

The 2nd World Urban Forum is part of the glittering Universal Forum of Cultures that is being hosted by the city of Barcelona to encourage dialogue and reflection around the three central themes of cultural diversity, sustainable development and the conditions necessary for peace. A biennial event, the World Urban Forum centers around dialogues. The theme of this World Urban Forum, “Cities: Crossroads of Cultures, Inclusiveness and Integration?” is reflected in nine dialogues that are divided into two clusters focusing on “partnerships for improving urban governance” and “thematic issues of concern to cities”. The aim is to provide government officials, mayors, academics, urban planners, civil society organizations and ordinary citizens with a forum to debate and discuss the problems and possibilities of cities. As a think tank on urban issues, the World Urban Forum’s discussions and recommendations feed into the global discourse on sustainable urbanization and adequate shelter for all – two of the main goals of the Habitat Agenda.

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Globalization and culture in an urbanizing world

Dialogue on Urban Culture

Date: Tuesday 14 September 2004

Time: 10.00-13.00

Room: 117

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Abstract

The present paper discusses the ways in which culture, in the context of globalization, is influencing social and economic patterns and processes within cities all over the world. The first section reviews the overall effects of globalization on urban culture, including the role of new information and communication technology. This is followed by a discussion of how a particular aspect of globalization, namely, i.e. international migration, is giving rise to culturally cosmopolitan cities in which where urban ethnic spaces are emerging, often in the form of ethnic ghettos. The next section examines how cities all over the world are using culture as a central component of urban development strategies that are designed to capitalize on the economic benefits of globalization. The concluding section discusses the ways in which globalization is likely to shape urban culture in future, and some of the key issues with which that planners and managers of so-called “globalizing cities” have to contend with. The paper ends with a few points for discussion at the second session of the World Urban Forum WUF II.

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Discussion points

- Globalization stimulates the symbolic economy as cities cash in on the economic value of culture.
- Ethnic minorities make an unquestionable contribution to urban culture but are not treated accordingly.
- Culture-related activities are powerful tools for urban redevelopment and revitalization.
- Global-type consumption spaces share a sense of enclosure which represents a more limited form of citizenship for those outside.
- Creative cities use their cultural capital and heritage to attract innovative businesses and services.

Related networking events

- Agenda 21 for Culture
- Commission for Africa
- Committed Cities: Women’s Inclusive Practices and Good Urban Policies
- Exploring How Cities Are Governed
- Good Urban Governance in an Environment of HIV/Aids
- Growing Up In Cities
- Porto Alegre Local Authorities Forum for Social Inclusion
- Urban Governance, Diversity and Social Action in Cities of the South
- Youth and Urban Environment/Roundtable on Youth and Local Government

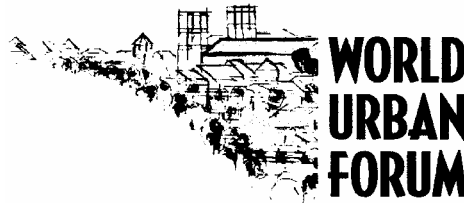


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Dialogue on urban cultures: globalization and culture in an urbanizing world

Abstract

The present paper discusses the ways in which culture, in the context of globalization, is influencing social and economic patterns and processes within cities all over the world. The first section reviews the overall effects of globalization on urban culture, including the role of new information and communication technology. This is followed by a discussion of how a particular aspect of globalization, namely, international migration, is giving rise to culturally cosmopolitan cities in which urban ethnic spaces are emerging, often in the form of ethnic ghettos. The next section examines how cities all over the world are using culture as a central component of urban development strategies that are designed to capitalize on the economic benefits of globalization. The concluding section discusses the ways in which globalization is likely to shape urban culture in future, and some of the key issues with which planners and managers of so-called “globalizing cities” have to contend. The paper ends with a few points for discussion at the second session of the World Urban Forum.

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Discussion points

- Globalization stimulates the symbolic economy as cities cash in on the economic value of culture;
- Ethnic minorities make an unquestionable contribution to urban culture but are not treated accordingly;
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- Global-type consumption spaces share a sense of enclosure, which represents a more limited form of citizenship for those outside;
- Creative cities use their cultural capital and heritage to attract innovative businesses and services.

Dialogue on globalization and culture in an urbanizing world¹

I. Introduction

¹ The paper is based on a draft prepared by Professor Sharon Zukin, Brooklyn College and City University Graduate Centre, New York, United States of America.

A. Culture in the urban context

1. Culture has many meanings. As a practical human activity, it is an inherent part of both individual and collective development, from the education of a single child to the finest artistic expression of entire peoples and nations. Closely related both to the achievements of the past (history) and of the future (innovation), culture suggests the capacity to survive as well as to adapt to change. It is the culmination of collective human intellectual achievement of a given society at a particular time. Culture also refers to the customs of a given society, especially as reflected in its social institutions and practices, including social and political organization and religion. In cities, culture materializes in the built environment (palaces, temples, opera houses, museums) and even parks, memorials, and marketplaces which in turn become visual symbols of local identity.

2. In recent years, culture has taken on a more instrumental meaning in cities. It now represents the ideas and practices, sites and symbols, of what has been called the “symbolic economy”, i.e., the process through which wealth is created from cultural activities, including art, music, dance, crafts, museums, exhibitions, sports and creative design in various fields. This new concept of culture increasingly shapes city strategies in the face of both global competition and local tensions. The present paper focuses specifically on the ways in which culture has influenced city planning and management or has been deliberately used to shape them.

B. How technology shapes urban culture in a globalizing world

3. Even in the nineteenth century, cities at the centre of media, financial, and manufacturing networks led the global symbolic economy of the time. Cultural innovations in those days spread by means of exports of new products and models, and of images published in newspapers and magazines. It took weeks or months for these images to reach distant regions. Today, innovations travel at much greater speed via aeroplane, satellite and the internet. Easier import and export of culture helps ethnic groups living away from their homes to maintain their cultural identity, while exposing those in their home countries to new cultural stimuli. Korean and Mexican soap operas are watched as eagerly in New York City as in Seoul or Guadalajara.

II. Overall impacts of globalization on urban culture

4. Each city wants to sustain itself – its population, buildings, infrastructure, and culture as well as its relative sphere of influence – in a larger political territory, all the way from local to international levels. Accordingly, it must find a viable role in the current international division of labour, but this poses a dilemma: a city must open itself to free exchanges with other cities and cultures, while protecting residents from the negative aspects of such free flows.

5. Globalization both diversifies and enriches urban cultures. But the appearance of the seemingly “strange” cultures of international immigrants can cause fear, racial tension and polarization. Globalization also results in standardization, as people all over the world, increasingly, have access to the same cultural products, such as music and films, through the internet, satellite television and radio. Globalization facilitates the development of the symbolic economy, as cities seek to cash in on the economic value of culture.

A. Diversity and enrichment

6. In earlier years, people moved between the relatively simple spaces of home, work and neighbourhood, all of which reinforced bonds based on ethnicity and social class. Networks and institutions of sociability directly shaped local cultures. Today, urban residents commute over great distances to go to work. Through television, film, the internet and popular magazines, rich and poor alike see images of affluence and modernity and compare them with their own lives. The inability to escape these multiple images and sources of information can be disconcerting and may sometimes lead to local resistance against what is termed “cultural globalization”.

7. Access to more images and information also enriches the cosmopolitan culture of cities. It encourages urban residents to become polymorphous cultural consumers, potentially making them both more tolerant of strangers in their own community and more closely connected to a distant homeland.

8. It is not known yet which attitude will prevail, in which place, and when. But the uncertainty that surrounds the effects of wider access to cultural diversity is emblematic of a larger problem of globalization: Does global culture – regardless of how apparently “strange” it initially is – displace the more familiar local culture?

B. Fear and polarization

9. Despite their cosmopolitan façade, city dwellers fear strangers moving in among them, settling down and putting down roots. This happened, already, in the late nineteenth century, when Chinese sailors and workers came to New York and Vancouver, leading to the creation of the so-called “Chinatowns”. Urban people often close ranks against what may be termed the “truant proximity” of strangers, especially those with a different ethnic past. In recent years, closing ranks has included enlarging the metropolitan police force and hiring vast numbers of private security guards, mainly to control access to public space. In New York, Berlin, Budapest, and other cities, public parks have been privatized by turning their management over to park conservancies, business associations, or property owners that limit use of the park, especially by homeless people, or at night.

10. Globalization brings immigrants to cities all over the world. But current trends suggest that, if one of the great strengths of cities is their openness to the economic functions that strangers fulfil, their great weakness is a slowness to absorb them in the micro-politics of everyday life, in both public spaces and private institutions.

C. Standardization

11. Continuous flows of immigrants, products and images are currently reducing absolute differences of space and time. The same music might be performed at a club in Kinshasa, in Paris and in New York City – or in Los Angeles, Shanghai, Cincinnati and Kingston. In recorded form, it may be listened to on the same brand of portable CD player. From this point of view, all cities are affected by globalization. The capacity of financial markets to shift capital rapidly around the world, the transfer of heavy manufacturing from the United States of America and western Europe to Asia and the outsourcing of many skilled jobs, even in the services and computer fields, link cities to the same projects and timeline. Music and other cultural products become just as global in their sources as so-called “global cars”. This also broadens the menu of economic and cultural choices that are available to even relatively poor consumers.

III. International migration and the emergence of urban ethnic spaces

12. Although most cities have been officially multicultural since transnational migration began in the 1980s, they do not fully understand how to integrate ethnic minorities without fear of losing their historic cultural identity. In fact, for all their apparent tolerance and real social diversity, cities have always been flashpoints of ethnic hostility. The density of different minority populations makes it easy to target their homes and shops for persecution. Unfortunately, integrating immigrants into the dominant space and time dimensions of a given urban culture is not easy. As new immigrant workers settle, their lack of money and knowledge of the local language both pull and push them into ghettos with groups very much like themselves. In those places, they set up workshops that employ fellow immigrants as cheap, subcontracted labour, often working for co-ethnic managers and entrepreneurs; places of religious worship and instruction; and stores that cater to their special needs: halal or kosher meat, newspapers from home.

13. Often these new residents of the city are its true cosmopolitans. In fact, ethnic ghettos in advanced economy cities have a long history, as illustrated in urban ecology studies of Chicago, United States, in the 1920s and 1930s. It was during this period of significant international migration into United States cities that ethnic ghettos such as China Town and Little Sicily in Chicago were formed. In western European cities, migrants from eastern Europe, Asia and Africa now fill inner city streets that have ethnically diverse urban cultures: their food shops, clothing stalls and long-distance telephone calling centres seem uneasily placed in a different history, as illustrated by the presence of Africans and Chinese in Dublin, Ireland, described in box 1 below.

Box 1. Africans and Chinese in Dublin, Ireland

So many Africans have arrived since the 1990s that Moore Street, in Dublin, Ireland, is now called “Little Africa” - although the street is sacred to the history of Irish independence since nationalist insurgents surrendered to the British army in a house there. The African grocery stores along Moore Street are strange to Irish people because they look and have aromas different from the usual domestic shops. Their backrooms are set up for socializing rather than for commerce - they offer a place where Dublin’s Africans can come together. The fact that so many Africans have established a community around the tenements and shops of Moore Street is a reminder of Bayoumi’s comments about earlier Muslim immigrants to New York: “What we have always loved about this city is that we were never lost in it. By discovering each other, we found ourselves here”.

But Little Africa is also the home of new Chinese immigrants - so many, that people estimate half of Ireland’s Chinese population lives on Dublin’s Northside. Like Spanish in Miami, Chinese has replaced Irish as the second language of the city. The Chinese are more visible than other ethnic groups because of their restaurants, shops, and market stalls.

Source: Spiller 2001; McGuire 2003; Bayoumi 2002, p. 138.

14. In developing economies, the formation of ethnic ghettos in urban areas is a relatively new phenomenon. Originally, migration flows in many developing countries were rural–urban, with people seeking better life opportunities. Now, however, migration across developing countries is on the increase, as people move from the least developed to those better off. Immigrant communities in Abidjan (mostly from francophone West Africa), in Johannesburg (from southern African countries and Nigeria) and in Bangkok (from Myanmar, Cambodia and China) exemplify this process. These new immigrants mostly live in marginal conditions – typically slums – on lower wages and with job insecurity. Their illegal status marginalizes them further as they are often denied access to social services. Examples of such ethnic ghettos can be found in Hillbrow – a squatter settlement in Johannesburg that is largely populated by Nigerians and French-speaking Africans – and in Burmese-dominated Klong Toey in Bangkok.

15. As migration increases, the number of foreign communities or ethnic enclaves is on the rise. In 2000, international migrants represented some 2.9 per cent of the world population of 6,057 million, as shown in table 1. This percentage has been rising steadily over the past 25 years.

Table 1. World total population and international migrants: number and distribution, 2000

	Total population		International migrants		
	Number (000)	Distribution (%)	Number (000)	Rate (%)	Distribution (%)
World	6,056,715	100.00	174,781	2.9	100.00
Developing economies	4,791,393	79.11	64,643	1.3	36.99
Economies in transition	411,909	6.80	33,391	8.1	19.10
Advanced economies	853,408	14.09	76,747	9.0	43.91

Source: United Nations Population Division, 2002a.

16. Migrants, these days, are concentrated in ethnic ghettos but less confined to them. New immigrant clusters expand the visible symbols of the old inner city over a broader geography. For example, the increase in Asian immigrants has given New York two new Chinatowns in the outer boroughs of Queens and Brooklyn, and many suburbs of Los Angeles are divided between Anglo, Mexican, and Asian populations, arousing intense debates as older majority populations mobilize local political institutions against new immigrants.

17. Immigrants fit into the urban economy in either ethnic enclaves, where they cater to the needs of their own community, or what may be termed “ethnic niches”, where they specialize in certain jobs and businesses in the mainstream economy, either according to their training or as opportunities arise. Immigrants do bring with them specific skills and experience, but to make a living they can only fill a need left open by market conditions and access to jobs and property in the city. In Cambodia, Vietnamese immigrants are engaged in jobs that require some expertise, such as fishing and fish processing, as well as machinery and electronic repair – filling a gap left vacant by Cambodians. These groups create an ethnic strand in urban culture by taking advantage of the city’s economic opportunities.

18. Immigrant groups help create a broader, more diverse urban culture, especially with regard to food. They serve the general public not only in so-called “ethnic” restaurants, but also in many mainstream stores and fast-food franchises. These are hallmarks of multicultural urbanity, although that multiculturalism is seriously compromised by the different positions into which different groups of immigrants are thrust in the ethnic and racial hierarchy.

19. Employers, the police and the public at large are often too ready to turn against immigrants. When ethnic minorities live in segregated areas, their music, slang, or look may inspire fear. Despite their unquestionable contribution to the culture of urban areas, there is a large gap between the cultural and social spaces available to these “ethnic others”. It is a rare situation where this gap has been narrowed, as illustrated by the experience of San José in Costa Rica described in box 2 below.

Box 2. Migration and cultural identity: Nicaraguans in San José de Costa Rica

Among the various effects of Nicaraguan immigration in Costa Rica is the development of a “tico-nica” or Costa Rican–Nicaraguan culture in many family units, in particular in San José, where the concentration of Nicaraguan immigrants is higher. According to a household survey carried out there in 2000, Costa Ricans and Nicaraguans live together in five per cent of all households, which may be labelled as being “intercultural”. Nicaraguan immigrants have gradually created opportunities to preserve their traditions, such as the celebration of the *gritería*, on December 8. They also have their own programmes in the media. Nicaraguans participate in local boxing and baseball fixtures and among other special events a downtown disco broadcasts Nicaragua’s baseball championship.

Source: IOM, 2001.

IV. Cultural strategies for urban development

20. Many city authorities and urban development agencies all over the world are increasingly using culture-related activities for redevelopment or revitalization. This strategy has been used to promote the civic identity of cities, to market cities internationally and, in particular, to boost the economic fortunes of cities experiencing industrial decline. Current trends, all over the world, suggest that culture will play an increasingly important role in the future of cities. Of particular significance among these trends have been the following: culture-based redevelopment of urban space and global branding of cities; cultural heritage preservation, including as a means of marketing cities abroad; and the development of urban cultural industries and districts.

A. Redevelopment and global branding of cities

21. In the 1960s, Governments in Europe and the United States began to show an interest in redeveloping the centres of cities around cultural capital, passing new laws to support artists and historic preservation. When central Governments became more involved in regional redevelopment during the economic crisis of the 1980s, they took to linking economic and cultural strategies. Indeed, the more socially devastated a region appeared, and the less likely to experience new industrial growth, the more public authorities turned to marketing cities as centres of culture, in order to create a new business climate. This seemed ever more important with the growth of computer software, media, and consumer product industries, which gave priority to design innovation and access to the latest cultural trends.

22. France felt the need to do something that would reassert its prominence on the world stage – to devise a strategy that would respond to both economic competition with the United States and cultural competition between New York and Paris. This led to the construction of a contemporary art museum of global stature, the Centre Georges Pompidou, on the Plateau Beaubourg in Paris (see box 3 below).

23. Other European countries took notice. In the 1980s, with the decline of manufacturing and shipbuilding, Glasgow in Scotland devised a new urban development strategy to promote itself as a cultural centre. Its new role would include business services, higher education, media industries and the arts. A new museum was opened and an annual arts festival was started. Other cities in the United Kingdom of Great Britain and Northern Ireland (all former industrial centres: Manchester, Sheffield, and Liverpool) followed suit. So did Bilbao in Spain, with the Guggenheim Museum, a cultural masterpiece of international fame.

Box 3. Plateau Beaubourg, Paris, France

In the 1970s, under President Georges Pompidou, the French Government decided to create a new museum of contemporary art in the centre of Paris, in the historic tradition of the “grands projets” set 200 years earlier by the Louvre, in order to demonstrate that the country had not lost its creative edge. This strategy had an educational as well as a promotional goal. A multipurpose museum of contemporary art would reach out to young people, especially those who had been most disaffected by the political protests of 1968, and foster their creativity. But it would also connect creativity to industrial design and encourage innovation in all fields, from the so-called “pure” to the commercial, and from atonal music to conceptual art. It was a foregone conclusion that such a great museum would only be built in Paris, the capital city.

Yet the Government envisaged the museum as not only revitalizing French creativity, but also as stimulating the redevelopment of a dilapidated part of the inner city. In fact, the buildings on the plateau Beaubourg that were torn down to build the Centre were shabby and lacked modern conveniences. With its boldly modern architecture, and the crowds of young people, both local and tourists, who came to ride the external elevators and congregate outside, the spectacular museum, immediately, infused this area with fresh cultural capital. Beaubourg quickly became a world-class tourist attraction and as potent a symbol of Paris as the Eiffel Tower. The Centre Pompidou’s success in “branding” Paris strongly suggested that large investments in flagship cultural projects could revitalize a city’s economy and reputation.

These redevelopment strategies have their own problems, however. The so-called “cultural cities” each claim distinctiveness but reproduce the same facilities in any number of places, echoing industrial globalization with its geographically widespread production but concentrated consumption. Critics complain that the many competitions to host special events, including the Olympics, exhaust a city’s resources as they prepare endless bids. Winning cities take the major share of regional and national funds, depriving smaller ones of grants and favouring products and performances that will attract the largest possible audience. This, too, suggests a parallel between economic and cultural globalization, for global products and imports are often seen as more competitive than domestic art and culture, as illustrated by the example of Singapore described in box 4. Moreover, the investment of so much money into the fixed capital of cultural facilities strikes an imbalance: it concentrates resources in the urban centre, while paying less attention to culturally underserved peripheries. In their own way, then, these cultural strategies create what may be termed “global districts” in large cities around the world, with their own modern art museums, luxury hotels, cafes, and shops – all promoting the same band of mobile architects, artists and designers.

Box 4. Esplanade, Singapore: city branding in the South

Singapore in the 1990s decided to build the Esplanade, a new cultural complex for the performing arts. The focus was on creating large-scale facilities to host touring foreign artists. But this policy overlooked the city’s own considerable pool of talent. For all their liveliness and energy, native artists, musicians and theatrical performers lacked products that would attract a large, multinational audience. Singaporeans were expected to support blockbuster exhibitions and major imported attractions. They would profit eventually, city officials believed, from a new and broader climate of cultural consumption; like the European “cultural capitals”, Singapore would attract the attention of the multinational media and, eventually, more regional offices of multinational corporations. Although criticism of this import-oriented policy persuaded the city government to prod cultural institutions and international artistic groups to hire and train Singaporeans, the hardware of the new cultural infrastructure tended to support local citizens’ cultural consumption rather than their own cultural innovation and production.

Another dimension of the culture-driven redevelopment of urban space is what has been called “loft-living”. Beginning in the 1970s, the exodus of factories out of cities in the United States and western Europe left unused space in older buildings and opened manufacturing districts with their relatively cheap rents to alternative uses. Although zoning laws and building codes prohibited using industrial buildings for housing, visual and performing artists began to convert manufacturing sites covertly into live-work spaces. The experience of New York City (described in box 5) is a good illustration.

Box 5. Loft living in New York, United States of America

In New York “loft living” became fairly common in the 1970s, as hundreds of artists and their prominent patrons pressed the City to legalize the situation. When two industrial districts of lower Manhattan were rezoned to permit artists’ housing and residential reuse in general, city authorities cast a vote for an “artistic mode of production” that would complement a post-industrial renewal of the local economy. And indeed art galleries and performance spaces began to flourish in those areas, followed by restaurants and design stores. Cultural production bloomed not only because American artists migrated to lower Manhattan, but also because artists, actors and musicians came to New York from other parts of the world, notably Europe and Asia. They created artworks, opened galleries and performance spaces and were written up in newspapers and magazines in other countries. This media coverage maintained the city’s reputation as the place to be – the global capital – for cutting-edge cultural creation.

During the city’s fiscal crisis in the late 1970s, the media promoted loft-living as a comfortable and sophisticated urban lifestyle. A steady exodus of manufacturing allowed supply to meet rising demand. Individuals with money to invest but little connection to the arts began to renovate lofts for both rental and purchase. Their entrepreneurial success in turn attracted professional real estate developers. Within a few years, loft-living sparked both a residential and a commercial revival of lower Manhattan and raised property values to historic heights.

Source: Zukin 1989; Guilbaut 1983.

B. Preserving the cultural heritage

24. Culturally-driven models of redevelopment are succeeding partly because of new perceptions of the value of older buildings. In the 1960s in the United States, corporate sector growth and modernization destroyed older urban districts. Corporate headquarters, high-class hotels and expensive housing replaced them, often paid for by public subsidies for urban renewal. Other downtown districts were abandoned as businesses moved to the suburbs. By the mid-1960s, however, a broad-based movement had formed to preserve historic buildings from demolition, especially in the United States and western Europe. Community groups whose neighbourhoods were threatened by urban renewal joined more affluent, elite groups who felt that destruction of historically significant buildings and districts jeopardized the quality of life. For some people, this movement was a principled opposition to the bureaucratic modernism of city authorities and planners; for others, it was a last-ditch effort to preserve the cultural heritage, that is, to retain the built forms of the city’s collective memory. In addition, old buildings with their low rents became incubators for small-scale craftsmen and businesses, serving as a springboard of economic revival in many neighbourhoods. With their aesthetic and historic value, old buildings contribute to cultural capital.

25. By the early 1980s, this preservation movement had spread to many developing countries. For example, in the mid-1980s, Zanzibar in the United Republic of Tanzania established the Stone Town Conservation and Development Authority to plan and coordinate conservation activities in the old town (see box 6 below). By the 1990s, with the growth of what we may term “cultural heritage tourism”, more and more cities in developing countries were investing in the conservation of old and historic buildings in a bid to make the most of their cultural capital.

26. Developing countries, increasingly, use traditional crafts – and important dimension of local traditional cultures – to enhance the capacity of cities to attract tourism. In Nairobi, Kenya, promoters of traditional textiles, jewellery and carvings have started using the internet for global marketing. The example of the Dakshinachitra crafts museum in Chennai, India, (described in box 7 below) further illustrates this approach.

Box 6. Zanzibar, United Republic of Tanzania: Preserving the historic Stone Town

The Stone Town is the centre of the greater city of Zanzibar, an international tourist attraction, and houses much of the island's commercial and government activity. It is famous for its traditional coral stone buildings, intricate balconies, massive carved doors and narrow bazaar streets. With the rapid population growth in Zanzibar town, lack of maintenance and uncontrolled new constructions, the fabric of the Old Stone Town has come under increasing pressure. Not only are many historic buildings very dilapidated, but in some instances residents in traditional buildings have altered them substantially. In response to the need to preserve the old town, the Stone Town Conservation and Development Authority was established in 1985 and a conservation plan approved in 1994. The scheme sets out a general planning framework and the broad conservation and development policies. It promotes controls on the use and development of land, measures to protect individual buildings, street elements and open areas, and others to develop and improve land and spaces in the central area, including improvements to parking and traffic. Thanks to concerted efforts, several buildings in the Stone Town have been gazetted as monuments, many others have been repaired and restored, and 80 per cent of the streets in the Stone Town have been paved.

Box 7. Dakshinachitra, Chennai, India: Using traditional crafts for global marketing of cities

Chennai (formerly Madras), the capital of the southern Indian state of Tamil Nadu, does not aim to be a global city of finance and culture. But the city government and the local elite want to use the local heritage to develop the service sector and compete with other Indian cities as an international tourist landmark, as well as to integrate different ethnic groups in the urban population. Chennai deploys this strategy as India liberalizes markets and some cities, such as Hyderabad and Bangalore, have joined the global network of computer software production. Chennai has quite a different social and economic base.

Since the 1980s, cultural officials and non-profit groups have supported the development of the crafts museum of Dakshinachitra, which is located several miles outside Chennai. This cultural complex is both for tourism and education, with reconstructions of buildings that exemplify local and regional architectural styles, demonstrations of traditional crafts, and videos showing the region's rural past. The museum also promotes traditional craftwork, such as indigo dyeing, producing high-quality artefacts for affluent consumers. Dakshinachitra has received strong support from non-profit and pan-Indian cultural organizations, as well as from overseas foundations and philanthropies.

C. Developing cultural industries and districts

27. The idea of using culture as a motor of urban economic growth reflects cities' transition from manufacturing to more flexible, design and knowledge-based production. Since massive industries like steel and automobiles based on standardized mass production have fallen, one by one, to competition from low-cost locations, attention has focused on cultural industries – flexible industries that value knowledge, information and technology. Most cultural industries are located in cities. A dense population and concentration of skills allow them to draw upon tangible human resources, and a city's usual history of tolerance and social diversity offers intangible sources of inspiration and experimentation.

28. In New York, both fashion and new information technology tend to concentrate in clusters of interrelated firms that form industrial districts. These may be created informally, including by the firms' workers and even clients. They may be visible from the street and recognized by street signs or zoning laws. Large global cities support many districts as specialized as New York's Silicon Alley (south of 23rd Street) and the Fashion Centre (south of Times Square). Some cultural industries develop in market centres in smaller cities – such as textiles in Lombardy and wine-making in Bordeaux – but the interrelations between different kinds of cultural districts in larger global cities expand their cultural capital.

29. The multiplicity of these districts makes for a richer urban culture but it is not clear to what degree they grow naturally, through artistic and entrepreneurial activity, nor to what degree they depend on public policy. Both types of growth matter. All industries develop and sustain themselves through networks for recruitment, training, sharing information and other resources, and collaborating on design and marketing; but they also work within a framework set by local, national, and regional government policies. Because the global competition between cities (and countries) heightens the authorities' interest in the success of cultural industries, many Governments now target subsidies to cultural districts, in the hope of persuading transnational companies to shift some of their production there, or at least of attracting tourists. These efforts rely on a synergy between the culture of the city and that of the district itself.

V. Looking ahead

A. Globalization, cities and culture: likely future directions

30. What is expected of the new global city? As noted earlier, globalization has introduced new cultures as well as fusion of old and new ones in cities. Already evident in many cities in advanced economies, these new urban cultures are likely to emerge more and more in the developing world. They provide new forms of what we may term "consumption spaces", including fusion in their design and architecture, partly under the influence of intensified shopping all over the world. A feature of these new spaces is their enclosure, which tends to reinforce social exclusion within cities. They also, increasingly, signal the transition of a city's status to global.

31. The influx of immigrants (who provide much of the fusion that is a hallmark of the new urban cultures) results in the creation of new consumption spaces. Immigrants bring with them new ideas and forms and turn these into products of cultural consumption, which in turn are shaped by the market provided by the city's whole population. A Haitian baker at the corner of a New York or London street may sell Caribbean meat pastries, French croissants, and – in a new synthesis for his low-carbohydrate diet customers – "healthy" whole-wheat croissants made with less butter, thus representing the globalization of urban culture. This quest for more varied consumption creates a fusion of cultures which a city may exploit to promote its global image – as Berlin has done after the collapse of the Wall, with the spectacular development of Potsdamerplatz, a multi-purpose complex in what used to be no man's land.

32. The cultural districts discussed earlier illustrate another sort of cultural fusion, in the design and architecture of consumption spaces. The districts symbolize the prestige of a global city not only through the financial investment that a local government is willing to make in culture, but also through the hiring of distinguished international architects. These districts pave the way for mixed-use developments – cultural facilities, shops, offices and luxury apartments – that are being built in every would-be global city, partly for use by overseas investors and well-paid employees of multinational firms, and partly for use by local, affluent entrepreneurs. Since the 1980s, for example, the London Docklands type of redevelopment project – combining financial and cultural centres with expensive housing on an old industrial waterfront – has spread from London to Singapore, and more such projects can be expected.

33. Supporting these redevelopments is the intense shopping trend that has affected most parts of the world. Shopping is both the common denominator and the public face of these globalization projects: everyone can "buy into" the symbolic economy, pursuing their private dreams in public spaces. These new, mixed-use shopping developments are consumption spaces where urban residents can act as modern – or global – consumers and display their savvy and wealth.

34. Global-type consumption spaces increasingly share a sense of “enclosure” that is new to traditional urban cultures. This enclosure is of a technical, social and cultural nature and contributes to the privatization of public space. Many of these indoor spaces have introduced air-conditioning, which requires closed windows and doors. In the shopping malls of São Paulo, the consumption spaces include a wall to allay shoppers’ fear of being robbed. In Shanghai, an international consortium has created a self-contained commercial district among old colonial-Chinese buildings. Enclosed consumption spaces are not a historic part of urban culture, but with globalization they are becoming a universal expression of privatized public space. The danger in this kind of globalization is that enclosed public spaces represent a more limited form of citizenship.

B. Planning and managing multicultural cities

35. Multicultural cities must address the negative aspects associated with this status, particularly segregation and poverty. Failure to do so may result in violent outbursts caused by fear and anxiety on the part of both residents and immigrants. Although many cities are not actively addressing these issues, an increasing number recognize the positive economic, social and cultural contribution of immigrants and are now actively seeking to assimilate them, as shown in the examples of Singapore, Berlin and Johannesburg below.

1. Singapore

36. In 2000, 29 per cent of Singapore’s workforce was foreigners. The city constantly needs to import foreign workers of all kinds to supplement the local workforce and support economic growth. Severe entry rules mean that migration to Singapore is not easy and illegal immigration is very scarce. But, once there, migrants enjoy the highest social and economic conditions in the region. Under its Employment Act, Singapore has a policy of equal treatment for local and foreign workers, including for prompt wage payment, overtime pay and other statutory non-wage related benefits. Foreign and local workers alike come under the Workmen’s Compensation Act and enjoy similar rights if injured at work on top of free access to all social facilities, including medical, transport and recreational. Foreigners have access to the high standards of medical care enjoyed by Singaporeans at the same subsidized rates. A special Foreign Workers Unit at the Ministry of Manpower handles the grievances of foreign workers, who have access to conciliation and advisory services free of charge.

2. Berlin

37. In 1981, and with a growing immigrant population, Berlin established a commission for migration and integration, with a triple role: first, to develop policies and address issues regarding migration and integration; second, to provide information to all residents and campaign for, and publicly promote, integration, tolerance, and intercultural dialogue; and, third, to cooperate with partners in Germany and Europe, as well as with the migrants’ countries of origin. As a result of this institutional innovation, Berlin is now seen as a prototype for integration policy. Crucial to its success, the commission extended its scope beyond the migrant population and to local people. Berlin’s experience illustrates the importance of addressing local fears and anxieties when dealing with integration.

3. Johannesburg

38. The Inner City Office of Johannesburg’s Metropolitan Council is widely praised as one of the most innovative segments of South Africa’s largest local government, as it grapples with widespread anti-immigrant sentiment. The Office’s role is project design and facilitation. Its scope includes urban environment upgrading, as well as social and economic development projects, most of which work with various business and community partners, with particular reference to the integration of migrants. Since inception in April 1998, the Inner City Office has configured several large-scale regeneration and development projects, regarding, for instance, informal street trading or the precarious living conditions of migrants in squatter settlements.

