting the local perspective on urban poverty).
- A Strategic Action Plan detailing, within the framework of the city’s budgeting and programming, the priority actions to be taken over the next five years. This strategic action plan included a long term vision, key issues, constraints and opportunities. Another component called the City Assistance Program was also developed, to elaborate immediate priorities and longer-term activities.
- The Shenyang CDS was incorporated into the city’s Tenth Five-Year Plan, which was recently approved by the Shenyang People’s Congress. This signifies very concretely that the action plans contained in the Shenyang CDS have been adopted by city authorities, and are therefore an integral element of the official plan that will guide Shenyang’s development in the next five years.

The City Development Strategy process built on the interest and commitment of city of Shenyang and the earlier successes of the Sustainable Shenyang Project<sup>11</sup> and the Shenyang Urban Planning Project<sup>12</sup>, both of which used participatory processes to achieve their goals. This previous history made it easier to introduce and move forward with the CDS. Considerable time and effort was spent finding the most suitable local partner institution, and ultimately the Shenyang International Engineering Consultancy Centre (SIECC) was selected, based on its working relationship with city officials and the fact that it was already involved in updating the Five-Year Plan.

The CDS was initiated with the establishment of the CDS Steering Committee, and with the Secretary General of Shenyang Municipal Government as the Chair. Within this Committee, a core group was formed from the Shenyang Planning Commission, the Shenyang Urban and Rural Construction Commission, the Shenyang Environmental Protection Bureau and the Shenyang International Engineering Consultancy Centre. This core group then prepared the work plan and identified other stakeholders. Working groups were further established, and meetings held to discuss issues and strategies. The reports of all these groups were consolidated into a comprehensive document, which was discussed at a broad review workshop.

The process was able to involve a wide variety of stakeholders. The city government was very involved and quality of involvement was high. The Secretary General of the SMG was the driving force, and even provided continuity when a new mayor was elected midstream. Civil society groups actively participated in the CDS during the working group meetings and final review workshop. While no particular distinction was given to the urban poor, civil society involvement was successful in the level of participation and enthusiasm for contributing suggestions and ideas. Private and business sector interest was also high, due to the issues being discussed in the CDS. Comprehensive media coverage also served to motivate the private sector. And higher levels of government took part (for example, the State Planning commission and the Liaoning Provincial Planning Commission participation in the final review workshop).

The success of the Shenyang CDS can be attributed to the personal interest and motivation from the Mayor and the Secretary General of the Shenyang Municipal Government. The work of the partner institution, SIECC, was also critical. The convergence of CDS activities with updating the city's Five-Year Plan was also a great bonus. It meant data collection and analysis could be applied to both activities. Most importantly, the CDS outcomes were incorporated into the plan. Finally, the continuous publicity and media coverage, and particularly the social and economic issues that were under discussion, provided excellent overall exposure.

### **Evaluation and Lessons:**

The CDS process was clearly owned by the city, and in turn, so were the outputs. While institutionalisation of the participatory processes were not formalised, the change in thinking and attitude among government officials on the role and contribution of the private sector and NGOs to the city's planning and investment decision-making system was apparent. This attitudinal change, fostered by the CDS, has generated broad interest and enthusiasm among non-government stakeholders, many of whom had never been involved before in such a manner.

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<sup>11</sup> The SSP is a part of the UN-HABITAT/UNEP Sustainable Cities Programme

<sup>12</sup> The SUPP is an EU-support activity

Having been provided this opportunity to actively participate, these stakeholders are likely to pursue similar opportunities in the future.

In reflecting on the CDS process in Shenyang, it is clear that adaptation to the local circumstances has led to certain adjustments and compromises in order to achieve the objectives. For instance, Shenyang government officials have their own definitions for "stakeholders", "participation", "consultation" and "governance". These definitions do not always coincide accurately with those generally used by external support agencies. Thus, a higher priority was given to local ownership, while a compromise was established with regard to operationalising stakeholder participation. In Shenyang, as elsewhere in China, the mechanism for people participation is primarily the People's Congress and its various committees. The Shenyang CDS, therefore, built upon this but expanded the involvement of other stakeholders through the CDS working groups and their deliberations.

The objectives, principles, and procedure of the CDS were agreed right at the beginning, and the commitment to these by the municipal government was formally established through a Memorandum of Understanding with UMP. These objectives have been substantially achieved and the expectations of the municipal government have been met. It is not clear however, whether the expectations of non-government stakeholders have also been met entirely, although they actively participated in the working groups' deliberations and stakeholders' consultation workshops. From informal conversations with these stakeholders, they expressed great appreciation for having been given the opportunities to share their views on critical issues, and getting their concerns reflected in the final recommendations that have been incorporated into the city's official development plan.

Undertaking the process in Shenyang also involved language difficulties, as CDS objectives, and guidelines had to be translated from English to Chinese. And, obviously, the entire CDS process was conducted in Chinese, and all its original outputs and reports were in Chinese. More explicit guidelines and tools would help the analysis, including more intensive technical advice. Ideally, for cities like Shenyang which are new to participatory and comprehensive decision-making processes such as the CDS, the approach should be more training-oriented. For example, the CDS process could be used as the curriculum for on-the-job training, and the CDS expected outputs are produced by the participants as "assignments" of the training course. And as in other CDS activities, the time frame was seen as too short to properly address the intricacies of the task.

## **Colombo, Sri Lanka**

Sri Lanka is a densely populated island nation of 18 million people with a per capita income of about \$670. Poverty has been reduced over the past four decades, yet one out of five households subsist below the poverty line, facing challenges of insecurity, lack of land tenure, discrimination from service providers, exclusion, difficult living environments and lack of access to basic services. Despite the low income and high incidence of poverty, Sri Lanka has a good record on human development indicators. Life expectancy at birth is 72 years, infant mortality rate is 16 and literacy is 90 percent.

These achievements are remarkable considering the political unrest over the past 50 years, which has adversely affected the economy. In 1977, Sri Lanka adopted

market based economic policies around liberalised trade, deregulated foreign investments and export based industrialisation. As a result, the economy has been growing, albeit at a moderate rate of 4-5 percent per annum. Increased military spending due to ethnic violence has led to rising fiscal deficit and a slow-down in growth. The unemployment level has been high at around 12 percent and the poor have suffered the most. The new government, in 1996, instituted a number of reforms that have helped the economy to grow, reduce the fiscal deficit and increase investor confidence. Privatisation has been a major pillar of the reform process.

Colombo, Sri Lanka		
Background for CDS	Process of CDS	Outcome of CDS
<ul style="list-style-type: none"> <li>Colombo a city with many new initiatives of proactive participatory governance</li> <li>CDS initiated in March 2000</li> <li>Large number of programmes – World Bank, SCP, UMP, JICA</li> <li>Population approx. 1 million. Two neighbouring municipalities included in CDS</li> <li>Provincial government, municipal governments, private sector, NGOs and the community groups involved in CDS</li> </ul>	<ul style="list-style-type: none"> <li>CDS seen as an integrating framework for all existing and future donor support</li> <li>Governance norms used as a framework for preparation of CDS in a participatory manner</li> <li>Consultative groups on various key areas in each municipality worked on preparation of the CDS</li> <li>Focus on social sector needs, reduction of poverty, increase productivity and economic buoyancy, and improve environmental conditions</li> </ul>	<ul style="list-style-type: none"> <li>CDS completed in November 2000</li> <li>Community groups in low income settlements established and a federation of all community groups created to interact with municipality</li> <li>City councils have adopted the CDS</li> <li>Investment support not forthcoming. WB project was withdrawn, other donors (JICA, GTZ, and DFID) have supported small activities</li> <li>Political and security situation in the country has affected implementation</li> </ul>

The Colombo Core area is comprised of the city of Colombo and its adjoining municipalities of Dehiwala-Mount Lavinia and Sri Jayawardanepura Kotte. This metropolitan region accounts for nearly one-fourth of the national population, 44 percent of GDP and 80 percent of industrial establishments. Given the advantages of this region, it is expected that most of the future economic will take place here. Despite this, there are difficulties, such as increased competition from other sea ports in the region, traffic congestion and transport problems due to population increase and an absence of integration between the formal and informal sectors. And city development is cross-sectoral, with areas of development often the responsibility of different actors, sometimes on different levels. This means city development is institutionally complex, involving national, provincial and local levels of government. The City Development Strategy for the Colombo Core Area (CAA), therefore, involved work at the level of the three municipal councils, which was then coordinated into a larger CDS process for the Colombo Core Area.

Colombo was one of the first cities selected worldwide for preparation of a City Development Strategy. This selection was based on a variety of factors, an important one being the presence of two successful UN-HABITAT-executed programmes using the participatory process – the Urban Management Programme (UMP) and the Sustainable Cities Programme (SCP). Also, the Colombo Municipal council, under the dynamic leadership of its Mayor, had initiated many innovative approaches of good governance. Colombo is also a city where a large number of international agencies are active. These agencies, particularly the World Bank, OECF, DFID and UNDP also agreed, in principle, to participate in the process of

preparation of a city development strategy for Colombo and co-ordinate their future funding. The Colombo CDS was unique in that it attempted to develop a development approach for not just one city but a contiguous city-region comprising three different urban local bodies. Additionally, it was not starting from scratch but had a large base of programmes and initiatives to draw from and build upon. These factors made the task extremely complex and challenging.

The objectives of the CDS were the following broad outputs:

1. A Comprehensive development framework for Colombo;
2. A Strategic Action Plan based on the comprehensive development framework, and;
3. The adoption of the elements of the Strategic Action Plan by development agencies.

The Colombo CDS was very successful as a participatory process. Stakeholder engagement was led by SEVANATHA, a well-known NGO that had credibility with all the stakeholder groups. The poor and marginalized were represented by leaders of Community Development Councils throughout the process, which itself was guided by a taskforce at the provincial level, chaired by the Chief Secretary, and led in each of the three cities by the mayors. Many meetings, interviews and consultative meetings were held through out, including a city consultation meeting in each of the three municipalities. Thematic reports on economic potential, poverty and development efforts were prepared. The shared vision that emerged became the focus for the preparation of the City Development Framework Guidelines, which in turn formed the basis for consultations between the CDS partners, including the donor agencies.

The vision statement resulted from the process saw the Colombo Core Area as *“the commercial and economic hub of South Asia, wherein all citizens enjoy the highest possible quality of life, with optimal basic services, freedoms, rights, and security being guided by principles of good urban governance enabling every opportunity to create wealth, equity and sustainable environment”*. In attempting to achieve this vision by 2010, stakeholders also agreed to the development policy imperatives of sustainable development, the elimination of social exclusion, equal opportunity and providing opportunities to create wealth. They committed themselves to being guided by the principles of strategic action, subsidiarity, working in partnership, upholding the rule of law and being inclusive.

The following key areas constitute the resulting action-oriented City Development Framework:

1. **Reducing Urban Poverty** through the development of under-served settlements; improvement of the quality of Health and Social Services; creation of opportunities for investments in technology, knowledge, and skills, and; provision of credit and marketing opportunities.
2. **Development of the City Economy** through the establishment of the basis for a modern, competitive, and more diverse economy supported by a dynamic informal sector; an increase of the number and quality of jobs; promotion of a sustainable port-related modern economy; creation of a regional profile of Colombo as a place to live, study, visit, and to do business, and; urban regeneration of economically strategic areas.

3. **City Infrastructure Development**, through the promotion of investment in public utilities to provide more and better services; promotion of investment in social infrastructure to provide more and better care for the aged, women and children; establishment of an inter-modal and sustainable transport system, and; promotion of private sector participation.
4. **Empowerment and Governance** through the promotion of active citizenship, participation, and partnership among the stakeholders; streamlining the Municipal Administration to ensure an efficient service to all stakeholders; value for money with better and more efficient services delivered by the Municipalities, and the institution of greater accountability and transparency in the affairs of the Municipalities.

Using this City Development Framework, four further areas were considered and developed. One, an Implementation or Action Plan for implementing the CDS up to the year 2010 emerged, and project activities were identified at the municipal and provincial level to implement this. Two, an Institutional Plan, to consider and build institutional and human resource capacities towards this, was prepared. Three, a Financial Plan component was developed, covering issues from fund-raising to budget management. Finally, a Stakeholder Communication Plan was devised to ensure the entire process was shared continuously.

#### **Evaluation and Lessons:**

This complex and detailed process and result was possible due to the very high stakeholder involvement and commitment. The CDS exercise generated excellent cooperation among various stakeholders and donor agencies and the entire process was completed in a relatively short period of time. The next steps are for the Action Plan components to be prioritised and implemented by the three Municipalities in the Colombo Core Area, under the overview of the task force established at the Provincial level. But since the completion of this CDS, there has been severe disappointment among the provincial and local governments in the lack of investment support. A major World Bank lending programme of \$50 million for Colombo was withdrawn at the final stages of negotiation with the national government. Other donor agencies have confined their support to small pilot projects or some technical assistance, but not to larger activities. On the positive side, the CDS framework is being used by local governments to establish sustainable mechanisms for pro-poor participatory governance using local resources and initiatives.

## **Johannesburg, South Africa**

Johannesburg, South Africa		
Background to CDS	Process of CDS	Outcome
<ul style="list-style-type: none"> <li>Population 3.5 million, 12% of nation GDP in the city, 30% below poverty line, stagnant economy, unemployment rising to almost 30%</li> <li>Transformation of civic structure, from a single municipality, now the greater Johannesburg municipality with executive powers for the Mayor</li> </ul>	<ul style="list-style-type: none"> <li>iGoli 2010 based on integration of service delivery, human development, and economic growth</li> <li>iGoli 2002 a short term framework for laying the foundation – financial restructuring and reorganization of service delivery</li> <li>Process largely driven by donor</li> </ul>	<ul style="list-style-type: none"> <li>Successful implementation of the iGoli 2002, especially on municipal finances and reorganization of service delivery enterprises</li> <li>Change in municipal leadership has affected the implementation</li> <li>New council, elected in 2001, has not endorsed all the proposals, especially the ones</li> </ul>

<ul style="list-style-type: none"> <li>• CDS process begun as a part of strategic planning process of iGoli 2010.</li> <li>• World Bank and other donor agencies agree to use the iGoli process as a strategic framework</li> </ul>	<p>agencies and city manager, consultations with community groups and others minimal</p> <ul style="list-style-type: none"> <li>• UN-HABITAT involvement was to support studies of housing sector and water sector</li> <li>• Ownership of the CDS process was largely with the civic bureaucracy</li> </ul>	<p>involving privatization,/corporatization of utilities</p> <ul style="list-style-type: none"> <li>• The process seen by council employees and the poor as donor driven and not in the interest of the poor</li> <li>• The entire iGoli 2010 goals and outcomes are being revisited</li> </ul>
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South Africa is in the upper middle-income bracket for development countries and has an economy that includes a modern financial and industrial sector and a well-developed infrastructure operating alongside a subsistence informal sector. 1994 saw the first democratic elections in the country, effectively putting an end to 46 years of apartheid, a system that enforced segregation and led to parallel realities between black and white citizens. In 1994, the new ANC-led government made efforts to promote the reconstruction and development of the country and its institutions. Changes in national and provincial policy and the legislative environment affecting local government has seen a shift towards a more enabling and supportive democracy. Regardless, this transition from a segregated and authoritarian approach to governance to a wider democracy has been challenging. Unemployment and poverty persist as major problems for the country, the informal sector continues to grow, and the HIV/AIDS epidemic continues to take a heavy toll on the population.

The Greater Johannesburg Metropolitan Council (GJMC) is the most important urban and economic area in the country, contributing 30% to provincial GDP and 11% to national GDP. However, there has been a decline in manufacturing in Johannesburg and the city remains deeply divided, with less than 20% of the population (mainly affluent white citizens) living in the suburbs of the north and enjoying a high standard of infrastructure and services, and the remainder of the population (mainly poor Africans) living in large urban townships with very limited access to basic services. Crime and violence in the city are serious problems.

New legislation means that local government in South Africa has assumed additional powers and functions. The Municipal Structures Act has led to the establishment of a single unicity council headed by one executive mayor. This increase in responsibilities has not been matched by an increase in resources. Decreasing budget allocations to the GJMC in the face of increasing urban development challenges have resulted in financial crises.

In an attempt to address this and to tackle the problems the city was facing, the GJMC devised two major strategic plans to drive the transformation of the city. These were called iGoli 2002 and iGoli 2010. iGoli 2002 is a medium-term strategy focused on the city's financial, institutional and service delivery challenges and attempting to restore the city to financial health. It creates ten independent service provider companies, a core administration and eleven regional administrations. iGoli 2010 will address the need for a long-term vision for the city and transform Greater Johannesburg into a globally competitive city. Both processes were carefully designed to complement each other and have, despite controversy, achieved success. Business Day credits Johannesburg's operating surplus of R153 million in 2001, up from a deficit of R259 million in 1999, to its iGoli restructuring



plan, which sold non-core assets and created utilities to be run by the private sector.<sup>13</sup>

Thus, Johannesburg was already in the process of its own city development strategy – radical reform of its fiscal, financial and institutional structures – when the Cities Alliance became involved. At this early stage (1999), what was then called a City Assistance Strategy Programme – CASP – and is now called a City Development Strategy – was matched with the ongoing work of the GJMC. A strategic fit existed between the objectives and outputs envisaged for the city strategy of iGoli 2002 and the CASP, both with the overall objective the promotion of local economic development, employment generation and poverty reduction. Therefore, CASP was included into the GJMC at a time when the strategic planning and implementation of iGoli 2002 and 2010 were already underway. Additional funding and support through the CASP was earmarked to support two initiatives: the Water and Sanitation Utility Programme and the Metropolitan Housing Delivery Strategy and Programme.

The Water and Sanitation Utility Programme planned to address the 25% of city residents who do not have access to on-site water or water-borne sanitation. This was to be done through the establishment of a utility to make it easier for the council to access markets, introduce business management practices and encourage cost savings. The majority of the work on this was concentrated on detailed technical and financial modeling, using specialist consultants who worked with the GJMC. The group most involved in this activity, together with GJMC, was the private sector.

While critical for determining feasibility, this method did not allow for wider stakeholder inputs (and, in fact, wider participation was determined to be unnecessary by GJMC due the technical nature of the task). The result, however, was a lack of broad ownership in the process and, even more problematic, very vocal labour protests, particularly by the major Trade Unions, low-income residents and human rights advocates. The establishment of a water utility as a means of making water and sanitation more affordable to the poor was contested by both an opposition to a utility itself and in protest of the selected international company, one that had been previously shown cutting water services to residents who could not afford to pay the bills in other countries. Public service strike action by municipal workers took place, along with political and community group rallies and protests. There was also a high level of print media devoted to the plight of those negatively affected by the iGoli proposals.

The Housing Strategy, on the other hand, was a more inclusive process with higher stakeholder involvement. A consultant team worked with the GJMC through a four-phase process, which included briefing stakeholders on the process and securing their participation, research and analysis of relevant initiatives and legislation and existing housing circumstances, formulating a Housing Strategy based on this analysis and development of the strategy with a wider range of stakeholders. Five strategic programmes resulted from this in the areas of settlement development, integrated housing development, upgraded rental stock, transfer of housing assets and leadership.

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<sup>13</sup> Business Day, 21 June 2001; Cities Alliance 2001 Annual Report, page 30

**Evaluation and Lessons:**

GJMC feels the funds allocated to the CASP/CDS process in the city promoted the objectives, and that the projects were undertaken successfully, and with adequate monitoring and accountability mechanisms. They stress that the technical nature of the projects necessarily limited participation. And, that the council is no longer bankrupt is an excellent indicator of success. The iGoli 2010 model has been widely shared and is considered an excellent initiative. Nevertheless, iGoli 2002 and the longer-term vision of iGoli 2010 have been cited for a lack of adequate consultation, participation, sensitivity to workers and consumers and accountability and transparency. It is important to remember that Cities Alliance and the CASP joined the iGoli process while it was already underway, and as such, was not in a position to make radical changes to the methodology.

The transformation process in Johannesburg continues. The challenge of combining the development needs of the city with that of integrating financially viable mechanisms that benefit all citizens remains. These challenges are focused around increased stakeholder participation, council flexibility in working with trade unions and increased and higher quality services for the poor. Therefore, despite the measurable successes of the iGoli processes, and the CDS/CASP contribution to achieving them, some stakeholders maintain that more efforts should have been made regarding increased participation in a city development strategy. And while the GJMC has assured municipal staff and community groups that under the new structure of political governance and administrative decentralization, community participation will be enhanced, the ultimate success of iGoli 2002 and 2010 may finally depend on this very participation, and that remains to be seen. Planning is now underway to establish a Southern Africa Cities Alliance, at the request of other major South African cities, to help promote the CDS experience more widely. The lessons learned in the Johannesburg experience will be very valuable in implementing any new CDS activities in the country.

**Santo Andre/ABC Region, Brazil**

The greater ABC region, composed of seven municipalities of over 2 million people in the southeastern part to São Paulo, including Santo André, was an economic powerhouse from the 1950s through the 1970s. It contained the majority of the multinational firms in the car-manufacturing sector and enjoyed a concentration of other industrial firms. However, by the 1990s, it started to suffer from some of the negative effects of this industrialisation, such as pollution and lack of land. At the same time, aggressive federal fiscal de-concentration policies resulted in the relocation of various industries outside the ABC region, and through the “Plan Real”, the country was undergoing macroeconomic shocks, such as overvalued exchange rates, trade balance deficits and high interest rates. Economic restructuring impacted Santo André and resulted in weak economic growth and increased unemployment in the 1990s. Small and medium enterprises have not reaped the benefits of technological and managerial modernization that is taking place in larger firms, and informal sector employment is on the rise.

Santo Andre, Brazil		
Background to CDS	Process	Outcome
<ul style="list-style-type: none"> <li>Population 625,000, the greater ABC region 2.5 million</li> <li>Most industrialized region of the country, experiencing structural problems, slow growth, high unemployment</li> <li>Inter-municipal consortium of greater ABC region created by Mayor of Santo Andre</li> <li>ABC regional Development Agency created in 1998 by municipality and private sector</li> <li>CDS process in Santo Andre seen as a part of the regional economic development process</li> </ul>	<ul style="list-style-type: none"> <li>CDS initiated in December 1999. Large number of stakeholders – private sector, financial institutions, research agencies, community groups involved in the process</li> <li>Total ownership of the CDS process by the city government</li> <li>Identification of key action areas based on diagnostic studies of informal sector and SME. This study has taken much longer than expected</li> <li>SWOT analysis of regional economy</li> <li>Action plan and investment framework developed</li> </ul>	<ul style="list-style-type: none"> <li>CDS still not complete, but many intermediate actions have been taken.</li> <li>The regional development agency now more broad based to include informal sector</li> <li>Social inclusion/exclusion mapping done. Pilot projects for improved service delivery in low income settlements</li> <li>Establishment of a service network for small and medium enterprise integration with large industries</li> <li>Participatory process of evolving detailed action plans and investment packages ongoing</li> </ul>

An awareness of the challenges associated with the economic transformation process has led to the creation of a series of new institutions that are making efforts to work together with a range of stakeholders. The International Consortium of the Greater ABC region was created in 1990, and, partly to support this effort and partly to fill the gap, a Forum on Issues of Citizenship, comprised of over 100 NGOs and CBOs, was established in 1996. In 1997, following the election of seven new mayors in the ABC Region, a decisive step towards a new type of regionalism was made with the formation of the Chamber of the Greater ABC Region, with the participation from the public, private and civil society sectors. Through this Chamber, the Regional Development Agency was formed. These institutions are a part of the complex and sometimes overlapping layers of formal and informal economic coordination efforts. They have proved to be a flexible, decentralised and practical mechanism for regional planning.

The CDS in Santo André and the ABC region was aimed at strengthening this participatory, multi-stakeholder process, particularly with regard to socio-economic dimensions. It was incorporated within the regional economic development planning process in the greater ABC region, and the Mayor of Santo Andre influenced this process by making it more participatory and pro-poor. The major objective was the participatory preparation of an economic action plan, containing guidelines for priority programmes and projects capable of contributing to the revitalization of the regional economic of the ABC region. More specifically, this implied the following:

- An inventory of the existing research on the economy of the region;
- Specific sectoral studies on the informal labor market and the service sector;
- A rapid participatory diagnosis on the main strengths and weaknesses of the regional economy;
- Preparation and discussion of a Regional Economic Action Plan with priority investments;

- Discussion of the Plan with the individual cities, who would then adapt it to their specific needs and circumstances, and;
- Preparation and implementation of a monitoring and evaluation methodology, which can be replicated to other CDS work.

The CDS process was first negotiated and agreed with the regional stakeholders (the Regional Development Agency), the Urban Management Programme and UN-HABITAT. The first stage was focussed on preparing an inventory of all existing work on the regional economy and undertaking comprehensive studies. In the second stage, the material was analyzed and a participatory diagnosis was conducted on the main strengths and weaknesses of the regional economy. This diagnosis led to recommendations for priority programmes and projects in the third phase.

The CDS proved to be an extremely rich and dynamic learning process among the stakeholders, especially when compared with traditional top-down urban development projects. Although time-consuming to undertake, the detailed studies in phase one, such as those on the informal sector and small and medium enterprises (SME) were considered critical by all stakeholders. The press in the region showed a remarkable interest in the critical issues of the regional economic development process.

The second stage, involving a participatory diagnosis, followed the UMP city consultation process very closely and indeed, the prior success of the UMP – supported Integrated Programmed for Social Inclusion created a positive environment for the CDS to unfold. Interviews and interaction with stakeholders served to motivate them further. Ultimately, the work of this stage culminated in a regional vision that incorporates the following elements:

1. The Regional Development Agency should work as a communication and enabling multi-stakeholder body, performing a coordinating role towards regional economic development based on local solutions;
2. The main production chains need to be strengthened, particularly through a more dynamic role for the small and medium enterprises involving a continuous process of technological and managerial modernization;
3. The negative externalities of the region should be transformed into assets/local public goods that symbolize a more mature phase of the New Regionalism (cost of water to focus on clean water, traffic congestion to focus on associative mechanisms between enterprises aimed at joint transportation services for employees etc.);
4. The main stakeholders (universities, research centres, labour unions, local governments, enterprises, etc.) should be able to articulate an ongoing and financially viable network of real services for SME in the region (training for managerial and technological modernization, information services, regional marketing etc.);
5. The quality of living in cities must be improved considerably, including through the implementation of a series of pilot projects that symbolize and leverage real changes.

Advances have already been made in these various areas. Changes are underway in the work of the Regional Development Agency to make it more responsive to real demands around local economic development, and new tools and products will be

produced to support this. A project proposal aimed at strengthening the networking capacity of small and medium enterprises in important basic sectors is in the final stage of negotiation with the Inter-American Development Bank. And the CDS process has already created a broader network of actors and institutions that can create and disseminate knowledge than existed previously. This regional vision is now being discussed with the seven cities in the ABC region, so that each can apply it to the creation of a city-specific action plan for implementation. Some intermediate actions have been taken to institutionalize the participatory decision-making process and undertake pilot programmes for improved service delivery in low-income settlements. A monitoring system has been established to track progress on CDS activity.

### **Evaluation and Lessons:**

The CDS process was also one of learning. Preparing and implementing studies on local economic development issues at the level of city regions proved to be much more complex and time-consuming than expected. For example, the creation of an entirely new database of information around the informal sector, proved challenging. It was necessary to create a broad network to contribute to this, resulting in a positive output from the process. As the process unfolded, areas where stronger capacity was needed in the Regional Development Agency were identified. It became clear that the RDA should have an enabling role, rather than an executing one. The UMP city consultation methodology, which had been successfully used in Santo Andre, proved a good basis for the CDS exercise. The strong enthusiasm and support from all stakeholders proved the importance and relevance of the issues being discussed, and at the same time carried the process forward.

How could the CDS process have been improved? First, the involvement of higher levels of government should have been secured from the beginning. Ideally the CDS should link local, national and international strategies and in doing so add value through better defined projects and programmes. In addition, the national and state level agencies responsible for modernization of small and medium-sized enterprises still operate through national parameters, ignoring the impact and issues of local development and competitiveness. The participatory processes that are fundamental to the CDS should play a key role in triggering broad-based and lasting change in the way these institutions work.

It is also important to discuss, with all key stakeholders, what follow-up actions and steps will be taken once the CDS process is complete, and by whom. Otherwise, the process runs the risk of losing its momentum. This should be built in to the process from the beginning. The UMP City Consultation methodology was suggested as a model for this. Finally, a longer timeframe and larger budgets are needed to properly achieve the goals of the City Development Strategy.

## **Bamako, Mali**

Bamako is a district of 1.3 million people in Mali, a country with a population of 10 million. Bamako faces problems with high population growth and a weak and unbalanced economy. Approximately one third of the population of Bamako lives below the poverty line, and the majority of population itself is under 20 years old. Unemployment is high, and access to basic services low. Farming and agro-pastoral activities constitute a threat for the fragile balance of the ecosystems and foster the advancement of the desert.

Bamako is important in the overall national context of Mali, as 24% of the GDP is generated from the city, in addition to 25% of the national consumption and 70% of the commercial activities. The geographical location of the city also presents a challenge economically, particularly in terms of trade, as the region is remote and a distance from the coast, thus limiting trading opportunities.

The main challenge of the District of Bamako is to achieve sustainable development and alleviate poverty. Unfortunately, it proved very difficult to collect real statistics and data on the economic situation of Bamako, thus the Bamako CDS had to be conducted without an adequate information base on poverty and economy in the city. Nevertheless, the need to conduct a participatory process and take action towards long-term strategic development was important enough to proceed without this information base.

The CDS in Bamako, coordinated by ALPHALOG, was undertaken in four stages: the city strategic analysis, the thematic committee working group sessions, a public day, and a strategic planning workshop. The city strategic analysis was based on the collection and processing of available data, although, as mentioned before, this was not as thorough as hoped. Nevertheless, strengths and weaknesses were identified and a provisional report produced. Working group sessions followed in order to reach consensus around major themes for the Bamako CDS. There was an extremely high level of involvement and participation by all stakeholders, and there was genuine enthusiasm in being involved.

Bamako, Mali		
Background	Process	Outcomes
<ul style="list-style-type: none"> <li>Population 1.3 million, growth rate 6%</li> <li>Poverty –33%, unemployment 39%</li> <li>Poor economic base, largely agrarian and service economy</li> <li>Poor statistical base on city's economic structure</li> <li>Participatory process introduced by Mayor as a part of national strategy of combating social exclusion and poverty</li> <li>CDS began in December 2000</li> </ul>	<ul style="list-style-type: none"> <li>Thematic working groups of stakeholders established for priority actions</li> <li>Public day by Mayor for broader participation</li> <li>Weak statistical base on economic and poverty resulted in more general discussions</li> <li>Involvement of large number of stakeholder groups and donor agencies</li> </ul>	<ul style="list-style-type: none"> <li>Strategic vision and action plans developed</li> <li>Plans focus more on promoting informal sector, provision of credit and market facilities</li> <li>Donor round table to be organized, UNDP and World Bank show interest in follow-up investments</li> </ul>

This was further reinforced by a successful Public Day event, where everyone in the city was provided an opportunity to voice his or her opinion on the city's strategic vision and key action areas. This event was an important innovation in the CDS process. Many stakeholders came together, and, chaired by the Mayor, discussed the problems and constraints facing citizens and worked together to find solutions. Representation from all levels of government, the private sector and civil society made this a very meaningful event. Discussions were held around the major themes of:

- Land issues and development of the city;
- Urban social services;

- Urban network services;
- Development and economic services;
- Environment, living conditions, sport, culture and leisure;
- Municipal administration and security.

The strategic planning phase that followed resulted in the definition of a shared vision, identification of objectives, and the preparation of expected results and implementation strategies. The strategic plan focuses specifically on promotion of the informal sector, due in large part to the active involvement of the most disadvantaged for the population and their needs in terms of city development.

The CDS activity in Bamako confirmed high stakeholder participation and satisfaction in the process, from government of differing levels to women's groups to community leaders. Many groups were invited to take part by the Mayor of the District and in some cases their involvement marked the first time they took part in an active way in a city development process. The credibility of the elected official in the district is now dependant on showing results from this interactive process – something that is underway but for which more attention and resources are needed.

The vision of Bamako that resulted was one of “a prosperous city and city of interaction; a well-managed and safe city; a pleasant city; a city of culture and a modern city”. Six goals were proposed for strategic action to achieve this:

- Goal I: *Promote economic development through productive employment creation and resource mobilization activities*, through the organization and promotion of the informal sector; rehabilitated, created and managed market facilities, improved resource mobilization, an efficient artisanal policy and the organisation and promotion of the agro-food sub-sector.
- Goal II: *Improve local governance*, through the promotion of a spirit of citizenship, greater security of persons and goods, training, well-defined internal and external communication policy, better involvement and concentration of actors in decision making, increased transparency in the management of local affairs and revise instruments in general and particularly those on the special status of the District
- Goal III: *Improve the quality of life of the population in healthy environment in 10 years*, through improved access by District communities to adequate means of transport; a better urban environment, accessible health services to communities, and improved socio-economic situation of the most disadvantaged sections of the population
- Goal IV: *Have an efficient educational system*, through strengthened education, improved quality of education, better school infrastructure and facilities, strengthened literacy, restored authority to schools and stronger partnerships around schooling
- Goal V: *Make Bamako a city of culture, a city in which sport is seen as a factor for improving the quality of life and as a federating factor, a city that promotes physical, intellectual and psychological well being*, through the development of cultural wealth and the promotion of sports and leisure activities
- Goal VI: *Formulate and implement a suitable Urban Policy* through improved infrastructure and equipment, correctly managed land, improved living conditions and access to decent housing and enhanced transport and road traffic.

## **Evaluation and Lessons:**

The CDS process in Bamako afforded the opportunity to learn important lessons about the CDS and how the city could move forward. The analytical phase led to a greater knowledge of the city and the development problems it faces, and also highlighted the lack of information and the weak statistical base on which the work was built. The figures being used were merely indicative of the overall general characteristics of poverty. The group work established new working relationships and opened up channels of communication between the government, the private sector and civil society, while still experiencing difficulties in communication between groups. The Public Day event was a big success, with enthusiastic involvement. Testimonies of personal experiences by some of the poorest members of society proved to be very powerful. The event itself, due to its size and time limits, was difficult to manage. Not enough time was devoted to the strategic planning, and there were difficulties with the methodology used. And, without adequate internal resources, the ultimate implementation of this plan will be dependent on donor resources.

The Bamako CDS was considered successful in achieving the goals of the first three phases, although further efforts and resources are needed to implement the long-term action plan. Extending the public consultation phase, building the capacity of staff and resource persons and establishing an urban observatory for the collection of indicators would improved the outcome of future CDS activities.

## Tunis, Tunisia

Tunisia is a middle-income country undergoing a process, initiated in the beginning of the 1990s, of integrating its economy into the regional and global systems. Tunisian cities have become the heart of development in the country, with two thirds of the national population of 10 million living in urban areas. The city of Tunis, with over 2 million inhabitants, is already the economic and political capital of Tunisia. It produces one quarter of the national wealth of Tunisia. Tunis has a central contribution to make to the country's economic and social growth, and the city aspires to also play a large and positive role in the region and globally.

Tunis, Tunisia		
Background	Process	Outcomes
<ul style="list-style-type: none"> <li>Population 700,000 (1995), greater Tunis area 2 million</li> <li>Local economy- tourism, industry</li> <li>37% of national income in greater Tunis area. High per capita income (\$3,000)</li> <li>slow-down in economy, rising unemployment (13%)</li> <li>major programme for informal housing upgradation</li> <li>The national plan (1997-2001) had a main theme, global upgrading 'mise à niveau' of the economy. The Tunis CDS was set within this framework to make Tunis a competitive Mediterranean metropolis</li> </ul>	<ul style="list-style-type: none"> <li>CDS begun in March 2002</li> <li>Federation of Tunisian Municipalities (FNMT) and the city of Tunis bring together a diverse group of stakeholders.</li> <li>Strategic Vision – transforming Tunis to a competitive Mediterranean metropolis, focus on right to citizenship, develop historical and cultural identity, preserving natural environment, and strengthening local capacities</li> <li>Support of national government and private sector. No organized civil society groups exist in the city</li> </ul>	<ul style="list-style-type: none"> <li>A 'Livre Blanc' prepared for municipal council</li> <li>Municipal council approves the strategic vision and priority action plans in November 2001</li> <li>Investment package for the action plan to be ready by December 2001</li> <li>National and local resources likely to be earmarked for implementation of the action plan</li> </ul>



However, despite its dominance of the national economy and best-educated workforce in the country, Tunis has not attracted its full share of foreign investment, which is more often attracted to neighbouring governorates where industrial areas are not saturated. High unemployment rates demonstrate that the work force, however skilled, is not adapted to the demands of a modern economy. 35% of the youth of Tunis, aged between 18 and 24, are unemployed. Poverty has become more urbanised, informal settlements continue to spread in the city and the efforts to upgrade this housing have not met the pace of its growth. Green space in the city is diminishing rapidly.

Local governments in the Tunisian context have seen increased decentralisation with the Local Authorities Law passed in 1975. There are now 259 municipalities in the country and all have greater scope and responsibilities, thanks also to new urban planning and land use code (1994). Training for local leaders and officials has been on the rise, as have better structures for municipal investment. But despite these positive changes, municipalities suffer from both a lack of financial and human resources and are not able to fully cope with the growing needs of the urban population. They have not been in a position to undertake activities or planning for the future, nor to exploit the opportunities of a regional or global nature. This has been compounded by the low contribution of NGOs in Tunisia, with few groups local development groups organised.

Tunis therefore presents a contrasting picture of a city with tremendous potential and resources facing growing economic and social challenges. The CDS process in Tunis proved to be an innovative initiative in participatory planning. Traditionally perceived as a national rather than local activity, the CDS mobilized many institutional stakeholders without a previous history of working together. The CDS focus was mainly on the economic development of Tunis, and this was due in part to the lack of organised groups of the poor to fully influence the process.

Three institutions took the lead in the Tunis CDS: the municipality of Tunis, the National Federation of Tunisian Cities (FVNT) and UMP Tunisia. Joint project teams were established to coordinate and monitor the process, and the Mayor of Tunis played a very important leadership role. Many technical departments of the municipality have begun to develop inter-sectoral activities as a result of the CDS process.

The CDS process in Tunis is not yet fully complete. Much has been achieved, however, in the process thus far. Six working groups, which included experts in the area, were established around the six thematic areas identified for the CDS process. These were economic development, environmental protection, transportation, municipal development and finance, urban and regional planning and communication. Working groups met regularly and brought together approximately 30 representatives of the city and ministerial departments as well as civil society, universities and the private sector. A monitoring committee and the municipal council acted as the two main consultation bodies for the work. The monitoring committee was an enlarged decision-making body, integrating input and feedback on general orientations from the main non-municipal actors of the city.

Following the meetings of the working groups and various bodies over the course of the process, a diagnostic report on the status of development in the city of Tunis was developed and approved by the Steering Committee in July 2001. The preliminary

strategy report that grew from this was also discussed and approved. This report covers development for the city until 2010. The two main outputs of the CDS process are the Strategic Plan (vision for the city) and the Action Plan. The Strategic Plan, or White Book, was completed in February 2002. This was discussed with the City Council and various stakeholders from public, private and NGO sectors in March 2002. It is a result of the consensus developed through the CDS process, and is the fruit of several months of consultation undertaken with the different groups of stakeholders and dozens of meetings headed by the Mayor of Tunis or his representatives (municipal advisors) held during 2001. The main actions and strategic projects of the action plan have been identified. The investment packages for the action plan are being developed and will be finalized by the end of June 2002.

Within the Strategic Plan, the vision for the city of Tunis was agreed. It translates into five “strategic choices” as follows:

1. Propelling Tunis to the rank of a competitive and attractive Mediterranean metropolis;
2. Transforming Tunis into a city for all where each can express their right to citizenship;
3. Developing the historical and cultural identity of Tunis;
4. Enhancing natural assets and preserving the environment, and;
5. Providing Tunis with enhanced capacities to plan and manage its development.

Each strategic choice was elaborated into a number of priority actions to realise the vision, and the relevant authorities are now considering the feasibility of these actions.

Many articles were published in the local written press on the process, the targets and the output of Tunis CDS. This communication process sets the stage for expanded consultations in the future, and for the debate to include the citizens of the city at large. Additional efforts are now required in order to mobilize economic actors and involve them in the process, especially the managers of services companies, industrials, hotel managers and traders. Plans are underway to target these stakeholders specifically.

In order to complete the CDS process, a series of activities and outputs were planned. The Strategic Plan was validated through a participatory seminar, and a media campaign was implemented to disseminate the plan and the Tunis CDS Process. Training is expected to be held for those involved in municipal services around the implementation of the plan. A Priority Action Plan (2002-2005) for the development of the city of Tunis will be developed in consultation with all institutional partners of the municipality and will stand as a formal agreement between them. A Priority Plan of institutional development for the Municipality of Tunis will also be developed.

### **Evaluation and Lessons:**

The CDS in Tunis has allowed a strategic debate that no single institution had managed to launch in the past, based on a holistic approach to the City. This broad participation and application, however innovative, has also been source of difficulties. There is no municipal tradition for inter-sectoral or integrated planning. The deeply sectoral working habits of the municipality meant that a

tremendous amount of support was required through the process, mostly with the technical staff of the city, but also with municipal council members who were not familiar with such an approach.

There is no single institution responsible for "thinking" of the city development in Tunis. This makes partnership building a particularly lengthy process. Many of the thematic areas of the CDS are not dealt with by the municipality (although they fall within municipal prerogatives), and most of those areas concern a multiplicity of institutional partners with no tradition for cooperation. This process has been all the more difficult because of the broad scale, which goes beyond the city itself.

The CDS process has shown that there are almost no urban development associations in the capital city. This situation clearly puts a limit on civil society involvement for any consultation process, but also makes it rather difficult for municipal actors to find adequate partners to work with for the definition and implementation of local strategies. The CDS did highlight the high demand placed on this type of strategic planning from municipal institutions throughout the country. Formal requests for technical assistance in the CDS process have already been received from other cities.

The factions that have made the implementation of the Tunis CDS difficult could also prove to be a major obstacle for its implementation if a institutional development plan is not elaborated and measures are not taken regarding the development of planning and communication functions, the institutionalization of the relationships with the citizens and the establishment of an "urban workshop" that can function in an independent way.

It was difficult to involve businessmen in Tunis CDS, and a targeted strategy of these actors should be developed. In addition, the press broadcast data on Tunis CDS but without real added value. It would be useful to consider sensitizing the media on urban questions and challenges so their reporting would be more meaningful and could contribute to achieving the goals of the CDS.

This issue of gender was at the centre of the target "Tunis, city for all, men and women". The particular situation of poor women, in both the medina and the suburbs, has a major place in the action plan and in priority actions in the Medina and in Sejoumi zone. The differential practices (men and women) in public spaces, such as downtown streets and coffee shops, is also part of the debate. It is interesting to note that the CDS process sparked other activities which were not central but which show a positive understanding and involvement in participatory planning. For example, a group of about fifty women participating in the CDS process (elected and municipal leaders, city planners, architects and others) invaded coffee shops where usually few women are present. This practice was renewed once a week after Ramadan. Their slogan was "the re-appropriation of the City".

