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DEVELOPMENT AID: A COMPREHENSIVE CITY-SCALE APPROACH

NATHALIE LE DENMAT†, DEPARTMENT HEAD, LOCAL GOVERNMENTS AND URBAN DEVELOPMENT, AFD (AGENCE FRANÇAISE DE DÉVELOPPEMENT), PARIS, FRANCE

Developing countries face major urban challenges, requiring tailored answers from development donors and funders. Rather than merely addressing emergencies in various urban sectors, international aid should help build a comprehensive approach to town planning, especially since decentralization enlarges the scope of possible interventions.

Increasing global urbanization and its effect on climate change put sustainable cities at the heart of twenty-first century priorities. Well-conceived urban planning contributes much overall to development. However, when insufficiently mastered it can – and often does – carry unfortunate consequences. Each city presents a particular case, but one outcome is obvious: cities have generated negative effects, such as poverty, crime and pollution at the local scale, or greenhouse gas emissions and cultural destruction at the global scale. These are the challenges that local governments must address with “integral” urban plans and management. The 2007 Leipzig Charter on Sustainable European Cities defined this “integral” approach as “taking into account simultaneously and equitably all urban development imperatives and essential interests.” This does not mean addressing all issues at the same time, but taking each intervention as integral to a pre-existing, comprehensive consideration of the issues confronting local governments. An urban planning project’s financial viability should be reviewed together with its economic, social, cultural, environmental and spatial needs. Increasingly, donors and funders are promoting this “integral approach” to cities’ development.

Since half of the urban areas that will exist in 2030 in developing countries are not yet built, it is especially important that donors and funders watch over the path of urban growth – or better still carefully prepare for it. Most often, this means providing financial support to local governments. Even if national policies remain important, notably in supervising local governments’ budget balances and supporting balanced regional development, progressive decentralization puts local governments at the centre of development issues. Once local democracy has emerged, and local governments have acquired sufficient autonomy and necessary technical capacities, they will have both the legal responsibility and the legitimacy to implement and manage suitable public policies.

Decentralization is a complex process that implies coordination of different levels of government, consistent technical capacities, and sufficient financial resources to achieve sustainable development.

1. Samuel Lefevre and Sarah Marniesse from AFD’s Urban Department contributed to this article.
Aims efficiently. It therefore calls for measures that reinforce capacities while ensuring their complementarity, and sufficient resources to carry them out. Donors and funders need to establish close dialogue with local governments, focusing on the adequacy of their development policies’ financial strategies. Such an approach is particularly meaningful because it matches implementation to each local government’s financial viability.

At the same time, far from concerning itself only with financing, this support rests increasingly on an integrated approach to urban growth, as defined in the Leipzig Charter. Constrained by emergencies, traditional cities’ approaches have often focused on specific sectors and have blurred the organic interaction between various social, economic and environmental factors. For instance, improving sanitation in a non-hygienic district is certainly essential, but in the absence of complementary actions, such as investing in affordable transportation, creating new jobs and designing good quality public spaces, the local community will not benefit fully from these improvements. Only an integral approach makes it possible to solve all issues entailed in improving given urban areas, whether one addresses housing, zoning activities, urban mobility, public works, or environmental protection.

Consequently, AFD promotes renewed support to municipalities and a new approach to urban development. It considers the municipality critical for guaranteeing the development of sustainable urban planning policies. Even as AFD provides funding for a certain number of sectors under municipal responsibility, it always tries to link a project to an integrated vision of the urban area and to base its work on a consolidated financial forecast. In this connection, it reviews different sources of financing with the municipality, including tax revenues, rates and license fees; relevant asset management, particularly for land and property; grants and subsidies; and loans and public-private partnerships. This overall diagnosis allows a constructive dialogue to take place, and highlights consequences of political decisions and project implementation for elected officials. These analyses also identify relevant supporting measures, ensuring the financial and technical viability of an urban development strategy.

AFD plans to give financial and technical support to local efforts in designing and implementing integral urban projects. The Kisumu Urban Project in Kenya exemplifies AFD’s approach to such projects. AFD will provide a 40 million Euro loan to the Kenyan government, which will reassign it in the form of a grant to the Municipal Council of Kisumu. Within a traditionally centralized country, the Kisumu Urban Project is the first of its type; the central government coalition considers it a pilot project for sustainable urban development. Kisumu is the third largest city in Kenya, with significant yet under-exploited economic and environmental potential. It is chronically under-financed, crushed by debt, and geographically and socially fragmented. Kenyan cities traditionally revolve around independent neighbourhoods, organized around individual communities. The project aims to help the municipality develop a global strategy for its territory, so that these diverse and separate communities can participate in a common urban project and share a sense of belonging to the city. By designing an integral urban development strategy, the municipality will launch a process of urban redevelopment that should prove acceptable to its residents. Its ultimate goal is to reinforce local governance and local public institutions’ legitimacy, and to enhance overall living conditions in the city. To maximize its social impact, the project will finance investments in those sectors that the Municipal Council of Kisumu considers top priorities. The municipality and AFD favour this pragmatic approach because it allows for Kenyan land regulations and encourages strategic spatial planning. Contracts signed between Kenya’s central government and the Municipal Council of Kisumu could help clarify each party’s responsibilities and increase the transparency of financial transfers.

Ho Chi Minh City in Vietnam provides another
example of AFD’s urban strategy in a different geographic context. AFD is currently helping the city implement an integral urban development project to address its many growth and environmental challenges. Ho Chi Minh City is an economic and financial powerhouse, and a growth engine for Vietnam. It has more than seven million residents, attracting people in search of a better life. Its increasing population and urbanization are major challenges for its government, along with its vulnerability to the consequences of climate change, flooding in particular. Sixty-one per cent of the city is located within the Mekong Delta and the Red River area, and will be at risk of frequent flooding by 2050. Ho Chi Minh City’s 2025 comprehensive urban plan anticipates rising water levels and foresees specific building criteria for floodplains and other exposed areas. AFD will finance infrastructure projects (such as waste treatment plants and universities) through the municipality’s Ho Chi Minh City Investment Fund For Urban Development, while encouraging measures that help priority sectors – health, education, environment, social housing – mitigate and adapt to climate change. As the city grows, AFD will help build social infrastructure and limit urbanization’s environmental and social effects, while strengthening local financing tools.

An integrated programme for transportation and the urban environment in Curitiba, Brazil further demonstrates AFD’s urban intervention strategy. AFD provides funding to the municipality through a direct loan to promote consistency and financial viability in public urban development policies and projects. The project will fight global warming and will be one of AFD’s first operations to preserve urban biodiversity. Finally, AFD is providing a direct loan, without a sovereign guarantee, to the Metropolitan Municipality of Kayseri in Turkey, to support an investment programme launched in 2005. This is a budgetary approach, whereby AFD partially funds the municipality’s 2007-2009 project plan. AFD intends to prove that Turkish municipalities are viable loan candidates for external investment capital. More generally, AFD supports the decentralization and democratization process that Turkey launched in 2004.
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