39. In conclusion, as cities grapple with managing the potentially explosive nature of their multicultural societies, they must remember to nurture creativity. Cities have the greatest concentrations of political power, trade, rich consumers, entertainment and cultural creativity. Developing creativity implies not only that a city can place new products on global markets, but also that it can quickly respond to changing competition and demand. A creative city is one that has learnt how to use its cultural capital to attract innovative businesses and services as well as members of the mobile “creative class”. The flows of people and money that pass through global cities continually replenish the supply of potential creators. But to nurture creativity, a city must have a generous and inclusive culture – it must have what we may term “an attitude”. It must have a nerve, it must value racial diversity, and it must have an impatient desire for new things, while valuing the old.

C. Issues for discussion

40. The questions below are presented in order to trigger dialogue on the theme of “globalization and culture in an urbanizing world”:

- How should cities respond to the impacts of globalization on local cultures, especially with respect to the built environment?
- Are culture-driven urban revitalization projects conducive to the development of socially inclusive cities?
- What should cities do to promote inclusiveness and to capitalize on the positive dimensions of cultural diversity?
- What cultural strategies can cities in developing countries turn to in order to maximize the economic gains from globalization?

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Innovative urban policies and legislation in implementing the Habitat Agenda and attaining the Millennium Development Goals

Dialogue on Urban Realities

Date: Tuesday 14 September 2004

Time: 15.00-18.00

Room: 117

Date: Wednesday 15 September 2004

Time: 10.00-13.00

Room: 117

Focal Point: Mr. Jean-Yves Barcelo, Inter-regional Adviser, Technical Advisory Branch
 jean-yves.barcelo@unhabitat.org

Abstract

Achieving the Millennium Development Goals relating to gender equality and universal access to health and human services, improving living conditions of slum dwellers, combating HIV/AIDS, providing drinking water and sanitation, protecting the environment and reducing abject poverty will depend on the adoption of more effective legal and institutional frameworks as well as harmonizing sectoral policies and strategies. Meeting the deadlines and numerical objectives of the Millennium Development Goals will also require focus on urban areas as the majority of the women, men and children involved will be living in urban and peri-urban areas by the target dates of 2015 and 2020. The present paper presents an overview and analysis of current conditions and projected trends. It argues for a more harmonized and urban approach to national policy formulation and development. It presents six country case studies of promising and innovative laws and policies in the areas of land, housing and basic services, water and sanitation, social inclusion, local economic development and the role and contribution of local authorities. The background paper concludes with pointers for the future, as well as an outline of a set of tools to support the development of good urban policies and enabling legislation.

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Discussion points

- A holistic and integrated approach to development planning and administration is an effective component of pro-poor urban policies.
- This type of approach requires effective decentralisation and the empowerment of local authorities.
- The private sector needs incentives to stimulate supply and demand for urban housing and infrastructure.
- Effective decision-making partnerships (instead of mere consultations) with civil society are of the essence for sustainable outcomes.
- Security of tenure and the provision of basic services are basic pre-requisites for improving livelihoods and reducing urban poverty.

Related networking events

Cultural Heritage: A Tool for Urban Development

Linkages between UN-HABITAT and the Commission for Sustainable Development

Planning for Long-Term Urban Sustainability

Sustainable Cities and Villages: International Training for Local Authorities

The Role of Urban Centres in Regional Development

UNESCO: Cities as World Heritage

UNESCO: Roundtable of experts: Social Sustainability in Historic Districts

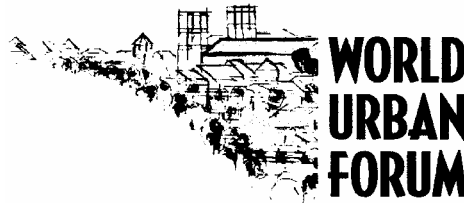


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Tuesday, 14 September 2004, 3-6 p.m. and

Wednesday, 15 September 2004, 10 a.m.–1 p.m.

Dialogue on urban realities: innovative urban policies and legislation in implementing the Habitat Agenda and attaining the Millennium Development Goals

Abstract

Achieving the Millennium Development Goals relating to gender equality and universal access to health and human services, improving living conditions of slum dwellers, combating HIV/AIDS, providing drinking water and sanitation, protecting the environment and reducing abject poverty will depend on the adoption of more effective legal and institutional frameworks as well as harmonizing sectoral policies and strategies. Meeting the deadlines and numerical objectives of the Millennium Development Goals will also require focus on urban areas as the majority of the women, men and children involved will be living in urban and peri-urban areas by the target dates of 2015 and 2020. The present paper presents an overview and analysis of current conditions and projected trends. It argues for a more harmonized and urban approach to national policy formulation and development. It presents six country case studies of promising and innovative laws and policies in the areas of land, housing and basic services, water and sanitation, social inclusion, local economic development and the role and contribution of local authorities. The background paper concludes with pointers for the future, as well as an outline of a set of tools to support the development of good urban policies and enabling legislation.

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Discussion points

- A holistic and integrated approach to development planning and administration is an effective component of pro-poor urban policies;
- This type of approach requires effective decentralization and the empowerment of local authorities;
- The private sector needs incentives to stimulate supply and demand for urban housing and infrastructure;
- Effective decision-making partnerships (instead of mere consultations) with civil society are of the essence for sustainable outcomes;
- Security of tenure and the provision of basic services are basic prerequisites for improving livelihoods and reducing urban poverty.

Dialogue on urban realities

I. Introduction

4. By 2015 and 2020, the target dates the world's leaders have set for the Millennium Development Goals, well over 50 per cent of the world's population will live in urban and peri-urban areas, the majority of them in developing countries. If present trends continue, the vast majority of these people will be living in abject poverty of slums and squatter settlements, without access to decent shelter, water and sanitation. Such living conditions could seriously inhibit the various strategies in place to meet the Millennium Development Goals. A typical case in point can be found in strategies to take care of those affected by HIV/AIDS: their effectiveness depends, to a large extent, on safe and hygienic living conditions as well as appropriate nutrition for those infected, and on responsive support systems and services for surviving parents and orphans.

5. Similarly, urgent reforms are required to reshape legal and institutional frameworks and governance systems. The objective is to strengthen the capacity of public administrations and local authorities to implement concerted and harmonized policies aimed at stimulating pro-poor and socially inclusive economic development. Accompanying measures are urgently required to promote gender equality and social inclusion in the provision of health and human services, ensure adequate water and

sanitation, and prevent the rapid proliferation of slums and unplanned settlements from further degrading ecosystems and the environment. Such reforms, in turn, call for effective methods to assess and improve existing laws and policies and, where necessary, to formulate new ones. The second section of this paper reviews a geographically representative and thematically relevant sample of laws and policies in such areas as land for the urban poor, water and sanitation, housing, gender equality and social inclusion, decentralization and the empowerment of local authorities, as well as local economic development. UN-Habitat assessed these laws and policies (documented here by examples of good practice) as it developed and tested a method for participatory policy review and assessment. Section III brings together a number of lessons learnt and pointers for the future.

II. Assessing effective urban policies and enabling legislation

A. Access to land and security of tenure: Brazil

3. Access to land and security of tenure is critical to the integration of slums and the improvement of living conditions of the urban poor. The granting of security of tenure, generally acknowledged as the first and most critical step towards slum improvement, is often hampered by the fact that slums and informal settlements are, strictly speaking, illegal in their occupation and do not comply with building codes, regulations and standards. Intervention by public authorities, whether they seek to regularize or improve these settlements, is politically difficult and sensitive as it could be interpreted as *de facto* recognition of their legal status. This often leads to an intractable situation whereby without regularization, slum-dwellers are reluctant to improve their living environment, and service providers are reluctant to assume the risk of investments in infrastructure. Yet without such improvements, the settlements remain non-compliant with the law and cannot be regularized.

4. The pro-poor land act that was first adopted in Belo Horizonte seeks to remedy this. Based on enabling legislation at the federal level, the local authority suspends and relaxes, on a temporary basis, on relevant laws, by-laws and standards to facilitate improvements and land tenure regularization. This enables negotiations to take place between public authorities, service providers and slum dwellers to establish a plan for the improvement and regularization of their settlements. Once approved, the plan becomes a legal instrument that enables public intervention. It also empowers slum dwellers to invest in improvements, to comply with agreed codes and standards and, ultimately, to gain legal recognition and title deeds.

5. The pro-poor land act of Belo Horizonte shows how enabling legislation has made it possible for tens of thousands of inhabitants of informal settlements to obtain security of tenure and to regularize their status. The local authority implements the legislation in the form of a planning and zoning instrument called ZEIS (zone of special social interest), which since then the majority of states in Brazil have adopted and implemented. One issue remains: not all inhabitants are able to invest to the same degree, or to comply even with relaxed by-laws and standards, which causes delays in the granting of title-deeds and the improved housing conditions that come with them.

B. Access to housing: China

6. The difficulty of providing housing for low-income groups has long plagued developed and developing countries alike. Rapid urbanization has exacerbated the social, economic and political problems that have beset a whole range of strategies, from subsidized public housing to inner-city rehabilitation, and from sites and services to slum upgrading. This creates a vicious cycle of poverty, deprivation and social exclusion. China has seen high rates of economic growth and urbanization for two decades. The country liberalized the housing sector according to market principles of supply and demand. The economic boom witnessed by Chinese cities has induced investment in the high and middle segments of the housing market, posing problems of affordability and accessibility for families with limited income and savings. In order to facilitate their access to the housing market, Chinese cities have opted for a policy of stimulating supply and demand through the combined use of two types of instruments: fiscal incentives for real estate developers to provide housing within a negotiated price range, and equity grants for people living in sub-standard housing to facilitate home ownership.

7. China's urban housing market was, until the early 1980s, almost entirely the purview of the State and State-owned enterprises, responsible for investing in, and allocating housing within, a strict command-and-control economy. The liberalization of the urban housing market in the late 1990s was a key component of China's macro-economic reforms towards what it termed a "socialist economy based on market principles". Land remains the property of the State, but leases are auctioned to developers to supply housing on a home-ownership basis. Many low-income families living in slums or allocated sub-standard housing are, however, unable to afford proper housing. This situation has prompted Chinese authorities to provide once-in-a-lifetime equity grants based on the market value of their existing housing, in order to facilitate access to mortgage instruments; they also grant developers incentives in the form of tax reductions or exemptions to provide housing within a negotiated price range. This was notably the case in three documented instances in Chengdu, Baotu and Shanghai. In Chengdu, over 100,000 slum-dwellers, having benefited from one-time equity grants, were relocated and rehoused in housing estates where tax breaks for developers ensured more affordable prices. Similarly in Baotu, this system, combined with a one-stop-shop for housing finance, enabled the local authority to re-house 500,000 people left homeless by a major earthquake. In both cases, the authorities paid particular attention to the special needs and concerns of women and the elderly, and took special measures to meet them.

8. China's urban housing policy differs considerably from the prevailing housing policies and strategies for low-income groups. As noted earlier, Chinese authorities stimulate demand and supply through a combination of equity grants and incentives for housing developers to provide affordable housing. About 6 million units of housing have been built in each of the past four years. Most Chinese cities are privileged as they have avoided the social problems of low-income housing estates that tend to evolve into urban ghettos over time. Slums and homelessness are also seemingly absent from the urban landscape. In the case of large housing estate developments, many of which attract foreign direct investment, a new level of self-governance has emerged. Indeed, the residents of these estates elect committees to oversee and manage urban safety and security, environmental conservation and urban greening and to cater to the specific needs of young people, single female-headed households and the elderly. Last year, the Chinese Government issued a new regulation against forced evictions to protect the interests of urban residents. The policy has had limited impact, however, for the residents of insolvent and poorly performing state-owned enterprises whose housing stock has, in comparison with new housing estates, become sub-standard and socially undesirable. The policy against forced eviction also fails to address the housing needs of an estimated 100 million migrants, or the so-called "floating population", who tend to rent rooms in peri-urban and fringe areas, the conditions of which vary considerably. Furthermore, local authorities do not build enough public housing to be rented out to low-income families who cannot afford ownership.

C. Stronger role and contribution of local authorities: Philippines

9. By virtue of their proximity to citizens, local authorities stand at the forefront of social and economic development and environmental management. Whether their mandate is confined to the provision of basic services or includes economic development, they are the sphere of government closest to the people, and therefore in the best position to adopt and implement policies and strategies in response to real and perceived needs of their constituent communities. But in most developing countries local government, and municipal authorities in particular, have had limited financial and decision-making autonomy. The Philippines was no exception until 1991, when a new local government code, in the form of a constitutional amendment, was adopted to strengthen the role and contribution of local authorities in all aspects of social, economic and cultural development.

10. The Philippines' Local Government Code defines the mandate, role and responsibilities of local government. It includes the formal recognition and designation of four tiers of governance – provincial, city, municipal and *barangays* (the smallest political unit). The code also affects the national Government as far as its relationship to local authorities is concerned.

11. The Code devolves to local authorities the responsibility for the delivery of various aspects of basic services. These include: health, social welfare services, environmental protection, agricultural extension, locally-funded public works, education, tourism, telecommunications and housing projects, as well as investment support and promotion. The Code also devolves to local governments the responsibility for the enforcement of certain regulatory powers, such as the reclassification of agricultural lands, enforcement of environmental laws, inspection of food products and quarantine, enforcement of the national building code, operation of tricycles, and approval of subdivision plans.
12. The Philippines' Local Government Code has increased the financial resources of local authorities. It has raised their share of national wealth from 11 per cent to as much as 40 per cent, much of which through the sharing of national taxes by way of the internal revenue allotment and by broadening local powers of taxation. Local authorities have also found innovative ways of maximizing local resources through mechanisms such as build-operate-transfer (BOT) arrangements with the private sector, joint ventures and bond flotation. Greater exercise of taxing powers has also become evident, although efficiency is poor in the collection of some taxes such as those on real property. Local authorities have also increased their local investment initiatives.
13. The Code upholds the right of registered voters to recall any elected official whose performance has not been satisfactory. It has also enhanced the people's access to justice, and given them the power to mediate and decide on local disputes through the *Katarungang Pambarangay*, or the *barangay* justice system.
14. The Philippines' Code envisions a participatory planning process involving representation from civil society, non-governmental organizations, people's organizations, and the private sector in local development councils. The councils include members from civil society and therefore must mobilize people's participation in, and to monitor implementation of, local development efforts and projects. The Code does not go any further, however. It falls short of providing specific mechanisms for participatory planning and performance management.
15. The Code also mandates the creation of a *sangguniang kabataan* (youth council) as part of the local government structure at all levels. This council acts as a venue for young people to participate in public affairs, as well as a training ground for higher positions.
16. The city of Naga provides a good example of the beneficial practical effects of the Philippines' 1991 Local Government Code. Building on the Code's demand for greater civil society participation in local governance, Naga City passed its Empowerment Ordinance in late 1995. This unique piece of legislation was designed to promote active partnership between municipal authorities and the population in the formulation, implementation and evaluation of government policies through the Naga City People's Council. The participatory process resulted in the formulation of a total of 30 strategic management plans, including three city-wide programmes: the clean-up of the Naga River, solid waste management, and the revitalization of the Naga City Hospital. This led to the establishment of the Naga City Investment Board, a private sector initiative with members from the Naga City People's Council that promotes investment and local economic development. The city has also adopted an integrated livelihood master-plan to harmonize national and local livelihood programmes. The public service excellence programme and the citizen's guidebook of city government services have resulted in marked improvements in service delivery and accountability.

D. Social inclusion through heritage conservation: Spain

17. For the past decade, Europe has experienced persistent high unemployment, most of which is concentrated in inner cities. Immigrant populations have also occupied old housing stock where lack of amenities has made them less desirable for middle and higher income groups. This has resulted in the gradual deterioration of the entire inner-city neighbourhoods. Owing to their location in, or adjacent to, historic centres, this trend has also posed particular challenges for the conservation and preservation of the historical and cultural heritage. Many initiatives in the past have resulted in gentrification, exacerbating further the tight supply of affordable housing, as well as urban sprawl and social exclusion.

18. In recent years, several Spanish cities have embarked on new, integrated approaches to preserving their cultural heritage and environment while providing affordable housing solutions and promoting social inclusion. Santiago de Compostela offers a good example of this type of policy, which the town pursued through continuous efforts over more than a decade. Local authorities in Santiago decided that funds usually earmarked to subsidize access by low-income families to public housing would instead go to the restoration and rehabilitation of old housing stock in the historic centre of the city. Complementing the plan were jobs and skills training, incentives for contractors and builders, and technical assistance provided by the municipal authority to low-income families. This new, integrated approach has stimulated private investment in the conversion and restoration of old housing stock. It has also prevented further decay of cultural heritage, revived the old city centre and promoted social integration. Barcelona, Seville and Malaga have adopted similar approaches and all three now boast vibrant inner cities.

19. The essence of these policies lies in the innovative and integrated approach to the conservation of cultural heritage and to the use of public resources. There is a double innovative dimension at work here: recognition that ownership of cultural heritage is best vested in the people who work and live in the historic centre; and a decision to make it affordable for them not only to remain in the centre, but also to invest in its maintenance and improvements. To reach this objective, Spanish cities have harmonized policies in different sectors and broken down conventional resource allocation. In Santiago de Compostela, subsidies traditionally reserved for public housing went instead to those residents willing to upgrade old housing stock. Training programmes provided residents with immediately applicable skills in renovation and repair.

E. Water and sanitation for all: South Africa

20. Over the past few years, South Africa has thoroughly reviewed the national policy and legal framework for water and sanitation. The new legislation complies with the requirements of fairness, equity and sustainability and redresses the imbalances in access to water resulting from past apartheid laws. The new slogan of the Department of Water Affairs and Forestry, “Some, for all, for ever”, reflects these values, which are the bedrock of the new Constitution and the core of South Africa’s development vision as stated in the Reconstruction and Development Programme.

21. The revision process took several years of hard work and broad consultation of stakeholders all around the country, including the poor communities. The major strategies and statutory laws resulting from South Africa’s revision of its water and sanitation framework include:

- (a) *White Paper on Water Supply and Sanitation* (1994);
- (b) Water Services Act 1997;
- (c) National Water Act 1998 dealing with water resources and the 1999 Pricing Strategy for Raw Water Use Charges;
- (d) *White Paper on Basic Household Sanitation* (2001); and
- (e) Strategy Framework for Water Services (2003).

22. The use of water to meet basic domestic needs is a high political priority. Against the background of a relatively arid climate and given the various contributions that water makes to national development and its effect on the environment, fundamental principles of the new framework define all types of water at all points in the water cycle as a common resource for all. The water required to meet basic human needs as well as those of the environment is identified as “the Reserve” and enjoys priority of use by right.

23. The main objective of the recent strategy framework for water services is that everyone has access to a functioning basic water supply facility by 2008 and to basic sanitation facilities by 2010. The strategy aims at providing water and sanitation in an equitable (to all), affordable (no one is excluded because of the cost), effective, efficient, sustainable and gender-sensitive manner.

24. Key principles of the strategy include:

(a) Clear definition of the roles and responsibilities of the different spheres of government and other institutions, including separate regulatory and operational responsibilities, and with management, decision-making and control of water services projects at the lowest appropriate level but consistent with the efficiency benefits of economies of scale;

(b) Important role of the private sector in assisting local authorities and other water services institutions;

(c) Need to build upon, and expand, existing capacities and the transformation, through the institutional reform process, of water services institutions to ensure effective, efficient and sustainable provision in a multi-cultural and multi-ethnic context;

(d) Importance of gender mainstreaming, to enable effective and significant women's participation at all levels along with a substantial role for civil society, including in planning, monitoring and advocacy activities.

25. South Africa's reform of water and sanitation has already had a significant effect. The percentage of the population with access to basic water supply increased from 60 per cent in 1994 to 83 per cent in 2002 and 86 per cent in 2003; as for access to basic sanitation, it increased from 49 per cent of the population in 1994 to 60 per cent in 2002 and 63 per cent in 2003.

F. Strategic planning for poverty reduction and economic stimulus: Morocco

26. In many developing countries, metropolitan authorities lack flexibility and the instruments required to link administrative decisions with the planning of infrastructure, services and social and economic development. Municipal authorities compete for resources. Each caters to its own perceived priorities and needs, at times losing sight of the effect of its decisions on overall social, economic or environmental trends and conditions. This often results in inequitable access to, or provision of, basic services, as well as widespread inefficiency and poor productivity. Decentralization and administrative reform can help strengthen the capacity of metropolitan authorities to overcome this dichotomy and to commit themselves to comprehensive development planning, monitoring and administration. In recent years, through stakeholder involvement and a range of instruments that link social, economic and environmental planning and management, participatory planning has effectively reduced urban poverty and stimulated local economic development.

27. In Tetouan, Morocco, authorities have deployed a city development strategy as a comprehensive planning scheme to enhance the benefits of decentralization and administrative reform. The strategy involved all spheres of government and municipalities in the metropolitan area in a participatory planning process. At the intergovernmental level, the strategy brought about improved coordination and concerted budgeting between central, provincial and municipal authorities, resulting in the leveraging of resources. At the metropolitan level, the strategy enabled constituent municipalities to better understand the consequences of their actions and to agree on a common set of objectives and methods for the monitoring progress. The process allowed for better information among the public, enlightening them about the resource allocation process and enabling them to make their voices heard.

28. The process consists of a set of pro-poor and pro-investment policies. These include: a poverty profile and a city poverty alleviation action plan; an integrated urban upgrading operational plan; a citizen participation methodology; a city economic analysis; a public-private sector partnership framework; an investment strategy; and a local economic development strategy. All schemes and instruments acknowledge the important role of women in poverty reduction and economic development, and include specific approaches for gender mainstreaming. Among other benefits, the process delivers a more transparent and accountable system of decision-making and resource allocation, a better-informed and educated electorate, and a more responsive administrative and governance system.

29. Tetouan's metropolitan city development strategy is an innovative, city-wide, demand-driven and participatory planning process. It derives its credibility and legitimacy from the participation of local stakeholders, but also of regional or central government to ensure that sector and regional plans take their outputs into account. National and regional city counterparts will attend a municipal learning forum with a view to disseminating the lessons learnt and good practice from the city development strategy process, paving the way for replication and institutionalization.

III. Lessons learnt and pointers for the future

A. Lessons learnt

30. The case studies presented above illustrate that pro-poor urban policies designed and implemented in keeping with the Habitat Agenda have an important contribution to make towards the Millennium Development Goals. The key factors behind effective pro-poor policies appear to be:

(a) Adoption of a holistic and integrated approach to development planning and administration: This often requires the breaking down of administrative barriers between and within spheres of government, and also resource allocation for infrastructure and land-use planning, social services, and economic development. In Morocco, this was achieved by involving all spheres of government and municipalities within a metropolitan area in long-range strategic planning. Resources are matched with a common set of goals and objectives and the participation of civil society ensures greater transparency and responsiveness. In Spain, different municipal departments leverage their resources and coordinate their actions in a concerted approach to affordable housing, heritage conservation, skills training and job creation. Both cases underline the need to overcome the so-called "competing jurisdictions" syndrome;

(b) Such approaches require effective decentralization and the empowerment of local authorities. The ability of local authorities in the Philippines to fulfil their mandate is predicated on a substantial share of fiscal resources. This, in turn, enables them to engage in participatory decision-making and to respond to people's needs and priorities. Similarly, in Brazil, enabling legislation at the federal level provides the framework and the necessary impetus for state and local governments to adopt the legal instruments required for addressing land tenure issues of the urban poor;

(c) Importance of stimulating the private sector: In China, cities have been using a combination of fiscal incentives to the real estate sector with equity grants to those in need to stimulate supply and demand for urban housing and infrastructure. Thus far, this unique approach has avoided the creation of ghettos for the urban poor while contributing significantly to a dynamic urban economy. Similarly, in the Philippines, local authorities are leveraging public resources with those of the private sector through BOT schemes to provide much-needed infrastructure;

(d) Participatory decision-making: All the examples covered in the present paper underline the importance of effective partnerships with civil society. These partnerships go beyond the conventional concept of consultations and involve effective dialogue and consensus-building on decisions that affect people's livelihoods, particularly those of the urban poor. In all cases, authorities have paid special attention to women's concerns or taken specific steps to ensure that women make their voices effectively heard and that any schemes reflect their needs and concerns. The processes involved represent a form of participatory democracy that builds on, and strengthens, social capital, which, in turn, contributes to the longer-term sustainability of any practical outcomes from the pro-poor schemes and policies; and

(e) Focusing on land and basic services: As mentioned in numerous UN-Habitat publications, security of tenure and the provision of basic services are prerequisites for improving livelihoods and reducing urban poverty. In Brazil, federal legislation has allowed state and local governments to adopt and implement pro-poor land policies and planning instruments. By relaxing requirements for compliance with middle-class norms and standards, these policies allow local authorities to negotiate with urban poor communities with a view to gradually normalizing their

settlements. This, in turn, provides the requisite incentives for residents, and guarantees for service providers, to improve living conditions. In South Africa, the new policy and legal framework on water and sanitation specifically addresses the needs of the poor with a view to reaching the Millennium Goal of water and sanitation for all well before the formal 2015 deadline. By addressing the needs and backlog of urban and rural settlements in an integrated manner, South Africa's reforms also help bridge the rural-urban divide.

B. Pointers for the future

31. The examples provided in the present paper, together with many others that are being documented by UN-Habitat, show that appropriate laws and policies effectively result in investment, growth, social equity and inclusion. The key ingredients are none other than the strategic objectives of the Habitat Agenda, namely: participation and partnerships, capacity-building, decentralization, empowerment of local authorities, as well as access to, and use of, information in decision-making. These objectives are now an integral part of a methodology for assessing and developing pro-poor, gender-sensitive policies as well as enabling legislation. This methodology has been field-tested in over 10 countries and includes the following four key steps:¹

- (a) Issuance and dissemination of a statute or set of statutes in plain language and in forms that are easily accessible by all stakeholders;
- (b) Mapping of the intended and actual institutional framework for implementation, monitoring and evaluation;
- (c) Organization of a perception-based, multi-stakeholder review of the effectiveness of the law or policy, and the assessment of any difficulties encountered in its implementation;
- (d) Dissemination of the results of the review, together with recommendations for policy reform and capacity-building.

32. The results observed in several countries are encouraging. The methodology has proved to be cost-effective, as well as easily managed and replicated by all spheres of government. Participatory and perception-based review and assessment provide a readily usable product for lawmakers and advocacy groups. Although it has been originally designed as an ex-post facto assessment tool, the methodology can be adapted for ex ante evaluation when devising new laws or policies.

33. UN-Habitat proposes this rapid assessment methodology as an integral part of its tried and tested tools for policy advocacy and development. The Programme also proposes that it be widely used and applied to assist all spheres of government in their endeavours to attain the Millennium Development Goals. Finally, UN-Habitat proposes that any outcomes of the methodology, in the form of documented examples of urban policies and legislation, be used as a means of monitoring and assessing progress in the implementation of the Habitat Agenda and the achievement of the related Millennium Development Goals.

¹ The methodology and documented examples of pro-poor, gender-sensitive urban policies and legislation are available and continuously updated on: <http://www.bestpractices.org/mdg>

Civil society's contribution to local urban governance

Dialogue on Urban Governance

Date: Thursday 16 September 2004

Time: 10.00-13.00, 15.00-18.00

Room: 117

Focal Point: Mr. Mohamed Halfani, Chief, Urban Governance Section

mohamed.halfani@unhabitat.org

Abstract

The present paper highlights some of the issues related to enhancing the involvement of civil society in local governance, based on experience gathered by the United Nations Human Settlements Programme (UN-HABITAT) of working with Governments and cities over the past 27 years. Inclusiveness traditionally encompasses both political processes (in particular, participatory democracy) and policy objectives (improving the living conditions of all groups, focusing on marginalized and minority communities). In some cases, though, inclusiveness is only a policy in the absence of participatory democracy. But without empowerment, civil society cannot make a genuine contribution to urban governance. There are arguments against an inclusive political process; but at the end of the day, the long-term social and economic benefits are larger than the costs. The paper reviews the initiatives that have been taken to surmount hurdles on the way to inclusiveness and empowerment. These include identifying stakeholders and interlocutors, balancing the responsibilities of formal government with the demands of diffused interest groups; overcoming elitist and gender dominance at the local level, dealing with divisive political patronage and the perceived high resource requirements for inclusive decision-making. Overcoming the dichotomy between civil society and government and focusing on their intersection is crucial for success. Inclusiveness and empowerment also demand transparency and accountability. Finally, inclusiveness and the role of civil society are not merely matters of policies and processes: if they are to work, they must be underpinned by certain core civic values.

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Discussion points

- Inclusiveness is a fundamental tenet of good governance and relies on civil society empowerment.
- Statutes define the scope for civic participation, which institutional inventiveness and procedural reform can enhance without any major overhaul.
- Exclusion generates crime, slums and gender gaps which discourage investment and competitiveness.
- A high degree of local government transparency and accountability is critical.
- Core values must underpin inclusiveness and the role of civil society.

Related networking events

- Agenda 21 for Culture
- Commission for Africa
- Committed Cities: Women's Inclusive Practices and Good Urban Policies
- Exploring How Cities Are Governed
- Good Urban Governance in an Environment of HIV/Aids
- Growing Up In Cities
- Porto Alegre Local Authorities Forum for Social Inclusion
- Urban Governance, Diversity and Social Action in Cities of the South
- Youth and Urban Environment/Roundtable on Youth and Local Government

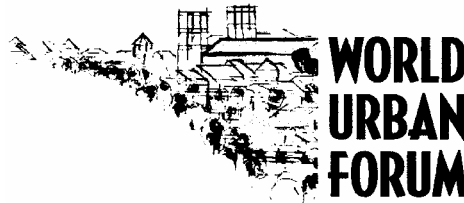


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Dialogue on civil society's contribution to local urban governance

Abstract

The present paper highlights some of the issues related to enhancing the involvement of civil society in local governance, based on experience gathered by the United Nations Human Settlements Programme (UN-Habitat) of working with Governments and cities over the past 27 years. Inclusiveness traditionally encompasses both political processes (in particular, participatory democracy) and policy objectives (improving the living conditions of all groups, focusing on marginalized and minority communities). In some cases, though, inclusiveness is only a policy in the absence of participatory democracy. But without empowerment, civil society cannot make a genuine contribution to urban governance. There are arguments against an inclusive political process; but at the end of the day, the long-term social and economic benefits are larger than the costs. The paper reviews the initiatives that have been taken to surmount hurdles on the way to inclusiveness and empowerment. These include identifying stakeholders and interlocutors, balancing the responsibilities of formal government with the demands of diffused interest groups; overcoming elitist and gender dominance at the local level, dealing with divisive political patronage and the perceived high resource requirements for inclusive decision-making. Overcoming the dichotomy between civil society and government and focusing on their intersection is crucial for success. Inclusiveness and empowerment also demand transparency and accountability. Finally, inclusiveness and the role of civil society are not merely matters of policies and processes: if they are to work, they must be underpinned by certain core civic values.

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Discussion points

- Inclusiveness is a fundamental tenet of good governance and relies on civil society empowerment;
- Statutes define the scope for civic participation, which institutional inventiveness and procedural reform can enhance without any major overhaul;
- Exclusion generates crime, slums and gender gaps, which in turn discourage investment and competitiveness;
- A high degree of local government transparency and accountability is critical;
- Core values must underpin inclusiveness and the role of civil society.

Dialogue on civil society's contribution to local urban governance

I. Introduction

1. Over the past two decades, a consensus has emerged on the critical importance of involving civil society in governance, particularly at the local level.¹ Indeed, a number of initiatives have effectively enhanced the involvement of communities, neighbourhoods, social groups and associations in decision-making as well as in policy and programme implementation. The experience gathered to date calls, however, for a closer re-examination of this important dimension of governance.

¹ UN-Habitat, 1996; United Nations, 2000; United Nations, 2001; United Nations, 2002.

2. While the principle of participation by civil society is generally accepted, its practical implications have tended to be more complex. For some cities, the process of involvement has led to harnessing the latent force of the urban poor and asserting the citizenship of those who have been marginalized and excluded. In other cities, involvement by the population has been perceived as an impediment to growth and efficiency in this era of globalization. Furthermore, the growing phenomenon of emigration has led to increased diversity within cities, rendering it even more difficult to foster the role of civil society. In many cases, participatory processes have not been deep enough to alter the prevailing elitism in local leadership and the dominance of techno-bureaucratic administration. As a result, the voice of the poor often remains marginalized in local decision-making.