## 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.

## Section Two: Evaluation of CDS Experiences



Bamako, Mali  
Colombo, Sri Lanka  
Cuenca, Ecuador  
Johannesburg, South Africa  
Santo Andre, Brazil  
Shenyang, China  
Tunis, Tunisia



# Bamako, Mali

## City Development Strategy Report

November 2001



Prepared By:  
Bureau National D'Etudes Techniques et de Developpement  
(BNETD)  
Cote D'Ivoire

# City Development Strategy Study Bamako, Mali

## A. Basic City Information<sup>14</sup>

Bamako, Republic of Mali	
City Population	1 300 000 inhabitants (1)
Country Population	10 000 000 inhabitants
Urban growth rate	4.9% (1987-1992); 5.4% (1992-1997); 5.97% (1997-2000)
Main functions of city	Administrative, political, economic, (commerce, transport, industry and tourism), cultural and sport
City Economic/Poverty Profile	
Population below poverty line:	33%
Unemployment rate	39% total 79% male 21% female
Population with access to basic services:	Potable water: 20% in 2000 (23% projected for 2003) Stand pipes: 64% Public sewage: 1.5% Electricity: 40%
Basic community health coverage:	82.9%
Literacy rate:	18% (2000)
School enrolment rate:	98.9% (first cycle) 33.1% (2 <sup>nd</sup> cycle) 0.7% of the population has higher education 55% of the population under 20 years old
Active population (excluding agricultural sector)	74% total 24% female 76% male
Population working in formal and informal sectors	Formal: 36% Informal: 64% Of this, 19.3% of population undertakes a commercial activity compared with 37.6% in services sector

(1) in 2000

<sup>14</sup> The data drawn from the analytical study were weakened by the lack of adequate statistics. For the same issue, the indicators may have different years, and the figures were not updated. Furthermore, the data were not gathered according to households. Data on poverty indicators therefore only have an indicative value.



## B: The District of Bamako in the National Context

The city of Bamako was founded by a hunter in the 17<sup>th</sup> century. The beginning of the modern city dates from the end of the 19<sup>th</sup> century with the establishment of a colonial administration. As the main town of Upper Niger in 1899, the city acquired the status of a mixed commune managed by a mayor-administrator in December 1918. In August 1978, an ordinance raised it to the level of district, a decentralized community with a rank of a region, a legal entity and financial autonomy.

The District of Bamako covers an area of 18,000 hectares. This total would increase to 27,600 hectares if one includes 9,600 hectares of the area covered by the river that crosses Mali and runs through the district. Bamako comprises 60 neighborhoods and 6 communes grouped around a District commune with 23 municipal councillors.

In terms of the city administrative framework, the district communes are not in a position to function independently. At the moment, they are assisted by State services. Their functions include development and urban planning, budget and accounts of the district, environmental protection, construction and maintenance of roads, management of staff, management of public and private estates, construction and maintenance of schools, training institutes, museums and hospitals, determination of taxes and levies, regulation of police, implementation of development programmes, cooperation with other municipalities, and other tasks. District Municipal Services include the Urban Environmental Protection Brigade (BUPE), the Traffic Regulation and Urban Transport Brigade (BRCTU), the Commune Support Unit of the District Urban Roads and Sanitation Directorate (DSUVA), the District Markets of the District (RAMD), the Twinning Permanent Secretariat, the Data Processing Unit, the Multi-purpose Cartography (CARPOL), the District Estate Center (CDD), the Directorate of Cartography and Topography (DCT), Tax collection and the Housing Unit.

Bamako faces a number of challenges in terms of its economic role in Mali. The city is not able to control the high population growth in the unbalanced socioeconomic area of the Bamako District. The following indicators demonstrate the contribution of Bamako to the national economy: 24% of GDP; 45% of national imports; 25% of national consumption; 45% of fixed capital formation; 70% of commercial activities; 68% of industries; and 70% of international trade. Population growth and the weak technical capacities in farming and agro-pastoral activities constitute a threat to the fragile economic balance of the Sahelian ecosystems and foster the advancement of the desert. The fight against the remoteness of economic regions and distance from the coast, which constitutes an economic burden for a population traditionally made up of traders, is a challenge to be overcome.

### **The Strategic Challenges of the Development of the District of Bamako**

The main challenge is achieving sustainable urban development in the District while addressing the issue of poverty, which affects one third of the urban population. In particular, the lack of adequate development requires considerable efforts in the area of sanitation and the strengthening of a national tradition already established in combating social exclusion. Lastly, support to citizen initiatives, especially those initiated by women, should be given priority in meeting future challenges. The outcome of the strategic planning workshop will provide a

much wider view of the long-term strategic development challenges of the District of Bamako.

## **C: Description Of The CDS Process**

The Bamako CDS was conducted in four major stages, or activities, within the process: the city strategic analysis, the thematic committee working groups, the Public Day, and the Strategic Planning Workshop. Each step is explained below in terms of process, achievements and drawbacks.

### **City Strategic Analysis Stage**

The strategic analysis for the city of Bamako was undertaken between December 2000 and June 2001. The focus was on the major themes of urban poverty and quality of life, social integration and urban management, and the analysis considered these in terms of the local, regional and global context and economy. The study was based on the collection and processing of available data by ALPHALOG, one of the main key partners in the Bamako CDS. There was no precise reference framework in the identification of basic data for the study. The DELPHI method was used, along with a structural analysis and a strategic analytical matrix. Emphasis was placed on the identification of strengths and weaknesses in the city.

The District of Bamako, especially the Mayor, provided a leadership role on the technical steering committee, particularly in the management of communication with the administration and other stakeholders. There was good collaboration from the Directorate of National Statistics and individuals in the Ministry of Town Planning and Regional Land Use and the Environment, especially in providing information. Civil society and the private sector played only a marginal role in this stage.

One of the central achievements of this analytical phase was the enhancement of knowledge of the state of the city. Results of a previous study undertaken on the future of the city (an 18-month interim study on the district of Bamako) could be applied to this process. Major developmental problems of the city were highlighted, and the scale of the problems to be addressed to promote sustainable human development was better understood. There were drawbacks however, particularly with the weak statistic base on which the analysis was built. Bamako lacks rigorous socio-demographic data that includes households as survey units. Poverty indicators were hard to quantify, and the figures presented had only an indicative value on the overall characteristics of general poverty.

### **Thematic Committee Working Groups**

The next step of the CDS process was the thematic committee working groups, which were held around the following themes:

- Land use planning and land ownership aspects
- Land use, physical and social infrastructure
- Economic development and mobilization of local resources
- Social development and security
- Cultural development, sport and leisure
- Environment and living conditions

- Institutional development and governance

The methods of reaching consensus were built upon UMP approaches and experiences. The District of Bamako continued to play a leadership role, which contributed to the success of the working groups. There was active participation of 3 of the 6 town halls. Civil society and the private and business sector was very actively involved. Consensus was reached following long discussions led by resource persons from high levels of the city administration and the private sector, who had proven experience and competence. Cross-fertilization of viewpoints was made possible by the multi-disciplinary composition of the committees. The brainstorming session allowed a wide range of views to be expressed. These were narrowed down to key ideas and a synthesis of the discussions was prepared.

Major achievements in this stage included the synergy established between the coordination unit of the study, the technical steering committee, government officials and the private sector. The debates were high level and interesting, and participants were very motivated. They felt this was a new experience and were keen to be involved. Moral support was provided by representatives of international organisations. Although there were problems with communication at times, this group work proved fruitful.

### **The Public Day**

The Public Day was an open event with the participation of over 200 people. The major themes for this even were selected by ALPHALOG and the technical steering committee of the District City Hall. These were:

- Land issues and development of city
- Urban social services
- Urban network services
- Development and economic services
- Environment, living conditions, sport, culture and leisure
- Municipal administration and security

This event boasted a wide diversity of participants and substantial involvement of the most disadvantaged population of Bamako. The event was held in a local language so all could understand. Testimonies by the urban poor on their personal experiences were very interesting and influential. Consensus was built through efforts introduced by the Mayor himself, who wished to understand the problems facing citizens, the main constraints and manifestation of the problems, solutions that had been found and those that were needed. Approaches were explored by the District and partners to find concrete solutions. Long discussions were a feature of this event.

The Public Day proved very successful and was greatly appreciated by those most often excluded from discussions such as the urban poor. This made up for the difficulties in managing such a large group, and in containing the work to a single day. Guidelines for organising the work sessions would have been useful in advance.

### **Strategic Planning Workshop**

This final stage of the CDS process focused on the urban economy, local governance, quality of life and environment, education, culture and leisure and urbanisation.

These themes were selected by BNETD in collaboration with ALPHALOG and were derived from the evolution of work in the CDS process. Over 60 participants from the government, civil society and the private sector took part in the workshop. Supervised by BNETD, it resulted in the definition of a shared vision, the identification of overall and specific objectives, the definition of expected results and activities by theme and the agreement of implementation strategies. Although the quality of involvement and participation was high, the time to successfully undertake strategic planning was too short, and the methodology was not applied as well as possible. Financial resources were not obtained for the finalisation of the strategic planning workshop.

## **D. Outcomes And Results Of the CDS**

### **Major elements of the vision**

- Bamako, a prosperous city and city of interaction
- Bamako, a well-managed and safe city
- Bamako, a pleasant city
- Bamako, a city of culture
- Bamako, a modern city

### **Options and orientations for strategic actions**

#### **Goal I:**

Promote economic development through productive employment creation and resource mobilization activities

#### **Strategic Areas**

- Organize and promote the informal sector
- Rehabilitate, create and manage market facilities
- Improve resource mobilization
- Develop and implement an efficient artisanal policy
- Organize and promote the agro-food sub-sector

#### **Goal II**

Improve local governance

#### **Strategic Areas**

- Promote a spirit of citizenship
- Ensure the security of persons and goods
- Establish a local government training programme
- Define an internal and external communication policy
- Encourage a better and broader involvement of stakeholders in decision making
- Promote transparency in the management of local affairs
- Revise instruments in general and particularly those on the special status of the District

### **Goal III**

Improve the quality of life of the population by promoting a healthy environment over the next 10 years

#### **Strategic Areas**

- Improve access by District communities to adequate means of transport
- Improve urban environment
- Render health services accessible to communities
- Improve the socio-economic situation of the most disadvantaged sections of the population

### **Goal IV**

Develop an efficient education system

#### **Strategic Areas**

- Strengthen education
- Improve the quality of education
- Promote school infrastructure and facilities
- Strengthen literacy
- Restore authority to schools
- Strengthen partnership around schooling

### **Goal V**

Make Bamako a city of culture, a city in which sport is seen as a factor for improving the quality of life and as a federating factor, a city that promotes physical, intellectual and psychological well-being.

#### **Strategic Area**

- Develop our cultural wealth
- Promote sports
- Promote leisure and pastime activities

### **Goal VI**

Formulate and implement a suitable urban policy

#### **Strategic Areas**

- Improve infrastructure and equipment
- Correctly manage land
- Improve living conditions and access to decent housing in the District of Bamako
- Enhance the transport and road traffic.

A donors meeting is planned to identify specific projects and investment follow-ups to the Bamako CDS.

## **E. Reflections on the CDS Process**

The objectives of the first three phases of the Bamako CDS were attained. Unfortunately, the production of the reports on the analytical studies suffered considerable delays. The workshop on the formulation of strategies held, and the long-term plan of action was prepared.

- **Level of participation and effectiveness of local institutions**

The District city hall played the expected leadership role in mobilizing stakeholders. The technical aspects were conducted by the technical steering committee of the strategic development plan of the District. These included relations and collaboration with ALPHALOG; relations with other higher echelons of the administration; and mobilization of all sections of the civil society.

- **Collaboration between local partner institutions**

Contacts made indicate that the various echelons of the central and local administrations were jointly involved in this project from which they expected positive spillovers at the end of the donor round table meeting. There was a clear awareness of the seriousness of the problems posed and the challenges at all levels of the administration as well as inadequate resources to face them.

- **Groups that contributed the most to the process**

There was participation at various levels of specialization: local institutions, higher echelons of the administration and specialized professional groups contributed a great deal during the working group sessions and formulation of strategies. There was a high level of participation of civil society and all social classes in the Public Day meetings.

- **Coordination of various groups**

ALPHALOG and the Technical Steering Committee of the District catered for this function. The results of the public day are the best indicator of the success with regard to the mobilization and involvement of social actors in making decisions for the future.

- **Mainstreaming of gender in the process**

There were no specific issues devoted to women. Gender issues were incorporated into the general discussions on poverty of disadvantaged groups. However, the mobilization of women to participate in the sessions and the role of women leaders in such committees as well as neighbourhood women's associations indicate a high awareness by women of the role they can play through their participation in finding solutions for their own problems and those of the society in general. The importance of citizen initiatives by women and their wide understanding of developmental issues was striking.

- **Collaboration between national and international partners**

The international organizations were informed about the implementation of the process. The World Bank and the UNDP followed the process, though they were not directly involved. WHO and the World Bank were represented at the launch of the workshop technical committees. The international institutions are monitoring the process and are ready to examine the outputs depending on the relevance and realistic nature of the proposals relating to their specific areas of intervention.

- **Obstacles and difficulties hindering the process**

The analytical phase was carried out from December to June. The results should have been available before the start of the committee work. The lack of adequate statistics and the time frame for preparing the document that served as an introduction to the process appear to be the main causes of the delay. The analytical report is not perceived to be adequate for a study that constitutes the preparatory phase for a long-term study. The analysis needs to be enhanced and not consist in a mere compilation of data. This aspect should be revisited if the experience were to be renewed for another city. It was noted that there were no negative perceptions of

the CDS process, not even among the most informed interlocutors (officials of the administration and specialized professions). The hope placed in the project therefore appears to be a source of motivation for supporting the CDS.

### **Possible changes to be made if the process were to be replicated**

A more dynamic approach in processing information on database should be adopted. In addition, the working groups should be allowed greater latitude for defining issues. It should be possible to use the reference framework of African Futures, FURURIBLES INTERNATIONAL and JOUVENEL for the regional studies by adapting them to realities. Finally, a social dialogue on a strategic analytical strategic matrix could be useful for introducing the notion of critical uncertainty in construction of scenarios leading to the formulation of a vision and strategies. In terms of capacities to be developed among the various partners to improve the process, a brief initiation in “future studies” and long term strategic planning, and initiation in the analysis of the role of stakeholders and scenario methodologies and strategies would be useful.

### **Replication of the Process for Other Cities in Mali**

A good understanding of the morphology of the city and the nature of urban sub-systems would be useful before and during sectoral analyses to guide the participants in the working groups and those for the public day. This latter aspect is essential, as it is also an important motivating factor among the communities. It would therefore be worthwhile to extend it over at least two days in view of the large number of participants and the logistical and supervisory problems that affected the event.

Many expectations, some of which were exaggerated, were expressed during the meetings on the public day. In order to keep the public regularly informed, a project observatory should be put in place. Its objective would be to assist the District to inform the various actors about the progress of the project with a view to averting some disappointments while still keeping the flame alive. In view of the weak statistical base, it would be necessary to set up an observatory for the District for the production of indicators.

The work environment of the technical steering committee seemed to be too constraining to enable it to carry out this important task. Support from UMP/BNETD was indispensable for the procurement of computer equipment and a photocopying machine. It is also essential to strengthen the staff and put in place key resource persons (an economist and a specialist in communication).

### **Stakeholder satisfaction and participation**

Overall, the stakeholders have expressed a great deal of satisfaction with the CDS process, and indicated their hope that concrete improvements will result. This satisfaction is due in particular to their involvement in decisions about the future of their region.

The following major conclusions have emerged from the exchange of views with the stakeholders during the follow up mission:

- Overall, there was unanimity on the quality of leadership provided by the city in conducting the process.
- There was no particular difficulty in involving the stakeholders in the process. There was even some enthusiasm in the adherence explained by the communication strategy deployed by the District Mayor to invite the various actors to the work sessions, the public day and the workshop on strategy formulation.
- For committees requiring high level training, the resource persons invited as moderators or members had the adequate profile and competence either in carrying out their duties in the administration or in exerting their various liberal and business professions.
- Regarding the Public Day, the appeal to the population seems to have aroused considerable interest. This interest was reflected in the review of the list of participants. It indicates a high level of involvement of persons belonging to socially disadvantaged groups (women, disabled persons, household refuse collectors, etc.) who were highly encouraged by an initiative that associated them with the making of decisions concerning their future and that of their city.
- The questions of methodological approach and/or relating to the quality of participation and difficulties were often hidden or glossed over by our interlocutors. On the contrary, those relating to their interest in the project and solutions translated their hopes.
- The responses to be provided to the fulfillment of their hopes constitute a real challenge for the future of the project and the credibility of the officials of the District city hall.

## ACRONYMS

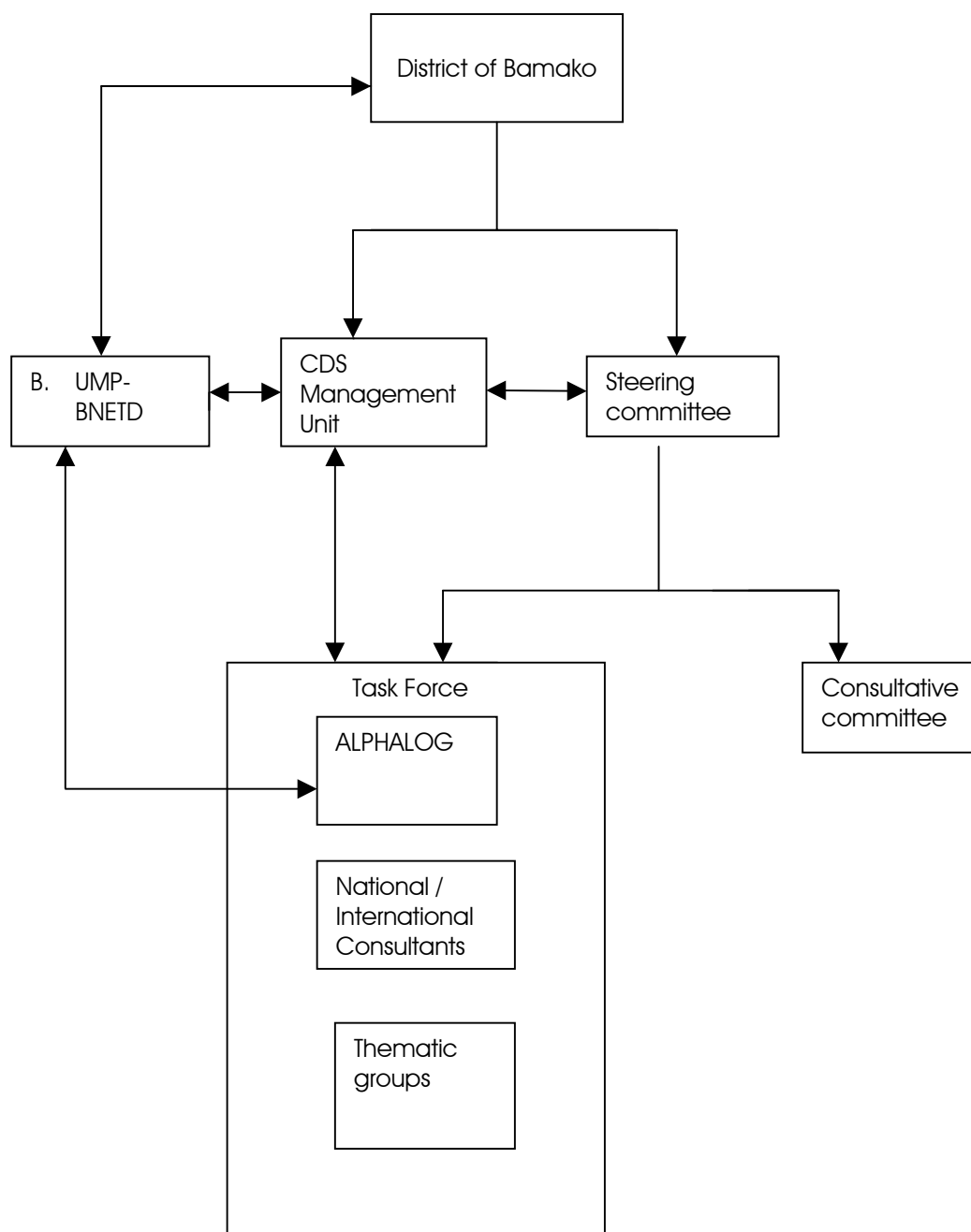
ACVGMR:	Association des victimes de l'incendie du Grand March
ADB:	African Development Bank
AFD:	Agence Française de Développement
BNETD:	Bureau National des Etudes Techniques et de Développement
BRCTU:	Brigade de Régulation de la Circulation et du Transport Urbain
BUPE:	Brigade Urbaine de Protection de l'Environnement
CARPOL:	Cartographie Polyvalente
CDP:	Comité de Développement Participatif
CDS:	City Development Strategy
DCT:	Direction de la Cartographie et de la Topographie
DSUVA:	Direction des Services Urbains de Voirie et d'Assainissement
GIE:	Groupe d'Intérêt Economique
NGO:	Non-Governmental Organization
RAMD:	Régie Autonome des Marchés du District
UMP:	Urban Management Programme
UNDP:	United Nations Development Programme
WHO:	World Health Organization



## Annex One: List of Persons Interviewed For Evaluations

NAME	STRUCTURE	FUNCTION
Seydou Diakité	ALPHALOG	National Coordinator of UMP project
Boukary Diarra	BAMAKO City hall	Civil engineer, secretary of the Steering Committee of the Bamako District Strategic Development Plan
Soungalo Koné	Bamako District	2 <sup>ème</sup> adjoint au maire
Mme Aminata Traoré M. Bélinka Simpara	Vegetables Market Main market	Chair, women's Association
Sékou Camara	Household Waste Collectors Association	Lawyer, out-going chairman
Jean-Baptiste Samaké	Regional Directorate of Youths and Sports, Arts and Culture et de la culture	Chief of Cultural Heritage Division
Mamadou Issa Tapo	Bamako District High Commission	Civil Administrator, Director of the Office of the High Commissioner
Yacouba Guindo	Association of Architects	Secretary-General
Makan Touré	Syndicat des transporteurs privés	Union Secretary General
Mme Dem Mariétou	Association of Consulting Engineers	Secretary General in charge of organization
Mme Maïga	WHO	Ingénieur des sciences de Environmental sanitary engineer
M. Touré	Traditional Leader	Retired philosophy teacher, Chief of Médina Koura neighborhood
Youssouf Séga Konaté	National Directorate of Local Communities	Division chief of local elected officials
Mme Djénéba Camara	Mandé Development Association	Secretary at Women's Promotion department, General Secretary of the coordination of women of Commune IV
Aliou Coulibaly	Territorial Development Mission	Chief of the Implementation Unit
Seydou Mory Guindo	Territorial Development Mission	Chief of Territorial Development Mission
Cheik A.Traoré	World Bank	Infrastructures and Procurement
Mme Traoré Niakoro Damba	Women Coordinator Commune VI	Honorary President of Mousso Djigui, Deputy Secretary General of the Association of West African Women
Kalfa Sanogo	UNDP	Assistant to Resident Representative

## Annex Two: Organizational diagram for Bamako CDS





# Colombo, Sri Lanka

## City Development Strategy Report

November 2001



Prepared By:  
UMP South Asia Office, SEVANATHA,  
and the Colombo Municipal Council

# City Development Strategy Study Colombo, Sri Lanka

## A. BASIC CITY INFORMATION

Colombo, SRI LANKA	
City population:	800,000 (resident population) 400,000 (floating population)
National Population:	18 million
Population Density:	278 pp/ha
City Growth Rate:	1.14% p.a.
City Economic and Poverty Profile:	
Unemployment Rate:	15.6%
% Households Below Poverty Line	10% Lower Estimate 19% Higher Estimate
% Households With Access to Basic Services	Approximately 50% have access to piped water supply, while another 40% approximately are provided drinking water through public standposts; nearly 80% of the population is covered by a sewerage network.
% Working in Informal Sector	Approximately 84% of the Urban Poor
% Households in Squatter Settlements	in Shanty Settlements - 24% in Slums - 27%
Adult Literacy Rate	Male – 96.1% Female – 93%
% of Population with Higher Education	57.2%
Child Mortality Rate	0.9%
City Function	The city of Colombo together with its adjoining municipalities of Dehiwala-Mount Lavinia and Sri Jayawardanapura Kotte form the Colombo Core Area, which is the administrative and political hub of Sri Lanka. It is the main commercial centre as Colombo is the major port for all international trade.
Administrative Structure	The Mayors of municipalities are elected directly by the people. They serve a term of four years. The city council members are also elected by the citizens of each city under the local government election.
CDS ACTIVITY	
CDS Start Date	27 December 1999
CDS Completion Date	31 July 2001
Focus of the CDS	CDS for Colombo Core Area focuses on improving urban governance with the ultimate objective of reducing poverty.

### **Key Stakeholders Involved**

The CDS process in the Colombo Core Area was truly consultative and enabled the formulation of a shared vision for the Colombo Core Area. Stakeholder consultations and visioning exercises were first held independently in each of the three municipalities, and then brought together in a consultation involving all major stakeholders of the Colombo Core Area.

SEVANATHA Urban Resource Centre, an urban-based NGO, facilitated the stakeholder engagement and dialogue. The process was guided by a task force at the Western Provincial Council, chaired by the Chief Secretary, and led in each of the three cities by their respective mayors. The CDS task force at the Provincial Council met once a month and guided the municipal level CDS project activities. These meetings were also attended by representatives of relevant government institutions (i.e. Ministry of Urban Development & Public Utilities, the Urban Development Authority, Board of Investment, Sri Lanka) private sector and representatives of professional associations. The city level activities were carried out with the support of the Mayor and top-level municipal officials. CDS Working Groups at the municipal level took the initiative to conduct stakeholder consultations as well as individual city consultations in the three municipalities. SEVANATHA - Urban Resource Centre, as the National Partner Institution, played a supportive role in coordinating the CDS consultation process by linking up the stakeholder groups with the Municipalities. Eventually, a broad based City Consultation was held combining the findings of individual City Consultations in order to formulate a City Development Strategy for the entire Colombo Core Area. The City Development Framework for the Colombo Core Area was thus produced at the end of the consultation process. The CDS framework provides a basis for cities to develop strategies to address pressing city development issues.

## **B. Narrative of the City Situation – National Context**

Sri Lanka is a densely populated island nation of 18 million people located off the south eastern tip of India, it is a low-income country with a per capita income of approximately \$670. The incidence of poverty has been reduced over the past four decades, yet one out of five households subsist below the poverty line. Despite the low income and high incidence of poverty, Sri Lanka has a remarkable record on human development indicators. The average annual rate of population growth is 1.2%, as opposed to 1.9 percent for South Asia. Life expectancy at birth is 72 years, infant mortality rate is 16 and literacy is 90%. These achievements are remarkable, as, since independence 50 years ago, there have been many ethnic conflicts and political unrest.

Ethnic conflicts have adversely affected the economy. In 1977, Sri Lanka adopted market based economic policies based on liberalised trade, deregulated foreign investments and export based industrialisation. As a result of these policies, the economy has been growing, albeit at the moderate rate of 4-5% per annum. Increased military spending due to ethnic violence has led to rising fiscal deficit and a slow-down in growth. The unemployment level has been high, around 12 percent, and the poor have been the most affected.

The new government, in 1996, instituted a number of reforms that have helped the economy to grow, reduce the fiscal deficit and increase investor confidence.

Privatisation has been a major plank of this reform process. Privatisation of tea plantations, telecom, gas, electricity and other enterprises are expected to reduce the fiscal deficit and increase output. This reform policy envisages a level of investment of 30 percent of GDP by the year 2000. With this investment, it is expected that the GDP growth would be 7-8 percent. At this rate of growth, the unemployment level is expected to come down from its current level of 12% to 5%.

Within the SAARC region, the seven South Asian countries have recently decided to establish a South Asian Free trade area by the year 2005. Sri Lanka is strategically well placed to attract trade-driven foreign investments for the whole South Asian region. With the commitment of the present government on decentralisation, economic reforms through market friendly policies and privatisation, and efforts to pursue a lasting solution to the ethnic conflicts, it is possible to achieve these economic and development goals. Within this national policy framework, the Colombo City Development Strategy is expected to be an important component. The Colombo Metropolitan region accounts for nearly one-fourth of national population, 44 percent of GDP and 80 percent of industrial establishments. Given the locational advantages of this region, it is expected that most of the future economic growth would also be from this region. A development strategy based on a comprehensive development framework for Colombo would thus be important, not only from the perspective of the local governments, but also in the interest of the national economic and social development policy.

Until 1987, the government structure in Sri Lanka was highly centralised. In 1987, an amendment to the constitution provided the legal framework for the establishment of Provincial Councils. The Ministry of Provincial Councils and Local Government has the overall responsibility to implement the national policies related to decentralisation. The Provincial Councils are empowered to supervise and administer urban local authorities. This three-tiered structure of political and administrative decentralization sets the institutional context for city development. While city development is essentially a municipal initiative and process, the Provincial Council has the power of supervision of the administration of local government institutions, including important powers over staff appointments in the local governments, approvals of budgets and other administrative matters. Thus the CDS for the Colombo Core Area falls within the purview of the Western Province Provincial Council (WPC).

The Ministry of Housing and Urban Development (MHUD), however, has wide-ranging powers for urban development. It supervises the Urban Development Authority (UDA), the National Water Supply and Drainage Board (NWSDB), the National Housing Development Authority (NHDA), and the Sri Lanka Land Reclamation and Development Corporation (SLLRDC). These parastatal agencies provide many essential services to the urban residents. Consequently, the urban local governments have limited responsibilities related to public health, public utility services, public thoroughfares and general welfare. However, in the Colombo municipal area, the municipal council, as a result of a special agreement between the NWSDB and CMC handles the distribution of water supply and sewerage.

However city development is a cross-sectoral initiative, and several of the sectoral services are either subjects reserved for the central government or supplied by central government providers. Accordingly the institutional context for city development is a complex one involving the national, provincial and local levels of

government. Thus, organizationally, the CDS process is essentially falls into two stages. The core of the CDS action is located at the Municipal Council (MC) level in a city development strategic planning and management process of Review and Assessment, Actions and Interventions, leading on to Outputs and Results. This process is to be perceived as an ongoing one without a clear delineation between formulation and implementation. The individual MC level CDSs are coordinated into a larger CDS process for the spatial region of the Colombo Core Area by the Western Provincial Council. The coordination of CDS is an important institutional imperative and a responsibility of the Provincial Council.

## **COLOMBO CORE AREA (CCA): THE ECONOMIC SITUATION**

The Colombo Core Area (CCA) comprises the “heartland of the country’s economy”. Thus, in the services sector of the economy, the CCA contributes 52% of the national share. Further, 90% of the import-export trade is based in the CCA, supported critically by the international seaport of Colombo ,which is crucial to the contribution of city services and to the national economy. However, although Colombo is the commercial and financial centre of the country, these activities are not performing at the level of regional excellence. The competitiveness and growth of the city economy have been affected by several factors:

- i) The increased competition being faced by the Colombo Port from other sea ports in the region.
- ii) Traffic congestion and transport problems which have manifested themselves due to the marginal increase of land-use for this sector - only 1.07% - as compared to the population increase of over 70% during the last two decades.
- iii) The absence of meaningful integration of the informal and formal sectors of the economy. This is reflected in the fact that over 75% of those engaged in informal activities live in under-served settlements with extremely poor living conditions.

### **Colombo Core Area: The Poverty Situation**

Approximately 40% of the population of the Colombo Core Area live in low-income settlements, ranging from 51% in the Colombo Municipality through 27% in the Dehiwala-Mt. Lavinia Municipality to 20% in the Sri Jayawardenapura Kotte Municipality. The main concern for these citizens is social exclusion and marginalisation, lack of services or having access to only minimal services. Accordingly, this has a multi-faceted effect on their socio-economic condition. The key problems are:

- i) Insecurity, in terms of land tenure
- ii) Social stigmas
- iii) Discrimination, particularly by service providers
- iv) Exclusion from human resource development opportunities
- v) Difficult living environment due to vulnerability to natural hazards like flooding, lack of sanitation and solid waste management, and poor access to safe drinking water.

### **Colombo Core Area: Governance**

The CDS Consultative Process highlighted the fact that the dual challenge facing the three municipalities is to reduce existing poverty while providing the basic services and employment opportunities required to prevent a further increase in poverty. It acknowledged that this has to be achieved within the context of decentralisation, liberalisation and globalisation, which have placed greater demands on its city managers, who are already constrained by limited financial, human and institutional resources. Consequently, it was evident that the CCA was experiencing a crisis in urban governance. This has been compounded by the inadequate legislation that existed to implement a holistic approach to city development. In such a system, it is first required that the local communities are empowered in order to fully participate in the process and thus contribute to good governance.

While elements of a participatory approach exist among the under-served settlements in the form of Community Development Councils (CDCs), these do not constitute an integral part of the institutional structures of city governance. In addition, the corporate or formal sector of the economy has focused their contribution to good governance at the national level rather than at the provincial or municipal levels. This may be due to the following factors:

- i) the lack of credence in Colombo to empower the formal business sector in the affairs of governance;
- ii) the erosion of the role of responsibility of the Municipal Councils in the provision of city infrastructure services required to facilitate the higher performance and competitiveness of the private sector in the context of increased globalisation;
- iii) the slow pace of acceptance of the private sector in the culture of the municipal bureaucracy to regard its vitality and relevance in partnerships.

A few noteworthy measures towards making urban governance transparent and inclusive in Colombo deserve mention at this point. The Mayor of Colombo initiated a process of citizen involvement in civic affairs by appointing 15 advisory committees of leading citizens and professionals to advise him on various subjects. These are in addition to the existing 15 standing committees of elected councilors. These committees meet regularly and are quite effective in eliciting peoples' participation in city development. The formation of the Housing and Community Development Council at the city level provides a forum for the community leaders to interact with city officials. These community leaders represent the 600 Community Development Councils constituted by the urban poor communities and the under-served areas. The private sector has also been actively involved in urban development activities. The private sector and the NGOs have joined hands with the CMC in major programmes related to maintenance of dispensaries, community centers and road junctions. Through such partnerships, many street improvement schemes, road signage and city beautification programmes have been undertaken. Efforts at responsive urban government have also been initiated. A directory of services is published to inform the local population about the various services and procedures. Similarly, training of municipal staff for appropriate modes of interaction with the citizens has also begun.



These innovations are, however, limited to the Colombo Municipal Council and do not extend to the entire Colombo Core Area, which is covered under the scope of this CDS. The CDS for Colombo was envisaged to provide a comprehensive development framework for Colombo, its output intended to be owned by the important stakeholders - the local governments, the Western provincial council, and the national government, as well as the private sector and the civil society. This CDS was also perceived to be an integral part of the national development strategy of devolution, decentralisation, and market - based economic policies. The intended objectives and outputs of the Colombo CDS are listed below.

### *Objective 1: Comprehensive Development Framework for Colombo*

This Framework uses participatory methods involving all stakeholder groups, and is facilitated by a project task force. The Framework will include an analysis of the principal strategic needs of the city economy and its people, representing the consensus of the participating parties.

#### Outputs

The overall output will be a strategic framework of development for Colombo that focuses on raising economic output, increasing employment opportunities, reducing poverty, and meeting the social needs of the population.

The specific outputs at this stage were:

1. A stakeholder analysis of principal and secondary stakeholders in the city, their current and possible future role in shaping city's development.
2. A comprehensive development framework listing priority areas/sectors and assigned responsibilities of various government agencies and other stakeholders. The framework to be based on the following study outputs:
  - Economic analysis of Colombo core area: its role in national economy, its structure, the formal/informal (organised/unorganised) sector linkages, dynamics of city economy over time, identification of key drivers of the economy, their potential and bottlenecks.
  - Review and updating of poverty profile of Colombo: their economic status, access to services and shelter and impacts of targeted programmes on poor.
  - Brief summary of past and current efforts for Colombo's development. This document will be used at the consultations to inform the stakeholders.

### *Objective 2: Strategic Action Plan Based on a Comprehensive Development Framework*

The preparation of a Strategic Action Plan for the use of the resources of the city authorities, the Western Provincial Council and the national government, with the addition of proposals for consideration by other stakeholders in the city and the external funding agencies is a key objective of the CDS.

#### Outputs

A City Strategic Action Plan detailing, within the framework of the city's own budgeting and programming, the priority actions proposed for the next five years. It also includes actions, to be taken up by the higher level of governments and other stakeholders. This action plan would be in the form of 'project idea notes' that can be used to request for funding from international agencies.

### *Objective 3: Adoption of Elements of Action Plan by Development Agencies*

To encourage, and support follow-up activities for the adoption of all elements of the Action Plan by national development authorities or agencies, or by external development agencies.

#### Outputs

An updated and continuously monitored Implementation Plan, identifying the actions to be taken, the agencies undertaking them, the sources of finance for each, and the progress in completing the actions.

## C. Description of the CDS Process

The Colombo CDS was initiated as a follow-up to UN-HABITAT's other ongoing programmes - the Urban Management Programme's *Colombo City Consultations* (focused on poverty and urban governance), and the Sustainable Cities Programme's *Sustainable Colombo Core Area Project* (focused on environmental sustainability).

The initiative also reviewed past efforts in order to prepare a comprehensive development strategy for Colombo, identify the gaps and missing links, and build-up on these existing/past efforts. Some of these efforts include the Colombo Metropolitan Region Structural Plan, the Corporate Plan of the Colombo Municipal Council and the urban development plans for the municipal areas. Some background work and studies for the Colombo Core Area, which were undertaken for specific projects supported by the international agencies, also provide a base for the Colombo CDS. These were the Clean Settlements Programme and the Sustainable Township programme of the Ministry of Housing and Urban Development (assisted by the World Bank), the rehabilitation of water transmission and distribution system for Colombo (assisted by JAICA) and the Water and Sanitation Project Phase IV.

The Colombo Project commenced in November 1999 after detailed discussions between UN-HABITAT and key government agencies that needed to be involved in the preparation of the CDS. It was followed immediately thereafter by the appointment of the national partner agency (i.e. *SEVANATHA*), to co-ordinate the activities between the apex level (i.e. the Western Provincial Council) and the city level (i.e. the three municipalities of the Colombo Core Area). A task force was set up at the Western Provincial Council to co-ordinate the activities in the three cities. This task force became operational in February 2000.

The process was a participatory one throughout the programme. A number of small consultations with different stakeholder groups - municipal councillors, city officials and citizens' groups - were organised in each of the three cities. Subsequently, thematic working groups were organised to hold focused discussions on specific issues. For instance, in the Colombo Municipal Council, the four key issues addressed by working groups were reducing poverty, improving the environment, enhancing the city economy, and addressing social sector needs. In Kotte and Dehiwala Municipal Councils, only one working group was constituted (for each city).

While these working groups were based within the Municipal Councils, there was extensive involvement of stakeholders from private, community, public and other interest groups within civil society. This facilitated the formulation of a broad-based

City Development Strategy (CDS). Three separate City Consultations in each of the municipalities were organised in April 2000 (Kotte), May 2000 (Colombo) and July 2000 (Dehiwela Mt. Lavinia) respectively. Subsequently, the broad-based City Consultation for the Colombo Core Area (CCA) was held in mid-July 2000.

The shared vision that emerged became the focal point for the preparation of the City Development Framework Guidelines, which in turn formed the basis for consultations between the CDS partners, including the donor agencies. This also enabled the compilation of a Strategic Action Plan (SAP) that identifies the key issues, constraints and opportunities. The SAP was accompanied by an Implementation Plan consisting of short-term high priority sub-programmes requiring immediate action, as well as medium and longer-term sub-programmes which address strategic issues that require cross-sectoral planning and investment over a long period.

A national consultant was recruited in June 2000 to assist the project partners in the development and reporting of the City Development Strategy and its constituent elements. His mission commenced with attendance at the individual City Consultations and of the broad-based consultation in the CCA. The process was slowed briefly due to the general elections held in the country in October 2000. In the ensuing period, the election of the key political leadership of the Western Provincial Council to the National Parliament resulted in a state of flux in the convening and holding of meetings of the task force to validate the outcomes of the CDS Colombo exercise. The only meeting of the task force that was convened, in November 2000, reflected this unsettled environment by the absence of the representatives from each of the three municipalities. These problems were further compounded by the subsequent retirement of the Chief Secretary of the Western Provincial Council who had chaired the affairs of the task force since its inception. The individual City Consultation Reports were finalised in December 2000.

Overall, the involvement of both tiers of government - provincial and municipal - was laudable. The cities had been prepared for the consultative process by the ongoing city consultation and SCCP consultations. This therefore facilitated their cooperation with the CDS process. The key to the entire exercise was to get the municipal officials and councillors involved. The poor and marginalized groups were represented by leaders of Community Development Councils (CDCs) throughout the process. The process was facilitated by SEVANATHA, which has across-the-board acceptability and recognition as a credible NGO working in various cities of Sri Lanka. The donors were also brought on board through consultations convened by the Chief Secretary, Western Provincial Council, who effectively led the entire process. A key lesson to be learned, however, is that a change of leadership or loss of the “champion” at any stage almost always has an extreme (negative) impact on a process-based exercise such as a City Consultation or CDS initiative.

## D. Outcomes and Results of the CDS Process

In the context of the analysis of the ‘urban situation’ outlined in Sections A and B above, the Consultations determined the need for formulating a shared vision and an integrated strategy for developing the CCA. Consequently, as previously described, the strategy was framed as follows:

*The Commercial & Economic Hub of South Asia, wherein all citizens enjoy the highest possible quality of life, with optimal basic services, freedoms, rights, and security being guided by principles of good urban governance enabling every opportunity to create wealth, equity, and sustainable environment.*

This vision statement for the CCA emerged from the concerns and future expectations expressed by stakeholders during discussions. Most stakeholder groups voiced concerns about accessibility and quality of basic services, the bureaucratic distance and insensitivity to citizens’ needs and concerns, and the lack of opportunities or empowerment for stakeholder participation in municipal governance. The contrasts between the poor and rich, the marginalized and wealthy, the “informal” and “formal”, were highlighted as key economic issues. In addition, the universal aspirations expressed were to become a valued and wanted citizen, and to be able to lead a safe and secure city life with access to all services.

Stakeholder groups also expected to have, by 2010, a responsive and concerned city management, adequate and reliable services at an affordable cost, and opportunities for a better life and living conditions. The transit from the present to the vision of the Year 2010 and beyond was identified as reliant on substantive development policy imperatives, and guiding values and principles. These have comprised the City Development Framework Guidelines.

### i) Development Policy Imperatives

Four policy imperatives were determined to guide the policies and programmes of development in the CCA

- a. **Sustainable Development:** Meeting the needs of the present without compromising the ability of the future generations to meet their own.
- b. **Eliminating Social Exclusion:** Developing an inclusive society where every citizen is provided the opportunity to fulfil his or her own potential.
- c. **Equal Opportunities:** The promotion of a culture in which diversity is valued and equality of opportunity becomes a reality.
- d. **Creating Wealth:** Providing opportunities to create wealth.