3. The present paper highlights some of the issues related to enhancing the involvement of civil society in local governance, based on experience gathered by UN-Habitat of working with Governments and cities over the past 27 years. It examines the initiatives that have been taken to overcome barriers to inclusiveness and empowerment.

II. Civil society as promoter of inclusiveness and empowerment

4. Two notions help pinpoint the issues associated with the involvement of civil society in local governance: “inclusiveness” and “empowerment of civil society”.

5. Inclusiveness traditionally encompasses both political processes (and participatory democracy in particular) and policy objectives (improving the living conditions of all groups, focusing on marginalized and minority communities). In both cases, the main goal is to build structures which enable everyone, regardless of wealth, gender, age, race or religion, to participate productively and positively in the opportunities that cities have to offer.²

6. For inclusive governance to function effectively, it is not simply a matter of providing a space for involvement. Empowering civil society stakeholders is also in order, so that they can take advantage of any space provided.³

7. Authorities may have to take special action to enable civil society to participate effectively in the process of governance. Empowerment may require new institutions, new ways of working within existing organizations, and new rules for inter-organizational relationships.

A. Legal reforms promoting inclusiveness

8. The political dimension of inclusiveness includes the structures and processes that allow all stakeholders at the local level to participate in governance. The statutory framework defines the scope for civic participation and therefore has a strong influence on it. The past decade has been witness to significant progress in the devolution of power, authority and resources to municipal authorities. In most of those cases, however, such initiatives have not been pervasive enough to reach out as far down as the community and neighbourhood levels, which is essential for the engagement of civil society. One piece of legislation that has reached below the level of the municipality is Brazil’s “Statute of the City” (Act No. 10.527 of 10 July 2001, see: Instituto Pólis. 2003), which effectively entrenches the participation of citizens and associations representing civil society. As it broadens the opportunities for citizens to participate in the decision-making process, the Brazilian statute provides for a variety of mechanisms, including public hearings, consultations, councils, environmental and neighbourhood impact studies, popular initiatives to put forward urban laws, and the practice of participatory budgeting.

9. Reaching just as deep into civil society is the Philippines’ Local Government Code of 1991, which ranks among the most forward-looking statutes when it comes to strengthening local governance. The code sets out the legal and institutional infrastructure for the expanded participation of civil society in local governance. More specifically, it calls on non-governmental organizations and other representatives from the private sector to sit on local service boards and development councils. These bodies are responsible for preparing development programmes as well as allocating funds (Local Government Code of the Philippines, Republic Act No. 7160).

² UN-Habitat, 2002.

³ Osmani, S.R., 2001; Gaventa, John, 2002.

10. These are not the only current efforts to extend the space for inclusive people's participation in various parts of the world.⁴ Such efforts notwithstanding, they leave open the critical issue of whether the battle for civil society engagement is primarily directed to the legal sphere.

A. Local initiatives to promote inclusiveness

11. Experience from different parts of the world demonstrates that institutional inventiveness and procedural reform can effectively enhance civil society involvement in local governance without imposing any radical or comprehensive legislative overhaul. Innovations can and do take place at the local level, such as: establishing people's councils (as has happened in a number of cities), introduction of participatory budgeting, city consultations for strategic planning, creation of savings and credit cooperative societies and local-to-local dialogues.

12. To the extent that policy regimes encompass the interests and concerns of all urban social groups, they complement and reinforce the participatory aspect of inclusiveness. As is well recognized, policy regimes that determine the delivery and accessibility of goods and services affect the well-being and livelihoods of urban communities. Recent preoccupations – such as designing pro-poor policies for urban development, removing barriers for women to gain access to immovable assets such as land, affirmative action, and reconfiguring the city to tackle spatial inequity – all tend to underline the importance of policy goals, contents and strategies. In this respect, policy does not refer only to the macro-national policy for various sectors.⁵

B. Inclusiveness as policy

13. At this juncture, it is only natural to ask the question: Does genuine inclusiveness require both participatory democracy and an inclusive policy regime? Indeed, examples abound of inclusive processes that have had effects only on policy, improving the welfare of those that had been traditionally excluded. One of these is Malaysia, where local elections remain suspended and municipal councillors are appointed by their respective state governments; and another the city-State of Singapore, which has no autonomous local government system. Yet cities in both these countries seem to have addressed the concerns of marginalized groups with success. It is reported that Dar es Salaam, United Republic of Tanzania, obtained the highest level of satisfaction from its residents when the democratically elected City Council was suspended and replaced by a Government appointed Commission; this became quite obvious when the residents elected the commission chair to the Tanzanian parliament to represent a constituency that includes the largest slum settlement in the whole country.

14. In the light of experiences like those of Malaysia, Singapore, Dar es Salaam and others for whom inclusiveness is only a policy issue, one may wonder: Is there really a case for participatory governance as a political process? Or it is simply a perpetuation of political correctness?

C. Arguments in favour of inclusiveness in political processes

15. By many accounts, inclusiveness contributes to a better identification of needs and demands and to enhanced efficiency in implementation and outcomes, in addition to promoting sustainability and social harmony.⁶ Inclusive governance has a good record of bringing greater equity, responsiveness and efficiency to local services. A recent review of the democratic experiences in Kerala, India, Porto Alegre, Brazil, and cities in South Africa has highlighted some further benefits of inclusiveness: it allows for a continuous and dynamic process of learning; promotes fruitful compromise and innovative solutions; and bridges the knowledge and authority gaps between technocratic expertise and local involvement.⁷

16. For UN-Habitat, all these findings corroborate its own experience gained from working with cities in different parts of the world. For instance, the organization's Sustainable Cities Programme owes its success and growth for over a decade to the close involvement of civil society. Similarly, its initiative

⁴ Further examples are described in Logo-link, Emma Williams, 2002; Nelson Saule, Júnior, Alejandra Meraz Velasco and Zuleika Arashiro, 2002.

⁵ Bevan, Philippa with Stephen Lister, 2000; UN-Habitat, 2001.

⁶ Logolink, *ibid.*; World Bank, 2002.

⁷ Heller, P., 2001.

to improve water delivery in Africa and Asia has proved that more efficient delivery does not by itself guarantee increased access for the poor. The experience of UN-Habitat also shows that inclusiveness maximizes the local knowledge of managers, promotes responsiveness and fosters accountability, which in turn ensures effective service delivery. Moreover, members of the community reach their highest degree of citizenship when they become the so-called “makers and shapers” of their own destinies with full agency in governance processes. Citizen participation gives meaning to democracy beyond the relatively narrow limits of the electoral process.⁸

17. There is also evidence to suggest that “social capital” – shorthand for the richness and depth of civil society and the extent of citizens’ engagement in it – has an important bearing on government performance. In his book *The Prosperous Community* and on the basis of his research in Italy, Putnam makes the point that where the concept of citizenship is stunted, government does not work. Where there are active community organizations, such as in Emilia-Romagna and Tuscany, and citizens are engaged in public issues, democracy works and economic development is effective. Putnam argues that it is critically important for marginalized groups to create social capital if they are to prosper. His argument in favour of social capital is largely socio-economic, but he does acknowledge that social capital has knock-on effects in terms of positive political outcomes.

18. The consequences of exclusion – urban crime, proliferation of slum and squatter settlements, gender inequity – also act as disincentives to investment and competitiveness. These costs are far greater than any which inclusive political processes may impose. With respect to the proliferation of slum settlements for example, UN-Habitat has observed in its latest Global Report on Human Settlements that the poor play a crucial role in the improvement of their own living conditions and that their participation in decision-making is not only a right – that is, an end in itself – but also helps achieve more effective implementation of public policies. Consequently, involving the urban poor and those traditionally responsible for investment in housing development has greater potential for enhancing the effectiveness of slum-eradication policies. This calls for more inclusive urban policies as well as greater public sector accountability vis-à-vis the entire citizenry.

D. Arguments against inclusiveness in political processes

19. The experience of the past three decades demonstrates that promoting inclusiveness is fraught with a number of limitations that often confine it to a superficial and symbolic role. Participation and inclusiveness have often been limited to the downstream level, i.e., to a largely consultative role, with real decisions made upstream by elites and technocrats.⁹

20. Recently, many municipalities have been grappling with the challenge of providing legally binding and unconditional privileges to newly arriving immigrants.¹⁰ Unconditional inclusiveness may promote a disjunction between rights and obligations, which undermines a sense of personal responsibility, innovation, competition as well as efficient resource allocation. It is perceived as encouraging complacency and apathy, forcing decision makers to back those who do not contribute to their optimum.

21. Furthermore, time-consuming inclusive political processes can lead to gridlock and inertia, hampering efficient administration. They can obscure genuine policy choices if they end up focusing on the lowest common denominator. Inclusiveness has the potential to hamstring decisive leadership. Experiments in decentralized political decision-making have occasionally led to increased corruption and inefficiency.

22. Some suggest that inclusive governance leads to the empowerment of local elites, rather than consideration for the voices and interests of the more marginalized. Indeed the poor – including some non-governmental and civil society organizations – find that daunting obstacles stand in the way of inclusive governance, such as power structures, social exclusion and minimal individual and collective organizational capacity. In a number of instances local elites, through their control of elected councils, manage to steer most benefits their own way. Documented examples of such practices include upgrading

⁸ Blair, Harry, 2000; Cornwall, A. and J. Gaventa, 2001.

⁹ Gaventa, John, 2002.

¹⁰ Stephen Moore; Izumi, Lance, 2003.

the schools which their own offspring attend, or giving priority to building a motor-racing circuit to reap the kickbacks for construction contracts and skim the gate receipts.¹¹

23. With particular regard to economically successful cities in Asia, others argue that inclusiveness is merely a fad. As a matter of fact, cities are at the moment going through a challenging period of resource constraints and cut-throat competition in the face of demands to cater to a host of social needs. If anything, they require more professional and effective management that can deliver the goods, particularly economic growth. This is appropriate in view of mounting political apathy and diminishing civic participation in both developing and developed areas of the world.

III. Practicalities of inclusiveness

A. Problems in implementing inclusiveness

24. Taking inclusiveness from theory to practice poses a number of challenges, including: identifying key stakeholders and interlocutors; balancing the responsibilities of formal representative organs of government with the demands of different interest groups; overcoming elitist and gender dominance at the local level; dealing with political patronage and its divisive tendencies; and the perceived high resource requirements for inclusive decision-making.

1. Identifying interlocutors

25. One of the challenges is to determine who are going to be what may be termed the “legitimate interlocutors” among the populace, and to define the participatory channels that can be made both accessible to, and genuinely representative of, all poor and working-class citizens. The more powerful members of the community are frequently those in leadership positions, whose role is also to articulate the concerns of the constituent groups. In this respect, it is worth mentioning the results of a research survey carried out by the United Nations Research Institute for Social Development (UNRISD) in some neighbourhoods of Johannesburg, South Africa, in the mid-1990s: the residents of informal settlements were prevented from making themselves heard; backyard tenants attracted minimum attention; and the landlords dominated the entire participatory process in the formal township.

26. The local level is also where the most deleterious distortion – gender inequity – tends to be more apparent. Women as a social group are often subsumed in the broader category of community, where their specific concerns are diluted. The often-prevailing patriarchal structures at the local level inhibit the full engagement of women, unless particular attention is given to removing any impediments one by one.¹²

2. Complex relationships

27. The relationship between representative and participatory democracy poses difficult conceptual and practical issues and tensions. Some elected politicians are uneasy with participatory governance because they see themselves as the legitimate decision makers: having been elected by citizens through the democratic ballot, they consider that such participatory processes are taking decisions and control away from them. This has been the case in Cebu, the Philippines, where elected bodies have severely constrained non-governmental organizations and local citizens councils in their efforts to broaden their scope of involvement in local governance.¹⁴

28. The Philippines also provides a counter-example. The Philippine Urban Forum has supported and driven the two global UN-Habitat campaigns with vigorous backing from its constituent organizations, which include national government agencies, civil society organizations, private sector associations and non-governmental organizations. Indeed, this coalition stands as an exemplary demonstration of a partnership between central government, municipal authorities and civil society

¹¹ Blair, 2000; Rose-Ackerman, Susan, 2004.

¹² Asima Yanty Siahaan; Myers, Roxane, 2002.

¹⁴ Felisa U Etemadi, 2004.

organizations, which goes to show that mutual good will makes it possible for different partners to work together.

29. The relationship between civil society and formal institutions of local governance raises certain questions. Is inclusiveness better guaranteed if vibrant civil society organizations are co-opted into local government processes? Or does involvement in local government simply mean that civil society organizations and their leaders will become compromised by city hall bureaucrats? Is inclusiveness best pursued by oppositional civil society pressure groups that are not burdened with responsibility for implementation and can hold local government to account without fear or favour? The answers are not straightforward. It is certainly true that civil society groups are needed in a watchdog type of role, to scrutinize actions and exert pressure on local government. This is certainly true of the media. But, if all civil society organizations are consistently oppositional, it will not be possible to integrate civil society perspectives into local governance in any constructive sort of way. The nature of the engagement of civil society organizations will most probably depend on how genuine an interest is manifested by the local government in responding to their views.

30. Evidence from different parts of the world point to a broad variety of relationships between civil society and local authorities. The UN-Habitat 2003 Global Report on Human Settlements provides an overview of community-based and non-governmental organizations in urban areas and points to the lack of uniformity in their relations with public institutions. Ezra Mbogori and Hope Chigudu single out three distinct patterns of relationship: collaboration, advocacy and opposition, and co-governance (or partnership). The most popular form of relationship, and one that seems to be on the rise, is collaboration.¹⁵ As they define common goals and objectives, and collectively agree on strategies and action plans, civil society organizations and local authorities – in many cases, with the participation of central government agencies – forge a collaborative relationship in a whole range of policy areas. Many urban revitalization programmes in Europe and North America have adopted this approach. Similar examples can be mentioned in Asia, Africa and Latin America.

31. An equally significant role for civil society as it engages in local governance is to undertake advocacy – public education, policy reform, campaigning, and citizen mobilization – and also defend and promote citizens' rights. In this role, civil society may find itself at odds with structures of local governance and, at times, the relationship may turn to confrontation. In essence, advocacy is an expression of civil society bent on defending rights and delivering tangible benefits and results. Such functions do not necessarily require civil society to maintain a confrontational relationship with public authorities. As examples we might take the experiences of the Triangle of Solidarity in Costa Rica, or of a coalition of non-governmental organizations in Calcutta campaigning for housing rights, or of the Pamoja Trust and Muungano wa Wanavijiji in Kenya: these undertakings all involve interactive dynamics between civil society organizations, non-governmental organizations and public structures, and all lead to different outcomes.¹⁶ The UN-Habitat Global Campaign on Urban Governance, in collaboration with the Huairou Commission, has documented the experience of women's groups grappling with the practical ways of claiming their citizenship. Their cases demonstrate how women at grassroots level can reconfigure power relationships to advance their interests and thereby transform the practice of governance.¹⁷

32. Nonetheless, there is no denying the power imbalance between local government and citizens' organizations. Efforts to connect strong, recognized neighbourhood organizations and non-governmental organizations to government may lead to co-optation, and pre-empt the possibility for institutions of civil society to pursue their advocacy mission effectively. This can be even more complicated if a dependence on financing and facilities is also built into the relationship. In this case, the fates of neighbourhood organizations and governance structures are so tied to the structure of authority that they are unable to advocate a minority position with any degree of effectiveness.

33. A highly important factor is the integrity of the civil society leadership and the vision of its membership. At the end of the day, and as field experience has shown, the nature of the relationship between civil society and local authorities cannot remain unchanged as it needs to respond to circumstances. Civil society organizations may therefore have to adopt the different modes of operation

¹⁵ Mbogori, Ezra and Hope Chigudu, 1999; Evans, Peter.

¹⁶ Harry Smith, 2004; Eldrid Mageli, 2004; Jane Weru, 2004.

¹⁷ Forthcoming publication by UN-Habitat and the Huarou Commission.

described above as the environment changes. The integrity of those organizations will be critical when making the right choices.

B. Changing patterns of citizen involvement

1. Decline in citizen involvement

34. Diminishing citizen involvement has been raising concerns of late, particularly in developed countries. Civil society's involvement with political processes and even its own vibrancy are on the wane. A prominent sociologist has referred to the "haemorrhaging of social capital" in describing the increasing fragmentation and mistrust in civil society. A 2004 report in the *Economist* recently described an even more ominous development affecting American communities, stating that people living in diverse areas were not just more suspicious of those who did not look like them; they were also more suspicious of their own kind!

35. Lance Bennet disagrees with the above observation and suggests that "the withdrawal from traditional institutional politics may entail a more selective and rational process – and one that is far more tuned in politically – than implied by accounts of a social and political withdrawal. Replacing traditional civil society is a less conformist social world in which individuals were liberated from the grasp of governments: a society characterized by the rise of networks, issue associations, and lifestyle coalitions facilitated by the revolution in personalized, point-to-point communication".¹⁸ This major change in the institutional architecture of civil society poses a sizeable challenge to any promotion of its engagement.

2. Changing role of local authorities and distorted empowerment agendas

36. New Zealand's experience epitomizes the significant change in the structure of local government over the past 10 years. Local authorities today are not simply a single organ, the "council" of former times, but comprise a number of entities. These may include business units that are operating at arm's length, so to speak; other trading enterprises; trust bodies; and joint ventures with other local authorities or private sector partners. This multifarious structure can have an effect on the relationship with civil society, especially where unelected directors and trustees make the decisions and communities are expressly left out of the process.¹⁹

37. At the same time, since the 1990s what is perceived as the "community" has become a new focal point for central government policies, particularly when dealing with social issues. It has become fashionable to devise strategies aimed at harnessing the capabilities and resources of communities in policy programmes. Whether they promote it through neighbourhood participation, local empowerment or resident involvement in decisions over their own lives, authorities believe that inclusiveness is apt to reactivate self-motivation, self-responsibility and self-reliance. Such promotion has been a highlight of national government efforts to implement poverty reduction programmes, particularly in the northern hemisphere. In many cases, community organizations have found themselves turned into implementing agencies, substituting for local government.²⁰ As a result, changing forms of local governance and engagement with civil society have had the perverse effect of weakening local government. This has been the case with the Urban Programme carried out in the United Kingdom, according to Marinetto and, as described by Elander, with the Metropolitan Development Initiative launched in Sweden in 1999.²¹

38. The distinct spheres of civil society and government must be neither confused nor kept radically apart: indeed, overcoming the dichotomy between them and focusing on their intersection is crucial for success. Initiatives aimed at enhancing citizen participation must go alongside others that seek to strengthen accountability, responsiveness and transparency. The ultimate objective is none other than a more active and involved civil society – apt to convey the demands of the citizenry – complemented by a responsive and effective municipal authority which can deliver public services as required. The result: "strong, aware, responsible, active and engaged citizens along with strong, caring, inclusive, listening,

¹⁸ Bennet, Lance W., 1998.

¹⁹ Good Governance Group.

²⁰ Marinetto, Michael, 2003.

²¹ Elander, Ingemar, 2004.

open and responsive democratic [local] government". This is the basis from which to draw the line between initiatives that promote inclusiveness simply for the sake of increasing efficiency, and those that genuinely aim at deepening democracy and promoting citizen involvement.²²

C. How inclusiveness can be made to work

39. What are the different ways of nurturing civil society empowerment and inclusiveness? What are some of the facilitating procedures and instruments? How effective have they been?

1. Legislative framework

40. Devolution of power, authority and resources from the central to municipal level is a prerequisite for effective citizen involvement, but it is not a sufficient condition on its own. More thorough decentralization also calls for steps to enable and encourage municipal authorities to involve citizens in the running of their city. Such steps typically include consultative processes, both political and administrative, such as public hearings and meetings as well as other participatory forums. Nonetheless, as detailed below, effective community empowerment can take place in the context of a national policy that levels the playing field for civil society and smoothes out any distortions caused by local idiosyncrasies in its relationship with local government.

41. Brazil's "Statute of the City" Act of 10 July 2001 is a good example of a legal instrument that seeks to secure citizen involvement. The Act entrenches in law and gives political validation to the participation in local government of citizens and associations representing various segments of the community. Along similar lines, in 1998 Viet Nam adopted its decree No. 29 on effective democracy in the communes. The decree made it an obligation for local officials to provide detailed information to communities on a range of issues, from national legislation to local projects. Viet Nam's decree also made it mandatory to seek public consultations, approval, and supervision on a number of development activities at the local level. Such activities include the communal budget, land management, the outcomes of investigations against corrupt officials, and social services.²³

42. Similar examples – though of a more limited scope – can be found in the United Kingdom's 1999 Local Government Act, which made it a legal requirement for local authorities, as well as other local service providers such as police and fire authorities, to consult users about different aspects of their service provision. Similar examples can be found in Bolivia, with the enactment and implementation of the Popular Participation Act, and in the Philippines with the 1991 Local Government Code.

2. Participatory structures

43. As pointed out above, legal instruments that empower citizens at the local level call for the creation of institutional structures and procedures, but the route of legal reform can be long and arduous. In many cases, statutory law provides these institutional elements. But the contribution of administrative reform is not negligible, as epitomized by the so-called "citizen oversight committees" of South Carolina, United States, and the "mesas de concertación" ("consultation round-tables") in the Argentine cities of Lima, San Salvador, Cotacachi and Córdoba. The "mesas" are forums for participatory governance bringing together local government, the private sector, non-governmental and community-based organizations to discuss, debate and agree on proposals for the development of their own communities.²⁴

44. In the Philippines, 12 non-governmental organizations in Cebu City have formed a coalition called "Kaabag sa Sugbo", which represents a different kind of institutional development for inclusiveness. The coalition effectively enhanced the communities' ability to engage with the local authority dialogue, participation and negotiation. Kenya provides a further instance of the power of such coalitions: in Nairobi, a federation of the urban poor ("Muungano") assisted by the Pamoja Trust has built the capacities required to develop solutions for people's well-being together with municipal and national government.

²² Gaventa, op.cit.

²³ Mark Mattner, 2004.

²⁴ Bur, A., Stevens, A. and Young, L., 1999.

45. As part of its Global Campaign on Urban Governance, UN-Habitat has developed a tool-kit to support participatory urban decision-making, which takes a four-phase approach, including: preparatory and stakeholder mobilization; issue prioritization and stakeholder commitment; strategy development and implementation; and follow-up and consolidation. The emerging innovations in this domain include participatory budgeting, electronic governance, city consultations, environmental planning and management, measuring performance and governance and local-to-local dialogues.²⁵

46. Even more than fostering citizen empowerment through institutional structures, a high degree of transparency and accountability in local government is critical. It has been noted that transparency enhances civil society engagement in the public arena by ensuring that citizens are well informed. With transparency, every stakeholder becomes aware of a local authority's achievements and setbacks. This motivates collective commitment as citizens identify with processes, results and outcomes. Through transparency, the boundaries of responsibility and action become visible, which in turn makes it easier to determine the locus of accountability.

47. A recent UN-Habitat Campaign publication, in collaboration with Transparency International, shows how to encourage transparency and accountability in local governance. It is based on 99 case-studies from around the world, highlighting the best methods and instruments. These include: processes that enable communities to participate in the monitoring and assessment of local government; measures to improve stakeholders' access to information; measures to promote ethical behaviour and integrity among stakeholders; and the streamlining and simplification of administrative procedures as well as structural innovations to promote participation and accountability.

D. Spatial and physical dimensions of inclusiveness

48. In its various forms, the organization of urban space and the physical configuration of neighbourhoods have been both an expression of a community's social, political and economic relations within the city, and also a factor impinging on its development. In cities of the developing world, the legacies of residential differentiation and rigid zoning have continued to exacerbate stark inequities, further compounding exclusion and alienation for a majority of urban residents.²⁶

49. A new movement is emerging which brings together planners, architects and developers. Among other things, it seeks to restore a sense of neighbourhood and community empowerment. It advocates a renewed relationship between building as an art and community-building, through citizen-based participatory planning and design. This new movement stands as an alternative to motor vehicle-oriented planning and development. The prototypes of this new urban planning include Seaside, the Haile Village Centre in Gainesville, and Celebration near Orlando, all three in Florida, and Harbor Town in Memphis, Tennessee.²⁷ Outside the United States, Auroville in Pondicherry, India, also illustrates this approach.

50. In his critique of the so-called "New Urbanism" developments in North America, Robert McCarter pointed out that that type of approach could not result in sustainable communities. In economic terms, those homes are beyond the reach of the average urban dwellers, they still rely on the motor vehicle and remain instruments of segregation. He observes that "...the sustainable possibilities inherent in New Urbanism are usually substituted by imagery that suggests, but does not deliver sustainable community".²⁸

51. If the achievements of New Urbanism are unable to promote a genuine sense of community, then can others respond to the spatial and physical distortions that undermine a broader collective engagement of civil society? Has New Urbanism any relevance to cities in developing countries? Furthermore, is collaboration between planners, architects and developers conducive to inclusion? Does the monopolization of the function of spatial design by a closed group of technocrats and financiers not reinforce the very alienation that participatory governance is trying to counter?

²⁵ UN-Habitat, 2001a.

²⁶ Montgomery M.R. et al., 2003.

²⁷ Steuteville, Robert, 2000.

²⁸ Mark Mattner, 2004.

E. Civic standards and values

52. Inclusiveness and the role of civil society are not just about policies and processes. If they are to work, some core values must underpin them. Where the groups that are empowered are hostile to diversity or to other groups, civil society empowerment cannot work. Empowerment involves the promotion of civic standards and values that emphasize inclusiveness, including a sense of citizenship. Local authorities must promote a sense of trust, reciprocity and solidarity in a proactive manner. These values are very different from those of consumerism, a notion which may be confused with citizenship, especially when many community empowerment schemes involve a quasi-consumerist approach. This is the case with those public consultations using focus-group techniques, which are indistinguishable from private sector marketing practices.

IV. Conclusion

53. For all its many handicaps, the involvement of civil society in local governance is a necessary condition if the challenges of urban development are to be overcome. While inclusiveness is not predicated upon specific practices, structures and procedures, it remains a fundamental tenet of good governance. What it does require, however, is an adequate degree of empowerment for civil society to engage fully in partnership arrangements. The wealth of experiences of inclusive governance and empowerment available must be shared, adapted and developed to suit different contexts. The current visible shift away from marginalization to consultation to participation, and the concurrent trend of promoting partnerships, are positive developments which must be encouraged.

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Towards new powers for local governments in a globalizing world

Dialogue on Urban Renaissance

Date: Thursday 16 September 2004

Time: 15.00-18.00

Room: 111-112

Focal Point: Mr. Subramonia Ananthakrishnan, Chief, Partners & Youth
anantha.krishnan@unhabitat.org

Abstract

Urbanization and globalization call for an urban renaissance and the United Nations Human Settlements Programme (UN-HABITAT) supports the attendant decentralization of powers and capacities in favour of local government. The new approach of global governance empowers local communities to pursue global standards or objectives, such as the Millennium Development Goals. Recognition of the need for decentralization goes all the way back to the landmark United Nations Conference on Human Settlements (Habitat II), held in Istanbul, Turkey, from 3 to 14 June 1996. Subsidiarity is the keystone upon which the whole edifice of decentralized governance rests, including improved accountability and effective delivery. The other main principles are local autonomy (the administrative relations between local authorities and other spheres of government), financial capacities (the vital area of financial resources and the tax-raising powers of local government) and local democracy (participation of citizens and civil society organizations in the decision-making processes at the local level). The recent worldwide drive towards decentralization and democratization has found a firm underpinning in the constitutional entrenchment of the scope and powers of local authorities on the basis of internationally recognized principles. This process furthers the objectives of the Habitat Agenda and sustainable urban development in an urbanizing world; it also creates a favourable environment for the pursuit of the Millennium Development Goals. The present paper suggests an agenda for discussion of urban renaissance at the Second World Urban Forum. The challenges of decentralization are outlined in the annex.

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Discussion points

- Decentralisation and local government capacity-building pave the way for urban renaissance.
- They provide the enabling environment required to achieve Habitat Agenda and Millennium Development goals.
- Decentralisation enables local authorities to deal more effectively with the impact of globalisation at the local level and to filter out any undesirable effects.
- Subsidiarity ushers in a new form of partnership among national, provincial, and local authorities, and favours effective, integrated decision-making.
- Over and above fostering representative democracy, governance should also strengthen participatory democracy.

Related networking events

- Iberoamerican and Caribbean Forum on Best Practices
- Launch of the Urban Millennium Partnership
- Medcities Seminar on Air Quality and Mobility
- Participatory Budgeting, Urban Governance and Democracy
- Urban Inequities and GIS - Putting the Poor on the Map

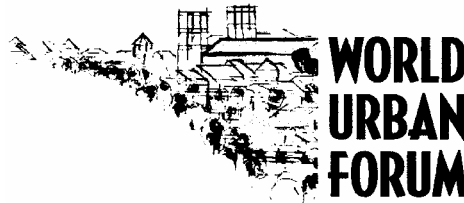


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Partners' dialogues: Urban renaissance

Thursday, 16 September 2004, 3–6 p.m.

Dialogue on urban renaissance: towards new powers for local governments in a globalizing world

Abstract

Urbanization and globalization call for an urban renaissance and the United Nations Human Settlements Programme (UN-Habitat) supports the attendant decentralization of powers and capacities in favour of local government. The new approach of global governance empowers local communities to pursue global standards or objectives, such as the Millennium Development Goals. Recognition of the need for decentralization goes all the way back to the landmark United Nations Conference on Human Settlements (Habitat II), held in Istanbul, Turkey, from 3 to 14 June 1996. Subsidiarity is the keystone upon which the whole edifice of decentralized governance rests, including improved accountability and effective delivery. The other main principles are local autonomy (the administrative relations between local authorities and other spheres of government), financial capacities (the vital area of financial resources and the tax-raising powers of local government) and local democracy (participation of citizens and civil society organizations in the decision-making processes at the local level). The recent worldwide drive towards decentralization and democratization has found a firm underpinning in the constitutional entrenchment of the scope and powers of local authorities on the basis of internationally recognized principles. This process furthers the objectives of the Habitat Agenda and sustainable urban development in an urbanizing world; it also creates a favourable environment for the pursuit of the Millennium Development Goals. The present paper suggests an agenda for discussion of urban renaissance at the Second World Urban Forum. The challenges of decentralization are outlined in the annex.

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Discussion points

- Decentralization and local government capacity-building pave the way for urban renaissance.
- They provide the enabling environment required to achieve the objectives of the Habitat Agenda and the Millennium Development goals.
- Decentralization enables local authorities to deal more effectively with the impact of globalization at the local level and to filter out any undesirable effects.
- Subsidiarity ushers in a new form of partnership among national, provincial and local authorities, and is conducive to effective and integrated decision-making.
- Over and above fostering representative democracy, governance should also strengthen participatory democracy.

Dialogue on urban renaissance

Foreword

1. Urban renaissance¹ as a process aims at improving the quality of life in towns and cities and at making sure that they are places where people choose to live, work and enjoy themselves. Promoting and delivering urban renaissance is a central tenet of engagement by UN-Habitat with local authorities. In the present paper we view urban renaissance in the context of globalization and of the UN-Habitat mandate on empowering local authorities, including through implementation of Governing Council decision 19/12 on decentralization and strengthening of local authorities. The present paper is largely based on the discussion at the inaugural meeting of the Advisory Group of Experts on Decentralization (AGRED), held in March 2004.

¹ House of Commons, Select Committee on the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions. 12th Report, London, August 2003.

I. Background: globalization and urbanization

A. Background

2. “Globalization of the world economy presents opportunities and challenges for the development process, as well as related risks and uncertainties. In this context, international cooperation assumes added significance and importance in the wake of recent trends in the globalization of the world economy on the one hand, and the continued deterioration of the plight of developing economies, on the other. Problems resulting from poverty, urbanization, lack of adequate shelter including social housing, rapid population growth, rural-urban migration, economic stagnation and social instability are especially acute.”²

3. The need for an urban renaissance arises in an unprecedented context. For the first time in history, the majority of the world’s population will soon be living in what are defined as urban areas, including in the developing world. Today, 40 per cent of the population of developing countries already live in cities. By 2020 that figure will have risen to 52 per cent³. The greatest challenge will be in Africa and Asia, where a major demographic change is expected. By 2015, 153 of the world’s 358 cities with more than one million inhabitants will be in Asia. Of the 27 mega-cities with more than 10 million inhabitants, 15 will also be in Asia. Mega-cities with 20 or 30 million inhabitants – i.e., conurbations larger than any in history – are on the cards.⁴

B. Paradox of “glocalization”: both more global and more local

4. The concept that has come to be known as “glocalization”⁵ is an innovative strategy that empowers local communities to pursue global standards or objectives. In a new twist to globalization, the notion encourages greater respect by global powers for local powers and cultural diversity. Glocalization is marked by the end of so-called “territorialism”⁶, i.e., a situation where social, economic and political space may only be reduced to territorial parameters. The notion of glocalization has engendered an apparent paradox whereby civil order is becoming more global and more local at the same time. This suggests that the economic and information-related elements of globalization are reaching into the remotest areas of the planet, forcing them into the new global reality even as local issues increasingly turn into major social and political concerns.