### ii) Guiding Values and Principles

Five values/principles were determined as follows to guide the procedures and practices of the CDS Process.

- a. **Acting Strategically:**

- Establish a clear action framework where stakeholders can effectively participate with appropriate discretion.
- Do what one can do best leaving the rest to those who are better placed to perform them.
- Be results oriented and perform up to targets.
- b. **Guided by Subsidiarity:**
  - Each level of governance doing what is most appropriate at that level.
- c. **Working in Partnership:**
  - Consult, involve and promote the participation of stakeholders
  - Establish partnerships with business, civil society, government and the Provincial Council
  - Promote active citizenship
- d. **Upholding the Rule of Law:**
  - Strictest separation of rule-making (Council) and rule-application (Executive) powers
  - Application of due procedure in decision making
  - Total transparency in decisions and actions of the Council
- e. **Being Inclusive:**
  - Promote equal opportunities and deal with social disadvantage
  - Promote a tolerant society wherein diversity is valued
  - Bring women, children and young into community life making them partners in development

The City Development Framework Guidelines given herein were thereafter elaborated during the consultative process to constitute an action-oriented City Development Framework. The following key areas with their corresponding outputs comprise the CDS Framework.

**i) Reducing Urban Poverty**

- a. development of under-served settlements to become socially responsible communities with permanent housing, good facilities, and a high quality environment;
- b. Improvement of the quality and responsiveness of health and social services;
- c. creation of opportunities for investments in technology, knowledge, and skills, that are required in the potentials of the new economy;
- d. provision of credit and marketing opportunities.

**ii) Development of the City Economy**

- a. establishment of the basis for a modern, competitive, and more diverse economy supported by a dynamic informal sector;
- b. increase of the number and quality of jobs, and reduce the economic disparity in the under-served settlements;
- c. promotion of a sustainable port-related modern economy;
- d. creation of a regional profile of Colombo as a place to live, study, visit, and do business;
- e. urban regeneration of economically strategic areas.

**iii) City Infrastructure Development**

- a. promotion of investment in public utilities to provide more and better services;
- b. promotion of investment in social infrastructure to provide more and better care for the aged, women and children;

- c. establishment of an inter-modal and sustainable transport system;
- d. promotion of private sector participation.

**iv) Empowerment and Governance**

- a. promotion of active citizenship, participation, and partnership among the stakeholders;
- b. streamlining the municipal administration to ensure an efficient service to all stakeholders;
- c. value for money with better and more efficient services delivered by the Municipalities;
- d. institution of greater accountability and transparency in the affairs of the Municipalities.

The Consultative Process determined that the above CDS Framework presented the following opportunities as well as constraints to the development of the CCA.

**i) Key Opportunities**

- a. rising expectations of dependable quality services;
- b. hitherto unmet needs of under-served settlements;
- c. services required by the daily inflow into the CCA of about 1.0 million persons;
- d. demand for high quality facilities and services by the expanding commercial activities headquartered in Colombo.

**ii) Key Constraints**

- a. lack of a strategic direction and the absence of co-ordinated action;
- b. obsolescence of the legal framework for city governance;
- c. lack of accountability and transparency;
- d. lack of opportunities for stakeholder participation and partnership;
- e. poor mobilization of resources for activities in city development;
- f. poor urban performance.

These opportunities and constraints were considered with the shared vision of the stakeholders for the CCA.

In the above context, the Consultative Process also formulated the Standards for measurement of the progress and success of the action-oriented CDS Framework. These were regarded as the “Colombo 2010 Benchmarks”:

- a. improved customer satisfaction with city services;
- b. improved quality of life in the under-served settlements;
- c. expansion of commerce and the establishment of new ventures creating new job opportunities;
- d. increase in investment in human resources development;
- e. increase in partnership activities;
- f. increase in investments in the city economy;
- g. best practices in municipal governance.

The action orientation of the CDS Framework during the consultative process resulted in the formulation of a City Development Strategy and Implementation Plan. The consultative process for the development of the CCA included the formulation of action plans and an Implementation Plan to give implement the City

Development Framework (CDF). The synthesis of these plans form the basis for the City Development Strategy.

The CDF described above serves to provide a platform for the emergence of four Action Plan components for implementing the CDS up to the Year 2010. As an initial step, it identified the various project activities for inclusion under the respective plan components as follows:

**1. Project Activity Plan Component for Implementing the CDS:**

**a. *Reducing Urban Poverty***

- deliver basic services in the under-served settlements (health, housing, infrastructure and utilities);
- security of land tenure;
- access to credit;
- training and career guidance;
- social inclusion and civic responsibility;
- economic integration of the informal sector.

**b. *Development of the City Economy:***

- an Economic Development Plan for the CCA;
- a Business Development Programme for the CCA;
- formulate a Municipal Operations Restructuring Programme;
- establish a Skills Development Initiative;
- formalise the issue of Municipal Development Bonds, especially to facilitate urban regeneration.

**c. *City Infrastructure Development:***

Establish the feasibility and implement an integrated programme of the following:

- roads and transport
- sewerage
- water supply
- electricity
- solid waste management
- disaster mitigation
- leisure and recreation
- housing
- education and culture
- health

**d. *Empowerment and Governance:***

In the selection of project activities under this item, it was considered appropriate to initially adopt the following criteria for its assignment between the provincial and municipal levels.

- relevance to national policy;
- relevance to CDS strategy;
- implementation capacity;
- impact on the city economy;
- social acceptance;
- project priority;
- financing implications.

Based on the above criteria, the following project activities were identified.

**Municipal Level:**

- establish sustainable mechanisms for Consultation, Participation and Partnership
- institutionalise delegation to neighbourhoods
- formulate principles for prioritising investment
- establish procedures for fairness and predictability in regulatory actions
- formulate rules governing access to services
- access to information
- establish mechanisms for public feedback
- affirmative actions for marginalized communities
- establish statutory procedures for protecting rights and entitlement
- establish measures for safety and security
- institutionalise awareness on risks and hazards
- formulate the Citizen's Charter

### **Provincial Level:**

- support capacity building in the municipalities
- strengthen legal framework for municipal governance
- establish modalities for reinforcing provincial – municipal partnerships
- establish guidelines and standards for municipal audits and reviews
- establish guidelines for performance reporting
- monitor local actions on rights and entitlements
- establish inter-agency initiatives for personal safety, crime control and prevention

A project activity matrix depicting the project activities described above is attached at *Annex 2*.

### **2. Institutional Plan Component for Implementation of the CDS.**

- establish the organisational and institutional structures for capacity building
- formulate a human resources capability audit and a human resources development plan
- formulate strategies for developing partnerships with external agencies

A conceptual form of Institutional Strategy for CCA development devised during the Consultative Process is attached in *Annex 3*.

### **3. Financial Plan Component for Implementing the CDS:**

- formulate a revenue raising plan;
- prepare an operational expenditure framework;
- formulate a capital investment plan;
- develop a strategy for balancing capital and operational budgets.

### **4. Stakeholder Communication Plan Component in Implementing the CDS:**

- establish the agency / personnel responsible for keeping the stakeholders informed;
- deliver the products;
- determine the method and frequency of distribution of communication products;
- select appropriate communication processes.

The Action Plan components and the respective project activities are expected to be prioritised and implemented by the three municipalities of the CCA under the overview of the task force established at the provincial level. In addition, it is hoped that each municipality will prepare programme budgets in the medium-term for the



estimated capital and recurrent expenditures for new activities not foreseen in their normal budgeting exercise, arising out of the Colombo CDS. It would however frame the se in the context of the CCA Vision 2010 and the Colombo 2010 Benchmarks.

Meanwhile, the task force is aware of the pioneering nature of the CDS and its process-based initiatives. It has acknowledged that the CCA as the “urban heartland” plays a major role in driving the national economy. Consequently, it recognizes that the CDS initiative aims at achieving economic growth by improving the competitiveness of the CCA by supporting its individual municipalities in their quest for an economic niche in the national and international context. It will mean that the key underlying feature of improved city governance through stakeholder participation, and its complement of a mechanism for social inclusion, must necessarily be addressed in the mainstream of implementation of the CDS.

## E. Reflections on the CDS Process

Colombo was one of the first three cities selected worldwide for preparation of a City Development Strategy under DGF funding from the World Bank, routed through UN-HABITAT. Colombo’s selection was based on a variety of factors, particularly the presence of two UN-HABITAT executed programmes – the Urban Management Programme (UMP) and the Sustainable Cities Programme (SCP), in the city. In addition, the Colombo Municipal Council had initiated many innovative approaches to good governance. Its activities contributed to making the CMC citizen friendly, involving the private sector for management and provision of urban services, and involvement of a wide range of stakeholder groups in planning and decision making, thus making Colombo an appropriate city for this CDS pilot project in Asia. Colombo is also a city where a large number of international agencies are active. These agencies, particularly the World Bank, OECF, DFID and UNDP also agreed, in principle, to participate in the process of preparation of a City Development Strategy for Colombo and co-ordinate their future funding.

Prior to the implementation of the Colombo CDS, its concept, modalities and operational framework were discussed at length within the multi-programme UN-HABITAT team in the Colombo Core Area, as well as with others. Government officials at different tiers (city authorities of Colombo, Dehiwala-Mt. Lavinia and Kotte; provincial and national government representatives; parastatals and others) were briefed about the programme. A co-ordination framework with other major donors was also discussed. The CDS, conceptualised as a shared vision of all stakeholders for the city (region) and a set of strategic actions for achieving that vision, was concept that was supported by all major actors and potential partners.

Issues of overlap, co-ordination or conflict with ongoing initiatives were also discussed in considerable detail. A number of alternative operational arrangements for CDS were debated. Eventually, it was agreed that:

- the three Municipal Councils would be the "drivers" of the process, and the structures established by Sustainable Cities Programme, already active in the three municipalities (project office, project director and team at the city level and the co-ordinating committee at the WPC level) would be utilized for executing the programme;
- a shared vision and priorities for each city would be identified using the city consultation approach advocated by UMP. SEVANTHA, with its Colombo City

Consultation experience, would be the lead agency to facilitate this process: conduct stakeholder meetings and focus group discussions, and develop socio-economic visions for each city incorporating the concerns and priorities of all major interest groups;

- a collective vision for the Colombo Core Area would be synthesized from the three city-visioning exercises. The key issues or areas of intervention at the national, provincial and ULA level would then be identified. Provincial and national agencies' intervention would be sought for larger sectoral/policy issues that lie outside the domain of local governments. Working groups would be set up for dealing with cross-boundary and cross-sectoral issues that emerge after this collective visioning process.

CDS was seen as the larger developmental assistance framework within which most ongoing-interventions would fit in as components. It was critical to have the donor community actively involved in the project development process if this objective is to be achieved. It was therefore proposed to launch the CDS as a formal multi-donor alliance. The World Bank and DFID agreed to be the formal partners. SEVANTHA was to be the main resource agency managing the process under an umbrella contract within which it could hire sub-consultants or specialists as and when required. It was also agreed that an international consultant might be engaged, to assist and guide the process of developing the CDS and Strategic Action Plans.

The Colombo CDS was unique in that it attempted to develop a comprehensive and consistent development approach for not only one city, but also a contiguous city-region comprising three different urban local bodies. Additionally, it was not established without a foundation, as had a large base of programmes and initiatives to draw from, and to build upon. These factors made the task extremely complex and challenging.

The Colombo CDS and the consultative process adopted have only begun the process of urban and national development. The full gravity of the process is yet to be felt by the other partners of the municipalities and their stakeholders in the Colombo Core Area at the provincial and national levels. The most important responsibility of the task force hereafter is to ensure, on one hand, the implementation of the CDS Action Plans, and on the other, replication of the process in other cities of the WPC. While the task force is aware that its task represents a paradigm shift in urban development, it also realizes that it will need support from within the country and elsewhere, especially from the international community. In the latter context, its relationship established with UN-HABITAT is seen as vital to be continued and strengthened.

In these circumstances, while each of the three municipalities in the CCA began to implement the CDS through the various identified activities, the highest priority is to establish a partnership with a organisation that will serve as a catalyst for the process. This partnership will also serve to support the overarching nature of the CDS process in the CCA. The task force has determined that these two parts of the CDS Implementation Plan must converge to address the highest priorities of the initiative.

The task force recognizes that funding support for the above must be sought nationally and internationally to complement its own scarce resources. Towards this end, the task force aims to bring together the political leadership of the CCA to map

out a short-term strategy to mobilise national support in this endeavour of fundamental importance in nation building. A task of such magnitude was not considered possible to be accomplished during the CDS Consultative Process.

It is expected that the implementation of the CDS programme will be completed by 2010. In progressing towards this goal, the three municipalities of the CCA will initially focus on the integration of the CDS process in their on-going activities. The success of these activities is expected to be the standard bearer for urban-wide action in Sri Lanka.

## Annex 1

### Project Activity Matrix

CDA Area / Activities	City Governance Actions						
	Sustainability	Devolution	Equity	Efficiency	Accountability	Citizenship	Security
<b>1. DEVELOPMENT OF THE CITY ECONOMY</b>							
1.1 Economic Development Plan for the City	Initiate stakeholder consultations for a long term strategic vision	Clarify roles & responsibilities of municipal, provincial & national levels	Establish principles for prioritising investment	Specify best value for investment principles	Open consultations	Participatory strategic planning	Incorporate environmental planning and management
1.2 Business Development Programme for the city	Consult with business to agree on levels of resource use to prevent adverse effects on quality of environment	Review / Reform current legal / institutional framework for public – private partnerships	Establish investment incentives for sectors & zones	Establish legal / regulatory framework to promote business and minimize transaction costs	Open discussion on issues of city business	City consultation on business development options	-
1.3 Municipal Operations Re-structuring Programme	Achieve responsiveness through citizen participation in management of operations	Review current legal / institutional framework	Establish regulatory frameworks for service deliveries	Establish partnerships with private sector / civil society for delivery and regulation	Codes of conduct and service ethics Establish client feedback mechanisms Transparent tendering & procurement	Procedures for public petitioning Open consultation on budgets	-

CDA Area / Activities	City Governance Actions						
	Sustainability	Devolution	Equity	Efficiency	Accountability	Citizenship	Security
1.4 Skills Development Initiative	Promote private sector /CSO partnerships	-	Ensure access to disadvantaged groups	Set clear objectives, targets, service standards & complaint procedure	-	-	-
1.5 Municipal Development Bonds	-	Review current legal framework	-	-	-	-	-
<b>2. REDUCING URBAN POVERTY</b>							
2.1 Basic Services for the Poor (Housing, Infrastructure & utilities and health)	Consultation with stakeholders on a broad based strategy	Establish system of inter – governmental transfers	Establish principles for cost sharing in service provision	Establish service provision partnerships with civil society	Establish public feedback mechanisms	Adopt measures for stakeholder feedback and responsibility	Opportunities for under served communities to plan and manage improvement of their environment
2.2 Security of Tenure	Consultative management of programmes to ensure objectives of beneficiary well-being	-	Create opportunities to secure tenure	Establish clear objectives and targets	Establish open administrative procedures	Affirmative action to secure rights of poor	Action to minimize vulnerability to displacement
2.3 Access to Credit	- do -	-	Facilitate access	- do -	Ensure access to information	Enable full participation of poor	-

CDA Area / Activities	City Governance Actions						
	Sustainability	Devolution	Equity	Efficiency	Accountability	Citizenship	Security
2.4 Training & Career Guidance	- do -	-	Facilitate access	- do -	- do -	- do -	-
2.5 Social Inclusion & Civil Responsibility	Provide poor opportunities for participation in city development activities	-	Provide civic education	-	Promote ethic of service amongst city officials	Develop a culture of civic solidarity	Create safety & security based on rule of law, solidarity and prevention
2.6 Economic Integration	Promote opportunities for formal-informal partnership in economic life of the city	-	Create enabling institutional framework for informal sector activities	-	Ensure transparent mediation of formal – informal transactions	Enable contribution of poor to economic life of the city	-
3. INFRASTRUCTURE DEVELOPMENT							
3.1 Roads & Transport	Agree with service providers and city stakeholders on a broad based strategy	Establish institutional framework for decentralized planning and management of infrastructure and utilities	Establish principles for prioritising development of infrastructure and services	Establish clear objectives and targets for service provision	Establish mechanisms for public feedback on services	Promote ethic of civic responsibility in the use of services	Creating awareness about risks of hazards and disasters
3.2 Sewerage	- do -	- do -	- do -	- do -	- do -	- do -	- do -
3.3 Water Supply	- do -	- do -	- do -	- do -	- do -	- do -	- do -

CDA Area / Activities	City Governance Actions						
	Sustainability	Devolution	Equity	Efficiency	Accountability	Citizenship	Security
3.4 Electricity	- do -	- do -	- do -	- do -	- do -	- do -	- do -
3.5 Solid Waste Management	Initiate consultative planning and management to agree on programmes and processes	Establish a system of delegating responsibilities to neighbourhood level	Establish community based regulatory framework	Establish participatory management practices to address needs of all groups	Establish transparent processes for tendering and procurement	Establish mechanisms for community level forums to promote involvement and responsibility	- do -
3.6 Disaster Mitigation	- do -	- do -	- do -	- do -	- do -	- do -	- do -
3.7 Health	Consult with stakeholders for partnership in upgrading and improvement	Establish system for participatory monitoring at neighbourhood level	Ensure equal access to services	Initiate programmes for delivery and regulation in partnership with private sector and civil society	Promote service ethics and codes of conduct	- do -	- do -
3.7 Health	Consult with stakeholders for partnership in upgrading and improvement	Establish system for participatory monitoring at neighbourhood level	Ensure equal access to services	Initiate programmes for delivery and regulation in partnership with private sector and civil society	Promote service ethics and codes of conduct	- do -	- do -
3.8 Housing	- do -	- do -	- do -	- do -	- do -	- do -	- do -
3.9 Social Welfare	- do -	- do -	- do -	- do -	- do -	- do -	- do -
3.10 Education & Culture	- do -	- do -	- do -	- do -	- do -	- do -	- do -

CDA Area / Activities	City Governance Actions						
	Sustainability	Devolution	Equity	Efficiency	Accountability	Citizenship	Security
3.11 Leisure & Recreation	- do -	- do -	- do -	- do -	- do -	- do -	- do -
<b>4. EMPOWERMENT AND GOVERNANCE</b>							
4.1 Municipal Councils	Mechanisms for - Consultations in Strategy making - Participation in management - Partnerships in service operations	Institutional arrangements for delegation to neighbourhoods	Principles for prioritising investments  Procedures for fairness and predictability in regulatory action  Rules governing access to services	Partnerships with private sector & civil society for service delivery  Regulatory framework and best practices - resource mobilization - investments - outsourcing	Municipal charter of service standards & professional conduct  Beneficiary monitoring of services  Access to information  Public feedback mechanisms	Undertake affirmative actions for marginalized legal framework for protecting rights and entitlements	Measures for safety and security based on rule of law, solidarity and prevention  Awareness on risks of hazards and disasters
4.2 Provincial Council	Municipal capacity building support	Legal framework for local governance  Local Govt. statute  Mechanisms for province – local partnerships	Urban services support programme to address inter-municipal disparities	Guidelines and standards for municipal performance audits / reviews	Establish principles and procedures for municipal supervision	Monitor local action on rights and entitlements	Inter-agency initiatives for personal safety crime control and prevention
4.3 National Agencies	National development priorities and standards	System of inter-governmental transfers for financing local development	-	-	-	- do -	- do -



## Annex 2

### Colombo City Development Strategy Tools and Methods

**Name of City; Country** : Colombo Core Area (Three Municipalities including Colombo City), Sri Lanka

**CDS Start Date:** 27 December 1999

**CDS Completion Date:** 31 July 2001

#### **Tools Used in CDS Process:**

Stakeholder Participatory Consultative Process was employed in implementing the CDS project in Colombo Core Area. Specific activities involved in the process are listed below.

- a. Designing the CDS Process
- b. Conduct familiarization sessions with key partners (Councillors and LA Officials)
- c. Stakeholder Consultation (small group meetings with citizen groups)
- d. Thematic reports and state of the city report
- e. Main City Consultation
- f. Vision for the city
- g. Strategic framework
- h. Action Plan
- i. Implementation, monitoring and evaluation

#### **1. Designing the CDS Process**

(Define objectives, determine management structure, set up Steering Committee, identify stakeholders, assign responsibilities, and prepare timelines)

##### ***Define Objectives***

Using the TOR of the project, the objectives of the CDS were decided. City specific objectives were developed accordingly for the three cities.

Colombo City: To promote public private partnership in development of the city economy.

Kotte Municipality: To promote a comprehensive City Development Strategy involving city's stakeholder groups.

Dehiwala Mt. Lavinia Municipality: To formulate a comprehensive City Development Strategy.

#### **Management Structure for CDS**

The Colombo CDS has followed a management structure, which cuts across National, Provincial and city level administrative structure. The structure followed is summarized below.

- i. CDS task force set up at the provincial level chaired by the Chief Secretary of the Western Province Provincial Council. Committee met once a month.
- ii. This task force is represented by officials of national / provincial and city level institutions. In addition, a group of relevant professionals were also present.

#### Working Group at the Municipal Council

- In Colombo there were three working groups chaired by a Head of the Municipal Department, which met once every two weeks.
  - In Kotte there was one CDS working group chaired by a Senior Councillor. The group was attended by relevant Heads of Department and met once every two weeks.
  - In Dehiwala Mount Lavinia there was one CDS working group chaired by the Deputy Municipal Commissioner, which met once a month.
- iii. The municipal level working groups have been discussing issues relevant to the themes that were chosen to address under the CDS project.

The Provincial Level CDS task force was primarily responsible for guiding the municipal level CDS project activities and getting the required support from concerned national institutions. The CDS task force at the Western Provincial Council was active until November 2000 and had followed up the post City Consultation CDS activities of the three municipalities. After November 2000, the CDS task force did not meet. It was agreed that the three municipalities would incorporate the CDS proposals into their annual work programme while funding support would be sought to implement large projects.

The working groups at the municipalities were functioning, however they did not give priority to CDS project activities. The ongoing programmes such as the Sustainable Cities Programme, which is being operated in the some municipalities, gradually incorporated CDS activities into SCP. Thus, the CDS working groups are not functioning at present in the three municipalities. However, it is important to note that the municipal level CDS working group was very active during the project period.

### ***1. Conduct Familiarization Sessions***

With the assistance of the UN-HABITAT Fukuoka Office, an intensive awareness process was undertaken to raise stakeholder awareness on the CDS project. These included;

- i. Government Officials
  - Secretary and Add. Secretary of the Ministry of Urban Development & Housing
  - Chief Secretary, Western Province Provincial Council
  - Commissioner of Local Government Western Provincial Council
  - Director, Department of External Resources
- ii. Local Authority Officials
  - Mayors of three Municipal Councils
  - Commissioners and Deputy Municipal Commissioners
  - Heads of Departments of the Municipal Councillors
- iii. Local UNDP Office
  - Assistant Resident Representative (Programme) of UNDP Office Colombo

The first round of awareness raising was carried out among the above key stakeholders. A project brief was prepared in English and Sinhala to present the project objectives, process and outcomes of the CDS.

## **2. *Cities' Stakeholder Groups***

Stakeholder groups identified in each municipality with the municipal officials were the most important category in the CDS process. These groups represent ordinary citizens, specialized professional groups, women, youth and religious groups. Over 90% of the stakeholder group meetings were held in the field where community groups live and work. Awareness meetings of specialized groups such as bankers, chamber and commerce and industry, industrialized groups and hoteliers association etc. were held at the municipal office where the Mayor, Municipal Commissioner and Heads of Departments were present.

One of the main limitations in the awareness raising process was the time constraint. Only 3 months were available for identification and awareness raising for stakeholder groups in the three municipalities, which was not sufficient to cover the representative groups of the citizenry.

## **3. *Thematic Reports and the State of City Report***

For the Colombo Core Area, the following three thematic studies were carried out by local consultants, who completed their study reports prior to the City Consultations.

These studies were:

- a. Study on Economic Potential of Colombo Core Area
- b. Study on Poverty Profile of Colombo Core Area
- c. Study on Past and Current Development Effort of Colombo Core Area

The above thematic studies provided rich background materials for discussion at the subsequent City Consultations held in each cities as well as at the broad based City Consultation.

### **Status of the City Report**

Status of the City Report was prepared for each city incorporating the issues raised at stakeholder meetings. The findings of the reports were discussed at the City Consultations held in each city. Subsequently, the following three reports were produced.

- a. Proceeding Report of the Consultation Process and Outline Development Strategy for Sri Jayawardenapura Kotte
- b. Proceeding Report of the Consultation Process and Outline Development Strategy for Dehiwala Mt. Lavinia
- c. City Development Strategy for Colombo

These three reports identify the key development issues concerning the urban economy and overall city development. The outline development strategy provides directions for actions based on which cities can initiate projects to address pressing development issues.

## **4. *Main City Consultation***

In each of the three cities, separate City Consultations were held between April-July 2000. Government officials, political leaders, municipal officials and city stakeholders representing the private sector and civil society attended these City Consultations. The consultations were organized as one-day events, devoting the afternoon session for group discussions and reaching consensus on development strategies and actions.

## **5. *Vision for the City***

One of the key objectives of the CDS project was to formulate a collective vision for the city by involving the city's stakeholder groups. It was a difficult exercise to come to an agreement on a vision for the city due to diverse opinions expressed by different stakeholder groups. However, a combination of all the key points finally developed into a vision for the city. The vision statements prepared for each of the cities in Colombo were as follows.

- a. **Vision for Dehiwala Mt. Lavinia Municipality**  
"Dehiwala – Mt. Lavinia in year 2010 shall be an environmental friendly, safe and charming residential city (Ramya Nagarayak) with a disciplined and prosperous society that enjoys a high quality of urban life. The city shall prosper to be an efficient urban system and an equitable society devoid of dependence and poverty by sustaining and fostering its existing economic base of manufacturing and tourist industries through a participatory process of development involving its citizens and stakeholder groups. The city shall have a symbiotic built-environment consisting of industrial areas, residential areas and tourist areas co-existing in harmony with the scenic and fragile eco-systems of Attidiya Marsh and Mr. Lavinia Coast".
- b. **Vision for Kotte Municipal Area**  
"The City of Sri Jayawardenapura Kotte, a city wherein, it's famed historic heritage is nurtured and protected, its citizens enjoy basic services, public participation in the administration is harnessed and institutionalised, the management is efficient, and the economy is developed. Devoid of threats of natural hazards, it is the safe, secure, healthy, attractive, and well-planned Capital City of Sri Lanka".
- c. **Vision for Colombo City**  
"A model city in Asia, where people enjoy quality living, acquire optimal capacity and opportunity for creation of wealth for the well-being of all and, together, sustain and improve their environment".

The formation of a vision for participating cities has been an important achievement of the CDS process because the views of a large percentage of the stakeholders were incorporated in the city's vision statement.

## **6. *Action Plans***

Since there were no funds committed through the CDS project for immediate implementation of proposed actions, the CDS action plans have not been implemented. However, many of the pressing issues related to the environmental pollution, solid waste management were taken up for implementation under ongoing programmes of the municipalities.

## **7. Implementation, Monitoring and Evaluation**

Due to the short-term nature of the CDS project, from December 1999 to July 2000, implementation and monitoring activities were not sustained. However, the CDS task force at the provincial council level was in operation up to November 2000. The municipal level working groups were incorporated into the ongoing SCP project, which provides funding support to undertake demonstration projects.

### **Monitoring Tools**

#### **1. Indicators:**

- a. Type of stakeholders
- b. No. of stakeholders
- c. Level of participation in stakeholder group discussions
- d. Number of stakeholder meetings
- e. Type of institutional structures created for stakeholder participation
- f. No. of representatives from civil society organizations including NGOs who have access to CDS Taskforce, Steering Committees and City level Working Groups.
- g. Contribution by each municipal council for CDS process and for implementation of strategy in terms of time and money
- h. Political support for CDS Process and implementation
- i. Outputs / documents produced

#### **2. Process:**

- a. Awareness creation
  - CDS in council agenda
  - Briefing session on CDS to council members and departments' heads
  - Person to person interviews
  - CDS introductory note in English and Sinhala
  - New paper supplements
  - Broadcasting in radio
- b. Citizen forums
- c. Stakeholder consultations
- d. Report card systems
- e. CDS review meetings at municipal levels



# Cuenca, Ecuador

## City Development Strategy Report

November 2001



Prepared By:  
UMP Regional Office for Latin America and the Caribbean

# City Development Strategy Study Cuenca, Ecuador

## A. Basic City Information

City, Country:	Cuenca, ECUADOR				
City Population:	YEAR	TOTAL	FEMALE	MALE	SOURCE
	1990	331,028	175,023 52.9%	156,005 47.1%	(1990 Census, SIISE)
	2000	433,315	228,790 52.8%	204,525 47.2%	(Municipality of Cuenca)
	City population estimates for 2000 are 433.315. 52.8% of the population is female; close to 68.7% live in the city itself and 31.3% live in the rural sector.				
Country Population:	YEAR	TOTAL	FEMALE	MALE	SOURCE
	1990	9,648,149	4.851,777 50.3%	4.796,372 49.7%	(1990 Census, SIISE)
	1998	12.2	6.1 50%	6.1 50%	(millions, Istanbul+5)
	Recent information shows that the percentage of women as opposed to men in the population between 10 and 60 years old as 87.77% in the countryside and 86.10% in the city (INFOPLAN, 1999). This shows that women constitute the majority of the population in the Cantón of Cuenca.  In 1995, the percentage of female headed households was 28% for the urban area and 18% for the rural area of the Cantón of Cuenca (SIISE, 1999). Other sources reveal that in the neighbouring municipalities and rural parishes of Cuenca the percentage of households lead by women may vary from 35% to 58% (SENDAS-AVINA, 2000). Included in this group are a growing number of households of single mothers.				
City Growth Rate:	1982-1990 = 2.3%				
City's Main Function:	The City's main economic activities are based on administrative functions, commercial activities, production of handicrafts, manufacturing (mainly of traditional hats and jewellery) and tourism from Peru and Europe.				
City Economic and Poverty Profile:					
PEA (SIISE, 1999)	59.6% male, 41.4% female				
Unemployment rate (INEC, 1998)	5.5% male, 8.2% female				
Underemployment rate (INEC, 1998)	39.2% male, 48% female				
% households/ population below poverty line	80.5% population below poverty line in the rural area (PNUD, 1999) 32.0% population below poverty line in the urban area 34.4% population in extreme poverty in the rural area 6.9% population in extreme poverty in the urban area				
Housing:	In 1998, Cuenca had approximately 61,061 homes in its urban area, out of which 25% had women as heads of the family, due to the permanent processes of male migration. There is a housing deficit of approximately 15.000 units. In 1990, 58% of the housing units contained 3 to 5 people in one room; at the end of the decade, the percentage housing without overcrowding was 82.5% in the countryside and 91.5% in the city. (INFOPLAN				

	1999).
Households with access to basic services	Official data based on the 1990 census and the Living Conditions Survey of 1995 revealed that the percentage of houses with basic services (water, sewage, waste collection) was 44.5% in the countryside and 75.3% in the city (INFOPLAN, 1999). Municipal information for the year 2000 shows coverage of 97.6% for potable water, 92.6 % for sewage and 85% for waste collection in the urban area.
% working in informal sector	There are no statistics on the percentage of people working in the informal sector, but regional estimates show that 84 of every 100 jobs were generated by this sector. In Cuenca the informal sector is made up of numerous social segments that include farmers, small landlords in the urban periphery, small entrepreneurs, etc. The group is heterogeneous and is constituted in a high degree by women heads of households due to high rates of male migration. The main characteristics of this sector is its precariousness, the lack of mechanisms for its promotion and articulation and its functioning in subsistence levels.
Adult literacy	93.2% female; 97.5% male
% population with a higher education	18.3% female; 32.6 male (in 1990 of population over 24 years, 1990 Census, SIISE)
Child mortality rate	17.71 girls; 24.2 boys (under 5 years per 1000)
Administrative structure:	The mayor and the city council members are elected by the people every 4 years in democratic elections. The mayor has executive functions while the City Council has legislative functions.
<b>CDS Activities in Cuenca</b>	
Focus of the CDS:	Poverty and Role of the Municipality as an Agent of Promotion in Local Development.
CDS Start Date:	September, 2000
CDS Completion Date:	August 2001
Key Stakeholders Involved:	Municipality of Cuenca, Sucre y Benigno Malo; Fax: (593 7) 834 359; Tel: (593 7) 823 026 / 845 499  Agencia Cuencana de Desarrollo e Integración Regional (ACUDIR); Edificio "Camara de Industrias de Cuenca", Oficina 907; Fax: (593 7) 843 852; Tel: (593 7) 838 598



	<p><b>PUBLIC SECTOR</b></p> <p><b>Ministries</b></p> <ul style="list-style-type: none"> <li>• Tourism</li> </ul> <p><b>Municipal Authorities</b></p> <ul style="list-style-type: none"> <li>• Councillors</li> <li>• Mayor</li> <li>• Municipal Officers</li> </ul> <p><b>Public Enterprises</b></p> <ul style="list-style-type: none"> <li>• EMTET</li> <li>• ETAPA</li> <li>• EMUCE</li> <li>• EMAC</li> </ul> <p><b>Municipal Administration</b></p> <ul style="list-style-type: none"> <li>• General Secretariat of Planning</li> <li>• Social Development Department (Gender unit and House of Women)</li> <li>• Financial Department</li> <li>• Department of Human Resources</li> <li>• Markets Unit</li> <li>• Department of Cadastre</li> <li>• Environmental Management Commission</li> </ul> <p><b>Public-Private Institutions</b></p> <ul style="list-style-type: none"> <li>• ACUDIR</li> <li>• Empresa Zona Franca y Parque Industrial</li> </ul>	<p><b>PRIVATE SECTOR</b></p> <p><b>Camaras de la Produccion</b></p> <ul style="list-style-type: none"> <li>• Chamber of Industry</li> <li>• Chamber of Tourism</li> <li>• CDC</li> </ul> <p><b>Microenterprises</b></p> <ul style="list-style-type: none"> <li>• Cooperativa Jardín Azuayo Centro de Bordados de Cuenca</li> <li>• Centro Agrícola</li> <li>• Pastoral Social - Proyectos de Turismo</li> </ul> <p><b>Banks</b></p> <ul style="list-style-type: none"> <li>• Banco del Pichincha</li> <li>• Banco Central</li> <li>• Banco Continental</li> <li>• Mutualista Azuay</li> </ul>	<p><b>Civil Society</b></p> <p><b>Social Movements</b></p> <ul style="list-style-type: none"> <li>• Coordinadora de Movimientos Sociales</li> <li>• Pastoral Social - Migrantes</li> <li>• Red de Jóvenes</li> <li>• Escuela de Ciudadanía</li> <li>• Corporación de Desarrollo Comunitario de Cuenca</li> <li>• Grupo Promotor del Plan de Igualdad de Oportunidades de Cuenca</li> </ul> <p><b>NGOs</b></p> <ul style="list-style-type: none"> <li>• SENDAS</li> <li>• Proyecto HOPE</li> <li>• Habiterra</li> <li>• Fundación UMACPA</li> <li>• Care</li> <li>• Fundación Mujer a Mujer</li> </ul> <p><b>Universities</b></p> <ul style="list-style-type: none"> <li>• University of Cuenca</li> <li>• Postgrado de Género - ACORDES</li> <li>• Población y Desarrollo Local Sustentable</li> </ul> <p><b>Church</b></p> <ul style="list-style-type: none"> <li>• Pastoral Social</li> </ul>
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## B. Narrative of the City Situation: Cuenca in the National Context

In the 1960s, Ecuador adopted a highly centralized development model based on petroleum income and agricultural products, such as coffee and banana. This system was characterised by a weak productive system, the bi-polarity of Quito (as the administrative centre) and Guayaquil (as the economic pole) and a large and inefficient State. This model has propagated highly heterogeneous development within the country that has increased the gaps between the rural and urban sectors and among cities. The crisis of this model, which began during the 1980s and increased during the 1990s, has resulted in a period of severe political instability and led to the collapse of the private financial system and the adoption of successive measures of economical adjustment with severe impacts on the poor.

In accordance with its impact on the local economies, the change of currency and the decentralization process are two of the more important policy decisions adopted by the national government during recent years. The currency change is now completely in effect while the decentralisation process is still under discussion. The decision to move from the Sucre to the USD came about between January-December 2000, as a consequence of the accelerated devaluation of the local currency and an attempt to increase Ecuador's level of competitiveness. The phase out of the Sucre created widespread confusion, as well as leading to price increases of up to 77% during the transition to the new currency. This was, of course, an expected result of the policy. However, there were variations of the impacts at the local level, as will be discussed. In addition, Ecuador's financial sector suffered a massive crisis provoked by high levels of speculation on interest rates, bankrupting the entire sector.

With regard to decentralisation, local governments have systematically disapproved of proposals for fiscal decentralisation in the country. The central government rationale was that decentralisation is financially disadvantageous as it brings extra responsibilities without an increase in monetary resources. In addition, the national government has old debts to the regions (USD 156 million to Cuenca), which have not been paid, leading local governments to distrust the central government. The decentralisation process may also cause problems in terms of municipal economic autonomy. In Cuenca, the average percentage of municipal income coming from the State between 1996 and 1999 was 87.8%. This clearly demonstrates the need to diminish this dependence on central resources and generate local incomes. Despite these concerns, decentralisation will eventually become a reality in Ecuador.

The most significant local manifestations of the economic crisis that have influenced the country for the past decade have been the shattering of local financial systems and the increase in migration. Both issues have had impacts on the composition of the local economies, and in particular on social structures.

In Cuenca, the increase in migration to other countries constitutes one of the main concerns for the local government and civil society because of its large socio-economic implications. From a social perspective, migration has resulted in severe changes in family structure. The migrants, mostly illegal, are usually fathers of families with low levels of education and female heads of families looking to increase their incomes. These people remain abroad for long periods of time, from one to five or more years, while the

rest of the family, normally the youngest members of the family, continue living alone in the country.

Although this situation has caused increases in alcoholism and drug addiction among young people and has resulted in lifestyle changes due to new and higher incomes, the incomes that these migrants send to their families in Cuenca are considerable. It is believed that these remittances have, along with tourism sector revenues, been driving the economy of Cuenca over the last five years. Estimated to be USD 500 million per year, these remittances are equivalent to fifty times the investment budget of the Municipality for the year 2000. Migrant families spend this money mainly on goods of consumption, housing and education of their children, injecting an extraordinary flow of monetary resources into the economy.

The housing index volume in Cuenca has increased 8% on average per year while it has fallen 3% in the country as a whole (1% in Quito) and it seems that a significant amount of these resources are being invested in the education of the migrants' children, who attend private schools (private schools are more expensive than public schools). Cuenca has a population of 25,000 students.

As a result, these flows have led to a higher local demand for goods and services and have pushed up the general level of prices. During the last five years, the annual average rate of prices in Cuenca was 51% (close to 80% during 2000) while the national index registered 47% during the same period. Obviously, these are symptoms of greater economic activity compared to other areas of the country. Logically, part of the monetary flow is saved, however where it is being stored is not clear. As it does not appear to be saved in banks, it seems that migrants prefer to entrust their savings to co-operatives, such as the Migrants Co-operative. The financial crisis in the country is partially a cause of this, as it resulted in massive distrust in the traditional financial system. However, these traditional institutions have money to lend, though clients are elusive.

As general information for Cuenca, and according to the report of Human Development published with information for 1999, by the UNDP provided the following data:

Cuenca		
	Urban (%)	Rural (%)
Educational Development	75.0	45.8
Health	77.4	38.9
Housing	71.6	45.4
Poverty Occurrence	32.0	80.5
Poverty Gap	10.1	35.1
Social Development	74.8	43.0

These statistics point to a notable difference in the degree of development and of coverage of basic services between the urban area and the rural area of Cuenca. At this moment, the urban area of Cuenca has high rates of service coverage for potable water, sewers and telephones. However, the coverage in rural and outlying areas is drastically lower. This is a cause of concern locally and is expressed in the formulation and the execution of Master Plans for the area.

The difference in the quality of pre-, primary, and secondary schools in urban and rural areas is notorious. This situation increases the disparities of opportunity for youth of the two areas and it is one of the causes of the increase in rural migration to the city or

abroad. Nevertheless, the city of Cuenca is known as the “Atenas del Ecuador,” because of its historical participation in culture, arts, and national politics, as well as the influence of the University.

In terms of poverty, Cuenca has not escaped the economic crisis that has affected the country. The lack of employment and income generation opportunities has increased the migratory flow of the population abroad, especially among men of an active age. The result has been increases in the phenomenon of family disintegration and poverty, and the reduction of workers in productive activities in the local and regional levels.

In Cuenca, there are more than 200 medium sized industries (up to 50 employees) and 500 small industries (up to 10 employees) involved in the production of food and beverages, textiles, wooden products, furs, ceramics, metallic items, home appliances, and presswork and stationery products. There are few large industries (more than 50 employees), but they are efficient and competitive. They produce items such as ceramics, home appliances, carton and paper, and tires for national consumption and exportation. There is an industrial area of 70 hectares, which includes an important number of industries.

More than 4,000 shops of micro-entrepreneurs take part in handicraft activities and make items of gold and silver jewellery, wood, fur, fabrics and embroideries, which are geared towards the national and foreign tourist market. The farming and agriculture livestock industries include industrial business, micro-enterprises and family enterprises, which produce food and beverages for local and national consumption and marginally for exportation. Commerce is a very important activity, with a high number of informal employees, and more than 10,000 stores in Cuenca.

The producers are grouped into chambers of industry and commerce and the federation of craftsmen. These organizations protect their interests, perform promotional and training activities and also promote mutual support and collaboration between the public and private sectors.

In addition, a free market zone is functioning in Cuenca. The first international textile maquila has been installed, hiring 100% low qualified women. In addition, women form the majority of people requesting credit, however the typical credit system is not gender sensitive, which therefore increases the need for women to search for informal credit systems.

It could be said that, despite the influence of national problems, Cuenca’s socio-economic dynamic is such that it can promote its own development on the basis of human capital, a high economic situation compared to the rest of the country, unusual levels of public-private co-operation and a capacity to identify investment alternatives. Cuenca has been consolidated as the main point of development of the central southern region that includes the provinces of Azuay, Cañar and Morona Santiago. In addition, from a larger perspective, Cuenca is central in consolidating a new region that connects the south of Ecuador and the north of Peru. Nevertheless, the government has insufficient resources for investment (US\$ 10 million) in development projects, the local private sector in general is reluctant to take risks (the demand for loans is very low) and there is no certainty involving migrants’ financial investment in the local economy.

## DEVELOPMENTAL ATTITUDES AND BELIEFS

According to the national law of the municipal regime, Municipalities of Ecuador are required to produce a local development plan to guarantee the destinations of transfers coming from the State. In Cuenca there is a Local Government Operative Plan and a Basic Proposal for the Comprehensive Development of the city.

Human development is considered the objective of the development project, a necessary condition of which are further opportunities for the people in terms of economic development. The key policies are participation and public-private co-operation:

*En el marco de la coordinación y participación pública, privada y comunitaria, para la Municipalidad de Cuenca, ha sido una preocupación permanente la apertura de oportunidades en los ámbitos productivo y del desarrollo económico como una condición imprescindible para avanzar hacia el Desarrollo Humano de manera sustentable<sup>15</sup>.*

The local government has promoted the formation of several development agencies whose main objectives are coordination and partnership with the private sector and the community, including: Agencia Cuencana para el Desarrollo y la Integración Regional (ACUDIR) and Asociación de Parroquias Rurales de Cuenca.

Institutional reforms have been developed, giving a central role to development planning, the strengthening of information for development and urban control, the reinforcement of social policy and the decentralization of functions through the formation of different Committees for Tourism, Environment, Health and Childhood Protection.

## C. Description of the CDS process

Pursuant to the objectives and strategies of the Cities Alliance Programme, the Strategic Investment Plan for Local Development is a proposal to develop participatory processes in cities. These processes facilitate and result in the identification, formulation and implementation of one or several priority strategic local economic development programs and projects that require investment of resources, whether through the reallocation of funds already available, or with new funds that can be added to those currently existing at the local, national, regional or global level.

On the basis of the general guidelines of the Urban Management Programme and the Cities Alliance, the Strategic Investment Plan (SIP) was able to influence the social and economic development of Cuenca through initiatives that have an impact on the eradication of poverty, and contribute to the development and strengthening of the Municipality and of participation levels in order to:

- develop participatory and democratic governance;
- generate public policies;
- contribute to solving gender inequities;
- foster integration and synergy among projects.

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<sup>15</sup> Municipalidad de Cuenca (2000). “Expediente de presentación del Programa de Asistencia Técnica para la formulación de Planes Estratégicos de inversión para el desarrollo local de la Ciudad de Cuenca”.

These initiatives are long-term proposals which take into account the fact that globalisation brings new opportunities, and that it is possible to identify international niches in order to turn small groups into producers with international markets.

It was suggested that the proposals of the SIP-Cuenca should have clear social and economic impacts. They should attract partners and mobilize resources, be connected with other economic circuits in order to foster the local economy and enable sustainability and generate jobs and income, especially for young people and women. They should also ensure institutional strengthening of the municipality with the goal of making municipal enterprises more efficient and useful as a mechanism to generate and redistribute income in a more equitable way. Parallel quality economies should be developed, with the understanding that not all of them are connected with huge economic circuits, and finally, they should generate participatory processes.

Preliminary working hypotheses included:

- the SIP must serve to strengthen the capabilities of the city and the region;
- the SIP must promote citizen involvement;
- the SIP can be developed with speedy and intensive interventions in the city;
- the monitoring, follow-up and capitalization of the SIP can be done simultaneously.

On the basis of these hypotheses, the Strategic Investment Plan for the City of Cuenca proposed the following goals:

- To foster a participatory process involving all stakeholders in the definition of priority issues for the formulation of the strategic plan.
- To collate accumulated experiences, capabilities, motivations, initiatives and proposals from all social actors in order to develop a vision of local capabilities and the viability of projects
- To collate strategic planning experiences and small and medium-scale production initiatives developed in the city, so as to connect them with the Plan.
- To document and systematize acquired experiences in order to draw out lessons that enhance participatory planning processes and the collective generation of knowledge.
- To strengthen the substantial role of the Municipality of Cuenca and of the Agency for the Development and Regional Integration of Cuenca (ACUDIR), as guiding and operating structures respectively, in order to foster local economic development and ensure the continuity of the proposals of the Strategic Investment Plan.

## PHASES AND ACTIVITIES IN THE FORMULATION OF SIP - CUENCA

The methodology adopted for the formulation of the Strategic Investment Plan for the City of Cuenca was a joint decision between the directors of the project, the local partners and the regional consultant team. The aim of the SIP-Cuenca was to articulate the general orientations of the Cities Alliance and develop a regional proposal on participatory municipal development by UMP LAC<sup>16</sup>. In this setting, the formulation of the SIP-Cuenca was organized and executed in 5 phases. In each phase, a series of activities were developed and specific tools were designed to help document and facilitate the process. Initially, the phases defined for the development of this process were:

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<sup>16</sup> UMP LAC has as main working themes eradication of urban poverty, urban environmental management, urban participatory governance and gender equity; to achieve its goals it promotes City Consultations, Action Plans and Priority Action Programmes, Knowledge management, Lobbying and Anchoring.

1. consultation with local stakeholders;
2. initial draft;
3. holding of thematic workshops and field work and monitoring;
4. reformulation of projects;
5. feedback to the city and validation of projects.

The *first phase* of consultation with local stakeholders and the initial agreement included activities such as the definition of objectives, establishment of components, preparation of terms of reference, integration of the consultant team and the signature of the inter-partner agreement. These activities were realized under the direction of the Urban Management Programme, Regional Office for Latin America and the Caribbean (UMP LAC) in coordination with the Municipality of Cuenca and ACUDIR. A preliminary agreement on thematic areas of the SIP-Cuenca led to the preparation of the specific objectives for each component of the plan and established the terms of reference for the regional consultant team.

The regional consultant team was formed by fellows, thematic advisors and consultants coming from six institutions that provide UMP LAC its thematic regional anchoring. Each of these institutions assumed the responsibility of one sectoral component according to their area of specialization.<sup>17</sup>

The *second phase* began with the establishment of the regional consultant team in the city. At first activities such as informative meetings and workshops were held to widely share the basic orientations of SIP-Cuenca and to design the process approach, including follow-up. The methodology integrated and articulated the objectives and referential framework with field monitoring and knowledge production.

An important contribution to the success of the process was the creation of a Permanent Workshop. This Permanent Workshop was put together by the regional consultant team and had the occasional participation of local partners and invited stakeholders. The meetings of the Permanent Workshop took place every night during the fieldwork period (October 2000) from 19h00 to 22h00 and minutes were taken at every session. These meetings allowed issues to be discussed, progress monitored and activities followed up on a daily basis.

## Fieldwork of the Regional Consultant Team

During this phase the activities developed by the regional consultant team included interviews with local authorities and municipal officers to identify actors related to each component of the plan; design of a guide and “data card” to support the work of each stakeholder; collection and documentation of proposals and actions; identification of

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<sup>17</sup> UMP-LAC Regional Anchoring Institutions are:  
 Centro Operacional de Vivienda y Poblamientos, COPEVI, México D.F., México (citizenship and participation)  
 Federación de Entidades de Vivienda de Colombia, FEDEVIVIENDA, Bogotá, Colombia (Municipality as promoter of economic development)  
 Instituto de Promoción de la Economía Social, IPES, Lima, Perú (environmental management)  
 Centro de Estudios, Articulación y Referencia sobre Asentamientos Humanos, CEARAH PERIFERIA y Agora XXI, Fortaleza, Brasil (informal sector)  
 Centro de Investigaciones CIUDAD, Quito, Ecuador (formal sector)  
 Centro Latinamericano de Capacitación y Desarrollo de Gobiernos Locales, CELCADEL, Quito, Ecuador (gender)

capacities and strategic areas for the development of Cuenca; design of a guide for the preparation of the project profile; and completion of a preliminary table of contents of the final document.

What follows is a more specific explanation of the field work carried out in October 2000:

### **1. Preparation (October 5 –6, 2000)**

Representatives of the Municipality, mainly directors of Public Finance, Planning and Social Development and ACUDIR, presented project ideas they considered to be of strategic importance for local development. This was essential for the consultant team to build on as an appraisal of the vision and expectations of local development.

The proposal was discussed and adjusted according to the consultants' suggestions. The new design was presented to and approved by key stakeholders. A hierarchy of stakeholders was defined to consult and interact with the advisory of the Municipality and ACUDIR. Guidelines for these interviews were produced.

### **2. Base study (October 7 – 16)**

While not considered as an explicit phase, the base study was an implicit activity undertaken by each consultant on specific problems affecting each component. The information used to prepare this was provided both by secondary and primary sources through interviews. Of course, formal study was critical in the selection and identification of projects. However, of note was the priority given to the professional experience of the consultants over the traditional base study – more informal collection of knowledge and less formal study. This saved time and allowed the study and selection of projects to take place more quickly.

### **3. Identification of initiatives in progress (October 5 – 10)**

Several local investment initiatives in progress were identified, according to the criteria of giving preference to those projects into which the city was putting more effort, but with the additional condition that they be strategic. The list of initiatives in progress constituted a strong complement to the base study.

### **4. Elaboration of initial proposal (October 9 – 13)**

The identified initiatives were then compared with the prioritisation criteria (their positive impact on the poverty reduction; their capacity to strengthen a participatory governance and democratic options; their feasibility; their capacity to mobilize resources not currently being taken advantage of, and; their ability to attract international resources). The result was a list of projects that could have an impact on strategic development.



## **5. Mobilization of stakeholders and stakeholder consultation (October 9 – 18)**

The city government was very interested from the outset. Specific functionaries were assigned to the different components of the consultation and offered permanent contact with the working team. However, it was very difficult maintain this contact throughout the process because of their daily responsibilities.

In addition, for no clear reason, the functionaries of the city government took some distance from the consultants in the middle of the process. It seemed to be that the majority of them were not really convinced that the consultation would have results. The work team continued working intensely on the proposals nevertheless, thanks to the active collaboration of the private sector stakeholders. As part of these activities, the permanent workshop was held to promote permanent discussion, self-critique and review of the project portfolio was initiated.

As a strategy to re-involve the city government stakeholders, the coordinators of the project kept them informed on the progress of the project and continued to invite them to the consultation workshops. Once one of them attended, the others began to participate. They were convinced about the effectiveness when they saw the progress made in the elaboration of the proposals, the intense working pace and the capacity of the work team to interpret city development through the strategic projects. Things began to work better once these meetings included the active presence of local government representatives. They finally improved the quality of their involvement and made a commitment to focusing on the projects. However, the level of commitment from the local government – from beginning to end – cannot be compared with the active participation of the private sector.

The private and business sector was present from the beginning as a key stakeholder through the Director of ACUDIR, the agency that represents the entire private and business sector. The agency emerged in a spontaneous way as a facilitator of the stakeholders involved, attending and making suggestions on activities, processes and projects in particular. The agency provided a direct channel to access and interact with other agencies (like the “Corporación para el Desarrollo Comunitario”), with banks, co-operatives and people in general engaged with the business sector. ACUDIR was as a real partner throughout the CDS process.

The private sector was motivated by the dynamics of the CDS process and methodology in relation to city development, not only because of the possibilities of private investment but also the possibility of implementing socio-economic development projects. They were particularly conscious of the need for a fund for development and the importance of information for development. Ironically, the private business sector was clear when the possibilities of the Municipality were in discussion but not so at the moment of dealing with its degree of inclination to invest.

The *third phase* included the fieldwork in the city of Cuenca for information recovery, research and analysis. During this phase:

- 72 texts were reviewed (governmental reports and plans, proposals of local actors, development plans of international organizations, reviews, specialized documents and statistical information);

- field observations were undertaken (each consultant carried out direct observations to classify the interest of citizens and evaluate capacities and projects in the city);
- interviews with local actors were carried out (55 interviews with 43 local actors coming from public sector 39%, private sector 26%, civil society 30%, mixed organizations 5%; 60% of the interviews were with men and 40% with women), and;
- working meetings were held with representatives of local authorities, stakeholders, universities and research institutes, public and private enterprises, NGOs, community based organizations and social movements.

All of these led to the preparation of a vision of local development as well as proposals, initiatives and solutions for city problems.

The *fourth phase* was one of further elaboration and preparation of project profiles. The political guidelines, project prioritisation criteria and strategic areas were identified and discussed in a collective manner by the Regional Consultant Team, along with the possible projects and proposals.

The process of identifying and formulating proposals, developed by the team of consultants together with local partners, focused on four strategic areas and two cross-sectional approaches which were defined during the initial phase of the process on the basis of consultations and interviews with the different local sectors involved.

## STRATEGIC AREAS APPROACHES

## CROSS-SECTIONAL

PROMOTION OF FORMAL SECTOR

STRENGTHENING OF INFORMAL SECTOR

ENVIRONMENTAL URBAN MANAGEMENT

MUNICIPALITY AS ECONOMIC PROMOTER

GENDER  
EQUITY

CITIZEN'S  
PARTICIPATION

Based on interviews and information coming from local stakeholders, the themes that constantly appeared were tourism, information systems, investment funds, housing, the social economy, citizen participation, migrant population, environment and gender equity.

A first draft of project profiles was prepared at the end of October 2000. This draft included 14 proposals based on local perspectives and project criteria (local development plans, stakeholder proposals, analysis of information from interviews and boundaries of strategic intervention). In addition, the project “Comprehensive Management Plan of Cajas National Park” was included in April 2001 at the request of local stakeholders as a management tool component of the urban environmental management thematic area. The results of the work completed by the team were turned into 15 proposals grouped in the following way, in relation to the strategic areas and cross-sectional approaches (see annex):

### FORMAL SECTOR

- Regional tourism programme
- Small and medium-sized business empowerment system
- Mechanisms to promote the competitiveness of the City of Cuenca

## INFORMAL SECTOR

- Support to community based activities
- Cooperative of services for the development of the “Jardín Azuayo” Community
- Comprehensive plan for markets and fairs

## URBAN ENVIRONMENTAL MANAGEMENT

- Promotion of export crops (urban agriculture)
- Promotion of jobs in environmental services

## MUNICIPALITY AS ECONOMIC PROMOTER

- Cuenca Development and Investment Trust Fund
- Comprehensive local information system
- Municipal corporation for low-cost housing

## GENDER EQUITY IN ECONOMIC DEVELOPMENT

- Equity as a strategic Investment
- Institutionalisation of equity in municipal affairs

## CITIZENS' PARTICIPATION

- Strengthening citizens participation

The *fifth phase* of this process involved feedback to the city and validation of the projects with local actors. A first presentation to local partners (Municipality of Cuenca and ACUDIR, Municipal Council and key stakeholders) was carried at the end of October 2000. From November 2000 to April 2001, three versions of the final report were produced with direction from UMP LAC, each one including criteria and suggestions from local partners and members of the Regional Consultant Team (to mainstream the gender approach). Thus, there was constant feedback on the document itself as well as of the content of the proposals.

The final report (April 2001) was the basis for five sectoral workshops held in May 2001 for the presentation and discussion of proposals and for their validation with local stakeholders. Key discussions, lessons learned and general recommendations were included in the concluding section of the final report of the Strategic Investment Plan, especially the vision of local actors with regard to the proposals formulated in the SIP.

Feedback was given to the UMP LAC Regional Anchoring Institutions that participated in the Regional Consultant Team, with the presence of representatives of local partners. During this workshop, the Municipality and ACUDIR requested a final presentation of the SIP to local stakeholders, the design of a strategy for fund raising and the dissemination of the Plan itself through a publication from UMP LAC.

*For a detailed look at tools and methods used during the CDS process, please see pages 24 – 31 of this report.*

### ▪ Success Factors

Perhaps the main success factor was the methodological approach adopted. There are at least three points of note about the methodology. First, the daily thematic workshops of the Regional Consultant Team were highly successful as the process unfolded. Second,

the interviews provided high quality information. Third, the permanent ‘self-monitoring’ of the entire process was key to its success.

- **Obstacles and difficulties**

The major obstacle was the initial resistance of the public sector stakeholders, who initially perceived the consultation as very traditional. This prejudice led to misunderstandings about the work scheme agreed upon with the Municipality. Once the main stakeholder understood this, however, it was possible to resume in a positive way. Although some time was wasted while contact was recovered, it was demonstrated to the public sector that it is possible and even better for all to work as partners in a process like this.

## **GENDER MAINSTREAMING**

A gender approach was mainstreamed during the process through the formulation of a short study of gender inequalities in the city, the provision and use of disaggregated data, and the participation of a gender balanced group of local actors and technical team. Priority was given to all of the CDS projects dealing with women or with women’s micro-enterprises. Two engendering policy proposals were produced – one that should be assumed by all CDS projects and the other to institutionalise gender equity in municipal planning and management.

### **The Stakeholders**

Numerous local stakeholders took part in the formulation of the SIP and this reflects the current social and economic reality of the City of Cuenca and its micro-region. The identified stakeholders in the formulation of the SIP in Cuenca are:

- The local government, the Municipality of Cuenca provided human, technical and logistical resources that gave local support to the activities and promoted the execution of this initiative. Besides the high involvement of the mayor and some planning authorities, the Vice Mayor (a woman) and two councillors were very interested in the CDS process. Working with authorities and municipal technical staff, there is a need to be flexible in order to engage their time and interest. Sometimes this situation has a negative effect on their involvement. The main motivation for the Municipality to continue with their efforts was the possibility of formulating an economic plan and project profiles to be integrated into the city’s development plan. In addition, the fact that it was a participatory and multisectorial planning experience lent legitimacy to the proposal. The participation of the mayor was important mainly in terms of political aspects and orientations. And, as the Mayor was also a planner, he was able to provide some technical inputs related to the base study, socio-economic trends and legal and decentralization policies.
- A public-private association, the Agency for the Development and Regional Integration of Cuenca (ACUDIR), had a key role in identifying and facilitating dialogue among local stakeholders. This organization had an important and permanent place during the whole CDS process through its sectoral representatives. Members were motivated, but there were difficulties in defining the precise area of intervention and investment. Nevertheless, the idea was always present that private sector investment be autonomous from collective decisions and that the most deregulated framework is in its best interest. (Micro-entrepreneurs were not directly

represented by the above sector. Their involvement was not as stakeholders, but as part of the poor).

- From civil society, a number of community-based organisations, non-governmental organisations, universities and academic centres, private sectors and groups of women participated. The participation of strategic, sectoral and specific local actors in the formulation of the SIP was key to the development of proposals and identification of the vision of local development, strategic areas of action and ongoing projects. The vision of the stakeholders on the city's economic needs and characteristics were obtained by interviewing their organizations and representatives. To some extent their level of participation was dictated by the plan formulation system. The present involvement of women's organizations in an Equal Opportunities Plan helped facilitate their involvement in the CDS process. It was not difficult to get social actors involved in different activities during the process. The interview was the most frequently used tool in the research phase, as well as the debate at the validation meetings. The motivation for continuing to be involved in the planning process was different for different groups. In the case of women, they wanted to ensure that any planning, but in particular that related to economic development, take into consideration their needs and ideas for local development.

## D. Outcomes and Results of the CDS process

### Outcomes

1. A Strategic Investment Plan composed of 15 formulated projects validated by a broad spectrum of stakeholders was the main result.
2. An input for the strategic plan that is under discussion. This is another major outcome, according the Mayor and senior officials.
3. An innovative working method by which the six main partners of UMP plus UMP coordination delivered a specialized joint input to Cuenca city. This method is not finalized yet.
4. The strengthening of ACUDIR as a mixed public-private entity in two ways: a) broadening of perspective, especially with the informal sector and regional links and b) implementation of participatory tools.
5. A draft method to develop and propose SIP for other cities
6. Four of the 15 projects already under way (Cooperative of Services for the Development of the “Jardín Azuayo” Community, Promotion of jobs in environmental services, Comprehensive Local Information System of Cuenca and Equity as a strategic investment).
7. Increased presence of the informal sector actors. They had never been so included in economic strategic planning.

### The SIP as the Core Activity

The main result of the CDS was setting up a Strategic Investment Programme – SIP – linked with five strategic areas (formal sector, informal sector, urban environmental management, the Municipality as economic promoter and an opportunity economic programme for gender equity). These areas were defined during the initial phase of the process, on the basis of consultations and interviews with the different local sectors involved. The SIP is a package of 15 proposals of a total value of US\$48 millions that can be organized under four interrelated areas:

- A Development and Investment Trust Fund
- A Portfolio of 7 investments Projects
- A set of 4 Municipal facilitating strategies
- A set of 3 Management facilitating tools

The objectives of these proposals, detailed in the full final report, are briefly summarized below.

## 1. CUENCA DEVELOPMENT AND INVESTMENT TRUST FUND

This proposal, valuing more than US\$30 million (out of the \$48 million of the investment package) can be considered the core of the proposal. Its objective is to establish a financial entity within the Municipality to enhance the capabilities of local investors and inter-sectoral integration initiatives in the financing of development projects and the strengthening and modernization of municipal financial management.

Initially, three alternatives were considered: a) a guarantee fund, b) an Institute for Cuenca Development and c) a mixed solution summing a) and b). The third one was selected, considering local potentialities and needs. The resources will come from four sources: Cuenca municipalities (30%), Municipal Corporations (25%), International Co-operation, 30%, (hopefully the WB or the IDB) and the private sector (which is basically the expected remittances from the migrant population).

It was evaluated that around USD 1 million per day was transferred to the Canton. It is important to remember that Cuenca has been suffering a dramatic drain of its active population (above 10% of the EAP). Remittances are generally informal or through consumer goods (fridges, TV, etc) bought in the country of origin and sent through suppliers. The main idea of the Municipality is to create a “municipal bank” offering enough guarantee and incentive to attract this impressive floating money, which, to-date, is generating inflation and speculation on land and housing. The existing municipal corporations are functioning relatively well and could put assets in such a venture. At the same time, Cuenca Municipality is enjoying a high degree of confidence with existing banks.

There is one proposal to turn the Fund into a reality. Various key questions have still to be worked out or finalised around the institutional and legal framework, especially considering the Ecuadorian regulatory framework, the financial rules and products and the management rules. The cost of these activities has been evaluated in US\$127 000 and work is underway to take this forward.

## 2. A PORTFOLIO OF 7 INVESTMENTS PROJECTS

Most of the projects are in a position to benefit from the Trust Fund and reach a value of more than US\$10 million. They cover the four sectors considered in the strategic Investment Plan.

**Regional Tourism Programme:** To promote the comprehensive development of tourist activities in the canton and the region, including new social actors and participatory forms of tourism to raise the standard of living of the residents of urban and rural areas, while giving new value, protecting the quality of ecosystems and taking advantage of the potential offered by the inclusion of Cuenca on UNESCO’s Cultural Heritage List.

**Support to micro-enterprises, small firms, community businesses and cooperatives:** To promote the development of the productive and business capabilities of the region of Cuenca, with the goal of raising the standard of living in traditionally marginalized areas and medium-income sectors of the population. Another goal is to achieve the consolidation, enhancement and establishment of new relationships between producers and consumers, whether with already existing medium and large firms, or with activities related to what is called the “social economy.”

**Support to community based activities:** To improve the living conditions of the population of Cuenca, especially households working in the informal sector, linking the city with a socio-economic community network.

**Cooperative of Services for the Development of the “Jardín Azuayo” Community:** To promote the economic development of producers and consumers of the Southern region and of the City of Cuenca as a development core, through the establishment of a service centre that fosters local and regional economic growth, so as to develop their productive processes in a more efficient and effective way and to achieve increased profitability of their work with a swift and timely follow-up system.

**Promotion of export crops:** To promote and foster the mass production of export crops, such as roses, to be developed in a responsible way with environmentally-friendly methods in the peri-urban areas of the City of Cuenca.

**Promotion of jobs in environmental services:** To contribute to the protection of the urban environment through the implementation of a system for the delivery of basic services that prioritises the use of intensive labour and adequate technologies in those areas of the city considered viable, through the establishment of small businesses.

**Municipal Corporation for low-cost housing for Cuenca:** To strengthen the municipal capacity to promote, negotiate and make viable low-cost housing projects.

### **3. A SET OF 4 MUNICIPAL FACILITATING STRATEGIES**

**Mechanisms to promote competitiveness in the City of Cuenca:** To determine and enhance the competitive vocation of Cuenca, focused on the provision of high value-added products and services.

**Equity as a strategic investment, or overcoming inequities with the PEI – Cuenca:** To include gender equity as a determining factor in local planning and in the human development index of the Canton of Cuenca.

**Institutionalisation of gender equity in the Municipality of Cuenca: Towards equitable and inclusive urban management:** To build an equitable and democratic development model that ensures equal opportunity for certain disadvantaged sectors, that recognises and articulates their needs, especially those of women, as an instrument of inclusion and development.

**Strengthening of citizens participation:** To contribute to the development of participatory governance at the local level, involving both the strengthening of democratic governmental performance and the development of active citizens, developing proactive capabilities among local stakeholders so that they can assume a

shared responsibility in the decision, development, management, follow-up, assessment and social control of public policies, programmes and actions, as well as local development plans and their linkages with the globalisation processes.

#### **4. A SET OF 3 MANAGEMENT FACILITATING TOOLS**

**Comprehensive Local Information System of Cuenca:** To implement a Comprehensive Local Information System and indicators for local development monitoring in a display of cooperation between public and private actors, that can be linked with national and international databases, and to unify and improve information on the local economy.

**Comprehensive strategic development plan for the markets and fairs of Cuenca:** To improve the working situation of producers, merchants and customers of markets and fairs in Cuenca, enhancing and humanising existing trade relations.

**Comprehensive Management Plan for Cajas National Park:** To improve management capacities of local actors for sustainable development for Cajas National Park. To promote conservation of natural resources and environmental services in the area, in relation with the expectations and activities of involved actors, based in the comprehensive knowledge of the territory and its surroundings.

Some projects were totally validated even during the consultation workshops, in particular those related to a Social Development Credit Union (Cooperative of Services for the Development of the “Jardín Azuayo” Community); to the local information system, to the micro-enterprises on environmental services; and to the gender equity development plan. These were formulated projects on the basis of existing local process. This meant that between the time of the formulation and the restitution workshops (10 months) the projects were implemented and reformulated to some extent by local actors themselves.

The restitution workshops produced a series of suggestions to be incorporated into the final version of the CDS. This task was mainly delegated to local partners, namely the Municipal planning team and representatives of ACUDIR implying a good level of local appropriation of responsibility. UMP authorities attended the final presentation event, altogether with the technical team, giving political and technical support to the closing of the process. Some lobbying activities were agreed upon with major local partners to move forward with the implementation of the Plan. "From now onwards, the CDS is considered to have priority in giving input to the consolidation of the Local Development Plan".



## E. Reflections on the CDS Process

Achieving the objectives of the CDS was a condition and a challenge that generated debate throughout the process. It proved a challenge in terms of balancing the contradictions emerging between globalisation, decentralization, competitiveness, market oriented proposals, and private benefits from investment on one hand, and poverty reduction, citizen participation in economic decision making and gender equity, on the other.

### Major lessons learned during the process

#### 1. *An international inter-institutional consulting team is a good concept.*

The existence of an international team in charge of formulating the Strategic Investment Plan, consisting of professionals from different institutional and national contexts with specific knowledge of prioritised sectors and working areas, offers several comparative advantages. The process improves the capacity to develop collective knowledge using a process and a set of tools that allows for the documentation and systematisation of experiences as they unfold. This knowledge is appropriated by the executive team as a whole and at the same time permits the creation of an instrument to promote the experience and guide future processes.

However, the regional anchoring institution consultants have are no longer involved in the process (COPEVI, FEDEVIVIENDA, CIUDAD) and there are few possibilities to maintain the contact, particularly for follow-up and evaluation. To alleviate this, there should be stronger leadership from UMP coordination team (changes of coordinator and team leaders and insufficient role of UMP Coordinator were the problems). The local counterpart should be stronger and preparation time much more intense, and time should be carefully selected (free from election, Christmas time, local celebrations, etc). And in order to save time, UMP should have had a permanent local person in Cuenca during the whole process.

#### 2. *A strategic plan should come before a Strategic Investment Plan*

Despite promises at the planning stage, the Strategic Plan for Cuenca was not delivered before the start of the consultation. As a result, the CDS will be only an input for the SIP, which in itself is seen as highly positive by local partners. One of the obstacles that the CDS had to overcome was the lack of an inter-stakeholders vision of the future.

The lack of a common point of view among the residents of Cuenca was remarkable, and highlights the need to find inter-stakeholders agreements. This seems to be a consequence of the idiosyncrasies of the inhabitants of Cuenca, who have a political culture that seeks institutional or immediate benefits and where the sense of development of a collective future vision is lacking. Identity relies more on elements of local tradition and customs than on a dynamic process of building the future on the foundations of the present. Thus there is a need to develop a common image of the future, for instance, through the Strategic Plan.

#### 3. *Limits of the existing public/private partnership*

The local partner, ACUDIR, as a public/private facilitating institution, has more capacity to deal with the formal and organised sectors of the economy than with non-

organized groups. The SIP/CDS highlighted the necessity to broaden the scope to these non-organized productive sectors and to establish for public/informal sector partnerships. It is a crucial condition to reach the poor, support their initiatives and channel their investment capacity and social capital towards common goals. The informal productive sector, both organised and non-organised, remained too “lost in the process”.

Alliances between the public and private sectors must be increasingly strengthened around the management of specific projects: semi-private enterprises, agreements for the regulation of prices and agreements to stop speculation with the price of land and real estate speculation in general. For this purpose, ACUDIR, acting as a mechanism of alliance and consensus between the public and the private sectors, should broaden its stakeholder base. Likewise, the alliances between the municipality and civil society should be strengthened with respect to both planning processes and the implementation of projects, and strategic alliances must be established with municipalities of similar characteristics and sizes both within the country and abroad, in order to foster local development.

#### *4. Participatory urban observatory and indicators*

As a result of the process there was a consensus on the need to build a local information system to monitor the economic and social situation of the city. Information management through networks is another key component to assist in the implementation of projects. In this sense, the information basis must not be limited to the local – cantonal – level, but should also include the various economic, cultural and territorial regions (micro-regions) of the canton.

#### *5. Gender mainstreaming and increasing opportunities for women*

The gender approach was successful and has been identified as a positive input by the local authorities (letter of satisfaction, comments, etc.). The approach was two fold. Each of the projects formulated within the SIP had to have a gender equity component that was worked out by the gender specialist. And, a specific gender equity economic plan was designed with local women’s movements that are extremely active in Cuenca, both with the government and the civil society.

#### *6. Stakeholder satisfaction*

The first step of the CDS was to undertake a set of interviews with key stakeholders representatives, and 55 interviews were carried out with 43 local actors. In addition, other less organised actors were interviewed, such as taxi drivers, streets vendors, service users and market vendors. Their initiatives and proposals were systematised and an evaluation of their installed capacity was part of the exercise as well. This “mapping of actors” – putting all of them on the same level – was considered very positive. They were consulted and appreciated that their concerns were reflected in the proposals.

Another moment that was crucial for stakeholder satisfaction was the final presentation of the proposals during the specialised workshops. As this was not “appropriated” by the local government, it was a success. It was also important because the key players from the public government were ultimately convinced that it was a good idea to present the

Plan to the key stakeholders to get their approval. It also helped them identify the real strategic immediate projects, such as the municipal fund and the information system.

Just because the stakeholders are satisfied, however, does not mean that enough was done. The process lacked institutionalisation of relationships into, for instance, specialised commissions to look for resources, turn the proposals into reality, etc. This can still be done through the identification of existing productive sectors that are more active and organised than others, with their “multi-actor culture” already developed. In a short term, the municipal Council for Tourism should be made more dynamic and involved in the process.

Recommendations for improving the process and further initiatives

As recommendation for further activities there are three main suggestions:

*1. The full process from start to finish should be planned for no less than 6 months*

The original “fast track” approach consisted of a concentrated effort of all consultants and local staff during one month. This timeframe was much too short and provoked some problems. A possible time table much more in line with the LAC reality could be as follows:

- Preparation: 2/3 months (Terms of Reference, selection of critical areas, selection of consultants, inter-partner agreements, contracts)
- Awareness raising at the local level: 1 month
- Fast track CDS being set up in a parallel way - all sectors together: 1 month (This would include field research, workshops and mobilization of the city).
- Putting the plan in a comprehensive form: 1 month
- Feed back to local partners, 2<sup>nd</sup> round of workshops: 1 month
- Final reporting and formal presentation to the city: 1 month

*2. Potential investment sources should be identified from the outset*

The main interest of the Cuenca Municipality and ACUDIR was to use UMP as a source of potential funding even if the claim to be able to channel local resources was clear. However, the integration and association of potential investors should be *built into* the whole process, especially during the awareness campaign and the workshops and meetings.

Among these “investors” or financial actors at least two major categories were insufficiently associated:

- a) The national resources, both public and private. As a result the SIP is built with less than 5% of resources of national origin
- b) The informal sector, especially the non organized informal sector, which represents a large part of the investment capacity at the local level.

*3. Operational recommendations to conduct a CDS*

It is recommended that staff and human resources be enhanced as follows:

- a) A full time UMP professional staff posted in the city during the whole process.
- b) A full time local counterpart dedicated to the work.
- c) Regular two-day missions from the UMP Coordinator every two weeks.

- d) A local monitoring team (2 months during the 6 months of the local process).
- e) The consultation team during one full month.

The inter-partner agreement prepared for Cuenca has been useful for general commitments but a precise definition of roles of each stakeholder was missing, in particular the mobilization of local counterparts.

The city should prepare a state of the art document prior to the beginning of the consultation, including recent study on the main areas or components of the consultation; a list of strategic projects by priority; expectations of the consulting process; a proposal or a list of local contacts or counterparts for the consultants, with time dedicated to the projects and themes.

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## Annex 1: SIP proposals—strategic articulation, prioritised sectors and typology

STRATEGIC AREA	ARTICULATION WITH MUNICIPAL POLICIES	PRIORITIZED SUB-SECTOR	MUNICIPAL STRATEGY	MANAGEMENT TOOL	INVESTMENT PROJECT
FORMAL SECTOR	COMPREHENSIVE HUMAN DEVELOPMENT <ul style="list-style-type: none"> <li>Local Development with Social Responsibility</li> <li>Competitiveness Strategy</li> </ul> STATE REFORM <ul style="list-style-type: none"> <li>Public-Private partnerships</li> </ul>	Formal Sector in General	Competitiveness of the city of Cuenca		
		Tourist Sector			Regional Tourism Programme
		Small and Medium-sized Business Sector			Small and medium-sized business empowerment system
INFORMAL SECTOR	COMPREHENSIVE HUMAN DEVELOPMENT <ul style="list-style-type: none"> <li>Local Development with Social Responsibility</li> <li>Competitiveness Strategy</li> <li>Consensus on Equity</li> </ul> STATE REFORM <ul style="list-style-type: none"> <li>Public-Private partnerships</li> <li>Improvement of Public Services</li> </ul>	Cooperative Sector			Cooperative of Services for the Development of the "Jardín Azuayo" Community
		Solidarity Economy Sector			Support to community based activities
		Trade Sector		Comprehensive Plan for Markets and Fairs	
URBAN ENVIRONMENTAL MANAGEMENT	COMPREHENSIVE HUMAN DEVELOPMENT <ul style="list-style-type: none"> <li>Local development with social responsibility</li> <li>Competitiveness strategy</li> <li>Municipal Urban Agriculture Project</li> </ul> STATE REFORM <ul style="list-style-type: none"> <li>New Management Models</li> <li>Public-private Partnerships</li> <li>Improvement of Public Services</li> </ul>	Public Services Sector			Employment in Environmental Services
		Export Sector			Promotion of export crops (urban agriculture)

		Tourist Sector		Comprehensive Management Plan Cajas National Park	
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STRATEGIC AREA	ARTICULATION WITH MUNICIPAL POLICIES	PRIORITIZED SUB-SECTOR	MUNICIPAL STRATEGY	MANAGEMENT TOOL	INVESTMENT PROJECT
MUNICIPALITY AS ECONOMIC PROMOTER	STATE REFORM <ul style="list-style-type: none"> <li>• Participatory planning</li> <li>• Decentralization and deconcentration</li> <li>• New Management Models</li> <li>• Development of Information Systems</li> <li>• Public-Private partnerships</li> </ul> COMPREHENSIVE HUMAN DEVELOPMENT <ul style="list-style-type: none"> <li>• Local Development with Social Responsibility</li> </ul>	Multi-Sectoral		Cuenca Development and Investment Trust Fund	
		Multi-Sectoral		Comprehensive Information system	
		Low-cost Housing Sector			Municipal Corporation for low-cost housing
GENDER EQUITY IN ECONOMIC DEVELOPMENT	STATE REFORM <ul style="list-style-type: none"> <li>• Participatory planning</li> <li>• New management system</li> </ul> COMPREHENSIVE HUMAN DEVELOPMENT <ul style="list-style-type: none"> <li>• Local Development with Social Responsibility</li> <li>• Consensus on equity</li> </ul>	Local Government Sector	Institutionalisation of equity in municipal affairs		
		Multi-Sectoral	Equity as a strategic Investment		
CITIZENS' PARTICIPATION	STATE REFORM <ul style="list-style-type: none"> <li>• Participatory planning</li> <li>• Decentralization and deconcentration</li> <li>• New management models / system</li> </ul>	Multi-Sectoral	Strengthening of citizen participation		

## Annex Two:

### Cuenca City Development Strategy (CDS) Tools and Methods

#### TOOLS USED IN THE CDS PROCESS:

##### a. City Selection

The Regional Office of UMP LAC held an open selection of cities for the execution of a Strategic Investment Plan with pre-established criteria of selection. UMP prepared a dossier, which was sent to a group of cities in the region with an invitation letter to participate of the process. Six cities responded, and four of them finally sent proposals<sup>18</sup>. A committee evaluated the proposals and Cuenca, in Ecuador, was selected as the first choice, while Manizales, in Colombia, was the second choice.

ACTIVITY	TIMEFRAME	TOOLS
Elaboration of a guide for the presentation of candidates for the formulation of an Strategic Investment Plan for Local Development	February 2000	Guide for the presentation of proposals
Dissemination of the guide	March 2000	List of UMP contacts, formal letters of invitation
Preliminary selection	May 2000	Pondered selection criteria table
Final selection	June 2000	Pondered selection criteria table

##### b. Planning for the CDS

The core activity of the *first phase* of the CDS planning was the formulation of an initial agreement for the definition of objectives and components in consultation with local stakeholders. An interpartner agreement was made between the Municipality of Cuenca, the “Agencia Cuencana de Desarrollo e Integración Regional” (ACUDIR) and UMP LAC – CNUAH (Habitat). This instrument included the objectives, commitments and responsibilities for the formulation of the Strategic Investment Plan for Local Development in Cuenca. (see annex)

A preliminary agreement of political guidelines led to the definition of the thematic areas of the SIP in Cuenca. The strategic areas were:

- The role of the Municipality as promoter and agent of local economic development
- Promotion of the formal sector of economy
- Strengthening of the informal sector of urban economy
- Equal economic opportunities for women
- Urban environmental management as component of local economic development
- Follow-up and monitoring for the capitalisation of the process

This allowed the formulation of the general objectives for the Plan and the definition of the terms of reference for the Regional Consultant Team. Responsibilities assigned to each institutional member of the Regional Consultant Team were agreed upon and reinforced during the first days of field work. The Regional Consultant Team was formed by fellows, thematic advisors and consultants from six institutions that provide

<sup>18</sup> The cities that sent dossiers were: San Salvador (El Salvador); Manizales, Pereira, Cartago and Armenia (Colombia) and Cuenca (Ecuador).



thematic regional anchoring for UMP LAC. Each of these institutions assumed responsibility for one sectoral component, according to its specialisation.<sup>19</sup>

ACTIVITY	TIMEFRAME	TOOLS	ACTORS
Preliminary planning Cuenca	July 2000	Proposal for integrated development of Cuenca	ACUDIR, Mayor, Social Development Unit, UMP Coordination
Definition of strategic areas	August 2000	"Plan Operativo Cuenca 2000-2004" and "Propuesta Básica para el Desarrollo Integral de Cuenca"	UMP Coordination ACUDIR
Preparation of 6 terms of reference according to each strategic area	August 2000	Terms of reference	UMP
Selective dissemination of TORS to UMP Regional Anchoring Institutions; proposal of two consultants per TOR; selection of consultant; contracting.	September 2000	Contracts	UMP (this activity was too condensed and contracting period was too short so RAI had to advance money)
Preparation mission for operative work in Cuenca (logistics)	September 2000		
Signature of the interpartner agreement	September 2000	Interpartner agreement	Mayor, Procurador Síndico, ACUDIR, UMP Coordinator

### c. Formulation of the Strategic Plan (draft one)

The *second phase* began with the establishment of the Regional Consultant Team in the city. At first activities such as informative meetings and workshops were realized to make known the basic orientations of SIP in Cuenca and for the design of the methodological approach to be implemented for systematisation and follow-up of the process. The methodology integrated and articulated the objectives and referential framework with the field monitoring and knowledge production.

One of the key issues of the methodology is the creation of a Permanent Workshop for analysis, systematization and knowledge production. The Permanent Workshop was put together by the Regional Consultant Team and had the occasional participation of local partners and invited stakeholders. It allowed the unification of criteria and the daily follow-up of activities realized by all members of the team. The meetings of the

<sup>19</sup> UMP-LAC Regional Anchoring Institutions are:  
 Centro Operacional de Vivienda y Poblamiento, COPEVI, México D.F., México (citizenship and participation)  
 Federación de Entidades de Vivienda de Colombia, FEDEVIVIENDA, Bogotá, Colombia (Municipality as promoter of economic development)  
 Instituto de Promoción de la Economía Social, IPES, Lima, Perú (environmental management)  
 Centro de Estudios, Articulación y Referencia sobre Asentamientos Humanos, CEARAH PERIFERIA y Agora XXI, Fortaleza, Brasil (informal sector)  
 Centro de Investigaciones CIUDAD, Quito, Ecuador (formal sector)  
 Centro Latinoamericano de Capacitación y Desarrollo de Gobiernos Locales, CELCADEL, Quito, Ecuador (gender)

Permanent Workshop took place every night during the field work period (October 2000) from 19h00 to 22h00. Minutes were taken at every session.

The first activities of the Permanent Workshop included informational meetings make known the basic orientations of the SIP in Cuenca and for the design of the methodological approach to be implemented in systematisation and follow-up of the process. The methodology integrated and articulated the objectives and referential framework with the field monitoring and knowledge production. A timeline was agreed upon the team. In further meetings these workshops aided in the definition of specific objectives and the prioritisation of criteria for the selection of project profiles.

During this phase the activities developed by the Regional Consultant Team included:

- interviews with local authorities and municipal officers to identify stakeholders related to each component of the plan;
- design of a guide and a data card to characterise actors, recover proposals and actions;
- identification of capacities and strategic areas for the development of Cuenca;
- design of a guide for the formulation of the project profile; and
- formulation of a preliminary table of contents of the final document.

One of the problems identified was that some members of civil society that do not have a direct relationship with the Municipality or ACUDIR were not integrated to the process. The lack of a communication plan was also a problem for a wide dissemination of activities and the potential achievement of greater participation from civil society.

The *third phase* included the field work in the city of Cuenca for information recovery, research and analysis for the recovery of the vision of local development as well as proposals, initiatives and solutions for city problems, as concrete experiences with existing capacities.

The State of City Report was based on information coming from the dossier, the city profile prepared by the local urban observatory towards Istanbul+5, texts and documents revised by the Regional Consultant Team and the activities carried out by each consultant on the specific problems affecting each component, using information provided both by secondary as primary sources (by means of interviews).

The base study was not really included or considered as an explicit phase, but it was an implicit activity realised by each consultant. Of course, formal study was critical in the selection and identification of projects. However, the remarkable point in this respect the priority given to the professional experience of the consultants over the traditional base study: more informal collection of knowledge and less formal study. This variant saved time and the study and selection of projects to take place more quickly.