5. This new trend is pushing human settlements of all sizes to the forefront at the global and local levels. In many localities, people are overwhelmed as their traditional cultural, spiritual and social standards and values are giving way to those, more consumer-oriented, that come with globalization. In reaction, many localities have come to stress their own identities, roots, cultures and values, giving pride of place to their own neighbourhoods, areas or towns, with the family – the smallest unit in society – playing its own role in the process. In political terms, this has been translated into related demands on political decentralization: to deal more effectively with the impact of globalization at the local level, and to filter out any undesirable effects of internationalization.

6. As distinctions fade between traditional political spheres and other elements of society, human settlements and large cities have gained prominence in the global economy. This urban renaissance has, in its own right, triggered a shift in attitudes towards urban governance: cities are now increasingly viewed as a product to be marketed on regional and global scales. Information and communication technologies allow for foot-loose, worldwide investment funding, resulting in vast increases in the volume and speed of international capital flows of all types, from foreign direct investment to short-term banking activities.

7. Globalization has placed human settlements in a highly competitive framework of inter-city linkages and networks, in a geographical context limited only by planetary boundaries. Political globalization has caused many nations to come closer to democratic principles and liberalization. Decentralization should be viewed in this context. The international community has adopted the Millennium Declaration⁷ and, in particular, a set of time-bound targets for human development. They

² UN-Habitat, Habitat Agenda, para. 196 (1996).

³ UN Population Division, NY, World Urban Prospects, Revision Data Tables and Highlights, 2001.

⁴ State of the World Cities Report, UN-Habitat, 2002.

⁵ Global Forum, Third Annual Globalization Conference, 2004.

⁶ 25th special session: Report of the Executive Director of the United Nations Centre for Human Settlements on the review and appraisal of progress made in the implementation of the Habitat Agenda, 6-8 June 2001, page 7, para. 13.

⁷ General Assembly resolution 55/278 of 8 September 2000.

include halving income-related poverty and hunger, achieving universal education and gender equality, reducing child mortality by two-thirds and maternal mortality by three-quarters, reversing the spread of HIV/AIDS and halving the proportion of people without access to safe water. These targets are to be achieved by 2015, with 1990 as the baseline. The question is: What are the enabling instruments for local implementation of these commitments? It is widely accepted that governments at all levels should provide an “enabling environment”. The challenge is to create an all-inclusive system of governance that takes in the views of all partners. This is why democratic and decentralized governance is often considered as a requisite component of development initiatives.

II. New guiding principles for an urban renaissance

A. Need for decentralization

8. The arguments in favour of decentralization are well established: stronger local authority encourages public engagement, a sense of ownership over services, accountability and transparency, efficiency and, in many cases, equity. It is a complex task, however, to determine which institutional, legal and financial frameworks are best able to bring these benefits to fruition. Fuller discussion of the potential for improvement, combined with country experiences, can shed light on the relationship between local government reform and actual performance.

9. At Habitat II, held in Istanbul in June 1996, national Governments committed themselves to the objective of decentralizing authority and resources⁸. Prior to this, on the eve of the conference, the first-ever World Assembly of Cities and Local Authorities called upon the international community to take steps “to draw up in partnership with the representative associations of local authorities, a world-wide charter of local self-government, setting out, for the guidance of all national Governments and international agencies, the basic principles which should underlie any democratic local government systems”. Whereas in 1985 the Council of Europe adopted a European Charter of Local Self-Government, United Nations Member States have failed to adopt a draft World Charter for lack of consensus.

10. In February 2001, the Commission on Human Settlements requested the Executive Director of UN-Habitat to intensify dialogue among governments at all levels and other partners in support of the implementation of the Habitat Agenda. This was to include all issues related to effective decentralization, the strengthening of local authorities, guiding principles and, as appropriate, legal frameworks. The Commission called upon the Executive Director to make this dialogue as open-ended and inclusive as feasible.

11. UN-Habitat held its first dialogue session on decentralization at the first World Urban Forum in May 2002. During the nineteenth session of the Governing Council in May 2003⁹, a dialogue session on effective decentralization addressed the following topics: the role of decentralization policies and principles in strengthening the capacities of local governments; enhancing their ability to implement the Habitat Agenda and achieve sustainable development; and making good the commitments required from both local and national governments to achieve effective decentralization. This first dialogue was held pursuant to resolution 18/11 as adopted by the Commission on Human Settlements. As a follow-up to the same resolution, UN-Habitat commissioned a report entitled: “Decentralization in global perspective: A review of 28 country experiences”,¹⁰ which formed a basis for the dialogue.

12. At its nineteenth session, the UN-Habitat Governing Council adopted resolution 19/12 on the decentralization and strengthening of local authorities.¹¹ Among other things, the resolution requested the Executive Director to take further steps and measures to intensify dialogue on decentralization and strengthening of local authorities among Governments, local authorities and other Habitat Agenda partners, including through the Committee of Permanent Representatives to UN-Habitat, the Advisory Committee of Local Authorities and at the second World Urban Forum. The objective was to develop recommendations to be presented to the Governing Council at its twentieth session and to document best practices.

⁸ Report of the Governing Council of the United Nations Human Settlements Programme, 19th Session, (5–9 May 2003), General Assembly Official Records 58th Session, supplement No. 8 (A/58/8), United Nations, New York, 2003.

⁹ Ibid.

¹⁰ Decentralization in the global perspective – A review of 28 country experiences, UN-Habitat, 2002.

¹¹ Report of the Governing Council of the United Nations Human Settlements Programme, 19th session (5–9 May 2003). General Assembly Official Records 58th Session, supplement No. 8 (A/58/8), United Nations, New York, 2003, pp. 48–49.

13. The resolution also endorsed the Executive Director's proposal to establish a multidisciplinary ad hoc advisory panel on decentralization, with balanced participation of developing and developed countries, to support dialogue on this all-important topic.

14. As a consequence of this resolution, the Advisory Group of Experts on Decentralization (AGRED) held its inaugural meeting at Gatineau, Canada, in March 2004.¹² The experts discussed the main principles of decentralization, including subsidiarity and local autonomy and the constituent elements of those principles. They also discussed the main principles of decentralization on the basis of earlier (1999–2000) discussions on the draft World Charter of Local Self-Government. With a view to ensuring continuity from Gatineau to Nairobi (the twentieth session of the Governing Council) and Barcelona (the second World Urban Forum), the following sections are mainly drawn from the deliberations of the AGRED meeting.

B. Principles of decentralization

1. Subsidiarity

15. The principle of subsidiarity means that decisions are taken, and services delivered, at the most local level of government consistent with the nature of the decisions and services involved. It is a cornerstone of democratic and participatory development that any allocation of tasks and responsibilities abide by this principle. Subsidiarity stands as the keystone which all other principles – including local autonomy – build upon. It can act as a guarantee of improved levels of accountability and efficient delivery.

16. Subsidiarity is not a hierarchical principle whereby local authorities rank lowest and, therefore, as the least important echelon of government. Rather, it is leading to a new form of partnership between the distinct spheres of government (national, provincial, and local), with a view to securing effective and integrated decision-making. Such cooperation between authorities is particularly relevant to the major issues facing our cities and human settlements, including employment creation, social inclusion, and improvement of the environment, urban policy and rural development. Acting entirely on its own, a single level of government can neither solve any of these crucial issues nor further urban renaissance: all spheres need to make their own relevant contribution in a genuine partnership.

17. Since Habitat II, many new developments have exercised considerable influence on the formulation of policy, in turn elevating the profile and importance of cities and local authorities vis-à-vis sustainable development. The most significant of these new notions that have gained wide currency since 1996 is that of subsidiarity. It was not widely discussed at the time of Habitat II, although in paragraph 177, the Habitat Agenda¹³ refers to it implicitly. In its resolution 19/12, the Governing Council recognized the principle of subsidiarity as an underlying rationale for the process of decentralization.¹⁴

18. The emergence of subsidiarity as the political mainstay and organizing principle of decentralization policies in the post-Habitat II period must be appraised against a specific background – one where a number of countries look further to deepen democratic reform, and to provide for more flexible economic planning and decision-making powers to local and intermediate government. This is part of a continuing process of modernizing government and administrative practice, which should both stimulate and validate the proposed decentralizing reform of local government.

19. It would be wrong to consider subsidiarity remotely from the principles underlying global economic liberalization. Those principles confine central government to the roles of enabler and regulator. They also promote greater local autonomy, participation in decision-making and individual responsibility as opposed to collective rights. Local government increasingly acts as a community leader and a catalyst, bringing together local stakeholders in partnerships for development, and acting as an advocate for the local community.

2. Local autonomy and accountability

20. Under this principle, local authority bodies enjoy their own separate legal existence with well-defined roles and responsibilities, along with the powers of discretion, entitlement to property rights and

¹² UN-Habitat, Report of the Inaugural Meeting of the Advisory Group of Experts on Decentralization (AGRED), UN-Habitat, 2004.

¹³ UN-Habitat, Habitat Agenda, para. 177 (1996).

¹⁴ Report of the Governing Council of the United Nations Human Settlements Programme, 19th session (5-9 May 2003). General Assembly Official Records 58th Session, supplement 8(A/58/8), United Nations, New York, 2003, pp. 48-49.

the ability to prepare and manage their own budgets, as well as to exercise authority in all areas within the powers legally binding upon them. That said, however, central governments are well positioned to help local authorities determine local policies and strategic frameworks within national policy guidelines, which they can develop together through consultation.

21. The political decision, at national level, to commit to decentralization has implications for the administrative relations between local authorities and other spheres of government. The idea is to facilitate the effective exercise of new rights and responsibilities by local government in the light of the new decentralized dispensation.

22. The provisions in the draft World Charter of Local Self-Government offered a safeguard against the widespread phenomenon of the arbitrary dissolution of local authorities and councils by higher levels of government. Another aim was to ensure that, in their relations, both parties acted within the bounds of legality, and preferably as part of a constitutional framework above and beyond the shifting sands and vagaries of everyday politics. Moreover, the draft World Charter granted supervisory powers to higher levels of government to ensure consistent, across-the-board local enforcement of national statutes, policies and programmes. It must be noted, however, that this stance assumed a positive correlation between lighter supervision and improved performance, or, in other words, that undue control from higher up could only hamstring local authorities.

23. Local autonomy is a notion which no future recommendations on decentralization can afford to overlook, while retaining the principle of legal accountability to higher levels of government on the part of local authorities. It would greatly enhance the legal status of local authorities if it were flexible enough to enable them to issue decrees and by-laws consistent with the constitutional and statutory law.

24. Another need is to acknowledge that different local authorities require different powers. For example, a large metropolitan area will require high degrees of autonomy if it is to fulfil its potential for the benefit of the entire national economy, and therefore of central government as well. On the other hand, weak local authorities, including those governing small settlements, may require more guidance and support, provided, however, that such supervision decreases as those authorities build capacities over time. It is impossible to overemphasize the issue of the links between local authorities and the outside world, including their ability to associate with other foreign local authorities or to access international financial markets, both being sensitive issues for many national Governments.

3. Financial resources and capacities of local authorities

25. The transfer of human resources and expertise to local authorities should complement the transfer of financial resources, in order to ensure proper management and delivery of municipal budgets and the provision of urban services. The amount of resources required should be determined through a consultative process involving both the central or – where appropriate – provincial government and local authorities, including their associations. This process would benefit from objective cost assessments carried out by financial experts.

26. In some situations, it could be a good idea to stimulate the implementation of national policy at the local level through earmarked resources. Local authorities should, however, be in a position to raise their own resources. The issue of local authorities' financial and fiscal responsibility and accountability will also require attention, including tapping national or international markets for capital investment. At the same time, financial allocations are better kept on a general-purpose footing, with the aim of increasing municipal discretion over local spending.

27. Where personnel management is concerned, one option worthy of attention is to set up separate civil service streams for central and local government, and to ensure that local authorities have full responsibility over their own personnel. It is of great importance to ensure that higher levels of authority do not exercise excessive control over local fiscal arrangements – except as explicitly authorized by law.

28. Where locally determined taxation is concerned, a comparative analysis of the efficiency and transparency of various taxes should be carried out, to identify best practices. The need for effective tax collection must also be highlighted. More research in this area would be helpful.

4. Governance and local democracy

29. Ensuring that decentralization goes hand-in-hand with democratization and civic commitment is important. Local institutions must open up to civic participation, which in turn must usher in and reinforce representative democracy. Decentralization of authority should not encourage competition between cities.

30. Especially when associated with the attendant principles of participation, accountability,

legitimacy, responsiveness and transparency, governance is the essence of civil society participation. Simple ways of implementing these principles include holding public meetings and making decisions in public; giving notice of issues to be considered; giving the public opportunities to make representations before final decisions are made; and, finally, community empowerment. Another critical element is to ensure that records are kept and to guarantee public access to information. In this regard, community participation should be an overarching principle of any guideline to be formulated. Indeed, community participation should not simply be a right of local authorities, but an obligation that they must discharge. The process should not be confined to fostering representative democracy: it should also strengthen participatory democracy.

31. One cannot overstate the importance of collecting instances of community participation that are conducted in many parts of the world. At the same time, recommendations being developed by bodies such as the Council of Europe on civic engagement can only enrich the collective experience already gathered.

32. The notion of “civil society” is by no means clear-cut; nor is there any more clarity about its constituents, or the legitimacy of its organized expressions, or the structural implications of promoting civic engagement. There is often tension between the conflicting needs of ensuring community involvement, with its structural complexity, and preventing the alienation of citizens. More effort must be made to gather and review local experience when making further recommendations on this aspect of decentralization. In this regard, the dialogue session at the second World Urban Forum on the role of civil society in enhancing local governance should provide useful insights.

5. Further principles

33. Decentralization initiatives have tended to be more successful in those countries where they draw locally on support from civil society groups and other institutional stakeholders under the jurisdiction of local authorities. Non-governmental organizations, including religious and community-based organizations that have not been fully recognized in the process of democratic decentralization, could become critical contributors toward the implementation of decentralization initiatives.

34. The previous subsections have discussed the principle of subsidiarity and have then moved on to review administrative relations between local authorities and other spheres of government, the vital area of financial resources and the resource-raising powers of local government and local democracy, and finally the participation of citizens and civil society organizations in decision-making processes at the local level. But further areas, such as autonomy in local economic decision-making in a competitive global economy, may also warrant some recommendations on their own.

35. Finally, a distinction must be drawn between decentralization as a process and the strengthening of local authorities. Decentralization is to be felt at all levels of government beyond the local level; in more ways than one, this implies a redefinition of the role of central government, a reorganization of the system of governance and administration at all levels, and the distribution of resources among them. So far this issue has not been included in the decentralization agenda.

III. Conclusion

A. Way forward

36. Decentralization is an attempt to take decision-making closer to the people. This in turn will focus on programmes and services that respond more effectively to local needs. The challenge at the local level is to ensure that all stakeholders can and will voice their opinions. Many studies show that, as part of the decentralization process, policy makers and politicians are integrating programmes that address citizen participation, involve women, youth and the poor in local policy decisions and poverty reduction schemes, and encourage both local autonomy and inventiveness when addressing local needs.

37. To counter claims that it is empirically difficult to prove the effects of decentralization on local development, there are abundant individual examples of successful steps forward. In this regard, it will be very useful to document instances of best practice while keeping in mind any regional idiosyncrasies.

38. Bringing communities together to define priorities for projects and programmes increases interest and sense of ownership, which in turn promote sustainability. Supporting open dialogue and participation between local government and civil society can ensure improved self-reliance, a notion which should be brought back into our vocabulary.

39. Subsidiarity and decentralization are policy priorities in most countries of the world. They cannot

be overlooked if the full potential of the urban renaissance currently under way in many regions is to be fulfilled. International dialogue could help developing countries and those in transition to identify the best way forward in this crucial area of human settlement development.

40. UN-Habitat has strived to complement existing efforts to strengthen local authorities' fresh initiatives. It is a common understanding that local capacity development is a key prerequisite for sustainable urbanization and the implementation of the Habitat Agenda. Accordingly, there is an urgent need to formalize declarations, to secure full international support in the search for and dissemination of best practice, and to tackle the financial implications of resource management by local authorities.

41. Local authority partners continue to give the highest priority to calls for an international dialogue on decentralization. It is expected that an international policy document will result from this dialogue, and that it will be sufficiently authoritative both to serve as a guide and to support effective decentralization and the strengthening of local authorities.

42. The recent worldwide drive towards decentralization and democratization has found a firm underpinning in the constitutional entrenchment of the scope and powers of local authorities based on internationally recognized principles. This double process can play a significant role in promoting the implementation of the Habitat Agenda, and can help bring about sustainable development in an urbanizing world. Decentralization and democratization also create an environment conducive to attainment of the Millennium Development Goals.

B. Agenda for the second World Urban Forum

43. The dialogue session at the second World Urban Forum should have the following aims:

- (a) To discuss the limitations of, and scope for, decentralization as a mechanism to relieve the plight of the urban poor in view of the pervasive nature of globalization;
- (b) To discuss recommendations in the five areas identified in this paper;
- (c) To help document best practice at national level;
- (d) To contribute to the international dialogue on decentralization; and
- (e) To point the way forward for AGRED and UN-Habitat through a set of guiding principles, guidelines, recommendations and any other relevant instruments.

Annex

Decentralization and its challenges

1. The instances of decentralization documented in the UN-Habitat report entitled “Decentralization in global perspective – A review of 28 country experiences” demonstrate that, for all their apparent success at the early stages of development and design, decentralization measures face a number of practical challenges.¹⁵ One of the most immediate of these is ensuring that the reforms effectively favour national cohesion rather than disintegration, as devolution of power brings with it such processes as delegation, the placing of considerable strains on bureaucracy, the dilution of authority and the need for partnerships. As indicated earlier, it is critical that the decentralization process be viewed not as a hierarchy of governance, but rather as an effective way of reaching out to the local citizenry.

2. Another hurdle consists in the allocation of distinct powers and functions between central and local governments, and between different, successive tiers of local authorities and powers. Any reform must abide by the constraints of constitutional and statutory frameworks.

3. A further administrative challenge for local authorities lies in their effective discharge of the new powers and functions bestowed upon them. Under a perfect decentralization model, any transfer of responsibilities is deemed effective when, and only when, the decentralized body has its own budget, its own separate legal status, and the degree of authority to discharge its duties, with decisions being made by representatives of the local people.

4. Of particular importance are decentralized fiscal arrangements. They call for effective mechanisms to ensure that any financial resources made available to local bodies are commensurate with their roles and responsibilities. Local authorities are best able to respond to decentralization initiatives where they have well defined abilities and procedures to apply their own financial resources, or those generated within the community, for those very purposes. Local authorities also face the associated challenge of mobilizing resources to meet the costs of the new institutions, personnel and capacity-building needs entailed by decentralization.

5. Further, mounting concerns revolve around the best ways of bringing closer together community-based and other non-governmental organizations and formal tiers of local authorities, with a view not just to avoiding conflict or the undermining of other parties’ integrity, but also to creating institutional synergies. At the same time, inclusion of institutional partners from outside local government is a good way of staying close to local citizens and their needs, and therefore boosts the efficiency of the local service delivery.

6. Building on conventional thinking, transparent formal procedures and community participation in decision-making can only greatly enhance accountability at the local level. Local citizens need established procedures, such as recall, referendum and participatory budgeting, that will facilitate their participation in any decisions affecting them. Reinforcement of the decision-making process can take a variety of forms: substantive, up-to-date and readily-available information relevant to the costs of municipal services; alternative delivery options; financial services; and free-of-charge, transparent appointment procedures. The need to enforce local authority accountability should be further explored.

7. Finally, decentralizing reforms must cope with legislative and other statutory constraints that may come to bear on open appointments, multiple candidates, anonymous ballots and other procedures designed to secure a genuine, democratic choice for the citizenry – and this is a challenge in its own right.

¹⁵ Decentralization in the global perspective – A review of 28 country experiences, UN-Habitat, 2002, p. 2, para. 1.

Improving the lives of slum-dwellers

Dialogue on Urban Poor

Date: Tuesday 14 September 2004

Time: 10.00-13.00, 15.00-18.00

Room: 111-112

Focal Point: Mr. Farouk Tebbal, Chief, Shelter Branch

farouk.tebbal@unhabitat.org

Abstract

Urban poverty in developing countries is typically concentrated in slums and other informal settlements. If nothing is done to check the current trend, the number of people living in dire conditions will rise from one billion today to 1.6 billion by the year 2020. These figures call for a revision of Millennium Development Goal 11, which aimed at “significantly improving the lives of at least 100 million slum-dwellers by 2020”. The trends in the world’s slum population in absolute and relative terms are diverse; although North Africa and the Latin America-Caribbean regions are in relatively favourable positions, there are prospects for improvement in Asia. The bulk of the world’s slum-dwellers, in both relative and absolute terms, will be concentrated in sub-Saharan Africa within the next decade or so. Instead of going against the grain of demography and urbanization, the objective must be to prevent the slum population from living in inadequate conditions through the provision of planned and serviced urban land before the slums are formed. The remedy recommended by the United Nation Human Settlements Programme (UN-HABITAT) – security of tenure, including an end to forced eviction – requires a fair amount of political will, as do the improvements in water and sanitation services called for under Millennium Development Goal 10. UN-HABITAT is actively involved in this area through its water programmes for African and Asian cities. These programmes boost institutional and human resources with the aim of creating a favourable environment for new investments in water and sanitation. The Water and Sanitation Trust Fund of UN-HABITAT has the same objective but has a specific focus on pro-poor water and sanitation investment and on the use of overseas development assistance in this sector.

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Discussion points

- Urban poverty in developing countries is, typically, concentrated in slums and other informal settlements;
- Millennium Development Goal 11, which aimed at “improving, significantly, the lives of at least 100 million slum-dwellers by 2020”, is out of touch with ongoing trends and needs upgrading;
- Sub-Saharan Africa will be home to most of the world’s slum-dwellers within the next decade or so;
- The objective must be to prevent the slum population from living in inadequate conditions, through the provision of planned and serviced urban land *before* the slums are formed;
- In this respect, UN-HABITAT and its programmes that encourage security of tenure and deal with problems of water and sanitation (Millennium Development Goal 10) have major roles to play.

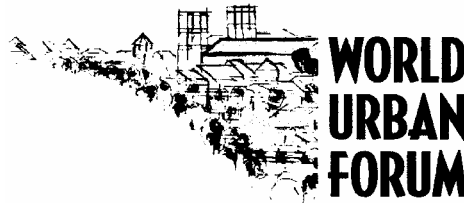
“A simple way of beginning to rid cities of slums might well be an expression of strong political will.”
- 1st World Urban Forum, Nairobi, 2002.

Related networking events

- Access to Basic Services for All
- ComHabitat: City-community partnerships in the Commonwealth
- Countrywide Slum Upgrading
- Forced Eviction: Meeting of the Advisory Group (open)
- Housing for All in the New Millennium
- Sanitation: the Most Difficult MDG to Meet
- The Zero Eviction Campaign
- Urban Structure, Transport and Local Economy (Part 1+2)



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Thematic dialogues: Urban poor

Tuesday, 14 September 2004, 10 a.m.–1 p.m. and 3–6 p.m.

Dialogue on the urban poor: improving the lives of slum-dwellers**Abstract**

Urban poverty in developing countries is typically concentrated in slums and other informal settlements. If nothing is done to check the current trend, the number of people living in dire conditions will rise from one billion today to 1.6 billion by the year 2020. These figures call for a revision of Target 11 of Millennium Development Goal No. 7, which aimed at “significantly improving the lives of at least 100 million slum-dwellers by 2020”. The trends in the world’s slum population in absolute and relative terms are diverse; although North Africa and the Latin America-Caribbean regions are in relatively favourable positions, there are prospects for improvement in Asia. The bulk of the world’s slum-dwellers, in both relative and absolute terms, will be concentrated in sub-Saharan Africa within the next decade or so. Instead of going against the grain of demography and urbanization, the objective must be to prevent the slum population from living in inadequate conditions through the provision of planned and serviced urban land before the slums are formed. The remedy recommended by the United Nations Human Settlements Programme (UN-HABITAT) – security of tenure, including an end to forced eviction – requires a fair amount of political will, as do the improvements in water and sanitation services called for under Target 10 of MDG 7. UN-HABITAT is actively involved in this area through its water programmes for African and Asian cities. These programmes boost institutional and human resources with the aim of creating a favourable environment for new investments in water and sanitation. The Water and Sanitation Trust Fund of UN-HABITAT has the same objective but has a specific focus on pro-poor water and sanitation investment and on the use of overseas development assistance in this sector.

* HSP/WUF/2/1.

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Discussion points

- Urban poverty in developing countries is, typically, concentrated in slums and other informal settlements;
- Target 11 of MDG 7, which aimed at “improving, significantly, the lives of at least 100 million slum-dwellers by 2020”, is out of touch with ongoing trends and needs upgrading;
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- The objective must be to prevent the slum population from living in inadequate conditions, through the provision of planned and serviced urban land *before* the slums are formed;
- In this respect, UN-HABITAT and its programmes that encourage security of tenure and deal with problems of water and sanitation (Target 10 of MDG 7) have major roles to play.

Dialogue on the urban poor

“A simple way of beginning to rid cities of slums should be an expression of strong political will.” – First World Urban Forum, Nairobi, 2002.

I. Improving the lives of slum-dwellers: Are we on the right track?

1. During the first World Urban Forum, participants in the discussion on the topic “cities without slums” recognized that “urban slums and informal settlements are fast becoming the most visible expression of poverty worldwide, the expressions of an increasing urbanization of poverty”. Their discussions on the best way to achieve the Millennium Development Goals produced a number of important recommendations, such as:

(a) While it is essential that the concerns of current slum-dwellers should be addressed, it is also important to curb the growth of new slums by providing affordable and appropriate new land developments;

(b) Forced evictions and bulldozers are clearly no part of the pursuit of the worthy objective of cities without slums;

(c) One simple way of beginning the job of ridding cities of slums would be by an expression of strong political will with a formal statement on the part of the authorities prohibiting forced and unnegotiated evictions.

2. Two years later, the situation may not have drastically changed for slum-dwellers – but has the message been heard? Have ideas moved on and have hearts and minds changed? Is there any evidence that major stakeholders are engaging in the right type of policies? Are participants in the discussion of the urban poor really able to consider these issues squarely and directly? As well as including some of the major issues involved in the Millennium Development Goals on slums and access to water and sanitation, the present paper sets out to formulate the terms of the debate.

A. Slums: how bad is the situation?

3. People living and often working in slums and irregular unplanned settlements constitute a growing proportion of the urban population, especially in developing countries and countries with economies in transition. In the cities of Africa, Asia and Latin America, slum-dwellers make up over 40 per cent of the total population. If we do nothing to check the current trend, experts expect the number of people living in slums and informal settlements to rise from about 1 billion today to 1.6 billion by the year 2020.

B. How should we understand Target 11 of Millennium Development Goal 7?

4. If Target 11 of MDG 7, namely, “improving, significantly, the lives of at least 100 million slum-dwellers by 2020”, is to be reached, it will only mean that we have attended to less than 7 per cent of the world’s urban poor population. So out of proportion is this number to the real efforts required to improve the lives of slum-dwellers that it seems to be more akin to what may be termed an “organized retreat” than to a step forward. Critics have already dubbed the target as the “misunderstanding of the millennium”. Can this figure be challenged and changed? The United Nations task force responsible for implementation of the Goals has already suggested rephrasing the wording of the target as follows (new text in italics): “By 2020, reducing by half the number of slum-dwellers by improving *substantially* the lives of at least 100 million slum-dwellers *while stopping new slum formation.*”

5. Let us elaborate on the general figures referred to in section A above. The slum indicators developed by UN-HABITAT show that one third of the world’s urban population consists of slum-dwellers. Moreover, four out of ten inhabitants in the developing world are informal settlers. They experience all kinds of poverty-associated deprivation including inadequacies in housing, nutrition, education, health and other basic services, which the better-off take for granted.

6. To reiterate, today approximately one billion people are classified as slum-dwellers. In the developing world, 43 per cent of the urban population live in slums, compared to 6 per cent in developed regions and 78.2 per cent in the least developed countries. In 2001, Africa had the largest proportion (60.9 per cent) of slum-dwellers among its urban population. The Asia-Pacific region came next with 42.1 per cent and Latin America and the Caribbean ranked third with 31.9 per cent. In relative terms, Oceania had the lowest proportion, with 24.1 per cent of slum-dwellers among its urban population.

7. In absolute numbers, the Asia-Pacific region dominated the global picture with a total of 554 million informal settlers in 2001 (excluding China), accounting for 63.3 per cent of the total slum population in the developing world. Africa had a total of 187 million slum-dwellers (or 21.39 per cent of slum-dwellers in the developing world); Latin America and the Caribbean had 128 million (or 14.6 per cent) and Oceania only 5 million.

8. It is generally assumed that the majority of slum-dwellers in the developing world are concentrated in capital cities. A rule-of-thumb calculation in low-income economies shows that the larger the city, the higher the proportion of slum-dwellers. That said, however, a selective review of those African and Asian countries where the incidence of slums is high (i.e., more than 80 and 50 per cent, respectively) reveals that slums can proliferate both in the primary conurbation and in intermediate cities.

C. First priority for attainment of Target 11 of Millennium Goal 7: security of tenure

1. Insecurity of tenure

9. Insecurity of tenure further exacerbates poverty. Slum-dwellers lack any legal document or formal agreement with the authorities that gives them the right to reside in the settlement. In some cities, people have lived in informal settlements for generations and have come to feel secure because they have never experienced the threat of eviction. In such cases, informal settlements have essentially become established and residents enjoy de facto security of residential tenure. While de facto tenure may reduce the threat of eviction, it does not provide the rights associated with the formal, de jure tenure. In cases where the authorities do not recognize informal settlements, residents are denied access to basic urban services. Slum-dwellers are innovative and often adopt highly creative survival mechanisms, but at a high cost.

10. Insecurity of residential tenure has many negative consequences. Large sections of the world's urban population are not entitled to basic human rights. In addition to housing rights, they are denied the right to organize, to make claims on public resources or to participate in decision-making processes that have a direct impact on them. They are denied the right to citizenship and almost denied the right to exist at all. Because slum populations live close to water mains, schools and health centres, it is assumed they have better access to these amenities than rural dwellers have. But as those populations find out, proximity does not necessarily mean access.

2. Things that should not be done

(a) Forced evictions

11. Many of those living in slums and informal settlements are under constant threat of eviction without due process, and do not enjoy the relative security of de facto tenure. The Centre for Housing Rights and Evictions (COHRE) has documented over 7 million persons in 60 countries who were forcibly evicted from their homes in 2001–2002. These evictions are often accompanied by severe violence, with victims on many occasions detained, arrested, beaten, tortured and, in some cases, even killed. Women undoubtedly suffer most from forced evictions, as do other marginalized groups such as the aged, the disabled, migrants and children. The phenomenon of so-called “street children” is clearly linked to the practice of forced evictions.

12. The practice of forced evictions constitutes a gross violation of human rights as set out by international standards; specifically, the right to adequate housing. Although more than 120 United Nations Member States are signatories to the Covenant on Political, Cultural and Economic Rights, which unambiguously declares the rights of persons to be protected from forced evictions, many of those States do not comply with those international agreements to which they have committed themselves.

13. The central failing in the practice of unlawful forced eviction is that it does not work. Evicted populations, be they owners or tenants, tend to return to the same location, or an adjacent area. If the authorities seek to get rid of people in the hope that they will just pack up and go back to where they came from, then the use of eviction is clearly ineffective.

3. Things that should be done

(a) Provision of security of tenure

14. There is no quick-fix solution to ensure that all residents of a city enjoy security of tenure. This is especially so in cities with large slums and those experiencing intense, rapid expansion of irregular, unplanned settlements such as is the case in most of sub-Saharan Africa. Rapid regularization of informal settlements may even have detrimental consequences for slum-dwellers if measures are not taken to ensure a sustainable process; such measures could include improving incomes, strengthening legal instruments and enhancing the institutional framework.

15. Legislation against the practice of forced evictions is essential for security of tenure. Laws that prohibit eviction and demolition without due legal process provide a legal basis for the protection of citizens and the accountability of public officials. As slum-dwellers throughout the world are painfully aware, however, legislation does not necessarily ensure full protection and accountability and should not be considered as an end in itself. Legislation must be backed up with measures to educate public officials, the courts and private developers in the knowledge that eviction is an unacceptable practice. These measures could include advocacy, campaigning and related awareness-raising activities. For advocacy to be successful there must be determination on the part of the Government, strong, organized movements of the urban poor and partnership between those movements and the local authorities.

16. UN-HABITAT has launched its Global Campaign for Secure Tenure, which takes up this issue as part of a rights-based approach. Many countries have adopted legislation that not only protects people from forced eviction, but also ensures that they be relocated as a last resort and are entitled to affordable shelter and basic services (Brazil, India, the Philippines and South Africa are a few examples). There should be a strong emphasis on the protection of women's rights in this process. In this regard UN-HABITAT, in its campaign, is highlighting the issue of women's equal rights to ownership and inheritance. Several countries have already included such rights in their legislation.

17. Governments must neither be complacent nor condone unlawful evictions, but should rather take responsibility and seek to uphold the rule of law. In municipalities where governance structures are weak or government bodies fail to assume their responsibilities, urban poor households must assert themselves. To reiterate, they must organize, make people aware of their rights, and increase their capacity to engage with government bodies with a view to improving transparency and accountability.

(b) Fighting evictions through monitoring and suggesting alternatives

18. In line with the principles of the Global Campaign for Secure Tenure, UN-HABITAT has recently established an advisory group on forced evictions to monitor, identify and promote alternatives to forced evictions. This is an important initiative that should help ensure that the poor are not arbitrarily evicted. The ability of the advisory group to offer alternatives to forced evictions will be a measure of its success. It will also report, periodically, on urban populations facing forced eviction and will propose counter-measures. As the terms of reference of the group specify, "It is then the role of the UN to remind our partners of their obligations and see that they fully comply with those international agreements to which they have committed themselves." The group's remit also includes fighting for the rights of rental tenants who are often subject to unfair and illegal evictions by unscrupulous landlords.

(c) Access to affordable land as the next step

19. Informal settlements exist and expand because of inadequate provision of land, speculative investment patterns, a tendency towards over-regulation, and a regulatory framework that is at best indifferent and – more likely – hostile to the needs of the urban poor.

20. In addition to legislation and advocacy, designed to curb unlawful forced evictions, Governments can ensure security of tenure by promoting flexible land tenure arrangements. Some countries, for example Namibia and Sri Lanka, are doing this through the use of block titles to entire sections of informal settlements. These block titles enable city authorities to incorporate parts of the city that were previously excluded and begin the process of registering, and eventually titling, individual

holders of land within these parts of the city.

21. Governments can also pass into law other flexible alternatives such as permanent or temporary occupancy rights, lease agreements, community land trusts, adverse possession rights, anti-eviction rights, etc. Flexible tenure systems are favourable to tenure security because they do not place unrealistic demands on local governments.

22. Registration of land holdings and the establishment of a municipal cadastre including informal settlements are other important components of any additional approach to securing tenure.

(d) Slum upgrading: only part (although an important one) of the process

23. The task of “significantly improving the lives of slum-dwellers” can be achieved by supporting those slum-dwellers to buy, rent or build better quality accommodation. Once tenure is secure, slums can be improved in a sustainable manner for the greatest benefit of the residents. Conversely, legal tenure is a regular feature of upgrading programmes. In many informal settlements, the brokering of agreements between original landowners and residents can be a complex and conflicting process. Thailand’s Community Organizations Development Institute has provided specific support for this process, paving the way for the country’s ground-breaking nationwide slum-upgrading programme.

(e) Examples showing the effectiveness of slum upgrading in mobilizing the urban poor around sustained saving schemes

24. The programmes in force in India, Namibia and the Philippines are founded on community-based savings and credit schemes which support employment opportunities as well as helping their members to cope with sudden drops in income or sudden needs for expenditure. The Community Organizations Development Institute in Thailand supports community-managed revolving funds that can provide grants or loans to members.

25. In many countries there are examples of new housing and settlements developed by organizations formed by low-income dwellers based around community-managed savings and credit schemes. The Global Campaign for Secure Tenure is currently documenting examples from Asia (Cambodia, India, Philippines and Thailand) as well as from Kenya, South Africa and Latin America that show impressive progress in community mobilization and great improvement in the lives of slum-dwellers.

II. Slum dwellers: Who are they? Where are they? What happened over one decade?

A. Global trends

26. More than 200 million new slum-dwellers were added to the world’s cities in the decade between 1990 and 2001 (table 1), a 28 per cent increase in absolute numbers. The ratio of slum-dwellers to urban residents remains unchanged at an average of one to three, but the magnitude of the problem has grown. Demographic projections suggest that, by 2020, there will be 1.4 billion slum-dwellers, most of them in developing countries. This number far exceeds the Millennium Goal of 100 million slum-dwellers.

27. These figures are not surprising given population increases and the irreversible drive towards urbanization, which means that there will be large numbers of people living in slums. Consequently, the aim is neither to curb urban migration nor to check natural population increases in urban settlements. Instead, the policy measures suggested here take as given the dynamics of demography and urbanization. The objective must therefore be to improve the lot of the slum population by providing planned and serviced urban land before the actual formation of slums.

28. Most of the increases in the number of slum-dwellers occurred in developing countries, although the overall share of the slum population in cities declined from 47 to 43 per cent during the decade. The

only marked reductions took place in North Africa and East Asia. In 2001, sub-Saharan Africa still had the highest proportion of the world's slum-dwellers, at 72 per cent, and South Asia the highest absolute number. Forecasts are that, by 2020, sub-Saharan Africa will rank first in both relative and absolute numbers.

29. Despite the vast increase in numbers of slum-dwellers, their proportion of the total urban population has remained the same since 1990, as the overall population has increased at the same pace as the urban population. Since, however, Target 11 of MDG 7 is defined in absolute terms, it is more relevant to focus on the size of the slums rather than their proportion in terms of urban population.

B. Sub-Saharan Africa: Rapid growth of slum population

30. In 2001 as in 1990, 72 per cent of the region's urban population was living in slums, implying rapid growth (66 per cent) in slum population. Indeed by 2001 the slum population had reached 166 million or nearly two-thirds more than in 1990 (101 million).

31. In most sub-Saharan African countries, more than 80 per cent of the urban population live in slums. Some settlements in Ethiopia, Chad and the Central African Republic could be called slum-cities. Indeed, over the last decade of the 20th century, the slum population in the region has increased by 4.53 per cent per year on average, meaning that there will be a two-fold increase by 2005. This is a significant increase in the region's contribution to the world slum population, which it will dominate by 2020. In 1990, only 14 per cent of the world's slum-dwellers resided in the region. This figure rose to 18 per cent in 2001 and will probably have reached 27 per cent by the year 2020. By that time, one out of every four slum-dwellers will be living in sub-Saharan Africa, or the same proportion in a more populous south-east Asia.

32. Although the proportion of slum-dwellers in cities is not expected to increase rapidly, the slum population will continue to grow because in many sub-Saharan countries (including Nigeria, Mauritania and Mali) the urbanization process is not yet completed. The prevalence of civil strife and unfavourable terms of trade for Africa's cash crops and industrial products will continue to draw poor peasants or refugees into cities. Despite all this, the region can boast a number of success stories. Kenya, Uganda and Zimbabwe have made significant strides in participatory slum upgrading, although their proportion of slum-dwellers has not radically changed. In post-apartheid South Africa, the massive provision of low-cost housing has helped reduce both the numbers of slum-dwellers and their proportion of the total urban population (from 46 to 33 per cent).

C. North Africa: current decline in slum populations

33. North Africa is the only region where the absolute number of slum-dwellers and their proportion in the urban population decreased significantly. The majority of the population now lives in urban areas (52 per cent in 2001, as against 49 per cent in 1990), of which 28 per cent live in slums compared to 38 per cent in 1990 (tables 1 and 3). North Africa's urban population is set to increase slowly while the slum population will decrease over time. Whereas by 2020 the slum population of sub-Saharan Africa will quadruple if nothing is done, in North Africa it is expected to contract to 95 per cent of its 1990 level. The adoption of best practices in slum upgrading in Egypt, Tunisia and Morocco has contributed to the region's good performance against Target 11 of MDG 7. Over a single decade, Egypt and Morocco have reduced the proportion of slum-dwellers in their urban populations from 57 to 42 per cent and from 37 to 33 per cent respectively. Tunisia has also reduced both the absolute and relative numbers of slum-dwellers, and performed well in general poverty elimination policies.

D. Asia: lower proportion, higher numbers

34. In all the subregions of Asia the proportion of slum-dwellers decreased, even if marginally, between 1990 and 2001, but absolute numbers have increased.

35. Eastern Asia (excluding China) and western Asia are the most urbanized regions (77 per cent and 65 per cent respectively in 2001). In 1990, they also had the lowest proportion of their population living in slums (25 per cent and 32 per cent respectively). In the Republic of Korea, programmes

supplying mass low-cost housing to new urban settlers paid dividends. Over the same decade China reduced the proportion of slum-dwellers from 44 to 38 per cent and absolute numbers by as many as 40 million. Urban planning and population controls, combined with high-growth policies and provision for the urban poor contributed to the turnaround.

36. In south Asia, the proportion of slum-dwellers shrank from 64 to 59 per cent, but absolute numbers increased by 43 million. India, not surprisingly, contributed heavily to the overall trend in the region. While the proportion of slum-dwellers in India's urban population decreased from 61 to 56 per cent between 1990 and 2001, the actual numbers grew from 131 to 158 million. India's housing savings programmes in Mumbai, Calcutta and other cities have proved to be a success and are already being emulated by slum-dwellers and local governments in the region, including Nepal and Cambodia. India's problem, however, is one of scale; even the most effective programmes do not seem to target more than a small fraction of the slum population.

37. In south-east Asia, the proportion of slum-dwellers shrank from 37 to 28 percent in a decade, but actual numbers increased by nearly 8 million. Compared with the increases in south Asia, this represents only a negligible addition to the world slum population. The most dramatic decline, nearly tenfold, was experienced in Thailand over a single decade, thanks to very high growth rates and a determined commitment (starting with the King himself) to eliminate slums.

38. In west Asia, the number of slum-dwellers increased by approximately 12 million over the past decade, while their share in the total urban population increased marginally from 34 to 35 percent. In a region largely made up of small countries, the slums of Turkey, Yemen and Iraq contributed substantially to the total increase.

39. Overall, Asia will continue to house a majority of the world's slum-dwellers for years to come, as the sheer size of the continent defeats strategies that are normally effective in rehabilitating and upgrading slums.

E. Latin America and the Caribbean: rampant urbanization and shrinking slums

40. Latin America and the Caribbean is a highly urbanized region, with 76 per cent of the population now living in urban areas, compared with an average 74 per cent in developed countries. The region's proportion of slum-dwellers, however, remains moderate and even decreasing (32 per cent in 2001 against 35 per cent in 1990), although the absolute number of slum-dwellers increased by 17 million. This implies a growth in the slum population of 15 per cent during that period, or an annual average of 1.28 per cent (table 2).

41. The proportion of slum-dwellers in Brazilian cities declined from 45 to 37 per cent, although physical numbers rose by two million. São Paulo and other cities have enforced excellent participatory budgeting and slum-upgrading programmes. Similar trends prevail in Mexico, with decreasing proportions but slightly increasing numbers of slum-dwellers. In Colombia, the decrease in proportion of slum-dwellers is not significantly steep but both local and central authorities have made great strides in preventing slum formation. In Bogotá, effective city development and management strategies (including a strong network of innovative public transportation and other infrastructure investments) have eased the integration of slum-dwellers. The capital has also been very effective in implementing forward-looking low-income housing plans, complete with housing credit schemes and serviced land. One reason why the Latin American region performs better when dealing with slum formation is that slums have been in existence there for four or five decades, whereas in the sub-Saharan countries this is a more recent phenomenon.

III. Monitoring and implementation of the Target 10 of Millennium Development Goal 7 for water and sanitation

A Global trends

42. One of the most significant urban changes has been the unprecedented growth in urban population. Between 1950 and 2000, the world's urban population increased more than fourfold and now, close to 50 percent of the world's population live in urban centres. Levels of urbanization in certain regions increased dramatically between 1950 and 2000, as shown in table 1 below. For instance, from 15 to 37 per cent in Africa and from 17 to 37 per cent in Asia. Particular subregions had even greater changes. Western Asia, for example, went from 27 to 65 percent over these 50 years and eastern Europe rose from 39 to 68 percent. Meeting the water and sanitation needs of fast-growing cities can be extremely challenging.

Table 1: Distribution of the world's urban population by region, 1950–2010

Region	1950	1970	1990	2000*	Projection for 2010	
Urban population (millions of inhabitants)						
World	751	1,357	2,286	2,862	3,514	
Africa	32	82	197	295	426	
Asia	244	501	1023	1376	1,784	
Europe	287	424	521	534	536	
Latin America and the Caribbean	70	164	313	391	470	
Northern America	110	171	213	243	273	
Oceania	8	14	19	23	26	
Percentage of population living in urban areas						
World	29.8	36.8	43.5	47.2	51.5	
Africa	14.7	23.1	31.8	37.2	42.7	
Asia	17.4	23.4	32.2	37.5	43.0	
Europe	52.4	64.6	72.1	73.4	75.1	
Latin America and the Caribbean	41.9	57.6	71.1	75.4	79.0	
Northern America	63.9	73.8	75.4	77.4	79.8	
Oceania	61.6	71.2	70.8	74.1	75.7	
Percentage of the world's urban population living in:						
World	100	100	100	100	100	
Africa	4.3	6.1	8.6	10.3	12.1	
Asia	32.5	37.0	44.8	48.1	50.8	
Europe	38.3	31.3	22.8	18.7	15.3	
Latin America and the Caribbean	9.3	12.1	13.7	13.7	13.4	
Northern America	14.6	12.6	9.3	8.5	7.8	
Oceania	1.0	1.0	0.8	0.8	0.8	

Source: Statistics drawn or derived from United Nations (2002), *World Urbanization Prospects; 2001 Revision; Data Tables and Highlights*, Population Division, Department of Economic and Social Affairs, United Nations Secretariat, ESA/P/WP/173, New York, 181 pages.

43. Meeting the competing demands made by commercial, domestic and industrial users puts great pressures on freshwater resources. Many cities have to go ever deeper into groundwater sources and ever farther to distant surface water sources, at costs that are ultimately unsustainable in both economic and environmental terms. About 1.2 billion urban dwellers rely on groundwater and 1.8 billion on surface water sources. They are increasingly in competition with the rising demands for water from peri-urban agriculture and rural regions.

44. Many urban residents, especially the poor, have intermittent water supplies or even none at all, and no sanitation. For the urban poor, this lack of access to safe water and basic sanitation causes widespread ill-health that further limits their productive capabilities. Between 1.5 and 2 million children still die each year from water and sanitation-related diseases, and many more are debilitated by illness, pain and discomfort – primarily from diarrhoeal diseases, intestinal worms and various eye and skin diseases and infections related to insufficient water for washing. Although insufficient and unsafe water supplies and sanitation affect people of all ages, children's health and well-being is particularly compromised. Approximately 84 percent of the global burden of diarrhoeal disease is experienced by children under five; 74 percent of the health burden from helminth (worm) infections affects children between 5 and 14.

Table 2: Mortality rates for infants and young children in the informal settlements of Nairobi

Location	Neonatal mortality rate	Post-neonatal mortality rate	Infant mortality	Under five mortality rate	Prevalence of diarrhoea*	Prevalence of diarrhoea with blood*
Nairobi informal settlements (average)	30.4	60.9	91.3	150.6	30.8	11.3
Nairobi informal settlements in:						
Central	24.5	43.5	68.0	123.1	34.6	13.6
Makadara	34.1	52.2	86.3	142.7	20.4	40.0
Kasarani	19.2	58.2	77.4	124.5	30.8	9.2
Embakasi	111.1	52.5	163.6	254.1	27.6	9.1
Pumwani	16.3	56.3	72.6	134.6	26.7	12.5
Westlands	23.1	79.9	103.0	195.4	30.4	12.2
Dagoretti	0.0	35.0	35.0	100.3	26.0	10.5
Kibera	35.1	71.1	106.2	186.5	36.9	9.8
National**	28.4	45.3	73.7	111.5	17.1	3.0
Rural**	30.3	45.7	75.9	113.0	17.1	3.1
Nairobi**	21.8	16.9	38.7	61.5	12.9	3.4
Other urban**	16.9	39.8	56.6	83.9	19.4	1.7

* Percent of children under three years of age with watery diarrhoea and diarrhoea with blood during the two weeks preceding the survey.

** Based on the 1998 Kenya Demographic and Health Survey.

Source: APHRC (2002), *Population and Health Dynamics in Nairobi's Informal Settlements*, African Population and Health Research Center, April, 256 pages.

45. Ironically, the urban poor groups not only pay a higher proportion of their total incomes for water and sanitation than higher income groups but they often pay much higher prices per litre for water and for access to sanitation – and this is so even when provision is much worse than for richer groups. Table 3 below shows differentials within cities in the cost of water. Water costs are particularly high for most of those that use water vendors – with the price for water from vendors ranging from 10 to 100 times the unit price for house connections.

Table 3: Examples of differentials in the price of water within cities

	Price of water (US \$)	
	150 litres	600 litres
Kampala:		
Kiosks	0.23-1.1	0.9-4.2
Bicycle water vendors	0.81-1.6	3.24-6.5
Lima:		
Water trucker	0.36	1.44
Utility	0.042	0.17
Average price in East African urban areas:		
Vendors	0.7	2.7
Households that lack piped water	0.3	1.2
Households with piped connection	0.15	0.6
Dar-es-Salaam:		
Standpipes drawing from mains	0.23	0.9
Handcarts delivering to homes	0.5-1.13	2.1-4.5

Source: UN-HABITAT (2003), *Water and Sanitation in the World's Cities: Local Actions for Global Goals*, p. 71.

46. Many urban water systems are poorly maintained, and it is not unusual for half the water to be lost in distribution. At the same time, revenue collection for much of the rest is poor, further restricting operation, maintenance and investment funds for expansion.

47. New ways are being explored of responding to rapid change and creating a sustainable urban environment, especially through improved management and pricing of services greater participation of community groups and women, and creative partnerships between public and private sector enterprises. The success of these initiatives, however, is dependent on the institution of better management of urban water, otherwise the degradation and depletion of freshwater resources will threaten the very livelihood of cities and the sustainability of economic and social development.

B. UN-HABITAT monitoring of Target 10 of Millennium Development Goal 7

48. The need for large-scale expansion of water supply and sanitation networks, as well as for better water management, deserves special attention from the international community for two main reasons. One lies in the relationship between water supply and sanitation, on the one hand, and human health, overall economic development, and equity, on the other. The second reason is that there is a common understanding enshrined in many international human rights instruments that people have shared responsibilities to one another. At the Millennium Summit the world's Governments agreed to halve "the proportion of people without sustainable access to safe drinking water and basic sanitation by the year 2015". The monitoring of progress towards achieving this target is essential for maintaining and putting into practice the political commitment to provide water supply and sanitation both on the part of the international community and of national Governments.

49. As a member of the United Nations Millennium Task Force, UN-HABITAT has carried out the first ever assessment of the state of water and sanitation in the world's cities. This comprehensive and authoritative report, *Water and Sanitation in the World's Cities: Local Action for Global Goals*, published during the third World Water Forum, held in 2003 in Osaka, also suggests how the problems can be tackled. The report sets out, in detail, the extent of the inadequacies in the provision of water and sanitation. It describes the impact on health and economic performance, showing the potential gains of remedial action; analyses the immediate and underlying causes of inadequate provision; identifies information gaps affecting the allocation of resources; outlines the consequences of further deterioration; and explains, finally, how resources and institutional capacities – public, private and community – can be used to deliver proper services through integrated water resource management.

C. Areas for priority action

50. In the report, UN-HABITAT highlights three critical areas for priority action:

(a) First, policy-makers must wake up to the true magnitude of the urban water and sanitation crisis. At present, statistics often do not reflect the reality of the situation. In the cities of many developing countries official statistics show that 96 per cent of urban residents have access to so-called “improved” sanitation. The real picture is often very different: in many such cities, a single public toilet may be used by as many as 150 persons per day. The typical slum-dweller in the South is forced to rely on private water vendors and to pay five to seven times more for a litre of water than the average North American. The impact of these service deficiencies on public health and the economy can be very costly to a country in the long run;

(b) The urban water crisis is essentially a crisis of governance – of weak policies and poor management – rather than a crisis of scarcity, at least in the short term. Cities need sound policies and the political determination to back them up; stronger institutions and trained managers to run them; a responsible private sector and an enlightened public sector that can work hand-in-hand; and finally, a public that is aware of the problem and communities that are prepared to participate actively, drawing upon the vast resources of civil society. In short, the cities need an enabling environment, which would allow all stakeholders to pool their resources together to meet their needs;

(c) The majority of cities in developing countries experience an alarming decline in per capita investment in water and sanitation. The annual flow of resources to this sector will have to increase all round – at the very minimum they should be doubled – if the Millennium Development Goal targets are to be reached. One significant obstacle in the way of increasing the flow of investment in water and sanitation has been the reluctance of authorities to put in place realistic pricing policies that could stimulate conservation, discourage waste and ensure cost recovery.

51. The report also draws attention to many inspiring examples, from all over the world, of innovation and ingenuity at the local level. Many of these cases are located at a very modest level but could be expanded to provide city-wide solutions and be replicated elsewhere. The analytical work in this report and its central finding – that local solutions are crucial to achieving global goals – provide a valuable input to the work of the Millennium Task Force.

D. Target 10 of Millennium Development Goal 7 and the UN-HABITAT programmes

52. As part of the implementation of Target 10 of MDG 7, UN-HABITAT is involved in regional water and sanitation programmes aimed at increasing coverage and water and sanitation services to the urban poor through practical projects. Examples of these programmes are described below.

1. “Water for African Cities” programme

53. This is the first comprehensive effort to improve water management in African cities. Together with UNEP, UN-HABITAT launched this in 1999 with a \$2.25 million grant from the United Nations Foundation. The programme soon made a significant impact in Africa through its awareness campaigns, advocacy and educational initiatives. The World Bank and the Governments of Finland, Germany, the Netherlands and Sweden supported the programme in subsequent years. With a strong focus on demand, the programme has established a flexible framework for regional cooperation and inter-agency collaboration, using the modest core funds to attract total outlays of more than \$10 million in the seven participating countries: Côte d’Ivoire, Ethiopia, Ghana, Kenya, Senegal, South Africa and Zambia. Enhanced institutional and human resources have created a favourable environment for new investments in water and sanitation. The United Republic of Tanzania has now joined the scheme and several other countries expect to participate soon. The second phase of the programme was launched at the Pan-African Partnership and Implementation Conference for the Water Sector and will serve 16 countries.

2. “Water for Asian Cities” programme

54. As several Asian countries were eager to build on the experience of African cities, UN-HABITAT launched the “Water for Asian Cities” programme during the World Summit for Sustainable Development, held in Johannesburg in 2002. With support from the Asian Development Bank and the Government of the Netherlands, the programme will initially provide \$10 million in grants and \$500 million in so-called “fast track” credit to improve investment in the water sector in Asian cities, specifically geared towards the poor. The programme will focus on strengthening political commitment and raising public awareness on water and sanitation issues, and will put in place wide-ranging demand management measures in the participating countries to improve the productivity of existing investments. In several Asian countries, including China and India, work has already commenced. Regional consultations in the Mekong region and central Asia will begin shortly. Ten ministers of education attending a meeting in Brunei Darussalam recently adopted an action plan for value-based water education in Asian cities.

3. Water and Sanitation Trust Fund

55. The purpose of the Water and Sanitation Trust Fund is to facilitate the achievement of the Millennium Development Goal target for 2015. Its role is to create an enabling environment for investment in water and sanitation in the cities of developing countries (specifically geared towards the poor), thus providing a vehicle to improve significantly the volume and effectiveness of official development assistance investment in this sector.

56. The Fund supports cities and communities with a proven commitment to work for the promotion of investment in water and sanitation specifically targeted at the poorest of the poor, especially in Africa. Special consideration is also given to initiatives that could reduce the burden of women and children in gaining access to safe water and adequate sanitation.

57. The Fund supports the following major activities:

- (a) Mobilizing political will through advocacy and exchange of information;
- (b) Public awareness-raising on the social, environmental and economic aspects of water and sanitation;
- (c) Supporting the development of information and knowledge-based networks of city managers, non governmental organizations and research institutions for the sharing of information on best practices;
- (d) Creating a new ethic among children and community through water, sanitation and hygiene education;
- (e) Developing urban water management frameworks to facilitate investment targeted at the poorest of the poor;
- (f) Strengthening regional, country and city-level capacities for integrated water and sanitation management;
- (g) Demonstrating and guiding fresh and innovative approaches to service provision for the urban poor; and
- (h) Monitoring progress towards achieving the Millennium Development Goals for urban water and sanitation.

The Trust Fund primarily supports existing programmes. As it gathers momentum, it will implement new programmes in response to initiatives proposed by partner countries. The Trust Fund has received support from Canada, Norway and Poland.

Urban Resources

Dialogue on Urban Resources

Date: Wednesday 15 September 2004

Time: 15.00-18.00

Room: 117

Focal Point: Mr. Dinesh Mehta, Coordinator UMP, Urban Governance Section
 dinesh.mehta@unhabitat.org

Abstract

The number of urban poor across the globe will double to 2 billion by 2030, dwarfing the Millennium Development Goal of improving the conditions of 100 million slum-dwellers by 2020. This prospect calls for all-round mobilization of available development partners and resources in favour of slum upgrading. The present paper takes a sustainable view of slum upgrading, setting improvements in shelter and infrastructure in the broader context of economic and social development. After a review of development partners, their approaches and their specific limitations, it focuses on sources of finance for housing and infrastructure. Apart from inadequate international financing, domestic sources of capital (including the private, non-governmental organization and informal sectors) are the most important and also the most promising despite the specific challenges that each of them faces. More effective mobilization of available resources in favour of slum upgrading calls for a number of reforms. Statutory and regulatory frameworks need adjusting and established institutions should do more to support and mainstream innovations pioneered by non-governmental organizations and the informal sector. Official development assistance (ODA) should leverage domestic efforts through well targeted financial and technical assistance. The paper ends with a few suggestions for discussion at the second session of the World Urban Forum.

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Discussion points

- Slums are a product of urban poverty and of institutional and political shortcomings.
- Even if increased, the contribution of international financing (including Official Development Assistance, ODA) towards the needs of slum dwellers can only be marginal.
- Upgrading slums requires a broad policy and legislative reform, community mobilization and institutional capacity-building.
- The various domestic sources of capital have a major role to play, must work together and must promote innovation.
- ODA should aim at leveraging domestic sources through well-targeted financial and technical assistance.

Related networking events

- Financing Urban Housing and Infrastructure
- Micro-Credit and Financing of Urban Agriculture
- Slum Upgrading: How Public Finances Leverage Household and Commercial Finance
- The Challenges of City Financing: Habitat's Professionals Forum
- Third Public-Private Partnerships Alliance Meeting

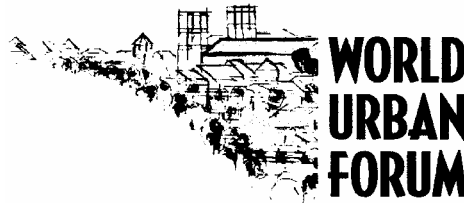


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Thematic dialogues: Urban resources

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Dialogue on urban resources

Abstract

The number of urban poor across the globe will double to 2 billion by 2030, dwarfing the Millennium Development Goal of improving the conditions of 100 million slum-dwellers by 2020. This prospect calls for all-round mobilization of available development partners and resources in favour of slum upgrading. The present paper takes a sustainable view of slum upgrading, setting improvements in shelter and infrastructure in the broader context of economic and social development. After a review of development partners, their approaches and their specific limitations, it focuses on sources of finance for housing and infrastructure. Apart from inadequate international financing, domestic sources of capital (including the private, non-governmental organization and informal sectors) are the most important and also the most promising despite the specific challenges that each of them faces. More effective mobilization of available resources in favour of slum upgrading calls for a number of reforms. Statutory and regulatory frameworks need adjusting and established institutions should do more to support and mainstream innovations pioneered by non-governmental organizations and the informal sector. Official development assistance (ODA) should leverage domestic efforts through well targeted financial and technical assistance. The paper ends with a few suggestions for discussion at the second session of the World Urban Forum.

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Discussion points

- Slums are a product of urban poverty and of institutional and political shortcomings;
- Even if increased, the contribution of international financing (including ODA) towards the needs of slum-dwellers can only be marginal;
- Upgrading slums requires a broad policy and legislative reform, community mobilization and institutional capacity-building;
- The various domestic sources of capital have a major role to play, must work together and must promote innovation;
- ODA should aim at leveraging domestic sources through well targeted financial and technical assistance.

Dialogue on urban resources

I. Urban poverty, slums and upgrading

A. Urban poverty and slums

1. Poverty in developing countries is increasingly urban and located in informal settlements. Today some 900 million people live precariously in slum areas. Living and working conditions in informal settlements are characterized by an absence of adequate housing and sanitation, of clean drinking water, education, health care, roads, electricity, and gainful forms of employment. The moral situation is marked by the deterioration of the social fabric, trust, basic human rights, and urban citizenship. Future growth in the world population will be concentrated in the urban centres of the south and the bulk of it in slum areas. World poverty will predominantly expand in these urban settlements. The number of urban poor is projected to double to 2 billion by the year 2030.

2. Although they still feature the world's largest rural population (70 per cent on average), countries in sub-Saharan Africa are urbanizing at an alarming rate. Capital and secondary cities are doubling in population every 15–20 years. But accelerated urbanization does not go hand-in-hand with strong economic growth, a major cause of urban poverty in Africa, and to a lesser extent in Asia. This is in sharp contrast with much of Europe and North America in the past century, when rapid urban growth occurred at a time of massive industrialization and associated economic expansion. In transition countries, urban poverty is characterized by rapid growth of substandard housing, gentrification of neighbourhoods, and the withdrawal of capital from investment in the existing housing stock.

3. Whereas urban poverty is certainly one factor behind the expansion of slums, these are also a product of a number of shortcomings: failed policies, bad governance, inappropriate legal and regulatory

frameworks, dysfunctional land markets, unresponsive financial systems, and, ultimately, a lack of political will. The latter is not confined to Governments of the developing world. The international community has been slow to recognize the realities of urban poverty and to channel resources accordingly.

B. Defining slum upgrading

4. The narrow definition of slum upgrading refers to improvements in shelter and basic infrastructure. In a broader sense, upgrading also includes enhancements in the economic and social processes that can bring about such physical improvements.

5. The term “slum upgrading” gained significance in 2000 when United Nations Member States unanimously adopted the Millennium Declaration, pledging to promote cities without slums and “to improve the lives of 100 million slum-dwellers by the year 2020.” The United Nations task force on target 11 – established to monitor the Millennium Development Goal target of “cities without slums” – measures improvement of slum-dwellers against four benchmarks: security of tenure, access to safe drinking water, adequate housing, and affordable urban basic infrastructure. International development cooperation agencies, non-governmental organizations and public-sector programmes complement this list with factors such as income, employment and gainful productive activity, including access to credit, markets, and entrepreneurial skills.

6. In practical terms, the process of upgrading slums requires a broader policy and legislative reform, community mobilization and institutional capacity-building that can improve employment opportunities for slum-dwellers, increase their participation in planning processes, strengthen the capacity of local authorities and integrate slums into the wider urban economy and polity.

7. Significantly, many United Nations Member States recognize that improving the lives of slum-dwellers – and, in a broader sense, the cities in which they are located – can only be part of a wider strategy to tackle urban poverty. Slum upgrading deals with the existing population. Sound national and regional economic policies matter. It is spurious to assume that, in a democracy, the Government can reverse or even stop the flow of migrants from rural to urban areas. Even in apartheid South Africa, urbanization continued, only partially abated by pass laws. People have the right to move even if urban poverty flouts their initial expectations. But Governments can mitigate the pace of urbanization and mandate municipal authorities to plan for and manage the growth of cities.

8. At the national level, such mitigation includes spatial macro-economic planning to steer the growth of secondary and tertiary cities, in an effort to diversify opportunities for poor rural populations looking to move to capital cities. Mitigation also entails promoting peace and security as well as sound economic opportunities in rural areas, such as agricultural development, small-scale industries, and mining, which many people leave prematurely to escape social unrest and poverty.