Several local investment initiatives in progress were identified according to the giving preference to those projects into which the city was putting more effort, but with the additional condition that they be strategic. The list of initiatives in progress constituted a strong complement to the (implicit) diagnostic phase.

The collection of the vision of local development, as well as proposals, initiatives and operating solutions for city problems, as concrete experiences with capacity was carried out through information collection, research and analysis of:

- 72 texts of different sorts were revised (governmental reports and plans, proposals of local actors, development plans of international organisations, reviews, specialised documents and statistical information),
- field observations were realised (each consultant carried out direct observations to recognise the interests of citizens and installed capacities and projects in the city),
- interviews with local actors were carried out (55 interviews with 43 local actors coming from public sector 39%, private sector 26%, civil society 30%, mixed organisations 5%; 60% of the interviews were with men and 40% with women)
- working meetings with representatives of local authorities, stakeholders, universities and research institutes, public and private enterprises, NGOs, community based organisations and social movements.

The *fourth phase* was one of methodological elaboration and formulation of project profiles. The political guidelines, project prioritisation criteria and strategic areas were identified and discussed in a collective manner by the Regional Consultant Team along with the possible projects and proposals.

The vision for the city and the ongoing initiatives, discussed with local partners, mainly the Municipality and ACUDIR, were combined with the prioritisation criteria to obtain a list of strategic areas: Tourism, Information systems, Investment fund, Housing, Social Economy, Citizen participation, Migrant populations, Environment and Gender equity.

From an exercise of successive approximations, a first draft of project profiles was elaborated by the consultants during the fourth week of October of 2000; this draft included 14 proposals based on local perspectives and the criteria for project definition (local development plans, stakeholders proposals, analysis of information from interviews and delimitation of strategic areas). Additionally, the project “Comprehensive Management Plan of Cajas National Park” was included in April 2001 at the request of local stakeholders as a management tool component of the urban environmental management thematic area.

The results of the work completed by the team were turned into 15 proposals, in relation with the strategic areas and with Municipal policies, grouped into 7 investment projects, 4 municipal strategies and 4 management tools.

ACTIVITY	TIMEFRAME	TOOLS	ACTORS
Preparation and method design	October 5-6, 2000	Methodological design for follow-up and systematisation Record for knowing the actors Guide for the formulation of project profiles Guide for the structure of the final document	Consultants, UMP.
Base study and field research	October 7-16, 2000	Documents and statistics Interviews Meetings	Consultants, UMP, ACUDIR, Municipality, local actors
Identification of initiatives in progress, the vision for the city and strategic proposals	October 5-10, 2000	Interviews Meetings Thematical workshops with local actors	Consultants, UMP, ACUDIR, Municipality, local actors
Prioritisation and selection of draft	October 4 <sup>th</sup> week, 2000	Political Guidelines Criteria for project selection	Consultants, UMP, ACUDIR, Municipality

proposals		Strategic areas Permanent Workshop "Propuesta Básica para el Desarrollo Integral de Cuenca"	
Formulation of the initial project profiles	October 9-27, 2000	Guide for the formulation of project profiles Permanent Workshop	Consultants

#### **d. Presentation of proposals - action plans (1<sup>st</sup> round)**

As a finalising activity of the fieldwork, a workshop was held among the Regional Consultant Team, the local partners and City Council to present a first proposal of the project profiles.

During November and December the draft versions of project profiles were compiled and organised in a comprehensive way in order to produce the first version of the final report. This version was sent to the Municipality and ACUDIR for their comments and advice.

ACTIVITY	TIMEFRAME	TOOLS	ACTORS
Presentation of proposals to the city authorities		Workshop	Mayor, senior officials, ACUDIR, few councillors, UMP, Consultants
Draft 1 of final report of the SIP process and proposals	Nov.-Dec. 2000 Jan.-Feb. 2001	Final Report of the SIP/CDS	UMP, Municipality, ACUDIR
Draft 2	March 2001		UMP Coordination
Draft 3	April 2001		UMP Coordination

#### **e. Feedback to local actors (2<sup>nd</sup> round)**

Once all comments and suggestions made by the local counterparts were included in a third version of the final SIP report, UMP promoted the realisation of feedback and validation workshops with local actors although at first local authorities were not clearly convinced of their pertinence. These workshops were carried out by a consultant of ACUDIR and involved stakeholders that participated at the initial stage as well as other actors identified in further activities.

ACTIVITY	TIMEFRAME	TOOLS	ACTORS
Identification and contracting of consultant for the execution of validation workshops	April-May 2001	Terms of reference for consultant	UMP, Municipality, ACUDIR
Validation of project profiles with local actors	End of May 2001	5 sectoral workshops of presentation and discussion of results Round table Report on process	Consultant, ACUDIR, Municipality, UMP

#### **f. Evaluation of PEI process and outcomes**

During the meeting of UMP Regional Anchoring institutions a 1-day workshop was realised in order to present the third draft of the SIP report to representatives of these

institutions. A round table was held to discuss the results, outcomes and perspectives of the CDS in Cuenca and to hear expectations from local counterparts. Three requests were done from the Municipality and ACUDIR:

- Realisation of a formal presentation of SIP results to local authorities and stakeholders
- Help of UMP for fund raising
- Dissemination of SIP results to the city

ACTIVITY	TIMEFRAME	TOOLS	ACTORS
Presentation of draft 3, results and process, Round table along with RAI representatives and report on process	End of May 2001	1 day workshop resolutions	UMP, Regional Anchoring Institutions, Municipality, ACUDIR, Consultants

### **g. Final version of plans and projects**

The results validation workshops for the presentation and discussion of projects to the inclusion of the vision and recommendations of stakeholders to the SIP proposals in the 4<sup>th</sup> version of the final report.

ACTIVITY	TIMEFRAME	TOOLS	ACTORS
Draft 4 of SIP	July 2001	Previous versions of SIP Memoirs of validation workshops	UMP Consultant (for chapter 6)

### **h. Formal presentation**

As agreed in the evaluation meeting of the SIP process, a restitution workshop was realised as a final activity of the SIP formulation. During this workshop three consultants were invited to present their proposals (gender, municipality as economic promoter agent, urban environmental management) and the consultant on the informal sector was committed to visit the city in a further opportunity for identifying potential funding. UMP Coordinator attended the meeting and gave political support to the proposals.

ACTIVITY	TIMEFRAME	TOOLS	ACTORS
Formal presentation of draft 4 of SIP	June 2001	Minutes of presentation workshops	UMP, Consultants, Municipality, ACUDIR

### **i. Implementation and Funding**

The formulation of the Strategic Investment Plan in Cuenca has just concluded, and some of the formulated projects have already been partially implemented and reformulated to some extent, by local actors themselves during the time between the formulation and the restitution workshops (10 months). Some lobbying activities were agreed upon with major local partners to move forward with the implementation of the Plan.

ACTIVITY	TIMEFRAME	TOOLS	ACTORS
First external funders consultation	June 2001		UMP Coordinator
Meeting with WB and IDB in Quito for further funding	October 2001		UMP, ACUDIR, Mayor

### **j. Documentation and systematisation**

One of the great assets of the process was the implementation of the Permanent Workshop, which had a person in charge of constant follow-up and monitoring. This allows there to be a clear record of the meetings and the activities completed by the Regional Consultant Team.

ACTIVITY	TIMEFRAME	TOOLS	ACTORS
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Systematisation of the SIP/CDS process and outcomes	September, October 2001	UMP Formats (tools and process)	UMP
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### **k. Publication and dissemination (Planned)**

As a planned activity the editing and printing of a short version of the SIP is expected for the end of 2001. ACUDIR should prepare a short version of the SIP while UMP will be in charge of the production of a working paper.

ACTIVITY	CRONOGRAM	TOOLS	ACTORS
Preparation of a short version	End 2001	Draft 4, Strategic Development Plan of Cuenca	ACUDIR
Editing and printing of a working paper	End 2001		UMP

### **l. Monitoring**

There were two key times for the monitoring of the process, both of them corresponding to TORs designed for this purpose. The first one was during the “fast track approach” in October 2000. A monitoring system was built in from the outset. A permanent workshop for the analysis, systematisation and production of knowledge was put into place. One person and sometimes two were in charge of that component..

Everyday, all participants from the municipality and from the anchor institutions met and discussed the following items:

- i. guidelines from the city alliances: the discussion of criteria was useful to give coherence to the Plan as a whole and to the projects proposals, and it helped up to speed.
- ii. Criteria for the selection of projects: not less than 11 criteria were set up in a collective way (from a UMP LAC draft proposal) in order to select and prioritise project ideas or profiles that resulted from the process. This instrument was quite useful in avoiding too many discussions in the final decisions of what should enter in the portfolio.
- iii. The definition of the strategic lines for the Investment Plan resulted from the analysis of the 55 interviews and the systematic analysis of the 72 supporting documents.

At the same time, the person in charge of the monitoring was analysing and collating all the information produced (interviews, readings, results from collective sessions, etc) in a systematic way. This was the basis for chapter 7 on conclusions in the overall report and is a summary of a larger report. The monitoring really helped to give coherence to the proposal and harmonise criteria between very different consultants and stakeholders.

The second monitoring opportunity started during the second half of May, during the “feed back and legitimisation phase”. The person in charge of the monitoring was present in all the workshops where the Plan was discussed. He presented his conclusions to UMP, the Municipality and the anchor institutions. A final report of this is currently available in Spanish.



## Annex Three:

### Value of the investments and formulated projects

The proposals included in the SIP-Cuenca, divided into municipal strategies, management tools, and investment projects, face the following costs and the following potential sources of finance:

Proposals	Total amount (US\$)	Municipal investment	Private investment	Local sources	National sources	Other foreign sources
<b>1. CUENCA DEVELOPMENT AND INVESTMENT TRUST FUND</b>						
Institute for the Financing and Promotion of Local Development (Development and Investment Trust Fund)	127,500	38,250	19,125	31,875	38,250	
Trust Fund Capital	30,000,000	9,000,000	4,500,000	7,500,000		9,000,000
SUB-TOTAL	30,127,500	9,038,250	4,519,125	7,531,875	38,250	9,000,000
<b>2. INVESTMENT PROJECT PORTFOLIO</b>						
<b>FORMAL ECONOMY</b>						
Regional Tourism Programme	495,000	25,000	100,000	120,000		250,000
Empowerment System for Small and Medium –sized Businesses and Cooperatives	380,000	30,000		40,000	210,000	100,000
<b>INFORMAL ECONOMY SECTOR</b>						
Support to community based activities	3,250,000	1,660,000	110,000	1,170,000		310,000
Solidarity Development Cooperative	3,660,558	500,000		1,503,995		1,656,563
<b>ENVIRONMENTAL MANAGEMENT AND ECONOMIC DEVELOPMENT</b>						
Promotion of export crops	1,021,000	165,000	600,000	36,000		220,000
Promotion of jobs in environmental services	817,000	250,000			385,000	182,000
<b>MUNICIPALITY AS PROMOTER OF ECONOMIC DEVELOPMENT</b>						
Municipal corporation for low-cost housing	585,000	50,000			400,000	135,000
SUB-TOTAL	10,208,558	2,680,000	810,000	2,869,995	995,000	2,680,000
<b>3. MUNICIPAL FACILITATING STRATEGIES</b>						
<b>FORMAL ECONOMY</b>						
Mechanisms to foster competitiveness	6,150,500	640,500	1,377,500		1,377,500	2,755,000
<b>GENDER EQUITY</b>						
Equity as a strategic investment	The progressive allocation of 30% of investment to proposals promoting gender equity is proposed.					
Institutionalisation of gender equity	1,550,000	1,050,000				500,000
<b>CITIZENS' PARTICIPATION</b>						
Citizens as key actors in development	122,625	64,625				58,000
SUB-TOTAL	7,823,125	1,755,125	1,377,500		1,377,500	3,313,000
<b>4. MANAGEMENT TOOLS</b>						
<b>MULTI-SECTORAL</b>						
Cuenca's Comprehensive Local Information System	106,000	35,000		71,000		
<b>INFORMAL ECONOMY</b>						
Comprehensive Plan for Markets and Fairs	46,000	5,500			40,500	
<b>ENVIRONMENTAL MANAGEMENT AND ECONOMIC DEVELOPMENT</b>						
Cajas National Park Comprehensive Plan	250,000	50,000				200,000
SUB-TOTAL	402,000	90,500		71,000	40,500	200,000

<i>GRAND TOTAL</i>	48,561,183	13,563,875	6,706,625	10,472,870	2,451,250	14,866,563
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## Annex Four:

### Dossier for presentation of candidates for the CDS process

The dossier the candidates sent included:

- A letter of interest from the mayor or regional authority
- The application format
- A conceptual document with the proposal
- Basic information of the municipality
- A letter from the national association of municipalities indicating their interest in the execution of the program
- A letter of request from representative organisations of the private sector (formal and/or informal)
- Letters of request and commitment from local stakeholders (NGOs, Consultants, Academia)
- Letters of interest or request from social organisations, particularly those representing the excluded and the urban poor.
- Additional information considered relevant.

## Annex Five:

### Criteria and Indicators for the Selection of Cities

- 1. Compliance of previous commitments with the UMP**
  - Verification of compliance of previous commitments with the UMP
- 2. Political interest and commitment from the Mayor and authorities**
  - Position of the Mayor with respect to the request
  - Dynamism and leadership of the Mayor and the municipal team
  - Priority of the theme within the municipal agenda
  - Previous commitments of the Mayor with regard to the theme
- 3. Dynamism of the private sector and civil society**
  - Presence and will of the private sector to invest in the city
  - Force and dynamism of social and economic organizations, as well as the nature and representativity of said organizations
  - Level of mobilization of social and economic organizations with respect to the theme and other prioritised themes of the Program
  - Presence of NGOs and other resource centres in related themes
- 4. Quality and nature of the relationship of the municipality with the private sector and civil society**
  - Openness of the municipality to citizen participation and to working with the private sector
  - Number and quality of existing or previous participatory programs
  - Nature and quality of possible local counterparts (academic, investigative, from the private sector, from social organizations, etc.)
- 5. Availability of technical background in the city**
  - Existence of Official Plans of Urban Development
  - Existence of Participatory Strategic Plans
  - City Consultation Processes and Action Plans
  - Other management instruments that have been validated or are being applied
- 6. Availability of resources for investments**
  - Probable sources and amounts for follow-up of the Action Plans
  - National public resources
  - Private investment
  - International loans and donations
  - Local resources (human, institutional, financial) that can be mobilized to carry out the Action Plans, programs, and policies resulting from the strategic investment planning process
- 7. Expected impact on poverty elimination**
  - Vulnerable groups that would benefit
  - Increase in opportunities for the excluded
  - Structural problems that would be addressed
- 8. Local capacity for capitalization**
  - Appropriateness of the proposed methodology and instruments

- Local institutions interested in documenting the process
- Previous experience in capitalizing upon experiences
- Appropriateness of the proposed indicators for monitoring

**9. Integrated character of the proposal**

- Stimulus to local economic development
- Promotion of local participatory governance
- Improvement of urban environmental management
- Impact on poverty
- Reduction of inequity between men and women

**10. Level of co-financing**

- Relationship between local and international support
- Level of local human resources mobilized

## Annex Six: Inter-partner Agreement

### CONVENIO INTERINSTITUCIONAL DE COOPERACION

ENTRE EL  
I. MUNICIPIO DE CUENCA, ECUADOR  
LA AGENCIA CUENCANA DE DESARROLLO E INTEGRACIÓN REGIONAL, ACUDIR  
Y EL  
PROGRAMA DE GESTIÓN URBANA DEL CNUAH-HABITAT  
PARA AMÉRICA LATINA Y EL CARIBE

El I. Municipio de Cuenca, Ecuador, representado por el Alcalde Arq. Fernando Cordero Cueva y el Procurador Síndico Municipal, Dr. Tarquino Orellana; la Agencia Cuenca para el Desarrollo y la Integración Regional, ACUDIR, representada por su Gerente, Ing. Gustavo Muñoz y el Programa de Gestión Urbana para América Latina y El Caribe, representada por su Coordinador Regional, Dr. Yves Cabannes, celebran el presente Convenio de Cooperación, contenido en las siguientes cláusulas.

#### CLAUSULA PRIMERA: OBJETO DEL CONVENIO

Las partes firmantes acuerdan participar en la elaboración del PLAN ESTRATEGICO DE INVERSIONES PARA EL DESARROLLO LOCAL, PEI, de la Ciudad de Cuenca, Ecuador. Dicho Plan forma parte de una iniciativa financiada por el Banco Mundial, que ejecuta el Centro de las Naciones Unidas para los Asentamientos Humanos, CNUAH HABITAT, a través del Programa de Gestión Urbana, PGU, en el contexto de un convenio que se ha denominado Cities Alliance La Alianza de las Ciudades.

#### CLAUSULA SEGUNDA: OBJETIVOS

##### *Objetivo General*

Los objetivos generales propuestos son:

- Elaborar un Plan de Inversiones Estratégicas (PEI) para la Ciudad
- Reforzar la existencia de ACUDIR, como estructura operativa creada para promover el desarrollo económico local, para dar continuidad a las propuestas del PEI

##### *Objetivos Específicos*

El Plan de Inversiones Estratégicas considerará los siguientes cinco elementos como ejes base:

- Inversiones y reformas para el fortalecimiento del papel del municipio como promotor del desarrollo económico local.
- Desarrollo del sector económico formal
- Fortalecimiento del sector económico informal
- Definición de un plan de igualdad de oportunidades económicas para la mujer
- Mejoramiento del Ambiente como estimulante del desarrollo económico local

En cada uno de esos componentes y con la participación de actores previamente identificados, se efectuará un análisis de la actual disponibilidad y demanda de inversiones y se formularán propuestas específicas para su desarrollo, mediante la movilización de inversiones adicionales, originadas en el contexto local, nacional e internacional, que promuevan proyectos estratégicos de interés para la ciudad, incluyendo la definición de los proyectos prioritarios, así como su valor y la identificación de las fuentes potenciales de inversión para su financiamiento.

Adicionalmente, se diseñará y realizará el seguimiento y la sistematización del proceso y sus resultados inmediatos.

#### CLAUSULA TERCERA: GESTION DEL PEI

Bajo la coordinación del PGU ALC, El Proyecto será elaborado por un equipo de trabajo, conformado por un pool de instituciones que actúan como anclajes del PGU en el contexto regional y poseen ámbitos temáticos específicos.

Adicionalmente, se establecen los siguientes elementos de gestión:

- La dirección general del proceso, que la proveerán, de manera conjunta y coordinada, el Alcalde de la Ciudad de Cuenca y el Coordinador Regional del PGU ALC.
- Una Unidad Técnica de Gestión, constituida para facilitar el proceso en el contexto local y conformada por el Director de la Unidad Técnica Municipal que la Alcaldía designe; el Gerente de ACUDIR y el asesor asignado por el PGU ALC para coordinar el proyecto.
- En términos operativos, se definirán formas específicas de trabajo conjunto entre el equipo del PGU, las unidades y departamentos de la municipalidad, los técnicos de ACUDIR y los otros actores involucrados.

#### **CLAUSULA CUARTA: ACTIVIDADES**

El proyecto será ejecutado en las siguientes actividades generales:

##### **Preliminares**

- Firma de convenio de cooperación entre las Instituciones participantes.
- Elaboración de Términos de Referencia, selección (PGU ALC) y aprobación (Municipio de Cuenca) del equipo de trabajo, contrataciones.
- Programación y logística de las actividades.
- Identificación de actores clave para cada uno de los componentes del proyecto.

##### **Formulación Inicial**

- Proceso de investigación y análisis de la situación existente.
- Elaboración de propuestas iniciales para cada componente.

##### **Talleres temáticos de discusión con los actores clave de cada componente**

- Discusión de las propuestas iniciales
- Identificación de propuestas adicionales
- Establecimiento de acuerdos y consensos.

##### **Formulación definitiva**

- Ajuste de las propuestas iniciales, con los resultados de los talleres temáticos efectuados.
- Inscripción del PEI en los planes de Ordenamiento Territorial y de Planificación Estratégica de la Ciudad

##### **Seminario de Restitución a la Ciudad**

- Entrega de los resultados consolidados a la ciudad, a través de la Municipalidad y ACUDIR

#### **CLAUSULA QUINTA: RESPONSABILIDADES ESPECIFICAS DE LAS PARTES**

##### **El Alcalde de la Ciudad:**

- Proveerá la orientación general del proyecto, conjuntamente con el Coordinador Regional del PGU ALC.
- Designará al Director de uno de los departamentos técnicos del Municipio para participar en la Unidad Técnica de Gestión del PEI.
- Dispondrá que todas las unidades y departamentos de la Municipalidad participen activamente en la ejecución del proyecto y dispondrá la conformación de un equipo de contraparte para ese propósito.
- Aprobará el equipo consultor propuesto por el PGU ALC.
- Promoverá y convocará a la participación a otros actores (sector público, sector privado, centros académicos, organizaciones comunitarias y sociales, ONG's, etc.) para que contribuyan con sus aportes e información, al análisis y las propuestas del Plan Estratégico de Inversión para el Desarrollo de Cuenca.
- Dispondrá que el Municipio articule las propuestas del PEI a los Planes de Ordenamiento Territorial y de Planificación Estratégica Participativa de la Municipalidad.
- Formulará la versión definitiva del PEI que será sometido a los actores
- Una vez aprobado por los actores, incorporará el PEI en el Plan de Acción General de la Municipalidad, para su aplicación.
- Contribuirá a la evaluación y difusión del PEI

##### **El Gerente de ACUDIR:**

- Participará en la gestión del proyecto participando en la Unidad Técnica de Gestión.
- Movilizará y promoverá la participación de otros actores para la elaboración del PEI.

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- Participará en la formulación de la versión final del PEI, estableciendo el valor de las inversiones y encargándose de la relación con las potenciales fuentes de financiamiento.
- Incorporará el PEI como parte de su Plan de Actividades y se responsabilizará de su ejecución.
- Contribuirá a la evaluación y difusión del PEI.

#### **El PGU ALC:**

- Dirigirá el proyecto, a través del Coordinador Regional del PGU ALC
- Participará en la gestión del proyecto a través del Asesor Regional, quien formará parte de la Unidad Técnica de Gestión.
- Seleccionará, conformará y coordinará el equipo consultor encargado de la elaboración del PEI.
- Se responsabilizará de la entrega de las propuestas parciales y efectuará el control de su calidad.
- Dará orientaciones conceptuales para la elaboración de la versión final del PEI
- Difundirá los resultados en el contexto nacional, regional e internacional

#### **CLAUSULA SEXTA: VIGENCIA**

El convenio entrará en vigencia a partir de la fecha de su suscripción y tendrá una duración de seis meses, pudiendo ser renovado de común acuerdo entre las partes.

#### **CLAUSULA SEPTIMA: DIFUSION**

Las partes se comprometen en utilizar los resultados obtenidos en la forma que se expresa en el presente convenio.

Los documentos y resultados obtenidos serán divulgados con los sellos o logotipos de las entidades participantes, del Banco Mundial, de CNUAH-Habitat y del Programa "Cities Alliance"

Las partes tendrán libertad de divulgar, de manera parcial o total, los resultados obtenidos, con la condición de mencionar tanto el contexto en el cual fueron elaborados, como también el nombre de todas las instituciones participantes.

#### **CLAUSULA OCTAVA: RESCION**

Las partes renuncian al derecho a rescindir sus compromisos, obligándose al cumplimiento de todos los términos del presente convenio hasta la conclusión del proceso, pudiendo en caso contrario ser demandadas judicialmente por las partes que se consideren perjudicadas. Las controversias que pudiesen originarse por el presente Convenio y que no pudiesen ser solucionadas administrativamente entre las partes, se someterán al fuero de la justicia ordinaria local.

#### **CLAUSULA OCTAVA: SEGUIMIENTO Y EVALUACION**

Las partes se comprometen a participar en las reuniones a las que fuesen convocadas y a efectuar una evaluación final del proceso, así como también a realizar una revisión del cumplimiento de los acuerdos establecidos en el presente Convenio.

Para constancia de su aceptación a los términos del presente acuerdo, las partes lo suscriben por triplicado, en copias de igual tenor y forma, de manera conjunta, en la ciudad de Cuenca, Ecuador, el día de Septiembre del 2000.

Arq. Fernando Cordero  
Alcalde de Cuenca

Dr. Tarcisio Ordoñez  
Procurador Síndico Municipal

Ing. Gustavo Muñoz  
Gerente de ACUDIR

Dr. Yves Cabannes  
Coordinador Regional  
PGU ALC / UNCRS, Habitat





# Johannesburg, South Africa

## City Development Strategy Report

November 2001



Prepared By:  
University of the Witwatersrand, Graduate School of  
Public and Development Management

# City Development Strategy Study Johannesburg, South Africa

## A. Basic City Information<sup>20</sup>

Johannesburg, South Africa	
City Population	3.51 million.
Country Population	40.58 million (1996 Census).
Population density:	2505 person/km <sup>2</sup>
City growth rate:	The average growth rate between 2000 and 2010 is projected to be 0.9% per annum.
City's main function:	The economy of Johannesburg has undergone restructuring in response to global pressures and has seen informal business activity growing dramatically as a source of income to residents in the city. Overall, between 1996 and 1999, employment in informal enterprises has grown from 86,310 jobs (9.6% of total employment) to 161,000 jobs, or 16% of jobs, with most of this growth generated in the trade, community services, construction, and manufacturing sectors.
Economic and Poverty Profile	
Gross Geographic Product	The city generates a Gross Geographic Product of R86 Billion (Real 1995 Rands), i.e. 16 % of South Africa GDP. This economy provides jobs for 840 000 people (12% of national employment).
Unemployment	Unemployment has increased from 27% to 30% in the last three years.
Population Growth	Net migration from surrounding regions and countries is estimated at 1% of population growth.  Total growth rate: 3.4%
Life Expectancy	64.96 years
Infant Mortality Rate	0.05%
Crude birth rate	19.04/1,000
Crude death rate	6.57/1,000
Quality of Living	Quality of living among the people of Johannesburg is extremely variable and unequal. While the city enjoys an annual per capita GGP of some R 33 000, incomes are unequally distributed, with 70% of the population earning per capita incomes of less than R 25 000 per annum.
Access to Basic Services	While the majority of households enjoy basic access to services in the city, a significant number are still served below minimum standards. The percentage of households lacking basic access to each service type is: <ul style="list-style-type: none"> <li>▪ Water 3.6%</li> <li>▪ Sanitation 16%</li> <li>▪ Electricity 15%</li> <li>▪ Waste Removal 12%</li> </ul>
Poverty Line	Poverty line = R840  50% of the economically active population earns less than R1 500 monthly (IMDP, 1997, p16) and 31% of the economically active population earns below R800 per month (ibid).

<sup>20</sup> Information reference: [www.joburg.org.za](http://www.joburg.org.za), [www.johannesburgnews.co.za](http://www.johannesburgnews.co.za)

Settlements and Demographic Trends:	<p>The poorest segments of the population reside mainly in the south and in township areas as well as in new informal settlements on the fringe of the metropolis.</p> <p>There are 65 informal settlements in Johannesburg</p> <p>The HIV/AIDS epidemic is projected to have a significant impact on demographic trends in the city. A total number of AIDS orphans will increase from 76 623 in 2000 to 139 419 in 2010. Of the 791 000 households in Johannesburg today, some 33% are estimated to be housed in less than adequate accommodation, the majority of whom are resident in informal settlements (116 827 households) or in backyard shacks (108 000 households).</p>
Administrative structure:	In Johannesburg, a single unicity council is led by an executive mayor. The mayor is elected by a committee of elected ward councillors, elected through the local government electoral process.
<b>CDS Activities</b>	
Focus of the CDS:	Governance i.e. building institutional capacity and strategic planning
CDS Start Date:	October 1999
CDS Completion Date:	June 2000
Key stakeholders involved:	Greater Johannesburg Metropolitan Council (GJMC), Graduate School of Public and Development Management, Urban Management Programme, Johannesburg.

## B. Narrative of the City Situation – National Context

With the formalisation of apartheid in 1948 by the nationalist government, a rigorous and authoritarian approach to segregation evolved in South Africa. This changed the landscape and layout of infrastructure and has had a lasting effect on South African society. Forced removals from ‘white’ areas affected some 3.5 million people and vast rural slums developed in the homelands. Apartheid legislation such as pass laws and influx control were extended and harshly enforced, and labour bureaux were set up to channel labour to where it was needed. Industrial decentralisation to growth points on the borders of (but not inside) the homelands was promoted as a means of keeping blacks out of ‘white’ South Africa. In virtually every sphere, from housing to education to health care, central government took control over black people’s lives with a view to reinforcing their allotted role as ‘temporary sojourners’, welcome in ‘white’ South Africa solely to serve the needs of the employers of labour.

In 1994 the first democratic elections were held in South Africa. The ANC-led Government embarked on a programme to promote the reconstruction and development of the country and its institutions. This called for the simultaneous pursuit of democratisation and socio-economic change, as well as reconciliation and the building of a consensus founded on commitment to improving the lives of all South Africans, particularly the poor. Converting democratic ideals into practice required, among other things, initiating a radical overhaul of the machinery of government at every level towards service delivery, openness and a culture of human rights. These brought government, business, organized labour and non-governmental development organizations together to confront the challenges of achieving growth and development for South Africa in a turbulent and globalising international economy.

South Africa's economy is managed within a stable political environment and, with a per capita income of R18 203<sup>21</sup> in 1999, is placed in the upper middle-income bracket for developing countries. The South African economy includes a modern financial and industrial sector, supported by a well-developed infrastructure, operating alongside a subsistence informal sector. Economic policy is directed at reinforcing and enhancing the economic growth that South Africa is experiencing and ensuring that social and economic development contributes to an improved distribution of income and opportunities. Some of the key areas of structural reform targeted by the Government are monetary policy, privatisation, international trade and labour market reform. Such policies have included the Growth, Economic and Redistribution Policy as well as the Reconstruction and Development Programme. While separate and underpinning different strategies, these policies have often been criticised for placing emphasis on economic growth rather than redistribution mechanisms to enhance the lives of poor people.

Small businesses in South Africa absorb more than half of the people formally employed in the private sector and contribute about 42% of the country's GDP. There are an estimated three million micro-enterprises in the country.

Unemployment remains a serious problem in South Africa, particularly affecting school leavers and young work-seekers. Economic growth has been a positive force in the country since 1994. However, this has been somewhat offset by a weakening in the capacity of the productive structure of the economy to absorb labour, while the labour supply continues to grow.

According to the October Household Survey of 1997, about 22% of South Africa's economically active population are unemployed. The majority of the unemployed are black men and women under the age of 35 years. Trade (largely retail) remains by far the largest sector for informal employment, with incomes still very much below subsistence levels. National data on the informal economy suggests that half of informal incomes are below R 222 per month.<sup>22</sup>

The relationship between the three spheres (national, provincial and local) of government is outlined in chapter three of the South African Constitution. Through the South African Local Government Association, a mandate has been given to transform local government in South Africa. Through legislative policies such as The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), The Municipal Demarcation Board, and the Municipal Systems Bill [B27 of 200], various regulations have been legislated which require the following:

- Metropolitan councils have a single metropolitan budget, common property rating, common service tariffs and a single employer.
- A move towards integrating service delivery in the metropolitan areas should be created through service utilities or agencies.
- South Africa's 843 municipalities have been reduced to 284, with demarcated ward boundaries. Wards are used in the determination of electoral rolls. A councillor, who will look after the interests of the residents in the area and through whom residents can raise issues, represents each ward.

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<sup>21</sup> South African Rand. US \$1 = R8,64 (14/09/2001)

<sup>22</sup> Reference: [www.gov.org.za](http://www.gov.org.za)

- The metropolitan council may decentralise powers and functions. However all original municipal, legislative and executive powers are vested in the metropolitan council.
- A framework for planning, performance-management systems, effective use of resources and organisational change in a business context has been developed.

The changes in national and provincial policy and legislative environment affecting local government represents a shift from punitive, restrictive and discriminatory legislative and policy environment to one that is aimed at being more enabling and supportive of development and democracy.

The Greater Johannesburg Metropolitan Council (GJMC) is located in Central Gauteng and is the most dominant urban area both in the province and the country. Johannesburg is the single most important economic region in the province of Gauteng and the country. An analysis of the economy of Greater Johannesburg reflects the following:

- Greater Johannesburg contributes 30% to Provincial GDP and 11% to the National GDP;
- Greater Johannesburg's economy reflects trends in the national economy as evidenced by the shift in growth from mining and heavy manufacturing to the service sector;
- Overall growth rate of the economy is 0.3%;
- The finance and business services contribute 30% to the city's economy;
- There is a decline in employment in the manufacturing sector.

The business of providing services is the largest portion of the city's budget. In 2000/1, from a total budget of R 8 122 billion, almost R 830 million was allocated to capital expenditure and half of the operating budget of R 7 293 million was allocated to electricity, water and sanitation service delivery. Economic output and employment in the city is generated from the key sectors of financial and business, trade, retail, manufacturing and community social services.

Although current policy and legislative environments in South Africa have become more enabling and developmental, local government has assumed additional powers and functions and wider areas of jurisdiction in terms of new legislation. While responsibilities have increased, inter-governmental transfers and subsidies have declined. This provides numerous challenges for local governance such as ensuring that institutional capacities and structures are able to fulfill these roles and responsibilities. Financial crises have resulted due to the decreasing budget allocations to the GJMC.

One of the legacies of apartheid is that Johannesburg is a deeply polarised city characterised by inequality. The affluent white population (less than 20% of the population) live mainly in the suburbs of the north and enjoy a standard of municipal infrastructure and services usually reserved for the wealthiest of developed country cities. The generally poor African population (about 70% of the population) live mainly in the large urban townships of the south and the peripheries of the north. The many years of neglect of the needs of these areas now present a grave crisis to the city. This situation has led to increasing polarisation between the rich and the poor in the city. Narrowing the gap between rich and poor, especially in terms of the delivery of basic

services, is the challenge for those responsible for governing and managing the city. Net immigration from surrounding regions and countries is estimated at 1% of population growth.

Crime and violence are a significant issue in Johannesburg and have had a direct impact on the lives of residents of the city, either as victims, or in curtailing people's freedom of movement, or through perceptions about crime impacting on economic growth.

While much of the work in the area of human development is currently the domain of the national and provincial governments, or of non-governmental organisations, the City of Johannesburg has a critical role to play in co-ordinating and stimulating action, which could impact on the human development needs of the city. At the centre of the city's human development strategy is the need to increase education and skills. The iGoli 2010 process revealed that the challenges start at the very earliest stages of childhood. Currently in Johannesburg it is estimated that 10% of young children are in early childhood development programmes. The HIV/AIDS epidemic is projected to have a significant impact on demographic trends in the city.

## 1.1 The Transformation of Johannesburg

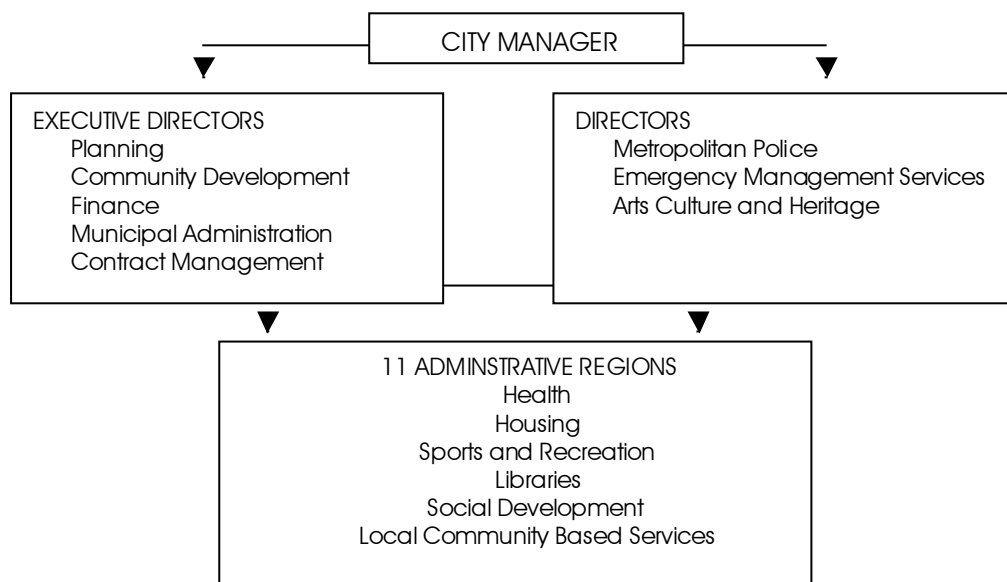
The Greater Johannesburg Metropolitan Council area has a socio-political history, which stretches beyond the implementation of transformation regulations in local government. Prior to the first democratic elections in South Africa, a number of civil society organisations were vocal in their rejection of oppressive apartheid laws. Many, however, supported those laws, which promoted segregation.

Through the introduction of transforming local government, legislation has ensured that these barriers are being dismantled. This section of this paper will attempt to reflect the nature of this transformation and how the transformation process has raised serious challenges for local governance in terms of balancing true participatory mechanisms while ensuring a sustainable and economically viable city, which meets the needs of all the citizens.

The City of Johannesburg is designated a metropolitan municipality with an executive mayoral system, under the Municipal Structures Act. Johannesburg has a total of 217 councillors, made up of 109 ward councillors and 108 councillors elected in terms of a party list system. The political head of the council is the executive mayor, who presides over a ten person mayoral committee. Each member of the mayoral committee has been allocated an executive portfolio and chairs a portfolio committee, made up of councillors drawn from all political parties. Individual ward councillors are also responsible for setting up and chairing a local ward committee, made up of representatives of civil society.

The diagram below illustrates the city administrative structures:

Figure One: Johannesburg City Administration



A City Manager, along with executive directors for planning, community development, finance, municipal administration and contract management, heads the city's central administration. The heads of the Metropolitan Police Department, Emergency Management Services, and Arts Culture and Heritage services also report directly to the City Manager. The administration has been decentralised into eleven administrative

regions, which are operationally responsible for the delivery of health, housing, sport and recreation, libraries, social development, and other local community-based services.

A number of services, including water and sanitation, electricity and solid waste management are now run by service utilities. Utilities will be established as autonomous companies, in terms of the Companies Act. Roads and storm-water services are provided by the Johannesburg Roads Agency and the provision of parks and cemeteries is provided by City Parks Johannesburg. The council has also set up separate companies for its fresh produce market, the Johannesburg Zoo, the Civic Theatre, and Metrobus.

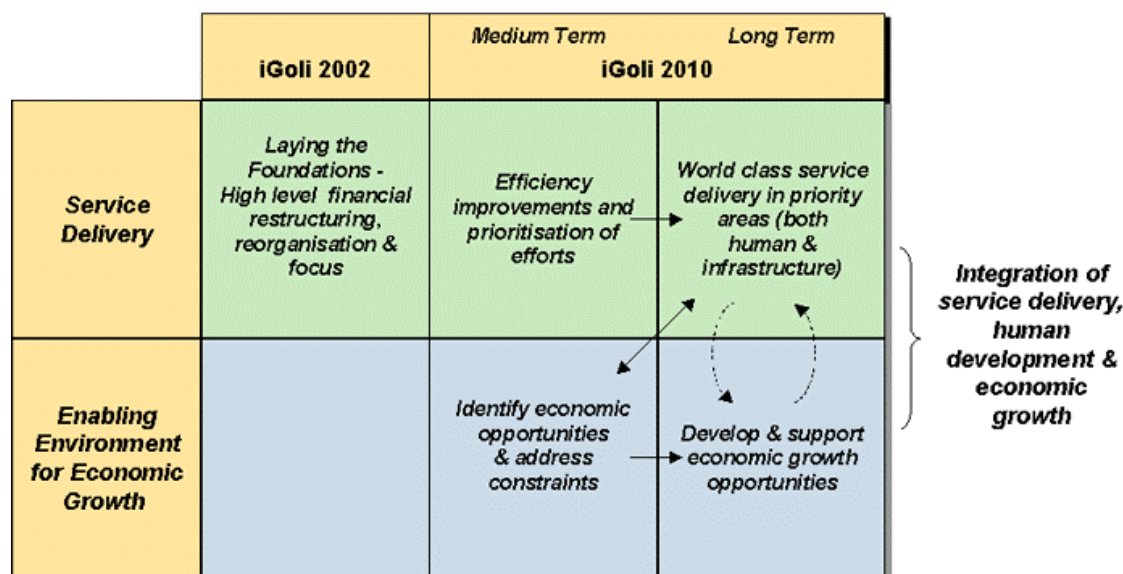
The Greater Johannesburg Metropolitan Council (GJMC) has devised two major strategic plans as the vehicle to drive the transformation of the city of Johannesburg. These are known as iGoli 2002 and iGoli 2010. iGoli 2002 is premised on a mandate of 'developmental local government'. This notion is derived from section 152 of the Constitution, which provides:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment, and;
- To encourage the involvement of communities and community organisations in the matters of local government.

iGoli 2002 was intended as a short to medium-term strategy focusing on the city's financial institutional and service delivery challenges. In order to complement these interventions, the iGoli 2002 plan identified the need to develop a long-term plan for the city. This plan, known as iGoli 2010, provides a framework for transforming Greater Johannesburg into a globally competitive city. While in the short term the priority of the iGoli 2002 process was to restore the city to financial health and create the basic institutional foundations from which to implement the strategy, both processes were carefully designed to complement each other. Accordingly, while iGoli 2002 was intended to ensure that the city has the means to act, iGoli 2010 maps out where the city should be acting and how. The iGoli 2010 framework is described in the figure below:

Figure Two: The iGoli 2002 and 2010 Framework:





Source: [www.johannesburgnews.co.za](http://www.johannesburgnews.co.za)

The key driver of change, as described in the diagram above, has been the council's objective to meet the needs of the people. Infrastructure backlogs such as water and sanitation provision in un-serviced areas have increased over the last few years. The council has been unable to effectively function as a developmental local government. The councils face problems with poor institutional arrangements, lack of management capacity and financial crises. These problems are generic to local governance in most metropolitan councils in South Africa. Many of these obstacles have been as a consequence of trying to overcome the backlogs in service delivery and poor institutional arrangements, which were inherited from the previous apartheid government.

To integrate the views and interests of all stakeholders in the city, the council planned on establishing a partnership to oversee the formulation of the iGoli 2010 plan. It was proposed that the partnership would take the form of a joint venture, which would include the following representatives:

- Government – including local, provincial and national government;
- Community representatives;
- Labour representatives;
- Business representatives.

However, due to vigorous labour protest, the major Trade Unions withdrew their support, involvement and commitment to iGoli 2002 and iGoli 2010.

Development consultants were involved in the initial strategic planning phase of the creation of the different utilities in the GJMC. Although citizens were well informed about the activities and expected outcomes of iGoli 2002, there was a high level of civic concern, for example regarding the metropolitan housing policy and Alexandra renewal plans<sup>23</sup>.

<sup>23</sup> "The Alexandra renewal plans involved re-locating low-income people to low-income housing settlements with limited community amenities" (Bond, 2001).