C. Development partners and their approaches to slum upgrading

9. Various stakeholders such as national Governments, municipal authorities, communities and their organizations, private industry, professional associations and non-governmental organizations are involved in slum upgrading. Their respective approaches differ across countries and even from city to city. The main general trends are outlined below:

(a) National slum upgrading programmes, such as those in Kenya and Mexico, are large-scale initiatives that rely on policy and legislative reform as well as demonstration pilot projects. They include efforts to guarantee the rights of slum-dwellers and their organizations, including the outlawing of violent and forced evictions, to promote local self-governance and to enact legislation that will enable local authorities to involve community-based organizations, non-governmental organizations and business firms in the delivery of basic services. National programmes also include pilot projects in selected cities for practical demonstrations of policy reforms and also to introduce new municipal management practices and encourage public and private investment;

(b) Where slums and informal settlements host the majority of the urban population, city planning cannot be split from slum upgrading. Urban planning and upgrading are one and the same. Those officials and civil servants aware of this fact recognize the importance of bringing communities and their organizations directly into the planning process, and of including informal settlements in service delivery schemes. In some cases, municipal authorities tender service delivery contracts to

community-based organizations and supporting non-governmental organizations, recognizing that services are more likely to reach the urban poor through these channels. Where the formal business sector is in charge of water, sanitation and roads, municipal authorities look to cross-subsidize revenues to make these services more affordable to poor households;

(c) The non-governmental organization sector, typically, approaches slum upgrading in one of two ways. Either it provides services directly to slum-dwellers, or it supports strategies that empower them to participate in, and negotiate, the delivery of services. Those organizations that deliver services do so in almost all sectors including health, education, housing, water, sanitation, business training and electric power. In these functions, non-governmental organizations are supported, primarily, by bilateral development cooperation agencies and private foundations; they often operate at arm's length from local authorities and other such organizations, and provide services selectively and for specific periods of time. Those non-governmental organizations that adopt an empowerment strategy put slum-dwellers in a position to set up their own groups, define priorities, plan, advocate, and participate directly in all efforts (their own and others') to improve their basic living and working conditions. Empowerment strategies – working with rather than for the urban poor – are sustainable and highly cost-effective, but relatively few non-governmental organizations endorse them and their impact is limited given the magnitude of the problem;

(d) Many slum-dwelling, low-income households regroup to address their needs independently from national Governments, municipal authorities and non-governmental organizations. This is a big challenge given the many disparities that can keep slum-dwellers apart: religion, wealth, ethnic background, association, sex, age and livelihood. Slum-dwellers are most effective when they come together to address specific issues such as schools, roads and sewerage systems. Comprehensive community-based upgrading can happen but is quite unusual. Community groups can also take the form of organized crime, especially where the rule of law is weak and where police and provincial authorities are spread thin or corrupt. It is important to note that the vast majority of the urban poor living in slums and informal settlements are not organized in community action groups. Most of these households, however, are affiliated with some form of social organization, be it a place of worship or of informal employment;

(e) Private investment in slums and informal settlements varies significantly. At one end of the spectrum, individual households invest scarce resources in basic shelter and essential services. At the other end, commercial property developers invest in development schemes, often on the peripheries of slums. Property developers operate either as independent investors or on contract for public sector programmes. In between the two extremes are individual investors who provide basic shelter with basic services for rent. Some of them are of modest means, reside in the slums and operate the structures as a primary source of livelihood. Others are wealthy individuals or syndicates living outside the slums and who rent out the structures as viable commercial enterprises. Both resident and absentee landlords may or may not hold title to the land on which they erect structures, but more often than not they own structures on land that belongs to the government, business firms or individuals.

II. Finance for housing and urban infrastructure: current status

10. In developing countries, total investment in housing and related infrastructure tends to range between 3 and 8 per cent of gross national product (GNP), depending largely on the income level of the country concerned. On aggregate, these investments amount to around \$300 billion. This will not enable developing countries to reduce the growth of urban slums as mandated by the Millennium Development Goals.

A. International sources

11. Multilateral and bilateral assistance for housing and urban infrastructure comes short of 5 billion dollars annually, and less than 20 per cent of this amount (or roughly 1 billion dollars) is for slum upgrading. Not surprisingly, the beneficiaries of such meagre assistance do not include housing and urban infrastructure in the poverty reduction strategy programmes which they submit to multilateral financial institutions. Whereas business sector investment in infrastructure increased rapidly during the 1990s and totalled more than \$750 billion over the 1990–2001 period, only 5 per cent of this has gone to

water and sanitation, of which only a small proportion has been directed to slums and informal settlements.

12. Such low investment in housing and urban infrastructure stands in stark contrast to the amounts required to address the current needs of slum-dwellers. As agreed by United Nations Member States in 2000, target 11 under the Millennium Declaration calls for the improvement of the lives of 100 million slum-dwellers by the year 2020. The cost of achieving this goal is estimated at between \$70 billion and \$100 billion. As for improving the lives of the planet's prospective 1.5 billion slum-dwellers – the number of urban poor anticipated by the year 2020 – the cost is estimated at \$1,000 billion.

13. Increasing total ODA is a prerequisite for achieving target 11, as is a commitment to channelling a significant proportion to the urban sector. That said, even in the best of circumstances, additional – i.e., non-ODA – sources of funding will be required. A doubling of ODA from \$5 billion to \$10 billion, for example, would contribute only 10 per cent towards the cost of meeting target 11, which even then would only slightly mitigate the needs of slum-dwellers around the globe. Clearly, the contribution of international financing (ODA and other public and private sources) towards the needs of slum-dwellers can only be marginal.

B. Sources of domestic capital and access problems

14. Domestic capital is a potentially important, but as yet under-supported and under-used, source of finance for slum upgrading. Developing countries, typically, feature six different sources of domestic capital: commercial banking, housing finance institutions, municipal development banks, micro-finance, non-governmental organization revolving loan initiatives (community development financial intermediaries), and slum-dwellers' accumulated savings associations. As the following review shows, each source mobilizes capital and savings for slum upgrading, in its own way, and faces specific challenges.

1. Commercial loans

15. Commercial lenders in both developed and developing countries offer perhaps the largest potential source of domestic capital for urban upgrading. But most banks are reluctant to lend to low-income households or to municipal authorities for a number of reasons: perceived risk of loan default, poor credit history, absence of collateral and high transaction costs. Commercial lenders in developing countries may also face serious liquidity problems, especially where high interest rates deter non-corporate borrowing and deposits outstrip loans. Retail banks in particular see slum-dwellers as a huge untapped market – a very mixed group representing more than 60 per cent of the urban population. Some banks are responding to this situation with loans for small, medium and micro-businesses, and by purchases of bonds issued by municipal authorities for urban infrastructure. Risk-sharing third-party guarantees support this type of lending. Intermediary institutions that can absorb transaction costs have also featured prominently, especially in small and micro-business lending.

2. Housing finance institutions

16. Housing finance institutions face problems similar to those of conventional commercial lenders but, like banks, they are also an important potential source of capital for slum upgrading. Many housing finance institutions were established to meet the growing housing needs of historically under-served populations in newly independent countries. Other such institutions supplement commercial lenders and provide home ownership and improvement loans to low and middle-income households. The more successful housing finance institutions focus on upper and middle-income households. High interest rates and legal fees have pushed borrowing costs out of the reach of lower-income groups. Loan requirements are another barrier for slum-dwellers, most of whom lack title deeds or other evidence of property ownership as well as verifiable employment records. Like banks before them, some housing finance institutions offer home improvement loans with relaxed credit requirements, supported by third-party guarantees and intermediary institutions (micro-finance and non-governmental organizations). To some observers and industry professionals, such innovation is not to be overlooked, but housing finance institutions should rather focus on middle-income mortgage lending – the rationale being that, in the absence of acceptable terms and conditions, middle-income households will be too happy to resort to loan products intended for the least affluent, a phenomenon known as “downward raiding.”

3. Municipal development banks

17. Generally speaking, these banks are to urban infrastructure what housing finance institutions are to housing. They help strengthen the capacity of city governments with loans, access to domestic capital markets and financial facilities for urban infrastructure. Municipal bond issuance enables city authorities to attract domestic capital either from pension funds, local banks, municipal development banks or individuals. A form of longer-term borrowing, municipal bonds can finance investments in water, sanitation, roads, other types of urban infrastructure and services, whether bulk city-wide or basic services in slums and informal settlements. The success of municipal development banks rests on their ability to strengthen the capacity of city authorities to use loans and bonds effectively. In practice this means that infrastructure projects must generate enough revenue to repay loans and bonds. For safety's sake, such cost recovery must be diversified – rather than borne entirely by slum-dwellers – and supplemented by public subsidies as well as cross-subsidies from wealthier urban populations. Finally, although municipal development banks vary in their ability to strengthen municipal finance, most are significantly under-capitalized.

4. Micro-finance institutions

18. Micro-finance institutions are major potential providers of slum-upgrading credit to low-income households. The “mini-banks”, as they are sometimes called, collect deposits and make small loans. Their small scale and physical location in or near informal settlements makes them more accessible to low-income households. Micro-finance institutions have traditionally made micro-business loans for amounts as small as \$50. Conventional loan requirements such as collateral and employment history are often relaxed. Prospective borrowers can demonstrate their ability to repay through deposits, references, past-borrowing history and anticipated income flows. Most micro-finance institutions start with very small loans and follow up with larger ones only after borrowers demonstrate their ability to repay. Such institutions have evolved over time and are increasingly diversifying product ranges to include home improvement and small-scale services. These developments are encouraging and offer real financial potential for slum upgrading. But the shift from micro-enterprise to housing entails higher administrative costs associated with such factors as longer periods of repayment, pressure to lend only to persons with proper evidence of land title, and higher default risk. The shift from micro-enterprise to basic urban services entails moving from loans to individuals to loans to groups, with implications for accountability and repayment. A more over-arching limitation of micro-finance institutions is that they are too few and far between to match the credit needs of slum-dwellers.

5. Community development financial intermediaries

19. Community development financial intermediaries are non-governmental organizations (rather than commercial entities). They operate revolving loan funds and act as intermediaries, lending on to low-income households the funds which they receive from public and commercial sources. Like non-governmental organizations, community development financial intermediaries receive grants from Governments, private foundations, charitable organizations and from the banks that provide them with credit (some receive public funding only). In turn, they lend the funds to low-income households and the rate of interest is slightly above their own grant-subsidized cost of funds from commercial banks. The “spread” – the difference between the two rates – pays for the transaction costs associated with educating borrowers and making many small loans. Loan repayments fund new loans. Domestic banks find community development financial intermediaries attractive because they can reach out to lower-income borrowers and absorb risk and transaction costs. The lending practices of these organizations have little to do with conventional banking and include very relaxed terms. Those community development financial intermediaries referred to as “locally managed funds” combine finance with empowerment and are managed by low-income borrowers and their organizations.

6. Accumulated savings organizations and cooperatives

20. Accumulated savings organizations and cooperatives represent yet another source of capital for slum upgrading. Contrary to other sources, they lend on savings accumulated by slum-dwellers, rather than funds from banks, Governments or private foundations. Depositors are eligible for small loans. Loan capacity growth is exponential as borrowers repay loans and new depositors contribute savings. Slum-dwellers, typically, borrow to deal with emergencies, start a micro-enterprise, or improve their shelter and services. The more advanced savings cooperatives also lend for land acquisition, settlement upgrading and community-based mortgage initiatives. A major feature of organizations such as these is that they are managed by slum-dwellers. Direct participation in a scheme involving their own precious savings enhances confidence and trust among slum-dwellers and lays the foundation for collective action to improve their own living and working conditions.

21. In addition, daily saving systems represent a form of accumulated savings organization in which members contribute or repay on a daily basis. Those in very precarious conditions find this easier than setting aside larger sums every month. Yet these prove to be very powerful social organizations. They regroup into associations which, in turn, link up with others to form federations of slum-dwellers with members numbering hundreds of thousands. Slum-dweller federations provide both a source of capital for slum upgrading and a vehicle for social mobilization in favour of the rights of the urban poor.

III. Mobilizing resources

A. Domestic capital: overcoming the bottlenecks

22. The wide range of sources described above is evidence of the potential of domestic capital for slum upgrading. If adequately harnessed, funding from banks, housing finance institutions, municipal development banks, micro-finance institutions, community development financial intermediaries and accumulated savings associations and cooperatives is formidable. Overall, domestic capital can supplement ODA and direct foreign investment to improve the conditions of people living and working in informal settlements. The problem is that mobilization of domestic capital for slum upgrading runs into many bottlenecks. In order to tackle these, institutions must meet three main challenges, as described in the following paragraphs.

23. The first such challenge is to move down-market: If significant amounts of domestic capital are to support slum upgrading, commercial banks must find ways of lending to the lower end of the market – moving down-market. Banks can meet the challenge of commercially viable lending to people with very limited incomes provided they make efforts:

(a) To challenge the widely held, false perception that poor people cannot save or borrow and raise awareness of the success and achievements of micro-finance institutions, community development finance intermediaries and accumulated savings organizations and cooperatives;

(b) To develop loan products that depart from conventional lending requirements and are more attuned to the realities of low-income borrowers which include non-title collateral or non-collateral requirements, productive capacity rather than employment records, demonstrated borrowing capacity rather than strict credit history, and so on;

(c) To lower the risk (perceived and real) attached to such unconventional loans through third-party guarantees (see chapter II, section B, subsections 1 and 2, above);

(d) To spread out the transaction costs of making high-volume, low-value loans, for example large numbers of small loans, such that these loans are borne by the primary lender, an intermediary and the borrower;

(e) To recognize micro-finance institutions, community development financial intermediaries and accumulated savings organizations and cooperatives as viable intermediaries between commercial lenders and slum-dwellers;

(f) To share in the costs of first-time borrower education with intermediaries through grant funding, a practice that should become a condition for commercial banks onward-lending;

(g) To persuade Governments that they have a role to play, such as providing commercial lenders with incentives (the so-called “pull and push” approach) to lend down-market, including tax breaks, and making bank expansion or access to secondary markets conditional upon proof of lending to low-income populations.

24. The second challenge is to scale up slum-dwellers’ initiatives, non-governmental organizations, and micro-finance institutions: Over the past 30 years accumulated savings organizations and cooperatives, supporting non-governmental organizations and micro-finance institutions have arguably produced the greatest innovations in savings and lending for slum-dwellers. Their facilities are accessible to low-income households and, in many instances, they have not only financed micro-enterprise, shelter, land and basic services but also empowered slum-dwellers and their organizations. But these initiatives have been too few and too small to have had significant impact. They are also largely under-funded and dependent on the support of a few select benefactors. Few Governments, local authorities and commercial banking institutions have embraced their innovations and taken them into the mainstream. A central challenge for mobilizing domestic capital, then, is to mainstream the instruments developed by alternative lending institutions. These are a few relevant practical suggestions:

(a) Diversify the funding base of support non-governmental organizations through savings and lending instruments for low-income clients, ensuring that they have the capacity to manage increased funds;

(b) Leverage municipal bonds and associated public sector investments in urban infrastructure through improved service delivery and cost-recovery, the practicalities of which local authorities, accumulated savings associations and cooperatives, micro-finance institutions and support non-governmental organizations should explore together;

(c) Promote collaboration between commercial lenders (banks, housing finance institutions and municipal banks) and those financial institutions working with low-income populations as discussed above, through specifically designed opportunities for the joint financing of slum-upgrading projects and the joint development of loan products;

(d) Encourage banks and public authorities to work more directly with intermediaries, such as opening lines of credit for the revolving loan funds of micro-finance institutions and community development financial intermediaries, and the locally managed funds of non-governmental organizations, in order to increase the size of their respective savings and loans portfolios;

(e) Promote the expansion of micro-finance institution lending from micro-credits to home improvement loans, assessing performance as well as changes in rates of default and in credit conditions;

(f) Promote collaboration among micro-finance institutions and accumulated savings associations and cooperatives through experimental joint initiatives that demonstrate areas of compatibility;

(g) Increase the absolute numbers of intermediary financial institutions and savings associations through appropriate regulatory and legislative reforms as well as awareness campaigns among policy-makers.

25. Finally, the third challenge is to strengthening cooperation between financial service providers and development partners: For banks to move down-market and for financial intermediaries and savings associations to scale up their innovations will take more than the efforts suggested above. It also requires a closer working relationship between financial service providers (at all levels) and conventional development partners, namely, Governments, slum-dwellers, non-governmental organizations, local authorities and the business sector. For the time being, these institutions remain far apart in many respects. Financial institutions work primarily with individuals, whereas development

partners work with groups. Where the former provide a service to a client for a fee, the latter offer a mixture of public and private goods to groups for a fee subsidized out of public expenditure. Financial institutions develop business plans that seek to define their role as creditors. Development partners put forward projects that define roles and responsibilities among partners through a consultative process. Creditors abide by rules of safety and soundness, whereas development partners adhere to principles of participation and political consensus. This admittedly stereotypical dichotomy is most pronounced at the high end of the market, but is far less sharp where the scale is smaller and where informal settlements are concerned. One reason for this is that non-governmental organizations, community development financial intermediaries and micro-finance professionals are involved in both finance and development. The slum-dwelling member of a daily savings association is debtor and creditor, a loan recipient and an active development partner. Since finance and development easily blend together at slum level and greater cooperation is in order among the institutions behind them, then efforts to build institutional arrangements at the high end would do well to draw upon the factors of cooperation found in slums. Practical suggestions include:

- (a) Launch joint slum-upgrading projects that bring together representatives of slum dweller savings associations, micro-finance institutions, cooperatives and support non-governmental organizations;
- (b) Over time, expand participation in such projects to include representatives of government (central and local), housing finance institutions, municipal development banks and commercial lenders, retaining the focus of the specific project, but developing loan products for application elsewhere;
- (c) Through a series of such projects, launch a public relations campaign requesting banks to design loan products for slum-dwellers as part of a given project, with the winner receiving an award at a highly publicized event, possibly in the settlement where the project is located;
- (d) Appoint senior executives of banks, housing finance institutions and municipal banks to the advisory boards of national slum-upgrading programmes, beginning with executives serving on the boards of those micro-finance institutions that already have a degree of exposure to upgrading; and
- (e) Establish a national advisory council for the promotion of community lending that regroups professionals from the banking industry, micro-finance institutions, non-governmental organizations, savings associations, the ministry of finance, central bank and relevant government departments, for example, public works, housing, land, water, labour, and local government.

B. Contribution and role of the international community

26. The rationale behind the present paper is that better cooperation between financial institutions and development partners can mobilize domestic capital to improve shelter, land, services and the productive capacities of the urban poor. If we accept this premise, then what is the role of the international community? United Nations Member States can and should honour their pledges to reach the target of “cities without slums” by increasing ODA to levels more commensurate with the resources needed. Just as important, Governments need to consider how such aid can leverage domestic capital. They could achieve this through financial and technical assistance, as suggested below.

1. Financial assistance

27. Grant support, equity investments and loan guarantees are some of the forms of financial assistance that can, preferably in combination, mobilize domestic capital in favour of slum upgrading. As mentioned above, non-governmental organizations are primary candidates for grant support, particularly those that support the income-generating activities of slum-dwellers and those acting as financial intermediaries within the community, between banks and urban poor organizations. Private foundations, faith-based philanthropies and bilateral development agencies support non-governmental organizations with grants. More is required but, if it is to be effective, such assistance must be targeted, transparent and creatively designed, for example, with a view to increasing the capacity of non-governmental and urban poor organizations to manage funds.

28. Equity investment is extremely useful as it strengthens the capital of micro-finance institutions and helps them build loan portfolios over time. This is particularly true for micro-finance institutions that seek to diversify their lending portfolios beyond small-business to include home improvement and tenant buy-out schemes. The International Finance Corporation (IFC) has invested in the capital of several hundred such institutions around the world, often acting as a catalyst for equity investment from domestic and international private banks.

29. Loan guarantees, like equity investments, can leverage additional capital for slum upgrading. They reassure lending institutions that the guarantor will meet the obligations of the borrower in case the latter fails to repay. Such an assurance can motivate lending institutions to grant more loans than perceived or actual risk would otherwise authorize. Accordingly, banks can use guarantees to make loans for shelter improvement, small-business development (including infrastructures) and other aspects of slum upgrading. Banks can also use guarantees to make loans to micro-finance institutions or community development financial intermediaries, which can, in turn, lend on to cooperatives or community groups. Alternatively, guarantors can underwrite bonds issued by cities and local authorities to finance infrastructure. Providers often guarantee a percentage of a loan portfolio in order to share risks with the lending institution and encourage it over time to make similar loans without the assurance of a guarantee.

30. The Development Credit Authority (DCA) of the United States Agency for International Development (USAID) issues 50 per cent local currency loan guarantees through its country missions to local banks in support of a wide range of development activities. A consortium of bilateral agencies known as the Private Infrastructure Development Group, acting through the GuarantCo Facility, also issues local currency guarantees to local banks for loans to private sector infrastructure development. Homeless International and its Indian national affiliate, Society for the Promotion of Area Resource Centres Samudaya Nirman Sahayak, provide guarantees that are tailored to bank lending to community-based initiatives as part of the Community-led Infrastructure Finance Facility (CLIFF);

2. Technical assistance

31. As is often the case with development initiatives, finance is only part of the challenge. Institutions at the receiving end of grants, equity investments and loan guarantees must have the capacity to manage funds, account for them and use them for the purposes of equitable economic and social development. Technical assistance directed to this end can take the form of capacity-building, finance packaging, and policy or regulatory reform.

32. Capacity-building is necessary for all institutions involved in mobilizing domestic capital for slum upgrading. Most non-governmental organizations are small partly because they need to be flexible and responsive. Technical assistance directed at these organizations, particularly those working with urban poor groups, can help them to acquire financial management skills and to restructure, balancing their needs to retain flexibility and to handle greater amounts of funding. Cities and local authorities also need technical assistance, particularly for fund management, revenue collection, tendering contracts to private firms, and partnerships with urban poor and non-governmental organizations. The high turnover of professional staff both in such organizations and in local government requires technical assistance that is both continuous and systematic. Banks, housing finance institutions and micro-finance institutions, particularly in the developing world, are rapidly re-tooling and adjusting to new financial markets. This is particularly true for retail banking, where few banks are set up for mortgage lending, let alone working with intermediary no-governmental organizations, urban poor savings associations and loan guarantees. Here too, building capacity is crucial. Bilateral development agencies – either directly or through trust funds anchored in multilateral agencies – can play a pivotal role in providing technical assistance in this regard.

33. Financial packaging is another crucial form of technical assistance. A great number of government programmes and slum-upgrading projects have never moved beyond the design and planning phase. Community mobilization is strong, as is the involvement of local authorities and private developers, but the funds are just not there. These programmes would benefit greatly if technical assistance enabled them to design and test financial mechanisms that could attract investment into upgrading projects. In this respect, multilateral development institutions can play a crucial brokering role, bringing together both development and financial partners, and field-testing financial mechanisms that mobilize domestic capital for slum upgrading.

34. Technical assistance can also be directed at policy and regulatory reform. Mobilizing domestic capital is conditional on functional domestic capital markets, foreclosure laws, legally recognized land tenure, as well as legislation that enable cities to collect revenues, issue bonds, work with urban poor organizations, and tender contracts to private service delivery providers. Naturally, the enabling environment that facilitates capital flows for the purposes of improving the lives of slum-dwellers varies across countries. Many countries need some degree of policy and regulatory reform, however, and many of those carrying out such reforms would benefit from technical assistance. Again, bilateral development cooperation agencies are playing an important role in this regard, as are their multilateral counterparts and international financial institutions. Technical assistance facilities include the private-public partnerships for the urban environment, the Private-Public Infrastructure Advisory Facility, the Urban Management Programme and the Technical Assistance Facility.

C. Organizing the dialogue at the second World Urban Forum

35. The dialogue on urban resources to be held at the World Urban Forum on Wednesday, 15 September 2004, will attempt to capture and advance the issues raised in this background paper in a three-hour session. The dialogue will include two sets of panel presentations each followed by a sustained period of open discussion. The first panel and discussion will focus on financial institutions and draw upon the experiences of representatives of international agencies, commercial banks, housing finance institutions, and micro-finance institutions in mobilizing domestic capital for slum upgrading. Emphasis will be placed on issues of risk mitigation, retail banking, intermediaries, and innovations in low-income mortgage and urban infrastructure finance.

36. The second part of the dialogue will learn from the experiences of representatives of national governments, municipalities, urban poor organizations and non-governmental organizations about their efforts to upgrade slums. Discussion will focus on the challenges that they face in financing urban upgrading initiatives and the role of domestic financial institutions. The dialogue will conclude with a synthesis of shared experiences and debate, including an inventory of innovations and recommendations for future areas of action.

Environment, economy, society: commitment to a culture of partnerships for sustainable urbanization

Dialogue on Urban Sustainability

Date: Wednesday 15 September 2004

Time: 10.00-13.00

Room: 111-112

Focal Point: Mr. Ole Lyse, Chief, Environment Section

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Abstract

This paper builds on the notions formulated by the United Nations Human Settlements Programme (UN-HABITAT) and its partners relating to sustainable urbanization, one of the outcomes identified for implementation by the World Summit on Sustainable Development, and the methods for its attainment. The concept calls for a culture of partnerships, namely: increased commitment by all development partners to support a coalition of joint efforts, particularly in the area of the urban environment at the local, national and global levels. The concept also links these commitments to the Millennium Development Goals, the outcomes of the twelfth session of the Commission on Sustainable Development (on water, sanitation and human settlements), and global environmental issues. A culture of partnerships can help make sustainable urban development both achievable and effective, through increased resources, stronger action and better implementation and impact. Achieving “sustainable urbanization” as defined by UN-HABITAT is a process towards a goal, and a very dynamic and multidimensional one at that. It includes not only environmental, social and economic dimensions, but also political and institutional aspects. This paper does not attempt to address all these dimensions, but primarily focuses on partnerships in the area of environmental sustainability. “Sustainable urbanization” has no ready-made menu to follow; there are no quick or easy answers, and no short cuts either. Instead, UN-HABITAT has opted to look at it as a process of challenges and responses – which in practice comes down to improving urban governance in such areas as municipal autonomy and empowerment (including decision-making and effective participation), effective decentralization, adequate basic urban services, social justice including balanced environmental impact, gender responsiveness, local capacity development and mobilization of local resources. The paper reviews several instances of practical partnerships at the local, national and global levels. It also identifies challenges for the future and suggests how they might be met.

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Discussion points

- Sustainable urbanisation accepts the reality of urban growth but focuses on effective management of the process.
- Sustainable urbanisation is hindered by lack of adequate capacities among local governments and partners.
- International agencies can help local authorities and their partners to build the capacities required to implement Local Agenda 21.
- They can support integration of local experiences into national policies and legal frameworks.
- They can help develop the local capacities and mechanisms required to adapt and implement global environmental standards.

Related networking events

- Cultural Heritage: A Tool for Urban Development
- Linkages between UN-HABITAT and the Commission for Sustainable Development
- Planning for Long-Term Urban Sustainability
- Sustainable Cities and Villages: International Training for Local Authorities
- The Role of Urban Centres in Regional Development
- UNESCO: Cities as World Heritage
- UNESCO: Roundtable of experts: Social Sustainability in Historic Districts



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Thematic dialogues: Urban sustainability

Wednesday, 15 September 2004, 10 a.m.–1 p.m.

Dialogue on urban sustainability**Environment, economy, society: commitment to a culture of partnerships for sustainable urbanization****Abstract**

This paper builds on the notions formulated by the United Nations Human Settlements Programme (UN-Habitat) and its partners relating to sustainable urbanization, one of the outcomes identified for implementation by the World Summit on Sustainable Development, and the methods for its attainment. The concept calls for a culture of partnerships, namely: increased commitment by all development partners to support a coalition of joint efforts, particularly in the area of the urban environment at the local, national and global levels. The concept also links these commitments to the Millennium Development Goals, the outcomes of the twelfth session of the Commission on Sustainable Development (on water, sanitation and human settlements), and global environmental issues. A culture of partnerships can help make sustainable urban development both achievable and effective, through increased resources, stronger action and better implementation and impact. Achieving “sustainable urbanization” as defined by UN-Habitat is a process towards a goal, and a very dynamic and multidimensional one at that. It includes not only environmental, social and economic dimensions, but also political and institutional aspects. This paper does not attempt to address all these dimensions, but primarily focuses on partnerships in the area of environmental sustainability. “Sustainable urbanization” has no ready-made menu to follow; there are no quick or easy answers, and no short cuts either. Instead, UN-Habitat has opted to look at it as a process of challenges and responses – which in practice comes down to improving urban governance in such areas as municipal autonomy and empowerment (including decision-making and effective participation), effective decentralization, adequate basic urban services, social justice including balanced environmental impact, gender responsiveness, local capacity development and mobilization of local resources. The paper reviews several instances of practical partnerships at the local, national and global levels. It also identifies challenges for the future and suggests how they might be met.

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Discussion points

- There is a need to increase participation of different kind of partners and institutions at local, national, regional and global levels to realize sustainable urbanization;
- More participation of local authorities in national decision-making on urban environmental topics is necessary to support the development of sustainable urbanization;
- More linkages between global environmental topics and local concerns and actions are needed;
- More coordination and synergy are needed between United Nations agencies and their programmes to strengthen the outcomes in the field of sustainable urbanization.

Dialogue on urban sustainability

I. Introduction

1. The notion of “sustainability of cities” which UN-Habitat and its partners discussed and developed during the first World Urban Forum has now been refined into the concept of “sustainable urbanization”. Subsequently, and for the twin purposes of implementation and building partnerships, this concept has given rise to the Coalition for Sustainable Urbanization that was launched at the 2002 World Summit on Sustainable Development as a contribution to the type-2 outcome on partnership commitments for implementing Agenda 21. The present paper focuses on this coalition and its commitments in the area of the urban environment at the local, national and global levels. Its central tenet is that a strong culture of partnership commitments can help make sustainable urbanization both achievable and effective.

2. In 2000, 2001 and 2002 respectively, the United Nations Millennium Declaration, the Declaration on Cities and Other Human Settlements in the New Millennium and the outcomes of the World Summit on Sustainable Development further reinforced the commitment of the international community to sustainable urban development and poverty reduction. The normative and operational responsibilities of UN-Habitat are well reflected in the outcomes of the World Summit on Sustainable Development, specifically in the above-mentioned Coalition for Sustainable Urbanization, one of the World Summit’s partnership implementation commitments. The notion of “sustainable urbanization” plays an increasingly important role in the pursuit of global objectives, and particularly Millennium

Development Goal 7, which is to “ensure environmental sustainability”, and more specifically its target 11: “Improving the lives of 100 million slum dwellers by the year 2020, gradually moving towards cities without slums”. UN-Habitat and UNEP are jointly promoting and leading three urban environment partnerships, known as “Demonstrating local environmental planning and management”, “National capacities for upgrading local Agenda 21 demonstrations”, and “Local capacities for global agendas”.

A. Sustainable urbanization and Millennium Development Goal 7, target 11

3. Sustainable urbanization has a number of defining features. It is a very dynamic and multidimensional process. It includes not only environmental but also social, economic and political institutional sustainability; it brings together urban and rural areas, encompassing the full range of human settlements from village through town and city to metropolis. In this way, sustainable urbanization links cities and their environment at the local, regional, national and global levels. For instance, it provides a framework for the environmental impact of cities on their hinterlands. This broader scope enables sustainable urbanization to move beyond pointless arguments about urban versus rural. Sustainable urbanization accepts the reality of urban growth and migration among human settlements, and it concentrates on effective management of the process.

4. Poverty, gender inequality and deprivation of the quality of life are central challenges to sustainable urbanization; no process of urbanization or development will be sustainable unless it successfully tackles these issues. Accordingly, the economic and social dimensions are crucial to sustainable urbanization in human settlements of all sizes. Another consequence is that the scourge of HIV/AIDS, which has such powerful effects on cities and poverty, is a vital concern that must be integrated into sustainable urbanization.

5. Good governance (including local and central government and civil society) is another core concern. It has an essential role to play in the urbanization process. When endowed with adequate powers, resources and operational capacity, combined with empowered and capable communities and local partners, local authorities can play a central role in sustainable urbanization. For instance, safe water supply and good sanitation in human settlements are vital for health and economic prosperity – especially for the poor – and for sustainability (as indicated by the Commission on Sustainable Development at its twelfth session). Such facilities can only improve when communities, civil society and local government work together.

6. Sustainable urbanization has both short-term and long-term perspectives. It is not only concerned with current problems and immediate improvements. It also looks ahead, emphasising capacity development for better urban environmental planning and management practices and institutional arrangements, to deal with future issues and situations. This is valid not just in relation to the environment, but also in tackling poverty and social exclusion.