The main principles underlying both these strategic approaches have been to deal with the ongoing development paradox that the city finds itself in. This refers to achieving a balance between addressing basic needs and services backlogs on the one hand and ensuring economic growth and competitiveness on the other. The council's approach aimed at addressing both elements simultaneously since improvements to one element contributes to the benefit of the other element.

Several civic organizations criticized iGoli 2002 and the longer-term vision of iGoli 2010 for a lack of adequate consultation, lack of democratic worker and community participation, lack of sensitivity to workers and consumers, and a lack of accountability and transparency. Labour protests have taken place since the presentation and implementation of the iGoli 2001 and iGoli 2010 vision and strategy.

The South African Municipal Workers Union (SAMWU) and the Independent Municipal and Allied Trade Unions (IMATU), the two biggest unions in local government in South Africa, with over 30 000 members in Johannesburg, embarked on industrial action during November 2000. Areas of protest for municipal workers included:

- Receiving only two year job guarantees;
- Advice to take cash pension payouts;
- Advice to tender for their own services;
- Workers being given unacceptable retrenchment packages; and
- Lack of consultation and inadequate means of communicating with the public.

Unions have argued against consultancy driven strategies of the GJMC, with minimal participation of elected councillors.

However, according to the GJMC, the new structures of political governance and administrative decentralisation will enhance governance and community participation. The creation of utilities, agencies and corporatised entities are intended to improve delivery, enhance critical local government services and promote social and economic development. The Council promotes the notion that enhanced financial management will ensure that the council will operate in a financially secure and sustainable manner.

### **Johannesburg CASP by UN-HABITAT**

In discussions between UN-HABITAT in Nairobi, the Urban Management Programme Sub-Regional Office for East and Southern Africa, the World Bank South Africa Office and city authorities from the Greater Johannesburg Metropolitan Council, it was determined that there existed a large degree of strategic fit between the objectives and output requirements of the CASP programme and the city strategy of iGoli 2002.

The inclusion of the City Assistance Strategy Programme into the GJMC came at a time when the strategic planning of iGoli 2002 and iGoli 2010 had already been put into place. The link between the GJMC and CASP funding was linked to existing priorities identified by the GJMC. Consultation at this stage of setting up the CASP process was mainly with Consultants and centred around how to establish the different utilities in the GJMC.<sup>24</sup>

The collaboration of the City Assistance Strategy Programme and the Greater Johannesburg Metropolitan Council was intended to provide for the following:

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<sup>24</sup> Interview with Graeme Gotz (October, 2001) – Past CDS co-ordinator, University of the Witwatersrand.

- The establishment of new institutional arrangements, including utilities, agencies and corporatised units to better manage Council's core service responsibilities;
- A refinancing programme to decisively address the severe financial crisis;
- A series of special projects and programmes which would enable the GJMC to take a longer term and more developmental perspective on key metropolitan challenges, inter alia slum upgrading, housing, local economic growth and investment.

Given the fit between CASP programme objectives and the objective of the GJMC iGoli 2002 and iGoli 2010 strategic plans, it was determined that the most effective use of the World Bank Development Grant Facility (DGF) funds would be made by directing it towards three key programmes. These programmes were initially targeted as follows:

- Water and Sanitation Utility Programme;
- Metropolitan Housing Delivery Strategy and Programme; and
- The Greater Alexandra N3 Development Project.

## C. Description of the CDS Process

As already discussed, the metropolitan city of Johannesburg has begun a process of radical reform of its fiscal, financial and institutional structures. The GJMC sought international support to build the local capacity to further the objectives of iGoli 2002 and iGoli 2010. The objective of the GJMC and donors (which was noted in a memorandum of understanding) was to promote local economic development and employment generation and to tackle poverty by increasing the productivity of the metropolitan council. The key means to this end would be to promote development of the Council's capacity to:

- Effectively analyse, on a continuing basis, the spatial dimensions of poverty and growth within the Council's jurisdiction;
- Facilitate delivery systems, both within the Council and externally, that address prospects for growth and poverty alleviation; and
- Stabilise the Council's fiscal resources, and increasingly direct these and external resources to efficiently promote growth and poverty alleviation.

In October 1999, the University of the Witwatersrand Graduate School of Public and Development Management in Johannesburg, acting as the anchor institution, facilitated a process of prioritisation on how potential funding from the Habitat City Assistance Strategy Programme could be incorporated within the GJMC. It is important to reiterate that the GJMC had already initiated a City Development Strategy as part of a transformation process.

Through consultations with the anchor institution and the GJMC, it was decided that funding would be used in order to assess utility viability. Thus funding was not incorporated in the programme planning to facilitate increased civil society participation in the GJMC. Rather, an attempt was made to establish synergy between a city development strategy that had already begun and the donor funds.

While initially three projects were identified for DGF contributions, a decision by all stakeholders was made that the funding for the Greater Alexandra N3 Development Project would not be significantly utilised, and it was thus re-allocated to the other two

projects. The move to withdraw the funding from the third project came from the project manager, a council official. This was then ratified by the other stakeholders, which included senior management in the GJMC and the anchor institution, the University of the Witwatersrand, Graduate School of Public and Development Management

In both cases, the decision to fund these two projects was made by matching donors to projects in terms of the donors' objectives and amount of funding allocated to the GJMC, and that of the project requirements. The decisions were made by senior managers in the GJMC, the donor and the anchor institution.

The programmes to be supported, and the sub-components to be targeted for funding were as follows:

## **2.1 Water and Sanitation Utility Programme**

Though Johannesburg is South Africa's largest and most developed metropolitan area, up to 25% of its residents do not have access to on-site water, and over 30% do not have access to water-borne sanitation. The GJMC proposed that a utility would make it easier for the Council to access financial markets for dedicated loans to support system expansion. Run as a business entity, it was suggested it would facilitate the introduction of business management practices, foster the entrenchment of customer care principles, and encourage cost savings. It would also allow for the easier cross subsidisation of less economically viable parts of the service network through more creative tariff structures, which progressively charge higher volume users.

Arriving at a strategic business plan, a new tariff structure, a financing plan and measures to address unaccounted for water required detailed modelling of the technical and financial conditions under which the Water Utility would begin to operate. Thus it was decided that the GDF funds would be devoted to support this exercise.

As Ketso Gordhan, former CEO of GJMC stated, alleviation of the backlog was the major focus of the iGoli 2002 and iGoli 2010 plans. Johannesburg currently faces a backlog of 20 percent in terms of providing access to water, as well as huge wastage from un-maintained infrastructure and lost revenue because of water that had not been accounted for. The GJMC response to poverty is to have an institution that is capable of delivery. Cutting unaccounted-for losses by about 20 percent a year (achieving savings of US\$3.5-4.8 million), improving revenue production (earning another \$3.5 million or so) and raising capital necessary to address the backlogs.

The emphasis of this project was concentrated on the structuring of a detailed technical and financial modelling exercise. The modelling involved contracting specialist consultants in the field to work with the GJMC. According to the GJMC, the financial and technical modelling project was seen as critical in establishing the feasibility of the water utility. The outcome of this exercise was seen as a 'value for money' product. The consultancy team, which was established, incorporating both local and international experts in the field of water financing, was viewed as worthwhile and successful.

This project was described by the GJMC as an exercise that did not necessitate stakeholder involvement due to its technical nature. However, it was suggested that in establishing this water utility, low-income communities would benefit. It was further

emphasised that the water and sanitation utility is now in a position to begin piloting a sanitation project in informal settlements.

The illustration below depicts the current situation of sanitation facilities in an informal settlement in the city of Johannesburg:



## 2.2 Housing Strategy

The second project funded through DGF commitments was the development of a housing strategy. The process, described below, was designed with an increased opportunity for stakeholder involvement compared with the water and sanitation utility project.

Informal settlements within the Johannesburg Metropolitan area are increasing. These settlements include sites and services, and un-serviced settlements. They are characterised by temporary structures (i.e. shacks) and rudimentary services and are densely populated. There are approximately 85 informal settlements in the metropolitan area, 74% of which are located in the southern region of Johannesburg. The estimated number of units in these settlements is 168 950 with a population of 376 374.

There is a constant influx of people requiring shelter in the city, including both legal South African citizens from within South Africa and illegal residents from other parts of Africa and elsewhere. Most of these people have limited resources and skills and want to establish themselves in the metropolitan areas.

A consultant team was appointed to work with the Greater Johannesburg Metropolitan Council to develop a 10-year Metropolitan Housing Delivery Strategy and Programme. The process undertaken comprised four phases. These included:

- Phase 1: Briefing key stakeholders on the processes to be undertaken and securing their participation.
- Phase 2: Research and Analysis. This phase was comprised of three sub components:
  1. Analysing and reviewing all relevant programmes, initiatives and legislation to determine the opportunities and constraints that they offer in terms of the Housing Strategy.
  2. Obtaining a thorough understanding of the existing housing circumstances, projects and programmes of all the local councils.

3. Analysing and reviewing the experiences and initiatives being undertaken by other Metropolitan Councils.
- Phase 3: Formulation of the Housing Strategy: This phase entailed the development of a broad housing strategy based on the analysis undertaken in Phase 2. This was then tested out with key stakeholders within the council and revised.
  - Phase 4: Development of the detailed Housing Strategy: In this phase the actual development of the detailed housing strategy took place. This strategy was then tested with a range of stakeholders both within and outside of the Council

### **2.2.1 Housing Strategy Methodology**

A document was developed outlining hypotheses and identifying areas that needed to be assessed. The hypotheses identified a number of proposed key housing challenges faced by the GJMC. A list of questions to focus the data collection process was outlined in terms of each challenge.

The hypothesis was tested with the Core Team and other relevant officials within the GJMC. Meetings were then held with each of the Executive Officers and other relevant officials within the GJMC to obtain the necessary information. Written documentation was collected from within the GJMC, national and provincial government and generally.

The information was then synthesised and analysed, and conclusions were developed. A workshop was held on 25 January 2000 with key officials where the analysis and conclusions were tested. A number of methods were used to access feedback from stakeholders. Key informants were either interviewed, or discussions were held in focus groups. Presentations were also made to various groups to test out information and feedback sessions were held.

Five strategic programmes were identified through the development of the housing strategy. These included the institutional arrangements proposed to enable the implementation strategy as well as the financial implications. These programmes included:

- Settlement development;
- Integrated housing development;
- Upgraded rental stock;
- Transfer of housing assets;
- Leadership.

## **D. Outcomes and Results of the CDS Process**

The opinion of the GJMC is that the technical report funded by CASP allowed for the effective establishment of the water utility. Though the establishment of the water facility is an important step towards the improvement of affordable water and sanitation provision to the poor in the city, the overall impact has been largely contested by both a section of civil society organisations as well as the trade union movement. Both sectors have voiced strong opposition to both the establishment of the water utility

as well as the awarding of the contractual management of water provision in Johannesburg to a multinational company, Suez. The intended outcome of establishing a water utility was met as described in objectives set out by CASP.

Concern has centred on issues such as:

- privatisation of public services leading to increase in tariffs;
- withdrawal of services to those who cannot afford them;
- increased inequalities, deficiencies in maintenance and repairs; and
- an increased focus on middle and higher income consumers, at the expense of the poor.

The key success in the development the Housing Strategy document is that it has been termed a living document because the momentum for further planning has been maintained. This document provided a framework for initiating the process of developing a common understanding of housing development in the city of Johannesburg. A core element recently introduced to this process was the inclusion of sustainable development in the Housing Strategy. Further work has been carried out in this respect, including implementation guidelines linked to the housing strategy, where sustainable development challenges have been included. The Sustainable Housing Policy Document for Johannesburg: Implementation Guidelines – August, 8 2001, proposes how the objectives of this strategy can be effectively put into practice with the ultimate goal of improving the lives of poor people.

## E. Tools and Methods Used in the CDS Process

An analysis of the different tools and methods used in the CDS process reflect that due to the consultancy driven nature of both projects these are limited. They include:

- Stakeholder meetings:  
Such meetings included all the stakeholders, which were the GJMC, The University of the Witwatersrand, Graduate School of Public and Development Management. The regional advisor from the Urban Management Programme did participate in these meetings at the initial stages of the programme design. The opinion of GJMC representatives was that the input of the regional advisor was beneficial in programme planning.
- Designated Contact People:  
The GJMC has dedicated one staff member to carry out the management and administrative functions relating to donor funding. While the person initially responsible for this task has changed, this role continues to receive priority.
- Stakeholder Consultation:  
Stakeholder consultation was utilised in the Housing Strategy project. Relevant housing personnel in the GJMC were targeted to ensure that their opinions were heard and that they had access to the relevant information.
- Focus Groups:  
Focus groups were held to facilitate the development of the Housing Strategy. These groups were used mainly as feedback sessions and to test opinions. Members included key informants for the GJMC housing sector.

A distinction should be made concerning the tools and methods used in the CASP process and the GJMC City Development Strategy. Various publications<sup>25</sup> have been written or are in the process of being developed regarding the nature of the tools and methodologies utilised by the GJMC to include civil society in local governance. These will provide useful insights into the methodologies incorporated into a broad city development strategy such as the one undertaken in Johannesburg.

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<sup>25</sup> Robinson, J.D. (2001) Comments on Draft Document, "Towards a Strategy for Building Johannesburg into a World-Class City" Monitor Consultants, Johannesburg (2001) Faculty of Social Sciences, The Open University  
Murphy, J (2001) Greater Johannesburg Metropolitan Council: African Cities in Change.



## F. Reflections of the CDS Process:

The collective opinion of the Greater Johannesburg Metropolitan Council is that the DGF funds allocated to the CDS process in the city of Johannesburg promoted the objective of the transformation strategies of the city as described in the iGoli 2002 and iGoli 2010 plans. It was agreed that both projects were successfully undertaken, with adequate monitoring and accountability mechanisms. The GJMC experienced the contact with the donor organisation as positive and significant to the outcomes of strategic planning in the GJMC.

However, in terms of levels of consistency and effective record keeping it is the evaluator's opinion that a limitation of the Johannesburg CASP process was that consistency of record keeping by both the GJMC and the University of the Witwatersrand Graduate School of Public and Development Management did not allow for information to be utilised effectively in an evaluation. A limited amount of information regarding the Johannesburg CASP was available and limited monitoring occurred. Staff turnover both in the GJMC and P&DM also exacerbated the weakness in passing on relevant information.

It is therefore suggested that this is an area that should be re-prioritised during the design of future CASP processes. Mechanisms should be put in place that allows for both monitoring and evaluation exercises to take place during the life of the programme. This will promote accountability of such programmes to the donor.

The projects of developing both the technical and financial modelling exercise for the water and sanitation utility and creation of the housing strategy were carried out by contracted consultancies. Thus there was limited opportunity for the involvement of stakeholders. Aspects such as including the opinions of civil society stakeholders were not seen as appropriate or beneficial to promoting these processes. However, the housing strategy did allow for a limited degree of participation of stakeholders. The range of stakeholders included people from provincial government and different metropolitan areas. The stakeholders came from areas in Greater Johannesburg, which were reflective of the social conditions in the city. The business sector and civil society organisations did not participate in these processes. Opinion from the GJMC was that while participation is a key element of governance, in the case of these particular projects it was not beneficial to the objectives of the tasks.

A characteristic of the CASP funded projects and particularly the water utility modelling exercise, has not been criticism of the consultancy projects. Rather, the ways in which these findings have been utilised has been criticised. The objections of the privatisation of public services has been seen as negatively impacting poor people by alienating the poor from receiving public services.

The controversial nature of the transformation process in the Greater Johannesburg Metropolitan Council continues. The challenge of combining the development needs of the city with that of integrating financially viable mechanisms, which benefit all citizens remains a challenge. These challenges are focused around increased stakeholder participation, council flexibility in working with trade unions, and increased and higher quality of services being targeted at the poor. While the Greater Johannesburg Council promotes developmental governance as a means of meeting the needs of the poor, this has been widely criticised as not effective. The voices of civil society, including the trade

union movement have been heard through objections to the overall strategic planning of the GJMC.

The nature of civil society organisations that participated in the protest action around the GJMC transformation process included mainly trade unions, community groups and human rights organisations. This included public service strike action by municipal workers, mass-based political groups and community groups taking to the street in communities or marching to municipal offices to voice their concerns, and a high level of print media exposure to the plight of those perceived to be affected negatively by iGoli 2002 and iGoli 2010.

In assessing whether the CASP objectives were met it should be noted that the Johannesburg City Strategies Programme was seen as promoting the objectives of the iGoli 2002 and iGoli 2010 objectives. The limitation of the Johannesburg CASP was that the methodology did not allow for participatory representation, which should have reflected all sectors of society. This was due to the technical nature of both projects within the CASP.

Interviews with various stakeholders (the anchor institution and GJMC) who were responsible for designing this process point out that the funding was best utilised and that it was not appropriate at that time to devise a programme specifically targeted at increased civil participation. It was also suggested that the amount of funding did not allow for increased participation. It is important to highlight the distinction between the two processes occurring simultaneously. The GJMC had already embarked on a CDS and the CASP process was seen as one that added value to this process.

The complexity of the Johannesburg transformation process has had definite consequences for the CASP process. The nature of civil participation already discussed had a direct impact on negatively affecting the intended outcomes of the CASP in the area of civil participation.

While representatives of the GJMC are of the opinion that funding did add value to strategic planning in Johannesburg, civil society role players caution that further scrutiny should have been given to decision-making regarding participation in a city development strategy. It was suggested that wider consultation should have been carried out before the decision for the CASP to integrate with the GJMC and its transformation process. The Johannesburg CASP cannot be described as a city development strategy without the links already made to the GJMC city development strategy.

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# **Santo Andre / ABC Region Metropolitan Region of São Paulo, Brazil**

## **City Development Strategy Report**

November 2001



Prepared By:

UMP Regional Office for Latin America and the Caribbean  
UN-HABITAT Regional Office for Latin America and the Caribbean  
Municipality of Santo Andre

# City Development Strategy Study Santo Andre / ABC Region

## A. Basic City Information

Santo Andre, Sao Paulo, Brazil	
City Population:	624,820 inhabitants (2000 figure)
Country Population:	169,590,693 inhabitants (2000)
Population Density:	3,570.4 inhabitants/ km <sup>2</sup> (2000)
City Growth Rate:	0.28% (1998)
City/s Main Function:	Industrial, commercial
City Economic and Poverty Profile	
Unemployment Rate:	12.5% (1998)
% of Households Below the Poverty Line	6.5% (1998)
% of Households with Access to Basic Services	Water - 98% Sewage – 95% Electricity – 99.9% Telephone – 78.9%
% Working in Informal Sector	25.4%
% Households in Squatter Settlements	19.0%
% Adult Literacy (Male and Female)	90.74%
% Population with Higher Education	2.0%
% Child Mortality Rate	2.02%
Administrative Structure	The mayor and city council members are elected by the people.
CDS Activity	
CDS Start Date:	April 2000
CDS Completion Date:	Not Completed
Focus of the CDS:	The Santo Andre CDS focused on regional economic development.

NATIONAL, METROPOLITAN AND LOCAL DATA							
	Santo André	São Bernardo do Campo	São Caetano do Sul	Diadema	Mauá	Ribeirão Pires	Rio Grande da Serra
Area	174.38 km <sup>2</sup>	406.2 km <sup>2</sup>	15.3 km <sup>2</sup>	30.7 km <sup>2</sup>	62.4 km <sup>2</sup>	99.2 km <sup>2</sup>	36.7 km <sup>2</sup>
Population	648,443	701,289	140,144	356,389	363,110	104,336	36,352
Budget (US\$ millions)	300	368	71	100	71	22	5
GDP (US\$ billions)	6.3	7.3	2.3	2.4	2.2	0.5	0.2

## SPECIFIC DATA ON THE CITY OF SANTO ANDRÉ:

### **Key stakeholders involved:**

Executive Agency: The Greater ABC Economic Development Agency  
Rua Laura, 543 – Vila Bastos, 0940-240, Santo André, SP e-mail:  
[grandeabc@osite.com.br](mailto:grandeabc@osite.com.br)

Executive agency team:

Executive director: Engineer Celso Augusto Daniel

Executive Secretary: José Carlos Paim Vieira

Research Coordination: João Bastista Pamplona

Executive Board of Directors Advisors: Nadia Somekh/Jeroen Klink

Santo André Municipal Administration Advisor: Paulo Luiz Miadara

Administrative assistant: Delfina Godoy

For contact details, please see Annex 1

## B. Narrative of the city situation – national context

The socio-economic evolution of the ABC region, reflects the Brazilian development model. The region is composed of seven municipalities and 2.3 million inhabitants located in the Southeastern part of the metropolitan region of São Paulo. During the Brazilian import substitution phase, from approximately 1930 until 1985, a majority of the industrial investments were concentrated in the metropolitan region of São Paulo. From the 1950s onwards, the bulk of the multinational firms in the car-manufacturing sector were concentrated in the ABC region. In addition, and as part of a National Development Strategy, the region received important new investments in the petrochemical sector. Thus, until the 1970s, the ABC region was considered an economic powerhouse, and was characterized by a complex and relatively diversified industrial structure and a concentration of firms operating in car manufacturing, petrochemicals, machines and equipment, plastics, and metallurgy, among others.

By the 1970s, however, it became increasingly clear that the ABC region was suffering from pollution, congestion and a lack of land. A number of industrial establishments, also attracted by an aggressive policy of federal fiscal incentives aimed at a de-concentrating of industrial locations, relocated to the interior of the state of São Paulo. Relocation of these establishments was also facilitated by the investments in physical and technological infrastructure that were being implemented by the federal government.

In the beginning of the 1990s, the region was affected by a series of macroeconomic impacts. First, the import substitution regime ended abruptly as a result of measures aimed at opening up the Brazilian economy. This tendency was accelerated from 1994 onwards by the Cardoso regime, which combined trade liberalization with an inflation stabilization plan based on a mechanism for pegging the exchange rate. It became increasingly clear that the federal government was no longer willing to continue its intense involvement with industrial and technological policies, which characterized its interventions during the stage of import substitution.<sup>26</sup>

Inflation levels did stabilize after June 1994, however there were considerable costs associated with the implementation of the Plano Real. The exchange rate became heavily overvalued and resulted in successive trade balance deficits, which in Brazil had traditionally shown surpluses. At the same time, interest rates had to be kept at relatively high levels in order to attract the required external capital to finance the deficits on the trade balance. Consequently, private investments were reduced in a period where investments in technological and managerial modernization were badly needed. Finally, the situation on the trade balance lead to severe constraints regarding the maximum allowable growth figures of the Brazilian economy (in order not to lose control of import levels that tend to move proportionally to GDP).

This macroeconomic scenario dramatically affected the ABC region in the 1990s, with its heavy concentration of large industrial firms. Car manufacturing, for example, is extremely vulnerable to these macroeconomic fluctuations, leading to a drop in overall production levels. In addition, the suppliers in this production chain have suffered from severe downsizing and de-nationalization from trade liberalization (which exposed the

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<sup>26</sup> Both pragmatic –a lack of resources - and more theoretical considerations –leaving the adjustment process to the market – were used to justify this reduced interventionism at the federal level.

structural vulnerability of the sector) and the overvalued exchange rate regime (which reduced its international competitiveness). Due to the relatively high real interest rates, national firms also had difficulty borrowing on the capital market in order to finance badly needed investments in technological and managerial upgrading.

The opening up of the trade regime and the exposure to a more competitive international scenario also facilitated the microeconomic adjustments process in a number of multinational firms in the region. Car manufacturing firms, for example, started to implement a series of new procedures, such as flexible production, quality control and a more selective strategy in relation to its first tier suppliers in the production chain. The net effects of these changes were higher productivity levels, or the same production levels achieved with lower levels of employment.

The tables below summarize basic information on how production and employment in Brazil, the state of São Paulo and the metropolitan region of São Paulo (including the ABC region and the city of Santo André) were affected by these trends.

Table One: State of Sao Paolo and Selected Municipalities:

Municípios	1970	1975	1980	1985	1990	1996
Diadema	100.0	293.3	556.7	682.7	461.6	595.3
Mauá	100.0	147.5	278.5	283.6	209.8	277.9
Ribeirão Pires	100.0	193.8	325.3	290.5	300.4	441.6
Rio Grande da Serra	100.0	204.9	330.0	513.4	840.8	1169.5
Santo André	100.0	167.6	172.7	161.8	168.4	190.1
São Bernardo do Campo	100.0	177.2	258.7	194.3	149.2	176.9
São Caetano do Sul	100.0	102.9	134.0	96.9	96.8	98.5
Total Greater ABC region	100.0	161.1	220.0	190.1	162.6	191.6
São Paulo	100.0	156.9	197.3	184.4	189.6	232.4

*Source: Foundation IPEA*

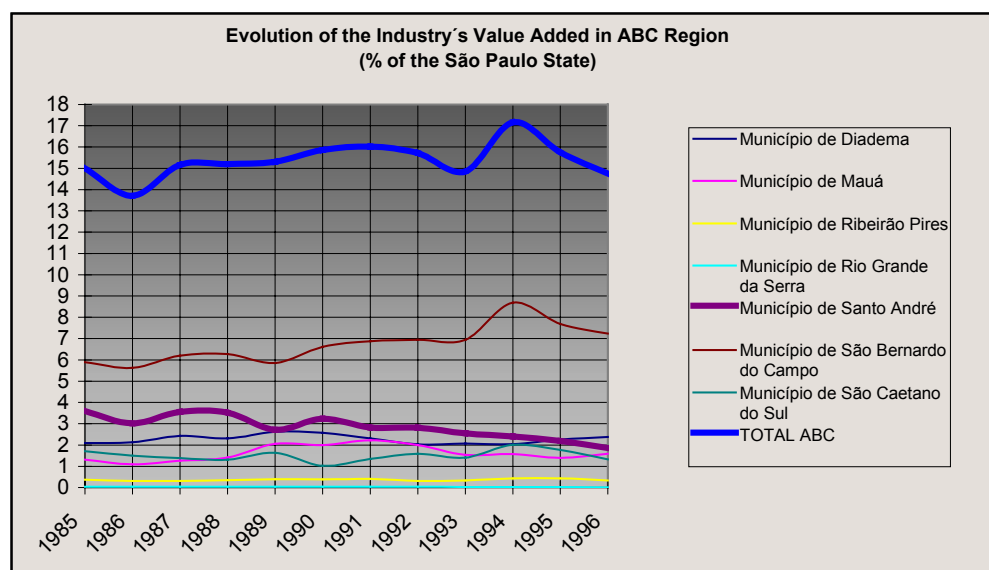
Table 1 shows that while production levels in São Paulo grew from 100 (in 1970) to 305 (in 1996), the ABC region lagged behind with 191.6. The city of São Paulo does slightly better with an index number of 232.4. The city of Santo André has been dramatically effected by the impact of economic restructuring, as can be seen by the relatively modest growth figures of 90.1.

The same pattern of a relative intense impact of economic restructuring on the metropolitan regions can be seen in the Tables 1 – 6 in Annex 2. For example, while formal industrial employment in Brazil was reduced by 23% during 1986 – 1999, the reduction was much higher in relatively industrial city regions like São Paulo and the ABC region. Over the same period, industrial employment was reduced by almost 50% in the metropolitan region of São Paulo. For the city of Santo André, the reduction reached a dramatic 64% over the period 1986–1999. From these figures it is also clear that, although tertiary employment increased, it did not compensate for the losses of employment in the basic (industrial) sectors.

The impact of economic restructuring on the city-region should not be misinterpreted as a process of de-industrialization, as is sometimes claimed by the local media. The losses of industrial employment are not accompanied by proportional losses in value added, as is shown by Figure 1.



FIGURE 1



However, considering the historical legacy of limited participation of small and medium sized enterprises, the city-region faced several challenges within a rapidly changing macro and microeconomic context at the beginning of the 1990s.

Several studies have pointed out that the regional economy faces structural – or systemic – weaknesses in terms of its industrial system. This is reflected in the limited benefits small and medium enterprises (SME) are able to reap from the process of technological and managerial modernization that is taking place in larger firms.

As has been documented in a number of studies on Brazilian metropolitan city-regions, the labour markets show increasing informalisation. In a study on the informal market in the ABC region, the Regional Development Agency confirmed that in 1998–1999, the informal sector represented approximately 32% of total employment, or some 295,000, the majority located in the tertiary sector (89%).<sup>27</sup> The same study indicates that over the period 1988/89 – 1998/99, informal sector employment increased by 106,000, largely due to the increase in informal services. The scarce empirical evidence that is available on the characteristics of this informal market in the region does not give reason for much optimism: the majority of informal employment is composed of relatively older men, heads of households, with an inferior school attendance, lower income levels and longer working weeks.

There are also indications that the initial gains in terms of poverty reduction associated with the inflation stabilization plan have largely been eroded over time. This is partly due to the negative impact of the Plano Real on intergovernmental transfers for housing and urban development finance to the local levels.

Among the regional leadership, this increased awareness of the challenges associated with the economic transformation process led to the creation of a series of new institutions in the 1990s, all of them characterized by a bottom-up approach and coordinated by coalitions among private and public actors. In relation to the public sector, the Intermunicipal Consortium of the Greater ABC Region was created in 1990.

<sup>27</sup> O setor informal na Região do Grande ABC Paulista. (“The Informal Sector in the ABC Region”). Study implemented within the CDS. December 2000.

Its main focus was on the coordination of municipal policies where these policies were having regional impacts.

The process of regional coordination of municipal policies went through a severe crisis in 1993 – 1996 because of the weakening position of the Consortium. In the meantime, however, the local community itself was taking complementary relevant initiatives. This reflected the awakening of a regional identity and awareness about the common problems of the municipalities of the region. One of the most important initiatives was the creation of the Forum on Issues of Citizenship, composed of a more than 100 Non-Governmental Organizations from civil society, such as associations of enterprises, labour unions, ecological movements, and environmental groups. The agenda of the Forum put a large emphasis on regional issues.

With the election of 7 new mayors in January 1997, all clearly dedicated to the regional case, a decisive step towards a new type of regionalism was made. In March, in the presence of the most important regional leadership and the State government, a Chamber of the Greater ABC Region was created with participation from civil society, the public sector and the local economy (businesses and labour unions).

One of the most important results of the regional planning process articulated through this Chamber was the creation of the Regional Development Agency in October 1998. The RDA's board of directors is composed of the private sector (associations of enterprises, labour unions and SEBRAE, with 51% participation) and the Intermunicipal consortium (with 49% participation). The main mission of the Regional Development Agency is to articulate and stimulate a participatory strategy aimed at economic recovery in the region.

It should be stressed that this scenario represents a complex and overlapping tissue of formal and informal mechanisms of coordination of the economic activity in the city region. For example, the Regional Development Agency co-exists with the municipal secretaries for local economic development in the seven cities. The role of the Regional Development Agency is to complement these municipal policies and the needs of the private sector through a consistent policy towards marketing, support to SME (small and medium sized enterprises) and systematisation of socio-economic information on the city-region. This has proven to be a flexible, decentralized and pragmatic mechanism of regional planning, characterized by horizontal and vertical coordination between several stakeholders.

#### THE CDS IN THE CITY AND NATIONAL CONTEXT:

The CDS in Santo Andre and the ABC Region was aimed at strengthening this participatory multi-stakeholder planning process, particularly with regard to its socio-economic dimensions. The major objective of the CDS was the participatory elaboration of an economic action plan, containing guidelines for priority programs and projects capable of contributing to the revitalization of the regional economy. More specifically, this implied the:

- implementation of an inventory of the existing research on the economy of the ABC Region;
- implementation of specific sectoral studies on the informal labour market and the service sector;

- elaboration of a Rapid Participatory Diagnosis on the main strengths and weaknesses of the regional economy;
- preparation and Discussion of a Regional Economic Action Plan with priority investments;
- devolution and discussion of the Plan with the individual cities;
- elaboration and implementation of a monitoring and evaluation methodology, which can be replicated to other CDS work.

## C. Description of the CDS process

From the initial stages it was clear that the CDS, in the case of the ABC region, would be focused on strengthening the process of participatory regional economic development planning. There were basically two main reasons for this.

- The role of the regional institutions that had been created in the 1990s, i.e. the Intermunicipal Consortium, the Chamber/Câmara and the Forum, represented already reasonably consolidated bodies. For example, the Consortium was to guarantee the political coordination among the 7 local governments, mainly aimed at service provision, and later on at the participation of the cities in the Câmara Region. The Forum for Issues on Citizenship channelled the pressures and concerns from leading NGOs regarding issues as environmental management, local economic restructuring and violence. Finally, the Câmara/Chamber represented the political forum aimed at the negotiation of agreements focused on social, economic and territorial revitalization. Within this broad division of responsibilities, it was evident that the regional institution that had been created more recently, the Regional Development Agency, needed additional strengthening.
- However, the economic mission of the Agency was supported by broad sectors from the regional society, more particularly business associations, unions and local governments. All these sectors supported the idea of accelerating the preparation and implementation of an action plan that could trigger an alternative development trajectory for the ABC Region, particularly one based on a greater role for small and medium sized enterprises.

The design of the CDS involved an intense process of negotiation among the regional stakeholders (coordinated and mediated through the general board of Directors of the Regional Development Agency) and the regional offices of the Urban Management Program and UN-HABITAT.<sup>28</sup> This phase, which covered the period January – March 2000, was essential as it focused on extracting maximum value added in relation to participatory regional planning processes that had already been set in motion by regional stakeholders in the 1990s. The preparatory phase of the CDS broadly defined three stages of the CDS.

The *first stage* focused on preparing an inventory of all existing work on the regional economy. For example, the regional strategic planning process of 1998 had been supported by a series of consultancy studies with recommendations on how public policies could strengthen the industrial system in the region. At the same time, the Regional Development Agency had begun to analyse economic data on the structural characteristics of the region, for example on location strategies of firms. These studies

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<sup>28</sup>As mentioned, the Board is composed by the local governments, enterprises, SEBRAE (a para-statal training organization), the labour unions, and representatives from the civil society.

were based on a database (PAEP – Pesquisa das Atividades Econômicas Paulistas) that had been elaborated by a state research foundation SEADE.<sup>29</sup> However, it was perceived that important data on the regional economy were missing. More particularly, two new studies, on the service and the informal sector, were to be implemented.

In the *second stage*, a consultant analysed all the material and conducted a participatory diagnosis on the main strengths and weaknesses of the regional economy. This diagnosis, in the third phase, led to recommendations for priority programmes and projects.

The preparatory phase also defined actors and their roles. The Regional Development Agency would perform the main implementing role of the CDS. This involved both the subcontracting of the service and informal sector studies to a local university (IMES and the state foundation SEADE) and consultancies (in order to implement the diagnosis). In addition, the Agency coordinated the logistic organization of workshops and consultations. The CDS also provided a specific but limited budget for monitoring and documentation of the experience, which was undertaken by a local NGO, the Instituto de Governo e Cidadania do ABC. The regional offices of UMP and UN-HABITAT were responsible for the general coordination of the CDS.

The CDS proved to be an extremely rich and dynamic learning process among the stakeholders, especially if compared with more traditional top-down urban development projects with national and international donor involvement. The following section we will briefly describe some elements of the trial and error and learning processes that occurred in each phase of the CDS.

The first phase was primarily focused on the elaboration and implementation of two innovative studies. The study on the service sector proved to be especially labour intensive. It involved staff from local governments (particularly from Santo André, through its secretaries for international relations and fund raising and local economic development), the local university IMES, and the research staff from the Regional Development Agency. In addition, in order to select the sample of service establishments that would be interviewed by IMES, it was necessary to establish a partnership with the state research foundation SEADE, which had the most recent and updated Cadastre on service sector establishments.

As the budget for the services sector study was limited (US\$ 67,250), it was necessary to make additional analytical choices regarding the focus. After intense discussions among the staff of the local governments, the Regional Development Agency and IMES, it was decided to focus on producer services (transport, logistics etc.). Considering the tendency of increased interaction between the sector of producer services and the industry at large, this proved a logical choice.<sup>30</sup> In addition, several members from the Board of Directors from the Regional Development Agency perceived that the producer services would represent a privileged target sector for public policies aimed at endogenous local development.

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<sup>29</sup> The Intermunicipal consortium had paid for a special and more detailed sample for the economy of the ABC region. The Regional Development Agency started to analyse this database from 1999 onwards.

<sup>30</sup> For example, larger interaction between larger and smaller and larger enterprises will occur through subcontracting of *just in time* processes and logistical services. In addition, there is a tendency of larger integrated establishments to decentralize part of their activities to smaller establishments within the production chains

The same actors (staff from Regional Development Agency, the IMES, state research foundation SEADE and local governments) were involved in preparing the questionnaires. The final list incorporated items such as general characteristics of the establishments, factors influencing location strategies, strengths and weaknesses and recommendations for public policies. The SEADE state research foundation stated that it would use the questionnaire as a model for its future research on the economic profile of the economy of the state of São Paulo.

Finally, training of the team that went into the field to interview the service sectors establishments, data collection and analysis, coding, typing and processing were all carried out by IMES, which was also responsible for providing the lists and the electronic database with the results.

The analysis of the data was the responsibility of the technical team of the Economic Development Agency of the Greater ABC Region. In addition, some local governments, like Santo André, helped to analyse some of the results. It should also be noted that the local government of Santo André, through its Secretary for Local Economic Development, subcontracted a more detailed sample for its service sector with its own financial resources.

The discussion and presentation of the results of the survey were coordinated and implemented by the Economic Development Agency of the Greater ABC, with participation from IMES, and done through workshops with the participation of local stakeholders. The regional press showed a remarkable interest in critical issues of the regional economic development process. This is described in more detail in the final monitoring report of the Instituto de Governo e Cidadania do Grande ABC.

Finally, a smaller study on the informal labour market was elaborated and presented by the Regional development Agency in December 1990. It was based on special disaggregated data that were made available by the SEDAE foundation as a result of its partnership with the Agency. The research showed quantitative evidence on the size, composition and evolution of the informal labour market in the region over the 1990s.

The second stage was focused on a participatory integrated analysis of the strengths and weaknesses of the regional economic structure, taking into account all the previous quantitative and qualitative work that had been undertaken (including the main results of the service and informal sector studies). This stage was heavily based on the methodology of a group of university professors/consultants (Giuseppe Cocco and Gerardo Cocco) from the Federal University of Rio de Janeiro with an extensive track record in local economic development issues. Their working methodology combined quantitative and qualitative dimensions and, throughout the CDS, proved remarkably consistent and compatible with the well-known City Consultations procedures of the Urban Management Programme.

Their participatory diagnosis began with extensive research on the region, including the service and informal sector studies. Their inventory incorporated coverage of economic issues by the local media, an important but often neglected player in the local economic development scenario.<sup>31</sup> In addition, they implemented an intensive series of interviews with stakeholders from local and state government, labour unions, enterprises and NGOs. These interviews were quite productive in terms of pre-evaluating the viability

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<sup>31</sup> A good example is the local magazine “Livro Mercado” and the regional newspaper “Diário do Grande ABC”, which can be considered important opinion leaders on local economic development issues.

of some elements of the action plan. For example, several important stakeholders were unaware of the CDS and the incipient elaboration of an action plan. Surprisingly enough, the actors who had least accompanied the regional discussion process were the ones who contributed the most to the elaboration of a regional critical vision regarding the next steps into the regional economic development process. In addition, the interviews allowed for a greater publicity of the CDS and the action plan.

The methodology, diagnosis and strategic recommendations were discussed in a series of workshops with participation from the main stakeholders of the regional society. The resulting vision had several elements:

- 1) The Regional Development Agency should work as a communication and enabling multi-stakeholder body, performing a coordinating role towards regional economic development in the ABC city-region, based on local solutions;
- 2) The main production chains need to be strengthened, particularly through a more dynamic role for the SME involving a continuous process of technological and managerial modernization;
- 3) The negative externalities of the region should be transformed into assets/local public goods that symbolize a more mature phase of the New Regionalism (cost of water to focus on clean water, traffic congestion to focus on associative mechanisms between enterprises aimed at joint transportation services for employees etc.);
- 4) The main stakeholders (universities, research centres, labour unions, local governments, enterprises, etc.) should be able to articulate an ongoing and financially viable network of real services for SME in the region (training for managerial and technological modernization, information services, regional marketing etc.);
- 5) The quality of living in cities must be improved considerably, including through the implementation of a series of pilot projects that symbolize and leverage real changes.

At this moment, the regional vision is being devolved to each of the seven cities in order to produce specific local action plans.

The monitoring and evaluation work of the Instituto de Governo e Cidadania do Grande ABC detected several elements of the CDS process (these are detailed in the final report):

- 1) *Undertaking studies on local economic development issues at the level of city-regions proved to be more complex than expected.*

This is partly due to the scarcity of national institutions that produce economic data for cities and city-regions on a consistent basis. In addition, local governments only have basic experience with local economic development planning, and have received little support from partner institutions such as universities, research centres and consultancies. Eventually, through trial and error, the CDS process helped to create a broader network of actors and institutions (The Regional Development Agency, local governments, IMES, other regional universities, state research foundation etc.) that can create and disseminate knowledge on local economic restructuring.

In this context, there were several lessons learned:

- internal adjustments in the process of the service sector study caused a delay in the anticipated deadlines. At the same time, this study was essential for the diagnosis of the strengths and weaknesses of the regional economy;
  - the classification of activities used by the Labour Ministry, whose database should have supported the survey, could not be used as a source as it clearly presented a profile of the ABC, which was no longer accurate. This required re-definitions, and extra time.
  - Enterprises that were interviewed in the context of the service sector study had difficulty answering the questionnaire, either because of the size of the document or the time required. Most of them did not return the questionnaires in time. This was solved by changing the working procedures. In addition, two forms were developed – a complete version and an executive summary;
  - As to the informal sector study, there were problems in identifying irregular informal stakeholders. It was a major challenge to build an entirely new database, when there were no records or studies available. Criteria previously used in other studies developed by IMES were established to use the available information, which made the task somewhat less complex.
  - the confidential nature of information in the service sector study required internal negotiations between the Regional Development Agency and the consultant that was responsible for the participatory diagnosis. This proved to be a slow and cumbersome process and the lack of clear definitions on procedures caused new delays in the established deadlines.
- 2) *The Regional Development Agency will be a fundamental enabling and information institution aimed at creating a dynamic and competitive learning economy in the ABC region. The CDS process, however, showed the Agency's vulnerabilities and was able to suggest improvements in its functioning.*
- The actual image and real influence of the Agency over local stakeholders as well as the insufficient initial marketing effort of the CDS-ABC slowed down the process. This was reflected in the difficulties in coordinating an agenda for interviews with the regional stakeholders, which was a responsibility of the agency;
  - During the CDS it became increasingly clear that the Agency should have an enabling instead of an executing role.
- 3) *The UMP City Consultation methodology proved very effective in preparing the regional action plan and involving stakeholders in the process. However, working with the subjective dimensions of each of the stakeholders required more time, which partly explains the extension of several deadlines that were agreed within the original IB.*
- 4) *After the first phase (the preparation of studies), there was intense participation from the main stakeholders in the CDS. This reflected awareness of the importance of local development issues from the main actors. People participated because they could see the difference this process could make in influencing the relative competitiveness of the city-region.*

Local governments actively participated in the CDS process through officials representing the mayors and/or the mayors themselves. The civil society, labour unions and the private sector (through their industrial and commercial associations) were represented through the Board of Directors and Council of the Regional Development

Agency. The state Government did not have a direct participation in the CDS-ABC process, but it participates in the Regional Chamber of the Greater ABC (a Câmara), which is a Council member of the Regional Development Agency. Through this, municipal elections at the end of the year 2000 had some negative effect on reaching deadlines.

Although its focus was not directly on poverty alleviation and social inclusion, the CDS-ABC will contribute to this objective in the medium run. It will do so by connecting innovative experiences of integrated slum upgrading, which mainly occur at the neighbourhood and city level, with broader processes of economic restructuring within the dynamic sectors of the economy, which largely occur at the city-region level.

In Santo André in 1998-99, the UMP helped to establish an Integrated Programme aimed at Social Inclusion. This programme combined participatory slum upgrading with several other socio-economic interventions, such as micro-credit, alternative vocational training and minimum income programs linked to school attendance of children. The programme was initially established as a pilot project for approximately 4000 families, but with the help of the UMP is now being replicated at the city level. One of the challenges the programme is facing is linking with the broader trends and activities of the regional economy. The active participation of local stakeholders of the city of Santo André (local government, the proper NGO Instituto de Governo e Cidadania do Grande ABC, enterprises) in the CDS-ABC has stimulated the linkage between the issue of poverty alleviation and local economic restructuring.

## D. Outcome and Results of the CDS Process

The CDS has resulted in the participatory preparation of a strategic direction for the future of the regional economy, which has several components:

1. The Regional Development Agency will be required to change its role from an executing towards a communication and enabling multi-stakeholder body, performing a coordinating role towards regional economic development in the ABC city-region, based on local solutions;
2. The main production chains need to be strengthened, particularly through a more dynamic role for the SME involving a continuous process of technological and managerial modernization;
3. The negative externalities of the region should be transformed into assets/local public goods that will also symbolize a new and more mature phase of the Regionalism;
4. The main stakeholders (universities, research centres, labour unions, local governments, enterprises, etc.) should be able to articulate an ongoing and financially viable network of real services for SME in the region (training for managerial and technological modernization, information services, regional marketing etc.);
5. The quality of living in cities must be improved considerably, including through the implementation of a series of pilot projects that symbolize and leverage real changes.

In each of these areas, advances have been made. For example, regarding the role of the Agency, a series of changes have been undertaken as a direct result of the CDS. Initially, the Agency was working with fixed technical coordinators for thematic area such as marketing, information services and support to small and medium sized



enterprises. This proved to be an excessively rigid structure. The role of the technical coordinators will be changed into professional brokers, responsible for mediation between the principal regional stakeholders (enterprises, unions, NGOs, universities etc.) aimed at the provision of specific local public goods relevant for economic development at city-regional level. Three additional brokers will be contracted in the beginning of 2002. The implication is that the technical staff of the Agency will be much more outward and market oriented.

During the CDS it became increasingly clear that the Regional Development Agency itself could not use its time and personnel for undertaking research. Instead, its role would be an enabling one, determining demand in the market for specific information products, and passing this on to the network of research institutions, consultancies and universities. As a first step to increase this brokering capacity, the main universities of the region were incorporated into the Board of Directors of the RDA. This improved capacity of the Agency to intermediate demand and supply of real information services has been a direct result of the CDS.

Finally, in partnership with SEADE and others, the Agency is preparing a series of new products aimed at the elaboration of a managerial information system. The system will contain a guide for potentially interested external investors, information services and a Cadastre with the firms in the region. These programs will begin at the end of 2001.

Regarding the role of SME, a project proposal aimed at strengthening the networking capacity of these establishments in important basic sectors has been elaborated among the main stakeholders (involving SEBRAE, the local governments, the labour unions and the RDA). The proposal is in the final stage of negotiation with the Inter-American Development Bank and is expected to start operations in January 2002.

The proposal is aimed at creating a tradition of greater collaboration within such production chains as car manufacturing and machines and equipment. A network of real services (on line available managerial information, training services for managerial and technological modernization) will be internalised by these SME. The estimated cost of the project is \$1.8 million, of which about a third is financed by local stakeholders (through human resources, payments for fees etc.)

Finally, regarding the quality of living, the subsequent phase of the CDS will consist of devolving the regional plan with strategic direction to the cities. The mayors and their Secretaries for Local Economic Development will hold discussions with the main city stakeholders, towards a specific desired vision and action plan for the future of each city.

In addition to the tangible direct results of the CDS, it should be stressed that the CDS has reinforced the intangible dimensions, which are often undervalued in the regional economic development process.

In particular, and as mentioned earlier, the Fordist industrial system of the ABC region has historically been characterized by a lack of cooperation between public and private actors, and also among private actors within the main productions chains. There are several reflections of this relatively fractured industrial system. For example, research centres and universities have only been marginally involved in the issue of regional economic development. In addition, there is a lack of cooperation among small and

medium sized enterprises in vital thematic areas of marketing, training and information services. The commercial and industrial associations have traditionally been relatively fragmented (they also operate at the city level) and have recently even faced difficulties in representing their members. Finally, SME does not sufficiently benefit from the microeconomic modernization process, which is taking place in larger firms (flexible production, subcontracting of several high value added services from smaller firms etc.)

The CDS process has been fundamental in giving a clear indication of the systemic inefficiencies of this regional development model, and has helped stakeholders internalise the direction of the required changes down a more internal local development path. That this indeed has occurred, is reflected in the series of concrete measures that have been stimulated by the CDS.

## E. Reflections on the CDS Process

Overall, the objectives of the CDS have been reached. However, the original planning of the CDS underestimated the complex and dynamic learning process involved in the multi-stakeholder processes at the level of city-regions. The additional time required added value to the process by allowing a rich progression characterized both by innovative procedures for conflict negotiation and by internal learning among actors.

More specifically, and in light of the experiences of the CDS-ABC, the following recommendations can be made:

First, the involvement of the higher levels of government should be ensured in the initial preparatory stages of the CDS. Ideally, the CDS should be the link between local, national and international strategies, specifically bringing added value through better defined programmes and projects that are politically supported by the network of local actors. In the case of the CDS-ABC, there should have been greater involvement at the state and federal levels. For example, time was lost incorporating the SEADE, though the effort ultimately proved highly successful and worthwhile.

Several national and state level agencies that are responsible for technological and managerial modernization of small and medium sized enterprises still operate according to a paradigm based on national parameters. They generally ignore the territorial dimensions of local development and competitiveness. Here, the local consultation procedures that are part of the CDS strategy should play a fundamental role in triggering broad-based, lasting changes in working procedures in some of these state and national level institutions. On one hand, the new regional institutions in the ABC city-region are still young and vulnerable. Nevertheless, the CDS-ABC has shown that there is a great deal of local potential that could be leveraged by stable and transparent sources of finance from the higher levels, channelled to both private and public actors in the city-region.

There needs to be more effort and clarification during the preparatory phase of the CDS on the necessary follow-up actions, and assessing responsibilities. This should be undertaken in consultation with all stakeholders, and is critical to ensuring the process continues and is implemented once the action plan and visioning are completed.

Perhaps a good model for the definition of these subsequent steps could be the City Consultation guidelines of the Urban Management Programme. This methodology already contemplates subsequent steps, such as the elaboration of specific action plans that are to be forwarded to local, national and international agencies.

The CDS did not have that same clarity, though it succeeded in maintaining political mobilization among stakeholders. This has resulted in specific projects that are being negotiated with local and international donors. Local actors were aware of what was at stake and were motivated to follow through on the actions, however they also have previous experience with participatory processes (based, for example on the successful UMP sponsored project in Santo André, the Integrated Program aimed at Social Inclusion.

## Annex 1

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## Annex 2

### City Development Strategy (CDS) Tools and Methods

**Name of City, Country: Santo André, ABC region – metropolitan region of São Paulo , Brazil**

**CDS Start Date: April 2000**

**CDS Completion Date: September 2001**

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#### Tools Used in the CDS Process

##### **a) Planning for CDS:**

The scope, general and specific objectives, methodology and actors involved were designed in an intense consultation and negotiation process among the UMP, the UN-HABITAT regional office and the Executive Board of the main implementing body, the Regional Development Agency.

In order to understand the eventual result of this joint planning process, and the choices that were made in the design phase of this CDS, a short contextual background on the ABC region should be given. The ABC city-region, composed of 7 cities (among others Santo André) located in the southeastern part of the metropolitan region of São Paulo, is going through an intense process of economic restructuring, partly as a result of the changing Brazilian macroeconomic framework in the beginning of the 1990s. Consequently, its basic industrial structure is facing dramatic losses in industrial employment.

Considering this background, it was decided that the CDS would be intrinsically linked with participatory local and regional economic revitalization strategies in a broad sense, mobilizing all stakeholders from private and public sectors.

In addition, the CDS would link in with an innovative process of participatory multi-stakeholder regional planning already set in motion in the city-region in the beginning of the 1990s. As a result, the region increasingly gained a certain institutional thickness, characterized by such institutions as the Intermunicipal Consortium (7 local governments of the region), the Forum for Issues on Citizenship (an umbrella non governmental organization with more than 100 member organizations), the Chamber of the Greater ABC region (a forum aimed at strategic planning with participation from the 7 local governments, the most important labour unions, civil society and enterprises) and, last but not least, the Regional Development Agency.

It was envisaged that the CDS would be a process that would bring additional value to this regional planning process, particularly by focusing on the economic dimensions of the ongoing transformation process in the metropolitan region of São Paulo, and within the ABC city-region. The CDS would also involve an intense consultation process with more regional stakeholders than is usually the case in traditional consultancy studies, also bringing in new quantitative and qualitative data on the main strengths and weaknesses of the regional economy.

In summary, the CDS focused on the participatory elaboration of an economic action plan, containing guidelines for priority programs and projects capable to contribute to the revitalization of the regional economic of the ABC region. The CDS was distributed in three stages.

The first was focused on elaborating an inventory of the previous quantitative and qualitative studies available on the region, in addition to the implementation of two new studies where absolutely crucial information was missing, i.e. the service and the informal sector. In a second stage, a consultant would conduct a participatory diagnosis on the main strengths and weaknesses of the regional economy, which would eventually, in the third phase, lead to recommendations for priority programs and projects.

The Regional Development Agency would perform the main implementing role of the CDS. This involved subcontracting out of the service and informal sector studies to a local university (IMES and SEADE) and of consultancies (in order to implement the diagnosis). In addition, the Agency coordinated the logistic organization of workshops and consultations.

The CDS provided for a specific but limited budget for monitoring and systematisation of the experience, which was performed by a local NGO, the Instituto de Governo e Cidadania do ABC. The regional offices of the UMP and UN-HABITAT were responsible for the general coordination of the CDS. This also involved periodical consultations between the UMP and the local NGO doing the monitoring work of the CDS.

#### **b) State of the City Report**

Demographic, social and physical data on the ABC city-region are available on a reliable basis through such federal bodies as the IBGE and IPEA. Each decade IBGE publishes a demographic census with main data on demographic, physical and social data.

For the purposes of the specific economically oriented work of the CDS in the ABC region, however, it should be stressed that local economic development planning is a relatively new item with the urban planning agenda of Brazilian local governments. Perhaps related with this, de-aggregated sectoral data required for local economic planning (employment, value-added etc.) is scarce and scattered over several planning agencies. The traditional 10-year economic census data that were provided by the federal IBGE agency up to 1985 have been interrupted and are not expected to be taken up again.

In the meantime, however, state level agencies like the SEADE foundation (that has also been involved in the CDS through the study on the service sector) have started to work on alternatives to fill this gap of economic data at the level of cities and city regions. Considering that its leadership is convinced of the necessity to upgrade the quality of socio-economic information, the SEADE foundation, in particular, has sought a partnership with the ABC region. In 1996, for example, SEADE has implemented an almost census like research on the economy of the state of São Paulo (PAEP),<sup>32</sup> with information on the impact of economic restructuring on industrial and commercial establishments located in

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<sup>32</sup> PAEP = Pesquisa da Atividade Econômica Paulista. Research on the Economic Activities in the state of São Paulo.

the state of São Paulo. The ABC region, through the Intermunicipal Consortium, contracted an even more detailed specific sample of the research in order to establish a firm basis for its policymaking. Since 2000, the Regional Development Agency has published three detailed reports on the general characteristics of the economy, the factors influencing location decisions of firms in the state of São Paulo and in the ABC region and elements that have influenced the transfers of firms to and from the region. All these studies were implemented on the basis of the work of PAEP. The SEADE foundation is expected to implement a new version of PAEP every 5 years (the new one is being planned for the year 2002).

Finally, and related to the traditional urban planning methods where conversations between public and private actors have not been very common, there is a notable absence of more qualitative data with subjective evaluations of stakeholders from civil society, local governments, unions and enterprises on the future of the economy of the city-region. For example, there are no updated and regular opinion surveys with the main stakeholders on the main strengths and weaknesses of the economy, with recommendations to improve the framework of public policies for regional economic development.

The CDS was aimed at triggering a process whereby new qualitative and quantitative data would be generated which would also improve the quality of the diagnosis required for the elaboration of economic action plans. In addition, this process would also provide a more sustainable basis in order to develop an improved framework for data collection and participatory diagnosis, all of which are fundamental elements to improve the quality of economic policymaking.

### c) Strengths, weaknesses, opportunities and threats analysis

Table 1: SWOT Analysis CDS Santo Andre and ABC Region – Sao Paulo
<b>Strengths</b> Political mobilization and awareness among principal stakeholders of the economic transition process. Incipient problem solving oriented process of regional strategic planning Presence of a complex economic structure and diversified pools of qualified labour Large accumulated experience with industrial processes
<b>Weaknesses</b> SME do not benefit from managerial and technological modernisation processes in larger firms Lack of cooperation among SME Relative under representation of advanced tertiary sector (e.g. advanced consumer and producer services) Negative regional image – related to diseconomies of agglomeration Weak integration between universities, research centres and economic policy makers Lack of urban quality (high quality public space, innovative urban design projects)
<b>Opportunities:</b> To stimulate the enabling role of the Regional Development Agency To foster the modernization and technological upgrading of SME through clustering Insert SME into the modernization processes of larger firms (subcontracting, flexible production etc) Innovative and pro-active communication and marketing strategy that symbolizes real ongoing changes Entrepreneurial and participatory strategy aimed at urban and cultural revitalisation of the region
<b>Threats</b> Short planning horizons of main stakeholders involved in the economic development planning



Intense relationship between macroeconomic cycle and the regional economy of the ABC Region  
Political four-year cycle may destabilize the regional planning process in the absence of concrete results.

#### **d) Vision for the City-Region**

The main themes that came up during the implementation of the various steps of the CDS (studies on the informal sector and the services, the participatory diagnosis, the consultancy study, interviews and workshops) were:

- 1) The Regional Development Agency will be working as an articulating and enabling multi-stakeholder body that is able to perform a coordinating role in leading the main stakeholders towards a trajectory of endogenous regional economic development in the ABC city-region;
- 2) The main production chains will have been strengthened, with a much more dynamic role for the SME that will be systematically inserted into a continuous process of technological and managerial modernization, which is required to guarantee dynamic competitiveness of the regional economy of the ABC region;
- 3) The negative externalities of the region will have been transformed into assets/local public goods that symbolize a more mature phase of the New Regionalism in the region (cost of water – clean water, traffic congestion – associative mechanism between enterprises aimed at joint transportation services for employees etc.);
- 4) The main stakeholders (universities, research centres, labour unions, local governments, enterprises, etc.) have been able to articulate an ongoing and financially viable network of real services for SME in the region (training for managerial and technological modernization, information services, regional marketing etc.);
- 5) The urban quality of living of the region has been improved considerably, including through the implementation of series of well-succeeded pilot projects that symbolize and leverage the real changes through which the region is going.

#### **e) Strategic Directions**

In relation to point 1 of the vision: Market oriented reform of Regional Development Agency, which will increasingly act as a professional broker that will incrementally gain credibility in relation to the regional stakeholders. The financing pattern will be based on a mix of local (through the sales of real services), national and international finance.

*In relation to points 2 and 4):* Participatory elaboration of more specific project proposals aimed at the improvement of horizontal and vertical networking among small and medium sized firms. The proposals will also stimulate the interaction within production chains among enterprises, research centres, local governments, labour unions and other stakeholders. It is envisaged to start with production chains, which can be considered representative for the regional economy.

In addition, an increasing integration between research centres, universities and the Regional Development Agency will be established.

*In relation to point 4:* a number of initiatives are being implemented aimed at the provision of real information services intermediated through the Regional Development Agency

*In relation to point 3 and 5:* On the basis of the diagnosis and strategic recommendation that came out of the CDS process, each of the 7 cities in the ABC region is, together with the main stakeholders from the private and public sector, implementing a visioning exercise that incorporates strategic directions and action plans compatible with its municipal vocations. These exercises will ultimately be inserted within the regional strategy. For example, the directions for municipalities 100% located in watershed protected areas (like Ribeirão Pires and Rio Grande da Serra) will be different from those cities with a substantial presence of industrial activity and smaller watershed protected areas (like São Bernardo and Santo André). However, while implementing a regional development strategy, these intra-regional differentials have to be taken into account in order to politically and economically fine-tune the right portfolio of regional development projects.

## **f) Action Plans**

Each of the strategic guidelines is being worked out in action plans and are direct consequences of the CDS.

In relation to point 1):

- a) Change in the organizational and remuneration structure of the Regional Development Agency, with a more pro-active and entrepreneurial role for the executive staff. Data: ongoing.
- b) Contracting of 3 additional professional staff (who will perform a role of so-called professional brokers) with a mix of local and external resources. Sources of finance: local and IADB. Data: First trimester 2002.

In relation to 2 and 4):

Finalization of a project proposal aimed at creating clusters with an endogenous potential to implement managerial and technological innovations on a continuous basis within the car manufacturing, machinery and equipment and plastics sectors. Finance source: IADB. Prevision of initiating date: January 2002.

In relation to point 4):

- a) Implementation of Cadastre for potential investors;
- b) Telephone services providing easily accessible information services to firms;
- c) Implementation of a Cadastre with basic information on the establishments in the region etc.

Time prevision: Action plans and budgets finalized. Start in December 2002. Partnerships with agencies such as the state foundation SEADE (which also participated within the CDS) are being negotiated in order to realize the investment guide.

In relation to points 3 and 5):

- a) Action plans will be established once the 7 municipal visioning exercises is completed (estimation of completion data of municipal visioning at the end of 2001);
- b) Strategic projects with an urban and economic component are already being designed and implemented in Santo André since 1998. The CDS has reinforced the strategic importance of these actions and has triggered off additional investments in the so-called Eixo Tamanduateí project. This project is aimed at the urban and economic revitalization of a deteriorated industrial area along the river and railway in Santo André. Particularly, for the first semester of 2002 a series of additional municipal investments aimed at revitalization of public space is envisaged, aiming at leveraging private investments in consumer and producer services (advanced tertiary sector) within the area.

## **g) Implementation, monitoring and evaluation – and feedback**

The meeting of the General Board of Directors of the Regional Development Agency that occurred on the 6<sup>th</sup> September defined a time frame to the end of 2001, when the municipal visioning exercises are to be completed. The specification and selection of regional development projects compatible with the municipal vocation/advantages of each city will be undertaken subsequently. The monitoring of the municipal visioning, to be worked out in detail by the respective

secretaries for local economic development of each individual cities, will initially also be undertaken by the Instituto de Governo e Cidadania do Grande ABC and will be extended until the end of 2001.

Other activities (such as 1, 2, and 4) will be monitored by the associates of the Regional Development agency as part of the regular baseline-activities of regional development planning. Other actions have already been incorporated into regular urban and local economic development planning and are as such monitored by each city.

### **Monitoring Tools**

As mentioned earlier, the CDS in the ABC Region has offered substantial advantages in relation to traditional methodologies of urban development project financing with little direct involvement of cities and their stakeholders. In the more traditional approach, external consultants typically implement short-term oriented studies aimed at the realization of physical, financial and economic viability studies that simultaneously pave the ground for larger investments from the donor community. This more traditional approach towards urban development projects tends to ignore previously developed knowledge or less accessible information available within intra-regional networks of interpersonal contact between the main stakeholders. In addition, there tends to be a large emphasis on the elaboration of a series of tangible or material outcomes, while an increasing number of studies in the field of local and regional development point out the importance of intangible and subjective elements. This is all the more true if the planning exercise offers a high potential for conflicts regarding the right development path to be set in motion by the stakeholders, as is the case for the participatory elaboration of an economic action plan in the ABC region. Finally, the more traditional approach of viability studies doesn't document the trail and error and learning process, which evidently occur in such innovative thematic fields as multi-stakeholder economic planning in metropolitan city-regions.

Considering the differences between a CDS and the evaluation procedures used in more traditional viability studies funded through national channels, it was fundamental to establish differential criteria to monitor the process and outcomes of the CDS. These criteria are described in the final report of the Instituto de Governo e Cidadania do ABC and contemplate a combination of "hard" variables (timing and quality of the outputs as defined by the IB of the CDS, leverage of additional investments from local stakeholders) and soft, intangible dimensions. Examples of the latter are whether the CDS has:

- leveraged a learning process among the actors (eventually through trial and error);
- generated unexpected (positive or negative) results; and
- mobilized stakeholders around a much more focused and well-defined regional economic development program with clearer strategic guidelines and priorities.

As also mentioned in the final monitoring report of the Institute de Governo e Cidadania do ABC, the instruments to monitor these intangible and more complex dimensions have invariably involved questionnaires handed out during the workshops, interviews (with stakeholders from the Regional Development Agency,

the consultants, and researchers, among others) and an evolution of the perspective of how the press has evaluated the intensification of the regional economic development planning process.

There have been difficulties in monitoring, basically because of the limited capacities of the Escola de Governo, the local counterpart for that component. However work is underway and it is expected that positive results will be obtained. However, that will take more time and much more effort than originally planned.

Initially, a monitoring method was defined and a manual was developed, however the method has not been entirely followed. Ultimately, the Escola has been considering the items presented here, which reflect only partially the guidelines for evaluation, and for which further elaboration is required.

The variables that were originally considered during the process are as follows:

### **Tangible dimensions:**

Project management:

- cost of each activity;
- financial resources available;
- follow up of activities (planned and real);
- timeframe (planned and real);

Action plan and projects:

- Quality of the formulation
- Justification of the priorities
- Coherence with the strategic vision

### **Intangible dimensions:**

Relations between the stakeholders:

- Legitimacy, are the stakeholders representative?
- Mutual perception of actors
- Tensions between actors during the process.

Participation

- Level of apparent participation
- Level of commitment and “protagonism”
- Rate of consensus obtained on the strategies and on the plans

Results

- Efficiency of the process and potential for replicability
- Institutional appropriation
- Limits of the tools being used.

Although not very structured, the above list corresponds to what has been “appropriated” by the local partner. Although monitoring results thus far have been small, at the same time it is clear that monitoring is a complex process and not easily appropriated and implemented by local partners. Capacity building is necessary and is a challenge for UMP in Phase IV. On the positive side, the relationship with Santo André partners and with the ABC region is very good and we can expect results.

Five monitoring formats are attached to the full Santo Andre report in Portuguese, including:

Table 1. General activities for monitoring

- Table 2. Diagnosis and Action Plan
- Table 3. Research on the Service Sector
- Table 4. Research on the Informal sector
- Table 5. Looking at the participatory process for the CDS.

### **Monitoring the CDS**

- The detailed methodology is described in the final monitoring and evaluation report of the Instituto de Governo e Cidadania do Grande ABC as contains the following steps:
- The object – what is being monitored (key moments, participation of key stakeholders, presentation of the Regional Development Agency);
- The sources of information that will be used to undertake the monitoring and evaluation (IB, Terms of reference of consultants etc.);
- The activities that have been implemented (studies, participatory diagnosis, design of visioning, strategic directions and regional economic action plan);
- The monitoring instruments (workshops reports, questionnaires, interviews, registration of press clippings etc.);
- The impact of the CDS on planned investments and sources of funds



# Shenyang, PR China

## City Development Strategy Report

November 2001



Prepared By:  
UMP Regional Office for Asia and the Pacific



# City Development Strategy Study Shenyang

## A. BASIC CITY INFORMATION

Shenyang, People's Republic of China			
City Population:	Shenyang population (1999): 6.85 million Male population: 50.6% Female population: 49.4%		
Country Population:	1.3 billion		
Population Density:	528 persons per sq. km.		
City Growth Rate:	<ul style="list-style-type: none"><li>Annual growth rate in whole city (1998-1999): 0.16%</li><li>Growth rate in city proper (1998-1999): -0.1%</li></ul>		
City's Main Function:	<ul style="list-style-type: none"><li>Shenyang is China's fourth largest city and the biggest economic centre in the northeast of China. It is the capital city of Liaoning Province, and thus the centre of political, economic, trading commodity, communication, transport, commerce, science and culture in northeast China. The transition to market economy has shifted the economic structure from agricultural-based to manufacturing and service industry based. GDP composition in 1999 is 49% tertiary sector (i.e. service trade), 44% manufacturing industry, and 7% agriculture sector.</li><li>Shenyang's primary industry is heavy industry, particularly smelting of lead and copper, mining of coal and petroleum production. These industries are dominated by state-owned enterprises. Secondary industries include metallurgy, pharmaceuticals, chemicals, textiles, electronics, and construction materials. The city is largely dependent on coal and natural gas for energy, domestic heating and industrial production.</li></ul>		
City Economic and Poverty Profile			
GDP:	Yuan 111.6 billion, with annual growth rate of 10.3%		
Fixed Assets:	Yuan 26.2 billion, with annual growth rate of 9.2%		
Income Per Capita	Yuan 5,394		
% Below Poverty Line	2.2% of city population or around 100,000 people		
Existing Anti-Poverty Measures	Raise subsidy level for the unemployed; training programs for senior middle school graduates; subsidy to the poor and widowers i.e. in medical care etc.; education in family planning and birth control,		
Number of Households (2000) and Population Density	No. of households ('10,000) whole city: city proper: county:	212.6 153.4 59.2	Density (persons/sq.km.) 522 1,378 206

Workforce (1999) in 10,000's	Agriculture – 89.1 State Owned Economy – 116.5 Manufacturing – 138.0 Collective economy – 145.2 Service Trade – 167.4 Private Economy – 36.4 Individual Economy – 60.7 Other – 26.7 <b>Total 394.5</b>
Unemployment Rate:	2.31%
% Households Below the Poverty Line	2.1%
% Households with Access to Basic Services	100%
% Below Poverty Line	1.5%
% Working in Informal Sector	7.7%
% Adult Literacy (Male and Female)	96.3%
% Population with Higher Education	11.6%
% Child Mortality Rate	1.1%
Administrative Structure:	The mayor and vice mayors are elected by representatives of the People's Congress, who are elected by citizens.
<b>CDS Activity in Shenyang</b>	
Focus of the CDS:	To improve the city's quality of life through better infrastructure, improved environmental quality, increased industrial productivity to reduce unemployment and poverty, and more efficient city administration.
CDS Start Date:	August 2000 (MOU signing date)
CDS Completion Date:	October 2001
Key Stakeholders Involved:	<ul style="list-style-type: none"> <li>Shenyang Municipal Government, No. 260 Shifu Road, Shenyang 110013.</li> <li>LPI: Shenyang Environmental Protection Foreign Funds Introduction Office (SEPFIO), Shenyang Environment Protection Bureau, 254 Zhenyang Street, Shenje District, Shenyang 11011. Tel: (86-24) 2484 4985 Fax: (86-24) 2485 6104 Email: sepffio@mail.sy.ln.cn</li> <li>CDS Working Committee Members ("Stakeholders Group") <ul style="list-style-type: none"> <li>Shenyang Ecological Research Institute of the Chinese Academy of Sciences</li> <li>Liaoning Provincial Construction Plan and Design Institute</li> <li>Liaoning Provincial Social Academy of Sciences</li> <li>Shenyang Highway Plan Design Institute</li> <li>Liaoning Provincial Design Institute of Architecture</li> <li>Shenyang City Investment Institute</li> <li>Shenyang City Plan Institute</li> <li>Shenyang City Policy Research Institute</li> </ul> </li> </ul>

	Shenyang City Urban research Institute Shenyang City Society Research Institute Shenyang City Industrial Economy Institute Shenyang City National Land Resources Administration Office <ul style="list-style-type: none"> <li>Other State Agencies and Training Institutions, including:  Shenyang City Planning Commission  Shenyang City Construction Committee  Shenyang International Engineering Consultancy  Shenyang City Water Undertaking Corporation  Shenyang Bureau of House Property  Shenyang Bureau of Communication  Shenyang Bureau of Urban Construction  Shenyang College of Agricultural Engineering  Shenyang City Planning Institute  Shenyang City Administrative College  Provincial Development Research Centre</li> </ul>
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## B. Narrative of the City Situation – National Context

### **The National Macro Economic Context**

For the past several years, China has recognized the important role and contribution of its cities to national economic growth. China's policy decision to develop Special Economic Zones (SEZ) in the 1980's focused the implementation of this policy on the coastal cities of the eastern region of the country. A large proportion of the nation's major industrial cities and all the SEZ are located in the eastern coastal region. Combined, these cities have contributed immensely to China's economic development in recent years.

In the Seventh Five-Year Plan (1986-1990), which defined broad regions with unique development goals, Liaoning Province (of which Shenyang is the capital) is among the provinces grouped under the Coastal Region. The region, until recently, has been the target for rapid export-oriented industrial growth. The creation of a political framework for growth, due to the "open door" policy and decentralization of economic power from the centre to local areas, has rendered the coastal region more attractive to foreign investment. From 1979 to 1988, Liaoning Province was listed as the fourth highest recipient of foreign investments, following Guangdong, Shanghai and Beijing.

Decentralization in China is characterized by a dual-space system, where a closed space (under strict state control) stands side by side with an open space (with loose control). In broad terms, the cities and provinces in the coastal region of the southeast have been enjoying an open space. However, recent policies to promote economic development in the central and western regions have brought about certain changes in the application of the dual-space system. Specifically, the open cities and areas are receiving less state capital investment and subsidies and are thus trying to find their own way of financing their development. This was the macro economic context for the initiation of the CDS in Shenyang.

### **Shenyang's Economic Situation**

Shenyang is the capital of Liaoning Province and the largest economic centre in northeast China. It has extensive airline, railway and road connections to over 40 major cities in China. It owns and operates 5 airline companies and its airport is one of the

top international airports in China. It also houses the largest railway hub in northeast China.

Shenyang, as a city with heavy industry as an economic base, has made significant contributions to China's industrial development over the past many years. For instance, it was in Shenyang where major industrial innovations were developed, such as China's first 200,000 KV transformer, first 2,000-ton tower crane, first jet-propelled fighter plane, and first underwater robot. Also, Shenyang is self-sufficient in agricultural products, and the output value from its new technological industries accounts for over 23% of all industrial output.

Since the country's Fifth Five-Year Plan (1977-1981), Shenyang has been one of the major cities promoted by the country as a base for manufacturing industry. As a result, Shenyang accounts for a large number of manufacturing firms with high levels of technology and production in such fields as motor vehicles, heavy machinery, chemicals, and pharmaceutical products. When the Shenyang CDS was launched in 2000, the city was experiencing close to a 17% increase in the total value of its manufacturing industry over the previous year while its other industrial sectors produced an increase of over 11%.

In terms of international trade, Shenyang has trade relations with 133 countries, with the major partners being Japan, South Korea, the USA, and Hong Kong. It has also opened new trading relations with several countries in Africa and Oceania. Shenyang's main exports are electrical machinery and appliances such as batteries, motor vehicle spare parts, circuit breakers, colour TV sets, transmitters, and computer monitors. In foreign investments, Shenyang had as many as 598 approved projects in 1999 alone, amounting to \$1.035 billion, with eight of these involving more than \$10 million each. International economic cooperation has expanded to 92 countries and about 5,000 joint venture companies have been put into operation.

### **Shenyang's Poverty Situation**

Poverty is a sensitive subject in China, however officials of Shenyang openly admit that it exists in their city. They have reported that the city's urban poor is 2.2% of the total city population although they have not indicated how this has been defined. Their description of the urban poor in the city is in terms of general statements, such as inadequate incomes to meet basic needs, insufficient quantity and low quality food, no access to recreation and cultural amenities since their incomes are barely enough for their children's education. In contrast, housing for the poor is reported to be the same as for everyone else. While no figures have been given, there have been reports that the city's urban poor population is increasing as a result of the closure of many state-owned enterprises with the corresponding lay-off of large numbers of employees. However, the city reports that 100% of its population in the urban core have access to basic services.

Against this backdrop, Shenyang has been implementing a poverty alleviation programme. Its specific objectives are to provide employment and re-employment opportunities, especially for those affected by the closure of state-owned enterprises; provide unemployment and medical insurance; and assist the disabled in establishing a livelihood. Anti-poverty measures include raising the subsidy level for the unemployed; require graduates from middle schools to train for 2 to 3 years in order to postpone their entry into the labour force; and popularising education in order to improve health conditions. It has been observed that Shenyang's poverty alleviation programme is strongly welfare-oriented, and relies heavily on government subsidies.

## **Local Governance**

The Chinese government attaches great importance to cities and supports them in promoting and pursuing economic development for the benefit of the whole country. Within the framework of national policies and laws, cities have been granted powers by the national government over urban infrastructure development, including the planning and implementation of social and economic development strategies based upon local conditions. The CDS received strong support of the Shenyang Municipal Government, which set up a special organization to implement the CDS involving the key municipal departments and affiliated agencies.

The premier governing body of Shenyang is the Shenyang People's Congress whose members are elected by the citizens. The People's Congress representatives, in turn, elect the Mayor and Vice Mayors as the highest political decision-makers of the city. The city's chief operating officer is the Secretary General who reports directly to the Mayor, and was designated as the city government's focal person for the CDS. All municipal department heads report to the Secretary General. For the purpose of coordinating all activities related to the CDS, including the formation and deliberations of the CDS Working Committees, the Secretary General designated four key city departments to form the CDS "core group", namely: the Shenyang Planning Commission, Shenyang Urban and Rural Construction Commission, Shenyang Environmental Protection Bureau, and the Shenyang International Engineering Consultancy Centre.

There are three levels of administrative authority in Shenyang: Municipal, County and Town. The Municipal Government is the central authority of the governments at all levels, although all governments are responsible for local economic and social development. The city has eight political parties and about ten non-government organizations (NGOs). They, together with other citizens, broadly participate in the city's decision-making and development processes through legal channels such as submitting suggestions and proposals to the government. They are also called upon and consulted by government when certain circumstances require their involvement.

There are strong indications that broad citizen participation in the city's governance system is increasing and developing deeper roots, based upon the experiences of the UN-HABITAT/UNDP-supported Sustainable Shenyang Project, the EU-supported Shenyang Urban Planning Project, and the CDS. The municipal government has also shown growing interest in good urban governance, as evidenced by its participation in the Asian Development Bank City Benchmarking Project and the UNDP Urban Governance Initiative, both of which were introduced to Shenyang by UMP in the course of the CDS.

## **Major Objectives of the Shenyang CDS**

The major objective of the Shenyang CDS was to provide a comprehensive development framework for Shenyang. The principal development objective was to assist Shenyang in improving its liveability, competitiveness, bankability, governance and management capacity. This was substantially achieved through a broad based participatory process involving all key stakeholders – the city government, the Provincial Government of Liaoning Province, national government agencies as well as the private and the civil society partners. The process led to the formulation of a city development strategy and provided assistance in its implementation in collaboration with various national and local

level stakeholders and bilateral and multi-lateral development partners. The objectives and outputs of the Shenyang CDS are listed below:

- **Objective 1**

- ***Comprehensive Development Framework for Shenyang***

- Using participatory methods that involve all stakeholder groups and was facilitated by a project task force, an analysis was undertaken of the principal strategic needs of the city economy and its people, representing the consensus of the participating parties.

- ***Activity 1.1***

- Appointment of the CDS Task Force, comprised of public sector decision makers, private and popular sector representatives and supporting consultants, which prepared a detailed work plan to complete the CDS process.

- ***Activity 1.2***

- The conducting of a series of participatory City Consultation workshops and meetings involving all stakeholders, including private and civic society partners, through which specific strategies and sectoral focus areas were defined.

- ***Outputs***

- A Strategic Framework of Development for Shenyang has been prepared which focuses on raising economic output, increase employment opportunities, improve city management capacity, reduce poverty, and meet the social needs of the population.

The specific outputs at this stage were:

- A listing of key stakeholders in the city, their current and possible future roles and responsibilities in shaping city's development.
  - A comprehensive development framework listing priority areas/sectors and assigned responsibilities of various government agencies and other stakeholders. The framework was based on the following study outputs:
    - Economic analysis of Shenyang: its role in the national economy, its structure, the formal/informal (organised/unorganised) sector linkages, dynamics of city economy over time, identification of key drivers of the economy, their potential and bottlenecks.
    - Brief summary of past and current efforts for Shenyang's development. This document was used at the consultations to inform the stakeholders.

The above-mentioned outputs are lacking in detail. This is due primarily to the lack of capacity of the local government officials in undertaking more effective analysis and the absence of proper analytical tools. It is also partly due to the lack of proper understanding of the dynamics of urban growth. For example, a Poverty Profile was one intended output that was not produced, mainly because of the manner by which poverty is viewed in China.

- **Objective 2**

- ***Strategic Action Plan based on comprehensive development framework***

- The Shenyang City Development Strategy has two interdependent components. The first component is the strategic action plan, which identifies key issues, constraints and opportunities outlining a shared strategic vision of the City. This elaborated the legislative, policy, institutional and capacity constraints that limit the performance or decision-making powers of the City. Second, the City Assistance Programme (CAP),

which includes both short term high priority sub-programmes requiring immediate action and yields quick, tangible results, as well as sub-programmes addressing strategic issues which require coordinated cross-sectoral planning and investment over a long period. The CAP covers the resources of the city government, the Liaoning Provincial Government and the national government, with the addition of proposals for consideration by other stakeholders in the city and the external funding agencies.

#### ***Activity 2.1***

Synthesis of focus areas identified through the consultative process and formation of focus area working groups, which developed strategic intervention frameworks for each prioritised issue.

#### ***Activity 2.2***

Preparation of guidelines for focus area working groups to ensure that their findings and recommendations covered both aspects of the CDS, and received feedback from partners during the strategic action planning process.

#### ***Activity 2.3***

Identification of implementation arrangements and synthesis of recommendations into the CDS strategic action plan.

#### ***Activity 2.4***

A broad city consultation for the dissemination of CDS, which synthesized the City Development Framework (CDF), Strategic Interventions, City Assistance Programme (CAP) and Implementation Plan into the overall City Development Strategy (CDS).

#### ***Outputs***

A City Strategic Action Plan detailing, within the framework of the city's own budgeting and programming, the priority actions proposed to be taken in the next five years. It also includes actions that need to be taken up by the higher levels of governments and other stakeholders. This action plan includes project summaries that are being used to request for funding from external support agencies.

- ***Objective 3***

#### ***Adoption of elements of Action Plan by development agencies***

To encourage and support follow-up activities for the adoption of all elements of the Action Plan by national development authorities or external development agencies, the CDS has been integrated into the Shenyang 5-year development plan.

#### ***Outputs***

The Shenyang CDS intended to produce a continuously monitored Implementation Plan identifying the actions to be taken, the agencies undertaking them, the sources of finance for each, and the progress in completing the actions. However, it was not accomplished at the required level of detail. The Shenyang authorities felt that incorporating the CDS project recommendations into the city's 5-year plan was sufficient to ensure funding support and the monitoring of project implementation.

# SUMMARY ASSESSMENT OF OBJECTIVES, ACTIVITIES AND OUTPUTS

Obj. 1: Comprehensive Development Framework		
1.1	Stakeholder Analysis	No clear strategy adopted for this except for a list of the government agencies civil society organisations and the private business sector representatives that were invited to be involved in the consultation workshops and working group meetings.
1.2	Economic Analysis	The analysis that was undertaken was mainly descriptive of the existing economic situation of the city.
1.3	Poverty Profile	No poverty assessment was undertaken and thus no profile was produced, except for a brief and general description of the conditions considered by city authorities as poverty related.
1.4	Summary of Recent/Current Development Projects	This was accomplished.
1.5	Priority Issues, Focus Areas, Sector Strategies	These were initially identified by the city departments concerned, discussed in the working group meetings, and further refined in the consultation workshops.
Obj. 2: Strategic Action Plan		
2.1	Long-term Vision, Key Issues, SWOT, Remedial Measures	These were deliberated in the working group meetings and further refined in the consultation workshops. However, no systematic SWOT analysis was undertaken.
2.2	City Assistance Program with (a) Immediate Priority Actions, and (b) Long-term Activities	Priority actions and long-term activities were identified, discussed and agreed upon in the working group meetings and consultation workshops, but the actions and activities requiring external assistance were not packaged as a distinct program. Rather, they were in the same list as locally funded programs and projects.
Obj. 3: Adoption of Action Plan		
3.1	Implementation Plan	Recommended policy reforms together with proposed programs and projects have been incorporated into the city's 5-year plan. However, the CDS report does not contain an explicit Implementation Monitoring Plan since the 5-year plan already has a built-in monitoring system.
Obj. 4: Documentation and Dissemination		
4.1	Final Report	The Final Report written in Chinese has been completed and disseminated to the government agencies and stakeholders groups that participated in the CDS process. The English version of the report, although less detailed, is also available.



## C. Description of the CDS Process

The City Development Strategy as an urban management tool was first introduced to Shenyang during the visit of Mayor Mu, the Mayor of Shenyang at the time, to UN-HABITAT in Nairobi in 1999. During that visit, a Memorandum of Understanding was signed between Mayor Mu and UN-HABITAT concerning areas of technical cooperation including the conduct of the CDS in Shenyang.

UMP-Asia undertook a mission to Shenyang to discuss the proposed Shenyang CDS with Mayor Mu and other officials. In the course of the mission, relevant information was gathered, including the outputs and suggested follow-up actions of the Sustainable Shenyang Project (SSP). Information on the EU-supported Shenyang Urban Planning Project (SUPP), which had just started at the time, was also received. The information on the SSP and SUPP were extremely helpful in initiating the Shenyang CDS as these two projects were utilizing participatory and consultative approaches similar to that of CDS. Moreover, the earlier activities of these two projects provided the essential foundation for introducing the CDS process to Shenyang.

Given the particular circumstances in Shenyang, considerable time and effort were exerted by UMP-Asia in finding a suitable local partner institution. It was deemed critical that such a partner should have the trust and confidence of the top officials of Shenyang, even more so than technical competence. Through a series of meetings with Mayor Mu and other top officials, it was mutually decided with UMP-Asia that the Shenyang International Engineering Consultancy Centre (SIECC) be designated as the local partner institution. This decision was based primarily on the fact that SIECC had already been engaged by Shenyang City to update its five-year plan, and the senior managers of SIECC enjoyed close working relations with Shenyang's key department heads as well as top officials. These factors provided the valuable opportunity to apply the CDS process in the updating of Shenyang's five-year plan.