7. With regard to the Millennium Development Goals, the thrust of UN-Habitat/UNEP environmental partnerships and other similar programmes responds particularly well to the target of cities without slums and others mentioned under Millennium Development Goal 7, on ensuring environmental sustainability, through such approaches as normative measures and advocacy, capacity-building and knowledge management, as well as operational activities and outputs, as briefly illustrated below, in the following section on challenges and responses. The overarching strategy is that for development planning achievements to be truly sustainable, cities must find better ways of balancing the needs and pressures of urban growth and change with the opportunities and constraints of local environmental resources.

B. Challenges and responses

8. It is accepted that the main challenges to, and constraints on, sustainable urbanization lie in lack of planning, implementation and management capacities on the part of local governments and their local partners. Overcoming these barriers, which have many dimensions, requires major efforts if sustainable urbanization is to become a reality.

9. The challenges, and appropriate responses, can usefully be considered under the heading of “good governance”, which includes:

- (a) Democratization of decision-making and enabling effective participation of all local stakeholders, including women and the urban poor;
- (b) Municipal autonomy and empowerment, including an appropriate legal, regulatory and financial framework for local government;
- (c) Public sector reform, including a shift from a supply-led to a demand-driven approach to public services;
- (d) Effective decentralization of authority and resources, both from national and regional government to local authorities, and within the local government to subunits and communities; and
- (e) The vital role that local authorities and their local partners must play if sustainable urbanization is to become a reality.

10. These challenges call for a variety of responses, particularly with regard to capacity building directed at the full range of local stakeholders: local authorities, non-governmental organisations, communities, youth and the private sector. In addition, there is a need for exchange of information and mutual learning, including city-to-city and community-to-community cooperation. Another capacity building task is to make cities aware of, and responsive to, their broader effects on the environment. Equally important is the development of institutions, procedures and capabilities for communities (especially the poor) to become significant and active partners in local urbanization.

11. A key challenge is to integrate gender and youth concerns and responsiveness into operational procedures and actions at the local level. Women and youth groups play a leading role in many of the most successful community-level initiatives, especially in poor areas. They are in any case best placed to articulate their own needs and priorities.

12. Mobilization of local resources, whether public or private, is another key challenge. For instance, several innovative programmes have eloquently demonstrated the ability of poor communities to generate sufficient resources of their own to build and maintain local water and sewerage facilities. Adopting and promoting the approach whereby reliance is placed on a community’s own resources, or other privately owned resources, is a major prerequisite if urban residents are to have access to adequate water and sanitation. Initiatives such as community contracting have also proved effective for mobilizing local resources, building local skills and capacities, empowering local communities, and generating local jobs and income.

13. Lack of coherence and of mutual support among the many international aid programmes often hinders local responses to the challenges of sustainable urbanization. We need a more demand-led approach, where external agents work with local authorities and their partners on a long-term basis and in a more integrated sort of way.

C. Cities, development and the environment

14. The United Nations concerns itself with the urban environment because cities are major engines of development: they absorb two thirds of all population growth, offer economies of scale in the provision of shelter, jobs and services and are efficient production centres. But environmental degradation stands in the way of the contribution to development that cities can make, as it threatens to undermine economic efficiency, social equity and the sustainability of development achievements. Accordingly, efforts must be made to tackle the more pressing environmental issues arising in towns and cities. This is particularly true in the context of crowded neighbourhoods, where environmental issues include: poor sanitation and drainage, impassable roads, unsafe water supply and run-down services, uncollected garbage, polluted rivers and fouled air. These problems generally result in environmental health hazards, poorer living standards, higher costs, productivity losses and slower social and economic development. But environmental degradation is not inevitable. We badly need a proactive management approach based on an understanding of the complex interactions between development and environmental resources. This is because the source of the problems we face lies more often in limited management capacities – ineffective and non-inclusive governance – than with a lack of technology or

capital. Urban environmental problems are complex, multidimensional, interactive and dynamic – requiring better ways of balancing the needs and pressures of urban growth, as well as adjustment to the opportunities and constraints of local environmental resources.

D. Well managed urban environment

15. A well managed urban environment is achievable; the thrust must be on building capacities in environmental planning and management at the local level in cities around the world, developing and using the type of technical cooperation that brings local authorities to the forefront of sustainable development policies.

16. The boxed items in chapter II below show that planning and management capacity-building strategies do deliver. Today increasing numbers of urban partners participate, at city level, in a variety of global urban environment programmes, including the Sustainable Cities Programme jointly led by UN-Habitat and UNEP, and the localizing Agenda 21 programmes. Implementation includes systemwide, broad-based consultative participation in policy-making, and policies looking at improving basic social and community infrastructure (including safe water and sanitation), along with institutional practices for system-wide environmental governance to build and manage stronger local partnerships. Local stakeholders improve development information and expertise, including decision-making, policy implementation capacities, changing management and strengthening institutional arrangements. Local entities are also increasingly resorting to global instruments, collecting data and building networks for the sake of better management of environmental resources and better control of urban hazards and disasters – over and above using cross-cutting planning approaches as a matter of routine.

E. UN-Habitat/UNEP areas of support

17. UN-Habitat and UNEP mandates coincide in the area of urban environment. The extensive operational experience gained by UN-Habitat in project-level local development and its accumulated expertise in practical urban management dovetail with the scientific and technical strengths of UNEP, which include databanks, international networks, global accords, and expertise in all aspects of the environment. Another major area where UN-Habitat and UNEP complement each other lies in their current global campaigns for developing urban governance standards and on environmental agreements and global issues, respectively. Both agencies seek to encourage local responses to, and implementation of, these campaigns which they hope will also rub off on national policies. There is an increasing need to establish local mechanisms and capacities to support a two-way interaction that takes in local priority issues, means and opportunities, together with adaptation and implementation of global standards and methods.

18. Furthermore, UNEP and UN-Habitat jointly act as the secretariat for the urban cluster under the New Partnership for Africa's Development (NEPAD). They also help promote the flagship "Sustainable NEPAD City" scheme, an apt demonstration of how international agencies can contribute to global-local partnerships at the regional level.

II. Partnership, implementation, commitments

19. To implement the above-mentioned responses and to promote sustainable urbanization, a broad range of partners must upgrade their efforts, especially in the area of the urban environment. As mentioned at the outset, a number of urban environment partnerships have joined the "Coalition for Sustainable Urbanization" endorsed during the World Summit on Sustainable Development in Johannesburg.

20. Partnerships come in all forms and sizes and involve a variety of targets and partners. Those detailed in the following paragraph are primarily led and promoted by UN-Habitat/UNEP and close partners, and are implemented in coordination with other United Nations agencies, national Governments, local authorities, associations, research institutions and other parties.

A. Local level: practice in environmental planning and management

Box 1. Partnership in environmental planning and management

Partnership in environmental planning and management

This partnership furthers Millennium Development Goals (access to water and sanitation and improving the lives of 100 million slum dwellers) through its focus on participatory planning, decentralization, and social inclusiveness in decision-making.

The main partners include UN-Habitat, UNEP, ILO, UNDP, cities and capacity-building institutions.

21. The partnership focuses on strengthening the capacities of local authorities and their public, private and community partners, in order to make urban development more sustainable from a triple – i.e., social, economical and environmental – point of view.
22. Belgium and the Netherlands – the major donors – support the new phases of the localizing Agenda 21 programme of UN-Habitat and the joint UN-Habitat/UNEP Sustainable Cities Programme, which aims at broadening environmental planning and management experiences. Through expanded and more systematic cooperation with related international initiatives such as the UNDP public-private partnership for the urban environment and the Advisory Support, Information Services and Training (ASIST) programme of the International Labour Organization (ILO), this partnership addresses issues such as sustainable mobility and improved basic urban services for the urban poor and marginalized groups, including better employment generation.
23. The key objectives of the partnership are:
 - (a) To provide municipal authorities and their partners in the public, private and community sectors with improved capacity to implement environmental planning and management and to apply policy;
 - (b) To reduce poverty through more efficient and equitable management of environmental resources and hazard controls for sustainable urbanization;
24. The expected results of the partnership include:
 - (a) Improved urban planning through environmental profiles, as well as environmental management information and expertise from a broad variety of stakeholders involved in decision-making on urban environment issues;
 - (b) A strategic development planning framework for the city, including sector-investment strategies and replication of local environmental improvement initiatives;
 - (c) A broad-based participatory process ensuring common visions and commitments for implementation by all stakeholders involved;
 - (d) Local capacity-building programmes on environmental planning and management, organized by the local authorities, and targeting the full range of urban stakeholders, including the public, private and community sectors;
 - (e) Employment through improved urban environmental services to help reduce poverty;
 - (f) Replication of the mechanism to upgrade successful environmental activities at city level;
 - (g) Reviewing of existing arrangements for participatory evaluation and monitoring of environmental and institutional improvement activities.

*Box 2. Localizing Agenda 21 programme***“Localizing Agenda 21” programme**

Since 1996, the “Localizing Agenda 21” programme of UN-Habitat helps cities to mobilize partners with a view jointly:

- (a) To evolving a long-term vision;
- (b) To devising and implementing action plans; and
- (c) To facilitating participation and interaction among stakeholders.

*Box 3. Example of a local Agenda 21 initiative in Cuba***Urban river management in Bayamo, Cuba**

Through its Local Agenda 21 initiative, the city of Bayamo is reclaiming the Bayamo river as a well-managed resource within the urban fabric. A number of actions are underway to meet the challenge; many others remain to be undertaken which require involvement of the full range of local stakeholders (local authorities, industrial firms, specialized institutions, non-governmental organizations, the academic sector and the population).

*Box 4. Health and Agenda 21***Health and Agenda 21: Working with the people to develop a comprehensive vision of a healthy and sustainable city - Preston, United Kingdom of Great Britain and Northern Ireland**

This initiative builds on the work and interests of the borough council and partner organizations, which agree on the need for a holistic overview of quality of life. This endeavour recognizes that a sustainable society is dependent on the interplay between economic, social and environmental factors as they relate to health, as well as the need for major decision makers to work closely together towards a strategy that will ensure full community involvement.

B. National level: upgrading local Agenda 21 experiences*Box 5. Partnership in upgrading local Agenda 21 experiences***Partnership in upgrading local Agenda 21 experiences**

This partnership promotes upgrading of the local Agenda 21 initiatives of local authorities into national policies, bringing in pivotal urban institutions, city-to-city networks and North-South cooperation.

The main partners include: UN-Habitat, UNEP, ILO, UNDP, national Governments, local authority associations, the private sector, non-governmental organizations and capacity-building institutions.

24. The partnership focuses on enhancing the capacities of local and central authorities and urban training institutions to integrate the lessons of local experiences into national policies and legal frameworks as a matter of routine.

25. Based on the large number of joint experiences on environmental issues with municipal authorities, UN-Habitat and UNEP are constantly collating relevant lessons in cooperation with local and central Governments and national urban training institutions. The aim is to build national capacities and policies to enable replication of the successful experiences of other cities, and to multiply the positive impact of the investments made in connection with these experiences.

26. The key objectives of the partnership are:

(a) To integrate the lessons drawn from the experiences of other cities into national sustainable urbanization and poverty alleviation policies, strategies and attendant legal frameworks; and

(b) To develop an institutional framework and national networks for sustained environmental planning and management support.

27. The expected results of the partnership include:

(a) Better organized national networks (mainly through national associations of local authorities) of cities and institutions, to exchange lessons of experience and to identify local issues of common concern which need to be addressed at the national level;

(b) Strengthened national capacities of Governments, local authority associations and urban learning institutions to support localizing Agenda 21 initiatives;

(c) Mechanisms to integrate the lessons of local experience and activities into national sustainable urbanization and poverty alleviation policies, strategies and the attendant legal framework;

(d) A national capacity development programme to strengthen the skills and institutional arrangements needed for environmental planning and management;

(e) National environmental planning and management support anchored with institutions, including adaptation of global environmental planning and management tools and practices; and contributions to regional and global learning networks.

Box 6. Local Agenda 21 initiative in Sweden

Sweden's National Committee for Agenda 21 and UN-Habitat

In June 2000, the Swedish Government appointed a national committee for Agenda 21 and the Habitat Agenda, consisting of 11 representatives of political parties under the chairmanship of the Minister for Housing. The national committee coordinates Sweden's work on Agenda 21 and sustainable development along with the country's commitments under the Habitat Agenda. Subsequently, many Swedish municipalities took the lead in implementing local Agenda 21 initiatives and placed themselves at the forefront on a world scale.

Box 7. Local Agenda 21 initiative in Morocco

Morocco's local Agenda 21 : From experience to national replication

In 1996, the city of Essaouira began preparations for its local Agenda 21. This exercise contributed to the city's inclusion in the prestigious UNESCO World Cultural Heritage list, among other achievements. Since then, the Moroccan Government has been supporting local authorities in Marrakech, Meknes and Agadir as they took to developing their own local Agendas 21.

*Box 8. Local Agenda 21 initiative in France***France's Committee 21**

Practical action is the guiding line of France's Committee 21. In its early years the committee focused on awareness campaigns. Nowadays it concentrates on supporting, identifying and promoting good sustainable urbanization practice and its integration into management structures. The committee facilitates the translation of the concept of sustainable development into practical action based on consensus and sharing, and subject to ex post hoc evaluation

C. Global level: Local capacities for global agendas*Box 9. Partnership on local capacities for global agendas***Partnership on local capacities for global agendas**

This partnership assists those local authorities that contribute to regional and global environmental policies and implement them through debate and capacity-building, global involvement of local authorities, achieving Millennium Development Goals, and following up on multilateral environmental agreements, the UN-Habitat Agenda, outcomes of the World Summit on Sustainable Development and the twelfth session of the Commission on Sustainable Development. The main partners are: UN-Habitat, UNEP, regional programmes, national Governments, local authority associations, the private sector and international non-governmental organizations.

28. The partnership's role is to develop the local capacities and routine mechanisms required to adapt and implement global environmental standards. It also assists those local stakeholders willing to share local experiences and know-how, priorities and concerns towards the development of global principles and standards. Cooperation with international support programmes and regional initiatives is crucial to this partnership. In addition, UN-Habitat and UNEP are currently looking into defining and establishing a suitable mechanism that would make it easier for local capacities to play a meaningful role in the two-way link between local priorities and opportunities on the one hand, and global concerns and initiatives on the other. These include the global campaign standards of UN-Habitat (namely, transparency and accountability, equity, civic engagement, urban safety) and the environmental concerns of UNEP (e.g., climate change, land-based marine pollution, biodiversity). Dialogue will pave the way for the development of strategies with the international local government community (such as represented by the organization United Cities and Local Governments) and regional councils, as well as for international meetings such as the World Urban Forum at its second session, the Commission on Sustainable Development and the global partners meeting of the Sustainable Cities Programme, among others.

29. The key objectives of the partnership are:

(a) To help cities make critical, effective contributions to sustainable development, focusing on urban poverty reduction, combating social exclusion, improving air quality, water, sanitation and waste management;

(b) To strengthen the capacity of local stakeholders in the planning, implementation and management of sustainable development, with special attention to multi-stakeholder and participatory decision-making regarding access by the urban poor to housing, land, infrastructure, basic services and transportation.

30. The expected results of the partnership include:

(a) Cohesion and collective efficiency of international support to local and national capacity-building, particularly through the exchange and transfer of knowledge, expertise and experience on environmental issues among local authorities and their business and civil society partners;

(b) Development and mainstreaming of global standards for sustainable urbanization, related environmental issues and multilateral environmental agreements, together with mechanisms to ensure contributions based on local needs and experiences as well as local response;

(c) Adaptation and implementation of global standards at the urban level (e.g., climate change and air pollution, land-based impact on ecosystems and the marine environment, and protection of biodiversity);

(d) Sharing of lessons of experience and expertise between cities and urban and environmental institutions in different regions of the world through regional and global resource and learning networks.

Box 10. UNEP/UN-Habitat global/local concept

UNEP/UN-Habitat global/local concept

These two United Nations bodies have launched an initiative to make municipalities better aware of the crucial role that cities play both as contributors to, and practitioners of, global environmental issues and standards. The initial step is the publication of a number of information leaflets to highlight the linkages between local concerns and major global environmental issues, such as local concerns regarding air pollution and the global concerns regarding climate change. Further publications will include information on technical support and instances of good practice from all over the world.

Box 11. “Cities for Climate Protection” campaign

“Cities for Climate Protection” campaign

The International Council for Local Environmental Initiatives (ICLEI) launched the “Cities for Climate Protection” campaign in 1993. Since then, the campaign has committed hundreds of municipal authorities – generating a combined 8 per cent of global greenhouse gas emissions – to a worldwide effort to slow global warming. The campaign aims at supporting participating cities as they pursue their emission-reduction goals. Technical tools and information, training workshops and overall assistance have been designed to link the global issue of climate change with air quality and other local issues such as energy costs, traffic congestion, waste management and quality of life for communities. Links such as the overlap in the causes of air pollution and global warming, and the adverse impact rising local temperatures have on smog formation, are of the type that gives local leaders strong motivation to participate in a campaign focused on climate protection. These links are especially important in developing countries, where issues such as air quality, health and economic development are pressing concerns.

Box 12. UN-Habitat/UNEP Coalition

UN-Habitat/UNEP Coalition on the Urban Environment in Latin America and the Caribbean

This joint regional initiative aims at strengthening the urban environmental information base as well as decision-making and governance capacities of local authorities, with a view to improving regular assessment of their urban environment. The work feeds into national, regional and global environmental evaluations. In an increasingly urbanized world, it is expected that the UNEP Global Environment Outlook (GEO) report – which has an increasingly regional dimension – will benefit from the GEO city reports.

III. Main challenges for the future, follow-up and next steps

31. Although a substantial number of partnerships between different agencies and organizations have already been established and set in operation, there is further need for committed participants and stronger partnerships. Despite many good initiatives, in many cities environmental problems are growing by the day and, at the very least, this trend must be reversed.

32. On a world scale the challenge seems gigantic. But then experience has demonstrated the effectiveness of certain specific approaches and mechanisms and these, therefore, are among the priorities to be enhanced and pursued through further commitments:

(a) Participation, through a consultative process of different kinds of partners and institutions, is very important as it includes local, national, regional and global participants involved in different sectors of society. Are local government linkages and involvement feasible, how, and what are the benefits and constraints?

(b) Coordination and synergies between the United Nations agencies and their programmes: How can they and the international donor and development partners do more?

(c) More involvement in the process of capacity-building of urban institutions located in developing countries, and of the private sector in the delivery of basic urban services, including acting as a catalyst for local resources. For example, how can equitable, more efficient and yet appropriate and affordable services be ensured?

(d) More effective involvement in, and attention to, the priorities of the urban poor, women and marginalized groups that are diversely affected by urban problems. How can non-governmental and community-based organizations do more to bring this about?

(e) More participation of local authorities in national decision-making on broader urban environmental issues. Are potential stakeholder partners convinced about local authorities' commitments to improved urban management and to more effective and inclusive governance? Are such commitments really there for all to see?

33. The World Urban Forum at its second session will provide an opportunity to highlight some of the achievements made thus far in the urban environment stream of the Coalition for Sustainable Urbanization. The objective is to strengthen existing partnerships and to inform and attract new partners through participants' dialogue and debate on issues such as those highlighted above.

34. In short, for better and more widespread results, the main challenges and needs remain as follows:

- (a) More action and implementation;
- (b) More committed partners;
- (c) More resources, both local and international;
- (d) More impact.

Making the private sector work for the urban poor

Dialogue on Urban Services

Date: Wednesday 15 September 2004

Time: 15.00-18.00

Room: 111-112

Focal Point: Ms. Iole Issaias, Assistant Project Officer, Water, Sanitation & Infrastructure Branch
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Abstract

The present paper focuses on how to get the private sector to be more responsive to the needs of low-income urban households which lack adequate access to safe water and sanitation. Too much effort has already been devoted to debating whether the role of the private sector should be expanded or suppressed. Changing the share of the urban water and sanitation market supplied by private operators does not in itself represent progress towards the Millennium Development Goals and the water and sanitation target in particular. But if the private enterprises active in the sector can be made more responsive to the needs of households, progress is furthered. This is a task not just for the private enterprises themselves (which range from large multinational water companies to itinerant vendors, who are often worse off than their customers). It is also the responsibility of the other key actors in the sector, including international agencies, national and local governments, public sector regulators and utilities, and civil society organizations. And there must be a central role for the deprived residents themselves. The introduction considers the Millennium Development Goals and the role of better urban water and sanitation provision in achieving these goals. The first section then re-examines the controversies over the relative merits of public and private water and sanitation provision, suggesting that these controversies have been misleading, diverting attention from more important issues, at least for those water and sanitation deprived households that the Millennium Development Goals imply should be the focus of international improvement efforts. The third section examines how private enterprises can be made more responsive to the needs of the urban poor, adapting a framework of power and accountability relations from the recent report by the United Nations Human Settlements Programme (UN-HABITAT) on water and sanitation in the world's cities and the most recent World Development Report, entitled "Making services work for poor people". The paper ends with a set of questions, intended to assist the World Urban Forum in identifying principles and practices conducive to making private water and sanitation enterprises more responsive to the urban poor, and thereby helping to achieve the Millennium Development Goals.

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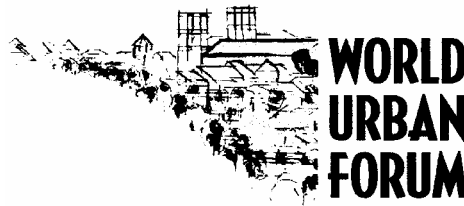
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Discussion points

- How can local, national and international negotiations involving private enterprises and other stakeholders be made more pro-poor?
- How can civil society organizations best put pressure on – or collaborate with – private enterprises and the State to extend affordable services to low-income areas?
- What are the most effective means of giving low-income residents a stronger voice in the political and policy processes in the water and sanitation sector?

Related networking events

- Access to Basic Services for All
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Dialogue on urban services: making the private sector work for the urban poor**Abstract**

The present paper focuses on how to get the private sector to be more responsive to the needs of low-income urban households which lack adequate access to safe water and sanitation. Too much effort has already been devoted to debating whether the role of the private sector should be expanded or suppressed. Changing the share of the urban water and sanitation market supplied by private operators does not in itself represent progress towards the Millennium Development Goals and the water and sanitation target in particular. But if the private enterprises active in the sector can be made more responsive to the needs of households, progress is furthered. This is a task not just for the private enterprises themselves (which range from large multinational water companies to itinerant vendors, who are often worse off than their customers). It is also the responsibility of the other key actors in the sector, including international agencies, national and local governments, public sector regulators and utilities, and civil society organizations. And there must be a central role for the deprived residents themselves.

The introduction considers the Millennium Development Goals and the role of better urban water and sanitation provision in achieving these goals. The first section then re-examines the controversies over the relative merits of public and private water and sanitation provision, suggesting that these controversies have been misleading, diverting attention from more important issues, at least for those water and sanitation deprived households that the Millennium Development Goals imply should be the focus of international improvement efforts. The third section examines how private enterprises can be made more responsive to the needs of the urban poor, adapting a framework of power and accountability relations from the recent report by the United Nations Human Settlements Programme (UN-Habitat) on water and sanitation in the world's cities and the most recent World Development Report, entitled "Making services work for poor people". The paper ends with a set of questions, intended to assist the World Urban Forum in identifying principles and practices conducive to making private water and sanitation enterprises more responsive to the urban poor, and thereby helping to achieve the Millennium Development Goals.

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Dialogue on urban services: making the private sector work for the urban poor

I. Introduction

1. Most of the world's Governments and international agencies have committed themselves to the Millennium Development Goals and, more specifically, the target of halving, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.¹ If this and related targets are achieved, billions of the world's poorest citizens will be able to live healthier and more fulfilling lives.

2. The water and sanitation target has helped to bring a greater focus on poverty to the international water and sanitation sector. Over the past decade, one of the international agendas promoted most vigorously in the water and sanitation sector was increasing private sector participation in once predominantly public utilities. This agenda was based on a broad economic critique of public sector enterprises and was accompanied by parallel efforts in communications, energy and transport utilities. Those advocating the approach claimed that greater private sector participation would benefit those without adequate water and sanitation, most of whom lived in poverty. These claims were hotly contested. The ensuing debates diverted attention from other less contentious means through which water and sanitation for low-income households could be improved. The water and sanitation target is intended to place deprived households at the centre of a new water and sanitation agenda, not only challenging the pro-poor credentials of existing reform efforts, but demanding a more coherent and focussed approach.

¹ The United Nations Millennium Declaration, adopted by the General Assembly of the United Nations on 8 September 2000, resolved to halve by 2015 "the proportion of people who are unable to reach or to afford safe drinking water". The Johannesburg Plan of Implementation agreed to at the World Summit on Sustainable Development in 2002 reaffirmed the water target adding sanitation, resolving to "halve, by the year, 2015, the proportion of people who are unable to reach or to afford safe drinking water (as outlined in the Millennium Declaration) and the proportion of people who do not have access to basic sanitation."

3. In effect, the internationally agreed upon water and sanitation target provides a benchmark against which local reforms, as well as international support for those reforms, can be assessed. The target does not in itself define an approach to improving water and sanitation for people living in poverty, let alone guarantee that these improvements will be achieved. Indeed, targets were central to the International Drinking Water Supply and Sanitation Decade (the 1980s), and the failure to achieve these targets convinced many people in the sector that promoting structural reform, through for example increasing private sector participation, was more important than adopting new targets. Targets are perfectly consistent with structural reform, however.

4. The large numbers of urban dwellers without adequate water and sanitation, combined with continued urban population growth, do imply that improving water and sanitation provision in poor urban neighbourhoods will be important to achieving the Millennium Development Goals. The role of the private sector in reaching these households is also important, if controversial. Recent controversies over the role of the private sector have not been helpful, however. Too much attention has focused on whether public or private operators are more efficient, or whether public-private partnerships are the best means of providing water and sanitation. Too little attention has been devoted to getting operators, private or public, to be more responsive to the low-income urban households whose services need to improve if the target is to be met.

II. False starts: misleading controversies over private versus public provision

5. At various times and places over the last two centuries, there have been controversies over the choice between public and private water provision, and these controversies have sometimes extended to sanitation. During the last decades of the twentieth century, this controversy became global. At one extreme, proponents argued that increasing private sector involvement would solve the many failures plaguing public water and sanitation utilities, including their failure to provide services to the urban poor. At the other extreme, critics argued that increasing private sector participation was part of the problem; another step in the dismantling of the water and sanitation sector policies and institutions needed to achieve universal coverage. This section elaborates an intermediate position, presented in more detail in the UN-Habitat report *Water and Sanitation in the World's Cities: Local Action for Global Goals* (Earthscan, 2003).

6. It is unlikely that this controversy will be resolved. While increasing the role of the private sector in water delivery clearly benefits some stakeholders within the sector (and harms others), the implications for those without adequate water and sanitation depend upon the particular context. By overemphasizing the choice between private and public, the controversy has diverted attention from what may well be a far more important issue concerning utilities: how to ensure that both private and public operators can be made to provide better services to low income areas, and how to find other means for improving water and sanitation for deprived households.

A. Private providers: from pariah to panacea

7. For much of the twentieth century, the received wisdom in public policy circles was that water and sewerage networks were natural monopolies and provided public health benefits. Left to themselves, private monopolists would overcharge, under-provide, and ignore the public health benefits of water and sanitation. The public sector had to take control to prevent the abuse of monopoly powers, and to take account of the public health benefits of both water and sanitation. Moreover, Governments making political commitments on universal coverage felt obliged to display this commitment in their plans and to set water prices at levels considered affordable to all. As the century drew to a close, however, these assumptions came under attack.

8. In the 1990s, proponents of private sector involvement launched a sustained critique of public utilities and their failures and promoted a regulated private alternative. Especially in low-income settings, it was argued, public utilities were inclined to be inefficient, overstuffed, susceptible to corruption, open to manipulation by politicians pursuing short term political ends, and unresponsive to consumer demands. Low water tariffs, far from ensuring that low-income households could afford piped water, turned water distribution into patronage and contributed to utilities' financial difficulties, often

inhibiting investment, and preventing water and sanitation networks from being extended to low-income settlements (even when residents were willing to pay). Privately run utilities, according to their supporters, would be cost-conscious, apolitical and demand-responsive. Independent regulation, along with competition for concessions or other contracts, would prevent the abuse of monopoly powers. At least for water, cost recovery could be achieved through tariff reform. These privately operated utilities, regulated in the public interest, would achieve what the public utilities had so manifestly failed to do.

9. Not surprisingly, when measures began to be taken actively to promote more private sector participation, resistance emerged. Some opponents re-emphasised longstanding concerns about natural monopolies and the public interest, arguing that private participation would lead to high water and sanitation prices and focus efforts on serving those who could afford to pay. Others argued that water and sanitation were human rights, and that it was inherently wrong for multinational corporations based in the affluent countries to make profits selling water or sanitation to people living in poverty. In the extreme, it was argued that efforts to privatize water amounted to, in the words of the title of a recently published book, the “corporate theft of the world’s water”. More worrying for the proponents of private sector participation, the perception that so-called “water privatization” policies hurt the poor and were being promoted in the interests of affluent foreigners, became widespread in the popular press of many countries. But perhaps most worrying, actual experiences were far from the ideal that had been promoted.

B. Revisiting popular misconceptions about private sector participation

1. Was private sector participation oversold?

10. The strongly pro-private position was far easier to maintain when the messy realities of public utilities could be compared to idealised versions of private sector participation. Once private sector participation reached significant levels, some of the more ambitious claims became less convincing. Far from depoliticizing water and sanitation provision, it transpired that private sector participation could heighten the politics, not only driving people on to the streets (as in Cochabamba, Bolivia) but also creating new opportunities for patronage and corruption. In the real world, the efficiency and consumer responsiveness of private water and sanitation providers is not guaranteed by the market, but depends upon the nature of their contracts and regulation, as well as on the local and international context. Also, private companies themselves are no longer convinced, if they ever were, that the poor are willing to pay the full cost of water and sanitation.

11. Even those sympathetic to a greater private sector role are beginning to question the strong case for private sector participation, and the manner in which private participation has been promoted. This has contributed to various attempts at more pro-poor private participation. It has also contributed, in South Africa for example, to attempts to combine private sector participation with more explicit recognition of human rights to enough water to meet basic needs. This has not, however, stopped private sector participation from being highly controversial.

2. Has the public-private divide itself been exaggerated?

12. There is also a growing perception that too much attention has been paid to the relative merits of public and private providers. Many of the obstacles to improving water and sanitation provision have nothing to do with whether utility operators are private or public. A public sector having difficulties creating the right regulatory environment for public utilities is also likely to have trouble with private utilities. Residents with insecure tenure, living in difficult-to-reach locations, and lacking sufficient funds to invest in connections (to give just a few examples) can have just as much trouble convincing private as public utilities to connect them. Moreover, public utilities can be forced to face commercial principles, whereas privately operated utilities can be protected from these same pressures. In any case, private companies that do have to face commercial pressures, and recover their costs from user charges, are not necessarily interested in investing large sums of money in the deprived settlements and neighbourhoods.

3. Are large water companies interested in selling water or sanitation in low-income areas?

13. Strong proponents and strong opponents of increasing private sector participation usually agree that international water companies are interested in gaining access to the water markets in the urban settlements of Asia, Africa and Latin America – their differences centre on whether this should be viewed as a good thing, and whether this interest extends to sanitation. Yet despite having been promoted vigorously in the 1990s, the extent of private sector participation in water and sanitation utilities remains small. Privately operated utilities only supply about 5–10 percent of the world's population with water, and even less with sanitation. Since 1997 the number of new contracts has tailed off. Problems arose with a number of existing concessions. Events such as the Asian crisis caused private investors to revise their risk assessments upwards and their profit assessments downwards. Many of the sites most attractive to private investors – large cities, with a large middle class – were quickly snapped up early on.

4. Does private sector participation bring private finance to the sector?

14. In regions with mostly short-term non-investment contracts, such as sub-Saharan Africa, virtually all financing for water and sanitation utilities is still coming via the public sector and user charges, not from private investors. In the poorest areas, investment contracts are rare and global investment in private sector participation projects has not matched expectations. Even where long-term investment contracts have been agreed upon, international development assistance and public sources can still account for a large proportion of the finances invested (although since statistics rarely disaggregate by type of finance, it is very difficult to know how much private finance is being committed).

5. What about the small and informal enterprises?

15. The controversies over increasing private sector involvement have focused attention on the large piped water networks, which both private and public utilities tend to favour. However, a large share of those without adequate water and sanitation are not going to be able to access the large piped water and sewerage networks in the foreseeable future. Among the private enterprises that provide water and sanitation to the urban poor, small-scale water suppliers and informal vendors and service providers are more significant than the large private utility operators. These small enterprises may be private, and they often operate in far more competitive markets than do large private utility operators. But the public-private debates have, for the most part, diverted attention and quite possibly development assistance to large water and sewerage networks.