Following the UMP-Asia briefing of Mayor Mu and other top officials on the participatory nature of the CDS process, especially the mobilization and involvement of the city's key stakeholders, Mayor Mu appointed Mr. Wang Wezhong, Secretary General of the Shenyang Municipal Government, to chair the CDS Steering Committee and instructed him to organize the CDS Stakeholder Group. In his position in the municipal government, Mr. Wang is de facto Shenyang's city manager; all city department heads report to him. His appointment to the CDS was a strategic move, reflecting Mayor Mu's interest in pursuing the CDS.

The key steps taken by the Shenyang CDS:

- ***Establishment of the CDS Steering Committee/Core Group, and development of the work plan.*** Under the leadership of the Secretary General, who was appointed CDS Project Director, the key municipal departments and their affiliates were organized into the CDS Steering Committee, namely: the Shenyang Planning Commission, Shenyang Urban and Rural Construction Commission, Shenyang Environmental Protection Bureau, and the Shenyang International Engineering Consultancy Centre. This "core group" then prepared the CDS work plan, including the identification of other stakeholders.

- ***Initial stakeholders' workshop to identify and analyse critical issues and possible corresponding strategies.*** The core group conducted this workshop to consult with other stakeholders on the city's critical concerns such as increasing economic output and productivity, reducing poverty, improving city management, and institutional working relations among municipal and other levels of government. Participants came from relevant government departments, academic and research institutes, the private sector, and NGOs. The workshop agreed on the CDS coverage, work plan and expected outputs, as well as the formation of working groups to draft such outputs.
- ***Establishment of working groups, and conduct of meetings on key issues and recommended strategies.*** Working groups among the identified stakeholders were formed corresponding to the agreed-upon priority issues. Through a series of meetings, these groups, representing 16 stakeholders, focussed on various concerns, prioritised them and developed corresponding strategies. The reports of all the working groups were consolidated into the "City Strategic Action Plan and Implementation Arrangement" which covers: (1) the existing critical issues, (2) the major constraints, (3) strategy and action plan for each focus area, (4) implementation arrangements for each focus area, (5) project priorities and timeline, and (6) assistance programmes.
- ***City development strategy review workshop.*** This discussed the consolidated report of the working groups in a more comprehensive and holistic manner, focusing on the linkages and inter-connections of the strategies developed for each focus area. Opinions and suggestions were received from the participants and other experts. The report was subsequently modified with a new title "The City Development Strategy of Shenyang". The recommended programmes, projects and other initiatives contained in this report have subsequently been incorporated into the city's newly updated 5-year plan. A number of the specific priority projects are now being implemented, particularly those that are locally funded.

## **Involvement of Key Stakeholders**

**City Government:** The Shenyang CDS received the full support of the municipal government from the start. The MOU was signed by the Mayor who designated the Secretary General of the Municipal Government - one of the more senior and influential people - as CDS Project Director. The Secretary General subsequently established the CDS Shenyang Steering Committee and particularly recommended the Shenyang International Engineering Consultancy Centre (SIECC) as UMP's local partner institution. This was a strategic move, as the SIECC had also been engaged by the municipal government to work with the Shenyang Planning Commission in updating city's 5-year Plan. Both the Mayor and the Secretary General saw the benefit of the CDS to the city's development planning process.

Therefore, the active participation of the key government agencies was easily secured, and the quality of the involvement was very high. The main motivation for their continued involvement was the leadership of the Secretary General who often attended the consultation workshops and working group meetings, as well as the interest of the Mayor himself in the progress of the work. The Secretary General, as the CDS Project Director, was indeed the main driving force for the CDS. He provided the impetus for continuity even when a new Mayor was elected midstream in the CDS process.

**Civil Society:** Stakeholder groups, other than government, actively participated in the CDS activities especially after the first consultation workshop, during the working groups' meetings and the final review workshop. These groups, reflecting a wide range of interests, included NGOs such as the Workers' Union, Women's Federation, Association of Science and Technology, Industry and Business Federation, Overseas Chinese Association, and Federation of Disabled Persons. While these NGOs represented the interest of all socio-economic classes of the city, there was no particular distinction given to the urban poor, reflecting perhaps the manner by which poverty is presently defined in China. Nonetheless, the NGOs showed great enthusiasm in being involved, and provided useful suggestions on a number of issues such as the management of flood-prone areas, increasing employment opportunities for the poor and disabled, and improvements in environmental quality and ecology.

**Private and Business Sector:** With the CDS objective of improving quality of life, and the city's strong industrial base, the participation of the business sector was relatively easy to secure. The structure of the CDS working groups provided the industry and business sector with the platform to share their concerns and ideas especially on increasing economic output while minimizing unemployment due to the closure of several state-owned enterprises. Their earlier involvement in the Sustainable Shenyang Project, particularly on the issues of pollution abatement and "clean" production, gave them the confidence and motivation to participate in the CDS deliberations. The exposure in the media of the CDS also motivated the private sector to be involved. The CDS activities were featured in the Shenyang Daily, the Shenyang TV News, and the Shenyang Economic Information Website to ask the public for comments and suggestions relating to the city's critical issues. Some 100 feedback comments were received covering concerns such as improving water and gas supply, strengthening air pollution control, increasing investments in public housing, and improving public transportation. These comments were then incorporated into the CDS deliberations for proper consideration.

**Higher Levels of Government:** Under the present Chinese laws, the State (Central Government) Planning Commission and the Liaoning Provincial Planning Commission are the key agencies responsible for guiding Shenyang in formulating its development strategy and action plan. These laws require that Shenyang must formulate its own development plan based upon the national and regional policy frameworks, including those for industrial development. Based upon this requirement, the State Planning Commission and the Liaoning Provincial Planning Commission participated in the final review workshop, represented by the Chief of the Planning Division and the Secretary General respectively. They commented on the consolidated report of the CDS working groups, and submitted specific recommendations in line with the policies under the responsibility of their agencies. These recommendations were consequently reflected in the final CDS report.

## **Key Success Factors**

- ***Careful organization and arrangements:*** The personal interest of the Mayor and the Secretary General right from the start were main factors in mobilizing and motivating the active and continued involvement of key stakeholders, especially the municipal government departments. The Secretary General's suggestion and UMP's subsequent engagement of the SIECC as UMP's local partner institution was also a

major factor in seeing the CDS through, especially in bringing together the various sectors in formulating the city's development strategies in a participatory manner. SIECC is the largest and most respected consultancy firm in Shenyang, and was engaged by the municipal government to update the city's Five-Year Plan.

- ***Convergence of the CDS activities and the updating of the city's 5-year Plan:*** The initiation of the Shenyang CDS coincided with the updating of the city's 5-year Plan, both of which shared similar objectives and expected outputs. Thus, the CDS was undertaken simultaneously with the 5-year Plan updating, thereby facilitating the collection of data and related information, which fed into the stakeholders' consultation workshops and meetings. This also resulted in substantial savings in human and physical resources particularly in data collection and analysis. Most importantly, the recommendations arising from the CDS activities were incorporated into the city's updated 5-year Plan.
- ***Continuous publicity and media coverage:*** The continuous publicity of the CDS, especially the social and economic issues it was focusing on, was a key factor in mobilizing broad support from citizens. The exposure the CDS received from the media generated much attention and support from the government officials, the private business sector, and NGOs. It significantly raised interest and understanding of the need for better coordination and cooperation among the various sectoral agencies of the government, which traditionally have been working in isolation from each other.

## D. Outcomes and Results of the CDS Process

### **City Vision and Development Strategies**

Shenyang's long-term vision is for a city whose citizens enjoy good living standards, adequate economic opportunities, a clean and healthy environment, and efficient city administration.

The strategies that Shenyang has adopted to achieve this vision are based upon the stakeholders' recognition and consideration of the city's strengths, weaknesses, opportunities and threats. For example, Shenyang's stakeholders are aware that China's entry to the World Trade Organization (WTO) will speed up the further development of a market economy and upgrading of the industrial structure of the entire country which, consequently, will affect China's cities especially those that are already making significant contributions to national economic development, such as Shenyang. They also recognize that Shenyang is an old industrial city with a large retired population, and due to the closure of many unproductive state enterprises, the problem of unemployment is increasing. They are also aware of the opportunities that the globalisation of the economy has brought about, which their development strategies can take advantage of especially in improving economic output, creating jobs and reducing poverty.

More specifically, the Shenyang Development Strategy addresses the long-term vision by focusing on the key issues of: (1) economic productivity through the restructuring and modernization of its industrial as well as agricultural sectors; (2) environmental quality through natural resources protection and conservation as well as improved waste management and promotion of "clean" production; (3) urban poverty reduction through improvements in people's living conditions, and access to basic services including social guarantee systems, and (4) urban governance through the simplification of the administrative structure of government, reduction of government's direct involvement in economic activities, and increased participation of the private sector in the decision-making process.

Based upon these key issues, the strategies are accompanied by an action plan, which lists specific projects. For example, the strategy for agricultural development includes projects for developing "green food production bases" in Kangping County and Faku County, and the Wolong Lake Eco-agricultural Programme. For industrial development, the strategy focuses on the city's existing four major productive forces, namely automobile, machinery, electronics, and chemical/pharmaceuticals. Its projects include the development of the Beitai Electronic Industrial Zone with a proposed investment of 430 million Yuan. For urban infrastructure development, the proposed projects include expansion of the Da Huofang Reservoir, the Lingkong Wastewater Treatment Plant, and Lao Hucong Sanitary Landfill.

In terms of urban poverty reduction, Shenyang's strategy aims at rationalizing and strengthening its Poverty Reduction Support System and its Re-employment Programme. The action plan lists several projects such as improvement of the unemployment, health, accident and maternity insurance systems and establishment of a social security tax. The plan also includes improvements in education, especially in health and vocational training. On urban governance, the city's main thrust is to streamline the bureaucracy for redirecting government's role towards more of an enabler and facilitator rather than implementer, especially in economic activities.

Projects in this area include the transfer of operational functions from state-owned enterprises to the private sector, shifting government's responsibility from directly providing supply services to supporting the flow of resources directly to markets, and establishing a new economic management system that uses pricing, taxation, interest rates and foreign exchange rates to guide economic growth.

## **Outcomes and Results**

The Shenyang CDS outputs have been integrated into the city's updated (10<sup>th</sup>) 5-year Development Plan, which was approved recently by the Shenyang People's Congress. This signifies that the action plans contained in the Shenyang CDS have been adopted by city authorities, and thus have become an integral element of the official plan that will guide the city's development in the next 5 years.

Through the CDS consultation process, which involved extensive discussions and exchange of information among government agencies at all levels, private business and NGOs, a consensus was developed among these stakeholders on the city's most critical issues, priority concerns, and key projects. The consultative and participatory nature of the process also facilitated the commitment of these stakeholders to ensuring the smooth implementation of the key projects. It was quite evident throughout the CDS process that all stakeholders were focused on results. They were, however, also realistic about the resources the city would be able to mobilize to implement the key projects. Thus, the investment plan of the Shenyang CDS shows that 40% will be covered by the domestic resources while 60% is earmarked to be secured from overseas or private resources. To minimize uncertainties, the investment plan indicated that most of the key projects are to be funded from domestic resources, which the Shenyang municipal government has more control over.

The CDS process was carried out under the strong leadership of Shenyang's top decision-makers, and directly facilitated by the city's key departments. UMP provided only the general guidelines, focusing mainly on how the process was to be carried out. The city's decision-makers adapted the process to its particular circumstances, capitalizing on exciting available resources and opportunities such as the updating of the city's 5-year Plan. Thus, the actual process that was utilized was "owned" by the city, and in turn, so were its outputs. This "ownership" is a critical factor on ensuring that the action plans actually get implemented.

The CDS Report, however, does not mention anything about new institutional mechanisms to support the continuation of the participatory decision-making process that the CDS utilized. But what is apparent is the change in thinking and attitude among government officials on the role and contribution of the private sector and NGOs to the city's planning and investment decision-making system. This attitudinal change that the CDS fostered has resulted in generating broad interest and enthusiasm among the non-government stakeholders, many of who had never been involved before in such a manner. Having been provided this opportunity to actively participate, these stakeholders are likely to pursue similar opportunities in the future.

During the CDS process, monitoring of its progress was undertaken by the CDS Steering Committee with regular reports to the Mayor. The absence of an explicit Implementation Monitoring Plan in the CDS report was deemed to be unnecessary since the recommended programmes and projects have already been integrated into the city's newly updated 5-year plan which already has an operational monitoring system. However, UMP did not have the opportunity to assess the effectiveness of this system with the limited timeframe and budget for the assistance to Shenyang.

With the finalization of the Shenyang CDS report and, more importantly with its substantive contents being incorporated into the city's updated 5-year Plan, the CDS process is considered complete. This also signifies the conclusion of UMP's support to the undertaking of the process. It must be noted, however, that the city authorities felt

that the implementation period for the CDS process was too short. The report states: "Since the implementation time of the CDS project was short, only the macro and comprehensive issues were covered. The procedure of this project should have been further simplified to match the particular situation of the municipal government".



## E. Reflections on the CDS Process

The CDS process applied in Shenyang is similar to that of UMP city consultations in terms of the emphasis on participatory and consultative mechanisms, and the focus on local ownership. The adaptation of this process to the particular circumstances of Shenyang, however, meant that certain compromises had to be accepted if the process were to proceed. For instance, the Shenyang government officials have their own definitions for "stakeholders", "participation", "consultation" and "governance". These definitions do not often coincide accurately with those generally used by external support agencies. Thus, a higher priority was given by UMP to local ownership, while a compromise was established with regard to operationalizing stakeholder participation. In Shenyang, as elsewhere in China, the mechanism for people participation is primarily the People's Congress and its various committees. The Shenyang CDS, therefore, built upon this but expanded the involvement of other stakeholders through the CDS working groups and their deliberations.

The objectives, principles, and procedure of the CDS were agreed at the beginning, and the commitment to these by the municipal government was formally established through a Memorandum of Understanding with UMP. These objectives have been substantially achieved and the expectations of the municipal government have been met. It is not clear however, whether the expectations of non-government stakeholders have also been met, although they actively participated in the working groups' deliberations and stakeholders' consultation workshops. From informal conversations with these stakeholders, they expressed great appreciation for having been given the opportunities to share their views on critical issues, and having their concerns reflected in the final recommendations that have been incorporated into the city's official development plan.

In undertaking the process in Shenyang, the most critical difficulty was language. The CDS objectives, principles, and procedures, which were all originally written in English, had to be translated to Chinese. Moreover, the entire CDS process was conducted in Chinese, and all its original outputs and reports were in Chinese. These reports were all translated to English, however in doing so, a large number of substantive elements were either lost or incorrectly translated. As a result, more time and effort had to be devoted to revising the English version of the reports.

Ideally, for cities like Shenyang, which are new to participatory and comprehensive decision-making processes such as the CDS, the approach should be more training-oriented. That is, the CDS process is used basically as the curriculum for on-the-job training, and the CDS expected outputs are produced by the participants as "assignments" of the training course. The participants should come from the city's key stakeholders groups to reflect real life situations. Necessarily, the training course should be conducted in the local language. This will require that all training materials are in the local language, and the trainers are local experts. If such experts are lacking or not available, a Training of Trainers (conducted in English by external experts) will have to be conducted first to establish an initial pool of appropriate local trainers/advisers.



# Tunis, Tunisia

## City Development Strategy Report

November 2001



Prepared By:  
Federation National des Villes Tunisiennes (FNVT)

# City Development Strategy Study

## Tunis, Tunisia

### A: Basic City Information

City, Country:	<b>Tunis, Tunisia</b>
City population and Greater Tunis population country population:	720 000 inhabitants (year 2000) 2 053 000 inhabitants (year 2000) 9 562 000 inhabitants (year 2000)
Population density within the city:	112 hab/hectare
City growth rate: Greater Tunis growth rate	1.2% a year 2% a year
City's main function:	<p>Tunis has been the political, cultural and economic capital of Tunisia for 13 centuries, Tunis is the main economic and industrial pole of the country Tunis plays a major role in the activities of the third sector : 69% of job opportunities, 43% of which are for trading services and 26% for administration :</p> <ul style="list-style-type: none"> <li>➤ Main financial place of the country (65% of the financial companies)</li> <li>➤ Half of Real estate agencies are in Tunis,</li> <li>➤ The 2/3 of collective and social services companies are settled in Tunis.</li> </ul> <p>Tunis is the 5th tourist zone in the country in terms of accommodation capacity: 19 000 beds (Business hotels down town and sea side resorts in the suburb).</p>
Economic / Poverty profile:	<p>unemployment rate: 16% unemployment rate of young people (age 18-24 years): 35% 4% households below poverty line 95% households with access to basic services 30% working in informal sector 25% households in informal settlements, 4% in squatter settlements Adult literacy (male: 12% and female: 27%) 20% population with a higher education (university) child mortality rate: 25 %</p>
Administrative structure:	<p>As with all the Tunisian municipalities, Tunis is headed by a municipal Council elected for a period of 5 years through universal direct voting.</p> <p>The municipal advisers are all volunteers, and they elect among them a Mayor. The Mayor usually has a full time job (paid by the Municipality) for the municipalities with a certain number of inhabitants or a budget over the threshold defined by law for each mandate (presently 150,000 inhabitants or 4 million dinars); which is the case of the Municipality of Tunis.</p>
Focus of the CDS:	<p>The 2010 Tunis Action Plan is meant for :</p> <ul style="list-style-type: none"> <li>- A competitive economy</li> <li>- Resources and services open to all citizens</li> <li>- A healthy environment and urban landscapes in harmony with nature</li> <li>- Performing and participatory urban management</li> </ul>
CDS start date	December 2000

CDS Completion Date:	June 2002 (expected)
Key stakeholders involved:	<ul style="list-style-type: none"> <li>- Elected people and heads of municipal services (urban planning, social affairs, environment, culture, youth...),</li> <li>- Representatives of central and regional administration as well as public institutions,</li> <li>- Representatives of private sector, (tourism, industry, transportation operators, urban planners...)</li> <li>- Representatives of other stakeholders of civil society (university, associations, community organisations, media, etc.)</li> </ul>

## B. Narrative of the city situation - national context

Since the beginning of the 1990's, Tunisia has been engaged in a process of integrating its economy in a regional and global system. Tunisia is middle-income country that aspires to join the ranks of emerging countries and is undergoing numerous socio-economic transitions. Tunisian cities have become the main centres of development in the country and two thirds of the population of 10 million is currently urban.

Within the framework of Euro-Tunisian agreements, the agglomeration of Tunis has a central contribution to make to the country's economic competitiveness, social cohesion and the reinforcement of civil society. Greater Tunis is composed of four governorates, namely, Tunis, Ariana, Ben Arous and Manouba). Over 2 million inhabitants live in the approximately 300,000 hectares of Greater Tunis, or one fifth of the national population.

The city of Tunis is an engine of economic integration. Already the country's economic and political capital, Tunis now aspires to become a regional crossroad within the context of increasing regional integration and globalisation.

Greater Tunis represents 37% of the national economy and Tunis itself approximately 25%. The trend is toward a decrease of the relative economic importance of the city and an increase in the role of neighbouring governorates. The service sector plays an increasing role in the city's economy and represents 80% of all employment today. Tunis is also the financial heart of Tunisia with 65% of financial enterprises located within its boundaries.

Despite its dominance of the nation's economy, Tunis has not been in a position to attract its "fair share" of foreign investment. Only 10% of foreign companies choose to locate in Tunis, and their combined investment represents 13% of all foreign investment in the country. This is partly due to the fact that industrial areas in Tunis are saturated and neighbouring governorates are attracting the bulk of foreign investment (26%). Although Tunis has the best educated workforce in the country, high unemployment rates for university graduates indicate that their skills and qualifications are not adapted to the demands of a modern economy.

In terms of sustainable human development, Tunis has symbolized the aspiration for social mobility of millions of migrants over the past decades. Today, much of the country's wealth is concentrated in Tunis though this wealth is not equally distributed. Tunis provides access to basic services with over 90% of the population having access to potable water, sanitation and electricity and only 0.4 of housing units being insalubrious. Nationwide unemployment varies between 13 and 16% and Tunis is

within this trend. In Greater Tunis, over 35% of the youth between the ages of 18-24 are unemployed. This situation has been gravely deteriorating since 1994.

The city of Tunis has invested USD 10 million in informal housing upgrading conducted in 23 low-income neighbourhoods. Informal housing continues, however, to spread rapidly. Tunis spends approximately \$10 dollars per year per habitant on social infrastructure, which is very low compared with other cities of the Mediterranean. Combined green and open spaces in Tunis total 750 ha or 8.71 square metres per inhabitant. This relatively high ration masks important disparities and the near absence of any green areas in low-income neighbourhoods.

The picture that emerges from this brief description is that of a city with tremendous potential to become an important centre for economic development in the Mediterranean region. While social problems in Tunis may seem mild compared with other cities of the developing world, the consequences of having a large segment of the population (youth and residents of informal areas) with limited access to key services and employment on the city's potential should not be underestimated.

### **Decentralization**

The decentralization process of central government skills in terms of planning and urban management for the benefit of municipalities has progressed since the promulgation of the local authorities law in 1975. There are 259 municipalities today, and they have wider responsibilities in the field of town planning of public utilities. Their scope in urban planning was strengthened in 1994 thanks to the new urban planning and land use code. They now have a performing structure for communal financing and investments. This is the “Caisse de Prêts et de Soutien aux Collectivités Locales” (Municipal Fund), created with the support of the Municipal Development Program (PDM), co-financed by the Tunisian Government and the World Bank, which contributes more than 60 % of the financing of municipal investments.

In parallel, the training of municipal agents and elected representatives has improved, as a result of the new Training and Recycling Centre for municipal agents. Many training sessions are held within the Municipal Development Program (PDM) and other training and cooperation programs.

However, despite the evolution of their scope and their managing capacities and despite the activation of municipal investments, the communes remain structures with limited decision-making power in the Tunisian institutional landscape. They suffer from a lack of both financial means (municipal finances represents 5% of the government budget) and human resources in order to fulfil the missions devolved by the law and to deal with the growing needs of the urban population, the challenge of economic competition and the requirements of social cohesion. The city of Tunis does not have any special status, as its position of a capital should allow, but the Mayor of Tunis has a rank of Secretary of State.

The production, management and financing of public urban services are strongly centralized. Tunisian cities must work with national public companies such as the National Office for Sewerage, the National Company for Gas and Electricity, the National Company for Water and land management agencies that meet the needs of urban population and economic agents. The growing participation of the private sector in the management of the public urban services is a solution for which the Government and the communes opted for the past few years in order to guarantee a better response to the needs of the urban population, and the results seem to be encouraging.

The contribution of NGOs, presently low in urban areas with the exception of the « Associations de Sauvegarde des Médinas » and the Associations for the Protection of Environment, is improving. The cities, the urban communities and the local Authorities will all benefit from further NGO involvement in urban development.

### **Economic Situation and Poverty**

Tunisian cities produce more than 80 % of the national wealth, and are home to about two thirds of the national population. They will be more and more relied upon not only as places of production or residence but also as places for cultural and intellectual growth and expression, with the ultimate goal of offering a better quality of life to their inhabitants. Tunisian cities have made remarkable progress, but huge efforts are still required in order to improve the efficiency, competition and conviviality of Tunisian cities.

Like other cities and villages of the country, Tunis has witnessed important economic and social development during the last forty years. The population of Greater Tunis has reached 2 million inhabitants. The demographic weight of the city of Tunis and Tunis Gouvernorat are changing: the population of Tunis Gouvernorat represents less than 10% of the total population in 2000.

The city of Tunis is participating in a substantial way in the national effort in the field of school education and literacy of the population. As a center of power and capital of culture and knowledge, Tunis plays a first rank role in the training of Tunisian elites. Despite the progress made in the education field, literacy remains a relatively important area to address. In 1994, about one Tunisian out of three aged more than 10 years knew neither reading nor writing. This proportion is more significant among women (42 %). The Gouvernorat of Tunis shows the highest rate of literacy in the country: 73 % for women and 88 % for men (respective national average of 57,8 % and 78,9 %).

More important than the demographics, however, is the economic impact Tunis has on the country of Tunisia and on the city itself. The city produces the quarter of the national wealth, making its economic weight 2.5 times greater than its demographic weight. Greater Tunis is the leading industrial and economic centre of the country. In late 1998, there were approximately 134,000 companies, 34% of the total number of the companies established in the country. The Gouvernorat of Tunis contains 59% of these companies. Therefore Tunis has the most important concentration of companies at the national scale.

While poverty has reduced in Tunisia, it has become a more and more urban phenomenon. Since 1985, the poverty rate has been higher in urban surroundings than it is in the rural areas. At the same time, Tunis remains an advantaged area compared to the rest of the country. The indicators for household (domestic) equipment, housing characteristics and economic conditions of the population of the Gouvernorat of Tunis show a higher living standard in Tunis than in other gouvernorates.

Unemployment is a determining element of poverty and social exclusion. Since the 1960s, the unemployment rate in Tunisia has changed very little, remaining at between 13 % and 16 %. The unemployment rate is generally higher in rural areas. Women and young people are the two most vulnerable categories in the society. They are twice exposed to unemployment: they find it more difficulties to get a job, and then they are the first to be made redundant in the case of economic difficulties. Young people are particularly concerned with unemployment: 1 in 3 Tunisian youth is jobless.

### **Opportunities, constraints and major challenges**

The integration of Tunisia in the global economy provides opportunities as well as risks and challenges. With globalisation comes the need for job creation and the struggle against social exclusion, as globalisation intensifies international competition and the acceleration of technical progress. While this encourages economic growth, it can also lead to an increase in unemployment, which particularly concerns under-qualified men, women and youth seeking employment.

In terms of social action, the budget for the city of Tunis is modest. The municipality of Tunis allocates 2.4 % of its budget to social expenses. Nevertheless, it should be noted that the municipality of Tunis plays a major role in urban poverty reduction through the implementation of programs aimed at improving the environment and the living conditions of the inhabitants of the commune. There are two types of means for action used by the municipality:

- A pilot project for urban renewal and rehousing of poor families, the Oukalas project: 1,645 Oukalas upgraded 2000 families relocated;
- An intervention for the upgrading of popular neighbourhoods. 23 neighbourhood are involved and it represents a global investment of 11 Million Tunisian Dinars. This will allow improvements in the living conditions for the inhabitants of 12,000 houses.

## **Governance**

Tunisian municipalities and the municipality of Tunis are exclusively devoted to daily management: civil status, local tax, public roads and traffic management, cleaning and health, building authorizations, etc... Their skills in terms of planning are very limited, and they generally delegate the studies of urban policies and land planning to the government or the private sector. This delegation means they are not in a position to pilot such projects. The communes undertake few activities or plans to tackle global and future options for development. It is difficult for Tunis to escape from its limited role in this regard. The Tunis City Development Strategy process suffered from this reality, and its implementation has been particularly slow and difficult as a result. On the other hand, local democracy is being slowly established in Tunisia, but communes remain minor entities in the process of decision making. Though some attempts are being made to develop the participation of citizens in the management of the City, these attempts are sporadic and have not been institutionalised.

## **C. Description of the CDS process**

Given the integrated methodology adopted for the implementation of the CDS in Tunis, different levels of consultation were required. Three pilot institutions, namely, the Municipality of Tunis, the National Federation of Tunisian Cities (FNVT), and UMP-Tunisia, were the main actors in the CDST. The FNVT and UMP-Tunisia have a successful 5-year history of partnership, and they have implemented jointly a number of city consultations (youth, poverty, inter municipal cooperation, access to land for the poor, among others). The Municipality of Tunis was itself the partner of a few of those programs.

For the needs of the CDS, a joint project team was set up to coordinate and monitor the implementation of the project, presided over by the Mayor of Tunis. This team met on a monthly basis, and its main task was to coordinate and assist the two main consultation bodies. These bodies were the Municipal council, a basic decision making organ of the CDST process, which was kept informed and provided feedback to the experts on general orientations, and the monitoring committee. The monitoring committee was composed of representatives of the municipal technical services, as well as of all public institutional partners of the City such as ministerial departments and specialized public agencies. This committee is an enlarged decision-making body, integrating input and feedback on general orientations from the main non-municipal actors of the city.

A team of six high level experts/consultants was involved in the CDST process from the outset. This included one expert for each of the thematic areas identified for the CDST, namely:

- Economic development
- Environmental protection
- Transportation
- Municipal development and finance
- Urban and regional planning
- Communication (both the CDST and the municipality's communication strategies)

For each of these thematic areas, a working group was set up. Working groups met on a bimonthly basis and were coordinated by the expert concerned. Each working group



brought together around 30 people, representatives of the City and ministerial departments but, more importantly, resource persons from civil society, universities and the private sector. Based on the technical notes drafted by the experts, the set up of these groups allowed for the enlargement of the debate to actors outside of the public institutions networks, thus bringing in other types of interests and strategies.

In addition to these different mechanisms, the CDST project team is working, in the coming months, to increase the mobilization of different actors who are not usually involved in the urban debate, such as entrepreneurs associations, journalists and professional organizations. These groups will be mobilized through their representative organs, federations, and associations.

### **Consultation structures**

The FNVT, the Municipality of Tunis and UMP-Tunisia have established a project team, chaired by the Mayor of Tunis, who is also the President of the FNVT. This team is assisted by six experts in the fields of economic and social development, environment, transportation, municipal finance and development, urban planning and communication.

Different structures are responsible for the implementation of the consultative process of the CDS. The Tunis Municipal Council and its Committees are fully involved. The Steering Committee, presided over by the Mayor of Tunis, is the main forum for dialogue and has the responsibility of gathering all key stakeholders. The project team ensures the coordination of all CDS-related activities and provides a secretariat. It is composed of local elected officials, municipal staff and representatives from the FNVT and the UMP.

The working groups were created along the main themes defined by the project team. They are composed of approximately 30 persons each that represent the municipality, national ministries, media, NGOs, and the private sector. Stakeholder groups were organized along sectors: industrialists, tourism professionals, civil society, urban planners and journalists.

The project team met, under the chairmanship of the Mayor of Tunis, once a month on average during the first six months in order to organize and support the different working groups. One of its main tasks was to ensure the cohesion of working groups and provide a synthesis of their work. Working groups met every other month. The work of the team was impeded by the lack of availability of municipal staff between May and September 2001 as a result of the organization in Tunis of the Mediterranean Games. The experts did, however, continue their work throughout the process and provided continuous technical assistance to both the working groups and the project team. Their role consisted of consolidating information into working and communication documents, preparing memoranda on the six principal themes and developing the methodology for the working groups.

Six working groups met twice each between January and May 2001 to discuss the themes proposed by the Project team. These themes were as follows:

1. Cultural policy and communication strategy
2. Municipal management and finance
3. Environment, infrastructure and environmental services
4. Social and economic development

5. Urban transportation, traffic management and communication and telecommunication infrastructure
6. Large urban development projects

Following the meetings of the working groups, a diagnostic report on "The status of development in the city of Tunis" was developed in June 2001 and approved by the Steering Committee in July 2001. The Steering Committee also discussed the preliminary axes of the Strategy report of the Tunis CDS, which was approved. This report covers development orientations for the city of Tunis until 2010. In addition, a communication strategy was developed to accompany the preparation of the strategy and the Action plan.

## D. Outcomes and Results of the CDS process

The CDS process in Tunis is not yet fully complete. Much has been achieved, however, in the process thus far. The diagnostic was completed in July 2001 and the Livre Blanc (White Book or Strategic Plan) in February 2002. This was discussed with the City Council and various stakeholders from public, private and NGO sectors in March 2002. These outputs are the fruit of several months of consultation undertaken with the different groups of stakeholders and dozens of meetings headed by the Mayor of Tunis or his representatives (municipal advisors) held during 2001.

The "Strategic Plan" of the city of Tunis formalizes the general outline of the vision of Tunis 2010. This document contains the strategic outline of the vision of the city resulting from the consensus developed throughout the CDST.

Meetings of global or thematic focus (transport, economic and social aspects, environment, urban planning, communication) were held. These gathered between 30 and 100 participants: elected people, representatives of administration, journalists, urban planners and architects, Town planning agencies, transport, companies and NGOs. Technical notes, methodological notes and thematic diagnoses were compiled into synthesis reports and submitted for discussion by the monitoring committee. These documents were drafted by the team of consultants.

Many articles were published in the local written press on the process, the targets and the output of Tunis CDS. This communication process sets the stage for expanded consultations in the future, and for the debate to include the citizens of the city at large.

Additional efforts are now required in order to mobilize economic actors and involve them in the process, especially the managers of services companies, industrials, hotel managers and traders. Plans are underway to target these stakeholders specifically.

In order to complete the CDS process, the following activities and outputs are scheduled for April through June 2002:

- A seminar for the validation of the Strategic Plan
- A press campaign on the Strategic Plan and the Tunis CDS Process
- Publication and broadcasting of the Strategic Plan
- Training and sensitisation of people from municipal services on the Strategic Plan and the conditions of its implementation
- A display in order to present 2010 Tunis Agenda
- A Priority Action Plan (2002-2005) for the development of the city of Tunis. This plan will be developed in consultation with all institutional partners of the municipality of Tunis and will stand as a formal agreement between them ("contrat programme"). The exact modalities of this plan remain to be finalized.
- A Priority Plan of institutional development for the Municipality of Tunis
- On the basis of the Priority Action Plan, 2 to 3 pre-feasibility studies for priority actions will be undertaken through the CDST. These will also serve as a basis for the mobilization of potential national and international donors, on the basis of a donor meeting before the end of the program. Pre-feasibility studies will be undertaken for the three projects:
  - A plan for the economic and social development of the Medina (historical centre);

- A local development chart to restore and value the suburb of Sejoumi;
- A comprehensive plan for the new city centre, for the Kasbah and Berges du Lac areas.

The two main outputs of the CDS process are the Strategic Plan (vision for the city) and the Action Plan. The Strategic Plan is currently finalized and the main actions and strategic projects of the action plan have been identified. The investment packages for the action plan are being developed and will be finalized by the end of June 2002.

### **Vision for the City**

The vision for the city was presented to the Tunis Municipal Council in March 2002. The strategic orientations of the vision are currently being discussed in order to identify priority actions for the municipality of Tunis and its partners to begin technical, financial and institutional prefeasibility tests.

Five major challenges have emerged from the consultative process:

1. Propelling Tunis to the rank of a competitive and attractive Mediterranean metropolis
2. Transforming Tunis into a city for all where each can express his/her right to citizenship
3. Developing the historical and cultural identity of Tunis
4. Enhancing natural assets and preserving the environment
5. Providing Tunis with enhanced capacities to plan and manage its development

### **Key strategic orientations of the City vision**

The Strategic Plan represents the principal output of the second and third phases of the CDS. It was developed using a participatory approach with the following objectives:

- Translating strategic choices into specific objectives
- Defining the place and role of the City of Tunis in the implementation of the objectives
- Translating the objectives into performance indicators, projects and priority actions

During consultation meetings organized since July 2001, the five strategic choices were translated into a number of priority actions that could accelerate the implementation of the city vision. The concerned authorities are now studying the feasibility of these actions.

#### **1. Strategic Choice: Propelling Tunis to the rank of a competitive and attractive Mediterranean metropolis**

This first choice will be translated into specific objectives around the following axes:

- Development of economic monitoring to better anticipate, and adapt to, economic mutations.
- Development of international support and advisory services for enterprises.
- Urban marketing and positioning of Tunis as a competitor to other Mediterranean metropolis.
- Improving the quality of the urban and economic infrastructure, with a focus on foreign investment.

- Modernizing administrative services, particularly those of the city of Tunis.
- Enhancing skills and know-how.

## **2. Strategic Choice: Transforming Tunis into a City for All**

This strategic choice revolves around a number of specific objectives, including:

- Strengthening social cohesion by implementing urban poverty eradication policies.
- Reinforcing spatial cohesion by:
  - Ensuring better access for all to urban services (transport, entertainment, culture, information) and to public spaces (urban parks, public gardens, main arteries, lake shores),
  - Making the city safer for women
  - Integrating underprivileged areas into the city. Efforts will in particular focus on the Séjoumi area, which suffers from difficult economic, urban, and environmental conditions. The development of environmental services and green spaces is particularly needed in this area.
  - Developing a city-wide development strategy that addresses new challenges: youth unemployment, aging of the population, marginalization of peri-urban neighbourhoods, and the increase in the number of poor women heads of households
  - Strengthening the public transportation system

Action 1: Participatory strategy for social development and poverty eradication at the metropolitan and municipal level with the participation of NGOs and community organizations.

Action 2: Implementation of participatory plans bringing together the State, the city, and local populations in poor neighbourhoods.

Action 3: A campaign to increase safety in public spaces and to promote the role of women in the city.

## **3. Strategic Choice: Strengthening Tunis' historic and cultural identity**

In order to reinforce cultural identity of the citizens and build the image of Tunis for 2010, the following objectives are proposed:

- Define the values and core concept of Tunis
- Develop Tunis as a Mediterranean, Arab and Muslim, Maghrebian and African city
- Building a new image: economic and commercial prosperity, opening to the sea, a city for all, a sustainable city
- Preserve and revitalize the médina
- Develop a dynamic cultural life

Action 1: developing a medium term cultural strategy for Tunis with an emphasis on the city centre and peri-urban neighbourhoods.

Action 2: initiating the development of a participatory plan for the upgrading and revitalization of the medina.

Action 3: A landscaping and cultural equipment plan.

## **4. Strategic choice: A more rational organization of urban space and of environmental management.**

As far as the urban and environmental strategy is concerned, the following is proposed:

- Reinforce the economic and cultural importance of the city centre
- Create a "window" of the city on the lake and the sea by creating a new alliance port-lake-city centre emphasizing functional, cultural, architectural and urbanistic cohesion
- Improving circulation in the city centre and the periphery at a lower economic and environmental cost and making the public transportation system more attractive.
- Improving natural and green spaces, environmental and aesthetic quality and strengthening the capacity of the city in urban environmental management

Action 1: Developing a coherent project for the city centre within the new médina-hypercentre-port-lake perimeter.

Action 2: unifying large urban project implementation structures for the city centre.

Action 3: Placing the process of "metropolizing" Tunis within the context of an economic and institutional strategy.

Action 4: implementing a programme to improve and enhance natural and green spaces, including the restoration of the Sekha Séjoumi, the updating of Tunis' Green Plan, the creation of a large urban park to the west of the city that will serve poor areas, the creation of a committee for beautification gathering a wide range of stakeholders.

Action 5: Implementation of a sustainable solid waste management plan.

Action 6: Development of a circulation plan favouring pedestrians, public transport, attenuating transit traffic on main arteries and increasing parking space.

## **5. Strategic Choice: What new capacities for the city of Tunis?**

New urban challenges in Tunis call for:

- Cities and institutions that are able to implement a city vision and strategy in the context of increased globalisation and strengthened local dynamics
- Approaches that anticipate future trends and promote collaboration. Inter-municipal collaboration becomes of strategic importance and new tools and capacities must be developed at all levels.
- Strengthening urban citizenship: urban development is not only a matter of concern for urban experts and elected officials. Achieving a consensus for tomorrow's city presupposes the participation of citizens through organized civil society structures, the dissemination of information, and mechanism for communication and consultation.

An institutional development programme for the city Tunis has become a necessity. Its objectives are to endow Tunis with the capacities necessary to face new urban challenges, including: spatial and economic marketing; reinforced capacity to manage large urban development projects; capacity to develop new partnerships, support to provide to enterprises; and the progressive creation of institutions and planning tools at the inter-municipal and metropolitan levels.

## **E. Reflections on the CDS Process and Lessons Learned**

The City Development Strategy of Tunis (CDST) has proved to be a particularly innovative initiative, mobilizing many institutional actors usually not involved in this type of debate, and certainly not used to working together with other institutions. The CDST has been rightly perceived as allowing a strategic debate that no single

institution had managed to launch in the past, based on a holistic approach to the City. City consultations implemented by UMP in the past had not brought such interest from the media or the general public.

However, the innovative dimension of the process has also been source of difficulties. First, there is no municipal tradition for inter-sectoral / integrated planning. The deeply sectoral working habits of the municipality have required a tremendous amount of work and capacity building, mostly with the technical staff of the city, but also with municipal council members who were not familiar with such an approach.

There is no single institution responsible for "thinking" of the city development. This makes partnership building a particularly lengthy process. Many of the thematic areas of the CDST are not even dealt with by the municipality (although they fall within municipal prerogatives), and most of those areas concern a multiplicity of institutional partners with no tradition for cooperation. This process has been all the more difficult because of the metropolitan scale of analysis required by the strategic nature of the CDST, beyond the city scale per se. No metropolitan planning institution exists.

The CDST process has shown the weakness of the non-governmental sector in the city. There are almost no urban development associations in the capital city. This situation clearly puts a limit on civil society involvement for any consultation process, but also makes it rather difficult for municipal actors to find adequate partners to work with for the definition and implementation of local strategies.

The CDST process has definitely shown there is a high demand placed on this type of strategic planning process from municipal institutions throughout the country. In the past weeks, formal requests for technical assistance were received from the city council of Sfax (the second largest Tunisian city), as well as from the metropolitan area of Nabeul, for CDS to be conducted.

There was difficulty in bringing the Municipality of Tunis into piloting a dialogue process on the options for the development of the City as while the municipality was mobilized by national projects such as the Mediterranean Games (September 2001) and the upgrading of the main street of the city centre (from December 2000 to July 2001).

The dysfunctions observed in the organization of municipal services and in the coordination of the action of these services have not only made the implementation of the Tunis CDS difficult, but could also be a major obstacle for its implementation if a institutional development plan is not elaborated and if immediate measures are not taken regarding:

- The development of planning and communication functions,
- The Institutionalisation of the relationships with the citizens
- The establishment of an "urban workshop" can function in an independent way

It was difficult to involve businessmen in Tunis CDS, and a targeted strategy of these actors should be developed. In addition, the press broadcast data on Tunis CDS but without real added value. It would be useful to consider sensitising the media on urban questions and challenges so their reporting would be more meaningful and could contribute to achieving the goals of the CDS.

This issue of gender is at the centre of the target “Tunis, city for all, men and women”. The particular situation of poor women, in both the medina and the suburbs, has a major place in the action plan and in priority actions in the Medina and in Sejoumi zone. The differential practices (men and women) in public spaces, such as downtown streets and coffee shops, are also part of the debate.

On the periphery of the Tunis CDS, a spectacular action was organized on the 3rd of November 2001, in the city centre, where a group of fifty women participating in the CDS process (elected and municipal leaders, city planners, architects and others) invaded coffee shops where usually few women are present. This practice was renewed once a week after Ramadan. Their slogan was “the re-appropriation of the City”.



UMP's vision is to promote sustainable urban management and improve living conditions of the urban poor. It is envisaged that this will be achieved through enhancing civic capital (social capital) in cities and promoting and strengthening pro-poor urban governance. UMP builds on past experiences to develop the capacity of all stakeholders in promoting the paradigm of participatory urban governance.

Through this, UMP will strengthen the process of decentralisation, particularly the empowerment of urban local governments and civil society. This will be achieved through partnerships with anchor institutions, networks of local authorities, regional associations and other global and regional programmes of the UN system of agencies and institutions.



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