6. So why is it misleading to debate whether public or private utilities are best for the poor?

16. The following drawbacks might be noted about the public-versus-private debate, in respect of water and sanitation:

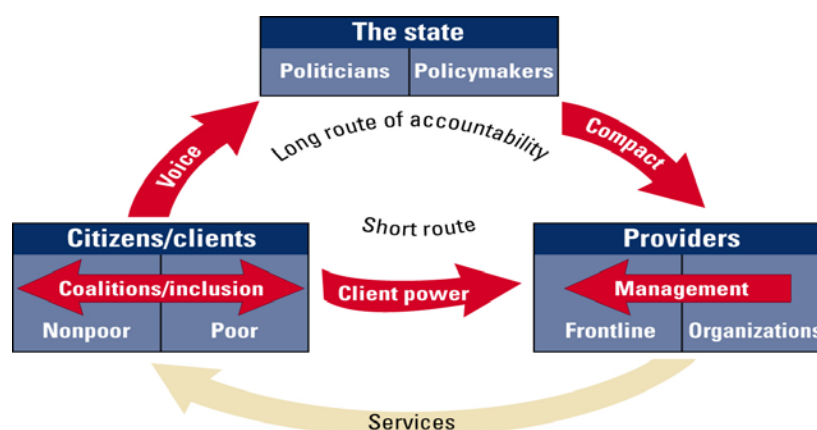
- (a) It is controversial primarily because of vested interests within the water sector, not because of legitimate disagreement over whether deprived residents actually derive any benefit;
- (b) It focuses attention on (and attracts funding to) large networked utilities, when small systems may be more important to poor groups;
- (c) It focuses attention on water, when sanitation may be more important to the poor;
- (d) It detracts attention from governance issues that span the public-private divide; and
- (e) It implies that the distinction between public and private utilities is more pronounced than it really is.

III. New directions: From increasing to improving private sector participation

17. A framework for water governance, emphasizing how the different elements of good management need to be linked to the needs and priorities of citizens, was elaborated in the recent UN-Habitat report entitled: *Water and Sanitation in the World's Cities: Local Action for Global Goals* (Earthscan, 2003). A similar framework that emphasizes the role of negotiation in ensuring that services such as water work better for poor people was developed for the 2004 World Development Report entitled: *Making Services Work for Poor People*. These frameworks are based on the notion that the demands for improvement need to come from the poor themselves, and that the level of improvement will depend upon the influence that poor people can bring to bear on the service providers, either directly or via the Government. There is no presumption that the providers are or should be private or public, although by stressing the importance of making policy decisions more accountable to the poor, they do imply that changes in the role of the private sector should not be driven by an international agenda, but by local processes. Indeed, just as successful private enterprises are more likely to emerge from fair competition in the marketplace, so successful engagements with private enterprises are more likely to arise from fair competition in the local political arena.

18. The following sections combine these two frameworks. As demonstrated in figure 1 below, the focus is on the relations between clients and citizens, providers and the State. Placing the influence of the poor themselves at the centre inevitably raises questions about how the capacity of the urban poor to demand water and sanitation improvements can be increased, how providers can be made more responsive to their demands, and how more pro-poor compacts can be established.

Figure 1: Key relationships of power and accountability



Source: World Bank (2003) *World Development Report 2004: Making Services Work for Poor People*, The World Bank and Oxford University Press, Washington D.C.

A. Increasing the capacity of the urban poor to demand water and sanitation improvements

19. The urban poor often lack the resources needed to yield much influence over government policies or over water and sanitation providers directly. Influencing the State typically involves different actions from those used to influence providers – voting or lobbying rather than paying, for example. Nevertheless, many of the changes that help people rise out of poverty, from receiving a good education to gaining income-earning opportunities, can simultaneously help them to influence Governments and to make stronger demands on providers, be they private or public. Three particularly relevant changes are:

- (a) Higher incomes – which allow people to pay more for services, and to live in better served locations, as well as often contributing to their political influence;

(b) Greater housing legality and security – which does not only confer political legitimacy, but can also increase residents’ capacity to negotiate with water and sanitation providers, and their willingness to invest time and resources in water and sanitation infrastructure;

(c) Better organized communities – which are in a stronger position to negotiate with both Governments and with water and sanitation providers (and in some case are in a better position to make local investments in infrastructure).

20. Just how important such changes are depends upon the local circumstances, but they undoubtedly can have a major influence on whether the urban poor gain access to better water and sanitation. Moreover, when the urban poor do manage to address their poverty through these routes, and particularly the latter two, they often also address water and sanitation issues. Indeed, the installation of water and sanitation infrastructure can be the first step, in achieving housing security. Similarly, better organized communities are not only more likely to negotiate for and invest in better water and sanitation, but combining their efforts to get better water and then sanitation can be first steps in becoming a better organized community.

21. In most examples of urban poor groups increasing their capacity to negotiate water and sanitary improvements, the providers have been public utilities or small enterprises rather than large, privately operated utilities. This is probably because privately operated utilities are comparatively rare. Also, while the strategy needed to negotiate with private operators may be different, these differences should not be exaggerated. Even if public utilities are not profit-making enterprises, greater income and savings can undoubtedly help residents get public utilities to respond to their needs, particularly when the public utilities are operated along close-to-commercial principles. Alternatively, while private operators are motivated by the search for profits, they are more likely to respond to better organized communities living in settlements with secure land tenure.

22. While a greater capacity to influence water and sanitation providers is not always accompanied by a greater capacity to influence public policies, or vice versa, many of the more successful cases of urban poor negotiating water and sanitation improvements have combined negotiation with local government and with providers. As set out in figure 1, this effectively combines the “long” and “short” routes, and raises questions about how the long route is sometimes made far shorter than at other times. Box 1 below summarizes some lessons in negotiation from the Slum Dwellers Federation and Mahila Milan in India. This negotiation has produced municipal government support in Mumbai and Pune for hundreds of community-designed, built and managed toilets that now serve hundreds of thousands of slum-dwellers in both cities. It has also encouraged both the Federal Government and many state governments to set up special funds to support such community provision. This kind of negotiation may not always be applicable, but on the other hand it is not specific to negotiations involving public utilities.

Box 5: Notes on the art of gentle negotiation for better water and sanitation

A necessary step in building sanitation partnerships between community organizations and local governments is convincing some reluctant and often suspicious government agencies to stop seeing poor communities as problems but start seeing them as contributors to good solutions to city-wide problems. That means negotiation. The increasingly confident negotiating skills of Slum Dwellers Federation and Mahila Milan in Mumbai, Kanpur, Bangalore and Lucknow have obtained commitments to sanitation in slum settlements from many officials in the municipal corporations and state governments. Here are some of their negotiating strategies:

- **Start small and keep pressing:** Mahila Milan in Kanpur and Bangalore started small – negotiating for the municipal corporations to provide hand pumps and water taps in slums. Through those negotiations they gradually gained the confidence, persistence and visibility to press for the next level – community toilets. Starting with small initiatives can show both government and communities that change is possible. Convince the officials that they can use their limited powers to make a little change. First, they might only give a limited consent, but later, when they see things change, even in small ways, that consent might become support. Support is the first step in the creation of a genuine partnership.
- **Paint beautiful pictures:** Sometimes, grassroots activism involves a great deal of scolding and finger-pointing: “Isn’t this awful!” “Isn’t that shameful!” If you’re serious about exploring new ways to bring the poor and the state together to solve the city’s problems, this kind of approach has limited utility. People in power are more likely to retreat into their bureaucratic shells when you start pelting them with awfuls and shamefuls. A better approach is to kindle their imaginations by describing possibilities in ways that make clear how they can contribute.
- **Know more than they do:** When community organizations come into negotiations prepared, with enumeration reports with data on all households in the settlement, with toilet construction costs worked out and tested, with knowledge of city infrastructure grids, and with examples of community-State partnerships in other cities, it becomes much harder for government officials to argue against the proposals you are making.
- **Cut an attractive deal:** The Slum Dweller Federation and Mahila Milan around India have developed skills of persuasion in showing local governments that entering into an unconventional toilet-building partnership with a well-organized community organization is a realistic, even attractive proposition for solving big problems that stymie municipalities up and down the subcontinent. A sharp city administrator would have difficulties passing up these features:
 - Sharing costs with a community reduces the city’s sanitation cost burden;
 - When communities build toilets, the city’s construction burden is eliminated;
 - When communities maintain the toilets, the city’s maintenance costs are eliminated;
 - Community-built toilets often cost less than those the city builds, so a city’s infrastructure budgets can be spread further, increasing service delivery.

Source: Burra, Patel and Kerr, 2003, Community-designed , built and managed toilet blocks in Indian Cities, *Environment and Urbanization*, Vol. 15, No. 2, pages 11-32.

23. The capacity of urban poor groups to influence water and sanitation policies and providers also depends, of course, on how responsive the Government and the providers are. Politicians often promise better water services. Democracy should help to increase the accountability of politicians, and help make Governments more responsive to the demands of their less well off citizens. Ideally, democratization and decentralization ought to be a particularly effective means of making Governments more responsive to water and sanitation demands. Indeed, this combination may well have been a factor explaining why public water and sanitation services improved in many urban centres in Latin America even when their economies were not improving during the 1980s and 1990s.

24. Similarly, the capacity of urban poor groups to influence providers directly depends on how responsive these providers are, and what they are responsive to. This depends in turn on the compact that they have with the State – whether this takes the form of a contract, an agreed on regulatory regime or just the rule of law. Again, it is important not to exaggerate the distinction between a privately and publicly operated utility. Under many circumstances, the distinction between negotiating with large utilities as opposed to small enterprises is more significant, especially since large private utility operators are almost always working under contract.

25. Many contracts with large water companies involve fees that are paid to the company for providing water (and in some cases sanitation facilities), that are distinct from the fees paid by users. Moreover, like a public utility, they are usually officially prohibited – and with good reason – from accepting above-tariff payments for better services. If the company’s contract gives them a strong

incentive to do so, they are likely to be very responsive to the demands of the urban poor. If the contract does not give such incentives, they will be less responsive. Market conditions matter, but are mediated by the State.

26. A small-scale vendor earning revenue from sales has different motivations for responding to demands. Much depends on the level of competition in the market (rather than for the market, as is the case with competition for large concessions). But small-scale water and sanitation vendors include such a large variety of enterprises that it is hard even to begin to generalize. The following two sections look first at issues concerning private sector participation in water utilities and then at issues concerning the small scale enterprises. The second section is shorter, not because private utility operators are more important, but because there is comparatively little documentation on small-scale enterprises, and how best to negotiate with them.

B. Developing compacts with (private) water and sanitation utilities that serve the urban poor

27. Whether the water utility is public, private or some combination, the State plays the lead role in setting the rules by which a water or sanitation utility operates. In the case of long-term lease and concession contracts, this includes negotiating the contract and creating the regulatory framework (though these two roles may be played by different State agencies, and at different scales – thus the contract could be negotiated at the level of a municipality, while the regulatory framework could be national).

28. In terms of the framework presented above, for the urban poor to benefit from negotiations for private water and sanitation contracts, it is important:

- (a) That water and sanitation issues of concern to the urban poor are part of the negotiations;
- (b) That information pertaining to these issues is available; and
- (c) That the interests of the water and sanitation-deprived are effectively represented.

29. Indications are that none these conditions were typically met for most of the contacts negotiated in the 1990s. In many instances, there was pressure to appoint an operator in a timely fashion. Technical and financial issues were given priority. Tariffs and, in the case of investment contracts, expansion plans were negotiated. Bidders were not, however, required to outline their strategy for improving services to low-income residents. Measures were not taken to ensure that information about conditions and problems in low-income areas was available to bidders. Few efforts were made to represent the interests of the urban poor in the process, let alone to involve representatives from urban poor groups directly.

30. The concerns of low-income residents also tended to be neglected within the regulatory regimes. The initial focus was almost invariably on contract deliverables such as investment activity, service standards, and payments. As long as there are problems with these fundamentals, the regulatory activity is unlikely to extend beyond these concerns. In the words of a recent review of water and sanitation regulation and the poor, “Unless the regulatory framework properly contemplates issues in relation to services to the poor and confers on the regulatory authority for acting, it is unlikely that pro-poor policies can be implemented in the early stages of a PSP [private sector participation] contract”.

31. Even comparatively well-designed concession agreements were inclined to neglect basic issues concerning low-income residents, since the primary goal was to create an economically viable and efficient operation. Thus, two of the best known obstacles to extending water and sanitation to low income settlements are, first, that low income households rarely have large sums of money available or access to market rate loans, and hence find it particularly difficult to pay high connection costs; and, second, that many low income households live in squatter settlements with insecure tenure. Nevertheless, the initial concession agreement for Buenos Aires specified connection fees of up to \$600 for water and up to \$1,000 for sanitation, and did not make provisions for water extensions to be extended to squatter settlements. The connection costs were reduced in a later renegotiation, and localized negotiations between civil society organizations, local government and Aguas Argentinas helped to extend provision to at least some settlements on disputed lands. Until the economic crisis undermined much of the basis for reform, some progress was being made. Generally, however, it is

more difficult to negotiate with concessionaires once they are in place, and leaving the concerns of the poorest households out of the original negotiations adds to their already considerable disadvantages.

32. The urban poor are likely to have a particular interest in the expansion plans, and the mechanisms through which these plans will be realized. Among other issues that are likely to be of particular concern are:

- (a) Connection costs and procedures – where the urban poor are unconnected, high connection costs and complex procedures can be a major barrier;
- (b) Disconnection procedures and rights and procedures of appeal – the urban poor often lack the means of recourse in the case of disconnection;
- (c) Rights to water abstraction – granting the utility operator exclusive rights to water abstraction can undermine the alternatives available to the urban poor;
- (d) Secondary water markets – the urban poor often depend on secondary and often informal water markets, and the utilities operations affect these secondary markets (which in some cases are a form of competition, and in others an extension of the utility's operations); and
- (e) Standards – standards that are too low may leave the urban poor at risk, while standards that are too high may exclude the poor.

C. Getting better services from small-scale providers

33. If insufficient attention has been devoted to getting the most for the urban poor from privately operated utilities, it still far more than has been devoted to getting better services for the urban poor from small scale and informal water and sanitation vendors. Yet small-scale and informal water enterprises are important for at least three reasons. First, they provide water and sanitation services to a large proportion of low-income urban households, and particular those living in areas difficult to service with conventional water distribution and sewerage networks. Without them, many of the poorly served would be even worse off. Second, informal vendors and providers generally operate without a subsidy and with prices and services that compare favourably with what official providers make available: if they did not, they would not be able to operate. Third, there is increasing evidence to suggest that, in many locations, working with and through such independent providers can be a cheaper, more effective way of improving and extending provision for water and sanitation than conventional public sector provision or reliance on large scale private (often international) companies.

34. The informal sector is unregulated, virtually by definition. In any case, the issue is not one of deciding whether, how much or in what manner small-scale providers should be regulated. What are needed, as in other parts of the water sector, are effective, accountable local governance structures that can encourage and support effective local action and innovation, particularly when it will benefit the urban poor. The appropriate responses by local or national governments and international agencies need to be rooted in the specifics of each city or even neighbourhood.

35. Not all informal water or sanitation vendor systems deserve support. In some cases, the profits to be made from reselling scarce water have led key suppliers to create non-competitive markets, and the water supplies are in effect restricted in order to drive up prices (this is rarely the itinerant vendors, who are unlikely to be able to affect market prices through their actions). In such cases, good water governance may require working with low-income groups and with vendors to determine how best to make the market function more effectively in the interests of users. Simply trying to close down the vendors on the grounds that they do not meet some official standard entails the danger of further restricting water supplies, driving prices up even further. Sanitation vendors are less likely to drive down supplies to achieve monopoly prices, but may be selling services that simply address one household's sanitation problems at the cost of others – releasing the waste in hazardous locations.

36. In other cases, the markets are highly competitive, but supplies may be restricted by the water utility's practices. There may be insufficient water hydrants to supply the vendors, or they may be located without any consideration of the convenience of the vendors, or the concerns of the users themselves. In some urban centres, itinerant vending is actively discouraged in a variety of ways, at least in the informal sector. There is comparatively little experience working with local residents to help design a strategy for improving water supplies that takes account of how the secondary water markets are functioning. On the other hand, in the course of participatory processes surrounding more conventional improvement projects, residents do sometimes develop strategies for addressing problems that arise in the secondary water markets. In Nairobi's Kibera district, for example, residents proposed a strategy involving the formation of a water vendors association and a collective bargaining process that would address the concerns of both vendors and users.

37. As with large-scale utilities, there is the challenge of ensuring that the interests of the urban poor are brought to bear on policy discussions involving small-scale enterprises and informal sector operators. Perhaps even more important is the challenge of responding directly to the legitimate demands of low-income residents. Even itinerant water vendors operating in the informal sector are subject to pressures from the Government as well as from local residents and residents' associations. Often, even the very small-scale enterprises are regulated, and are required to have licenses to operate. Yet this does not necessarily mean that local residents have any recourse when they suspect that vendors are engaging in monopolistic behaviour, selling contaminated water, providing hazardous sanitation services, or engaging in otherwise dubious practices.

38. And while the services that small-scale water and sanitation enterprises provide should not be forgotten, nor should it be assumed that they are appropriate. There are usually very large returns to scale in water delivery and in sewerage provision. In many circumstances, the prevalence of itinerant water vendors or water tankers is a symptom of a failure to provide larger, lower-cost systems. Attacking the symptom, and making it harder for the small enterprises to perform their role, will usually make matters worse. But the presence of small water and sanitation enterprises is no excuse for neglecting the task of finding less costly alternatives, which may not emerge spontaneously, and may require replacing the small enterprises with a large-scale water network. The appropriate choices are more likely to emerge where the local government is responsive to the concerns of low-income residents, and the residents themselves are able to articulate and negotiate for their interests – taking us back to the issue of increasing the power voice of the urban poor to demand better water and sanitation.

IV. Challenges for the World Urban Forum

39. From this discussion a number of critical questions emerge, including:

- (a) Under what conditions will private operators fail low-income residents, and what are the most effective ways of reversing this tendency?
- (b) How can local, national and international negotiations involving private enterprises and other stakeholders be made more pro-poor?
- (c) What capacities do public authorities and regulators need in order to get the best out of the private water and sanitation enterprises?
- (d) How can civil society organizations best put pressure on – or collaborate with – private enterprises and the State to extend affordable services to low-income areas?
- (e) What sort of role can informal water and sanitation vendors play in achieving international water targets, and how can this role be improved?
- (f) Are there important measures that can help make water and sanitation utilities more pro-poor regardless of the level of private sector participation?
- (g) What are the most effective means of giving low-income residents a stronger voice in the political and policy processes in the water and sanitation sector?
- (h) What are the measures outside the sector that can help improve the provision of water and sanitation for low-income households – including housing finance, upgrading and support for self-help construction and the land sites that it requires?

40. Most of these questions cannot be answered in general, but only in particular locations and at particular times. Nevertheless, by comparing and contrasting experiences, it may also be possible to identify underlying principles that can help turn the very simple framework described above into a useful tool for local negotiation.

Sustainable relief in post-crisis situations; transforming disasters into opportunities for sustainable development in human settlements
Dialogue on Urban Disasters and Reconstruction

Date: Thursday 16 September 2004
Time: 10.00-13.00
Room: 111-112

Focal Point: Ms. Jaana Mioch, Human Settlement Officer, Disaster, Post-Conflict and Safety Section
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Abstract

“Post-conflict, natural and human caused disasters assessment and reconstruction” is one of two special themes included in the provisional agenda for the twentieth session of the United Nations Human Settlements Programme (UN-HABITAT) Governing Council. The second session of the World Urban Forum provides an opportunity to bring together an array of experts and representatives to weigh and discuss pertinent issues relating to current disaster management practices in the global context, including, in particular, issues related to sustainable interventions during crises. This document introduces an overview of the methodologies and principles of UN-HABITAT’s involvement in supporting human settlements in crisis. During the urban disasters dialogue, UN-HABITAT partners will critically review and debate the elements introduced with the aim of preparing an advisory note portraying the joint vision of both UN-HABITAT and its partners on guiding principles for sustainable relief in human settlements. The completed advisory note will form the foundation of a report to the Executive Director that will be transmitted to the twentieth session of the UN-HABITAT Governing Council in mid-2005.

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Discussion points

- Permanent links between emergency relief and the transitional phase of development must be established
- Broad-based and long-term reconstruction and shelter strategies should be developed at the earliest stages
- Land and property rights of affected populations must be protected and longer-term solutions for land and property dispute resolution must be developed
- Sustainable relief must be based on participatory planning and inclusive decision-making models, ensuring the involvement of all actors, including women in particular, in all planning and implementation activities
- The capacities of local governments to operate as active partners in the process must be developed

Related networking events

- Building Disaster Resilient Cities
- City Diplomacy for Peacebuilding
- Civil or Civic Defense
- Making Urban Safety Sustainable
- Rebuilding Iraq
- Urban Space and Security Policies



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Thursday, 16 September 2004, 10 a.m.–1 p.m.

Dialogue on urban disasters and reconstruction

Sustainable relief in post-crisis situations; transforming disasters into opportunities for sustainable development in human settlements

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I. Introduction

“Preventing man-made disasters... and reducing the impacts of natural disasters and other emergencies on human settlements, inter alia, through appropriate planning mechanisms and resources for rapid, people-centred responses that promote a smooth transition from relief, through rehabilitation, to reconstruction to development...”¹

1. The increasing occurrence of natural and human-caused disasters causing extensive loss of life, damage to property and harm to the environment often turns back the development clock. Disasters perpetuate poverty by forcing developing countries to postpone national development programmes, thus worsening already precarious social, economic and environmental conditions, particularly in human settlements. Increased frequency of disasters makes sustainable development in affected areas impossible. Many parts of the world are caught in a disaster and re-building cycle in which devastation may be repaired but its underlying causes are critically overlooked.

2. The number and nature of armed conflicts has changed significantly in recent years. Today’s conflicts are mostly fought within state boundaries, whereas past wars took place across them. Wars are no longer fought only on battlefields between professional armies; rather, they are often waged in cities and villages by amateur militia, driven by long-simmering ethnic and religious ideologies and fuelled by a struggle for political and economic control. As a result, more than 90 per cent of the victims of today’s wars are civilians and, of those, women and children bear an inordinate burden. Twenty million refugees

¹ Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3-14 June 1996 (A/CONF.165/14), annex II (The Habitat Agenda), chap. III, commitment B (sustainable human settlements).

are in need of protection and assistance right now². An additional 25 million people are currently displaced within their own countries as a result of violence and human rights abuses³.

3. In the last decade, more than 200 million people annually were affected by natural disasters – seven times more than those affected by conflict. Natural hazards become disasters when they impact the people and assets that are susceptible to their destructive effects. Nowhere is this more significant than in the world’s cities, towns and villages. Factors such as inappropriate land use, poorly designed and constructed buildings and infrastructure and an increasingly degraded environment put human settlements at risk. Although these hazards exist in both developed and developing countries, they often impact more severely and repeatedly in developing countries, where the institutional capacity is lowest, leaving large populations of the poorest inhabitants chronically vulnerable.

A. Urban risk

4. Today, more people live in urban areas than ever before in human history. The trend of urbanization is irreversible. It has been estimated that the world’s urban population will double to more than five billion by 2025, with 90 per cent of the increase taking place in the developing world⁴. This is the numerical face. Cities hold incredible potential as engines of growth and social development, yet tremendous inequalities exist. Many of today’s cities are afflicted by shattering realities: unemployment, violence, insecurity, substandard living conditions, poor health, malnutrition and high infant mortality.

5. Poor people everywhere, especially in urban areas, are most at risk. Most of the world’s poor live in densely populated squatter settlements on the peripheries of cities that lack the basics of life and leave many of their inhabitants caught in a spiral of increasing vulnerability. Recent figures show that a quarter of the world’s urban population does not have adequate housing and often lacks access to clean water and sanitation⁵. Demand for commercial and residential land in cities has led to the use of unsuitable terrain prone to natural hazards. As a result, many informal settlements are located in dangerous or untenable areas, such as floodplains, unstable slopes or reclaimed land. In the absence of secure tenure, there is little reason for communities to invest in upgrading housing or infrastructure standards. Moreover, cities are often unable to manage rapid population growth; poorly planned urbanization with increasing numbers of inadequately constructed and badly maintained buildings is further increasing the vulnerability of urban dwellers. Ironically, most of today’s largest cities are in areas where earthquakes, floods, landslides and other disasters are most likely to happen. Poverty alleviation must therefore be central to any plan to mitigate and manage disasters effectively.

6. As the nature of disasters in cities becomes more complex, so must our approach to their management. It can be argued that many natural disasters are anything but “natural”, but largely a result of our deficient urban management practices, inadequate planning, population density, ecological imbalance, and human failings. The solutions are not to be found on a drawing board alone, but lie in simply improving the decisions we make in managing the growth and development of our cities, including mitigation and preparedness strategies. This is particularly important in managing the new global trend: mega-cities, or metropolitan areas with over 10 million inhabitants. Today there are at least 25 mega-cities in the world, many of which have experienced devastating impacts of disasters, and most of which are characterized by ever-increasing mega slums.

7. The movement of populations during and after disaster and conflict will have a major impact on the sustainable development of human settlements, and therefore on reconstruction activities. Unsupported urbanization will constrain the sustainable development of cities. It will also hamper the well-being of urban dwellers and increase their vulnerability to future conflicts and disasters.

2 United Nations High Commissioner for Refugees web site (www.unhcr.ch/statistics).

3 Office for Coordination of Humanitarian Affairs (OCHA) web site, Internal Displacement Unit (www.reliefweb.int/idp).

4 UN-Habitat web site, Global Campaign for Secure Tenure, Towards Poverty Reduction (www.unhabitat.org/campaigns/tenure/bboard/poverty.htm).

5 Road map towards the implementation of the United Nations Millennium Declaration: Report of the Secretary-General (A/56/326), para. 118.

B. The commitment

8. At the Earth Summit in Rio de Janeiro in 1992, the international community endorsed Agenda 21 as a master plan to achieve sustainable development. Together with the Habitat Agenda, the global plan of action on human settlements issues adopted by the international community at the Habitat II Conference in 1996, Agenda 21 marked a turning point in international efforts to promote sustainable development, which was no longer seen as a demonstration of good will but a necessity. Governments further restated their commitment to a sound and fair world in the new millennium through their commitment to meeting the Millennium Development Goals by 2020.

9. The objective of sustainable development is a key element in all these global agendas. Their recommendations, commitments and areas of action vary widely, but they all share the goal of reducing the vulnerability of people and communities at risk from the threats of natural and human-caused disasters. The damage caused by disasters is staggering. The loss of life and property imposes severe constraints upon sustainable development. The reduction of vulnerabilities and the protection of citizens and assets from the impacts of disasters should therefore be an indispensable part of national plans and strategies for sustainable development. It is equally imperative, particularly in developing countries, to grasp the opportunities during post-crisis recovery periods to ensure an effective transition to sustainable development.

10. As the lead agency within the United Nations system for coordinating activities in the field of human settlements, UN-Habitat is also the focal point for implementing the Habitat Agenda. UN-Habitat is mandated through the Habitat Agenda to take the lead in disaster mitigation and post-crisis rehabilitation capabilities in human settlements. Its activities contribute to the overall objective of the United Nations to reduce poverty and promote sustainable development within the context of a rapidly urbanizing world. Through the Global Campaign on Secure Tenure and the Global Campaign on Urban Governance, UN-Habitat promotes the concepts of inclusion, participation and sustainability in the human settlements context. These overarching issues are also reflected in supporting sustainable, people-centred solutions in disaster management.

II. What is sustainable relief in human settlements?

*“Ensuring the development, in line with the principles of sustainable human settlements, of a disaster-resistant environment for residents of cities, towns and villages to live, work and invest”.*⁶

11. The changing nature of conflict and natural disasters is leading to a re-examination of traditional approaches to relief assistance. Natural and human-caused emergencies are increasing in regularity and, perhaps more importantly, their impacts on populations and human settlements are rising alarmingly. This, coupled with cycles of dependency and shortage of resources, all point to the need to develop innovative approaches and to re-consider traditional policies on relief assistance.

12. The international community is performing an ever-widening range of relief and rehabilitation activities. This exacerbates the fundamental challenges of crisis management and recovery processes: how to bridge gaps that have repeatedly emerged between emergency relief and sustainable development efforts; and how to provide national and local governments, civil society and business organizations with practical strategies to mitigate and recover from crises and to avoid lapsing back into crisis. It is equally critical to build the capacity of national and international aid agencies to deliver rapid response services that integrate a longer term developmental strategy. Based on these changing dynamics in international assistance, it is clear that a new approach is required. Through analysis of these needs, the concept of sustainable relief has emerged.

6 Development objective of the UN-Habitat Disaster Management Programme.

A. Mitigation – building a “culture of prevention”

13. Disaster mitigation, defined as sustained action to reduce or eliminate the impacts and risks associated with natural and human-caused disasters, is the first step towards a comprehensive approach to managing disasters. Communities, however, are often unaware of the hazards they face, do not put much trust in mitigation strategies, and rely heavily upon emergency responses from others when the need arises. Sustainable relief encompasses all phases of disaster management, from mitigation to response; with a view to improving communities’ and Governments’ capacities to prevent and mitigate disaster events so that needs during response are reduced. Mitigation, prevention and preparedness,⁷ however, are particularly important aspects of sustainable relief. Concepts of sustainability and sustainable development offer a crucial framework for integrating vulnerability reduction plans in the context of disaster recovery. Sustainable human settlements development cannot prevent disasters from happening, but it can often help to mitigate their impacts.⁸ Disaster mitigation and management needs to look beyond hazards alone and to consider prevailing conditions of vulnerability. It is the social, cultural, economic, and political setting in a country that determines the vulnerability, or resilience, of its people and communities to disasters⁹.

14. A better understanding and emphasis on capacity development during mitigation will increase the ability of local actors – civil society and local and national governments – to respond effectively to disasters. The cornerstone of the implementation strategy is to build a “culture of prevention” among society at large. Such a culture will not only save lives but will enhance the economic and social fabric of the locale, through working with cities and civil societies to reduce their vulnerability to natural and human-caused disasters, as well as providing sustainable solutions for the re-construction of war-torn and post-crisis societies. Disaster management and mitigation therefore need to be introduced as integral parts of any development and poverty reduction plan.

15. It is essential that the community as a whole be involved in developing and implementing mitigation and sustainable development programmes. Civil empowerment is a fundamental complement to any mitigation exercise undertaken within cities or by civil society. Without a common understanding of the necessity for mitigation measures, without the active participation of civil society in execution, and without a sense of community ownership, such measures stand a slim chance of reducing disasters or resolving conflicts.

B. Response - meeting the long term needs of many, while supporting the emergency needs of few

16. When conflicts occur or hazards turn into disasters, human settlements, people and property are always among the most affected. Any recovery process, irrespective of its short- or long-term planning horizon, must therefore, in addition to meeting urgent human needs, address the physical infrastructure and human settlements problems that arise, including adequate shelter for all and sustainable human settlements development. Experience has shown that in many post-crisis scenarios, coordinated interventions designed to begin simultaneously are most effective; consideration of long-term impacts of short-term interventions can add value to the latter and depth to the former. A process of long-term reconstruction and economic recovery should therefore begin while post-emergency actions aimed at restoring normality for affected populations returning home or settling in new places are being undertaken. In this manner, strategic investment during emergency and relief stages can contribute significantly to building foundations for development.

7 For the purposes of this paper, the term mitigation encompasses the prevention, mitigation and preparation phases of the disaster management framework.

8 UN-Habitat, *Cities in a Globalizing World: Global Report on Human Settlements* (2001) (United Nations publication, Sales. No. 01.III.Q.1, chap. 15, page 182.

9 United Nations International Strategy for Disaster Reduction, *Living with Risk: A Global Review of Disaster Reduction Initiatives* (2004) (United Nations publication, Sales. No. GV.03.02), chap. 1.

17. Post-crisis responses by national Governments, bilateral arrangements, non-governmental organizations and United Nations agencies have been characterized by rapid rehabilitation projects relating to water and sanitation, housing, irrigation, food security and health. These tend to be ad hoc, palliative and not linked to overall development objectives of disaster-hit countries. Piecemeal efforts that are not connected with long-term development strategies can not only aggravate precarious social conditions creating dependency on aid, but are a critical waste of financial and human resources invested in short-sighted emergency relief plans. Humanitarian agencies can no longer operate in isolation; instead they require active participation from development-oriented agencies. The real challenge lies in broadening the portfolios of humanitarian and developmental actors and in bringing them together in shared realization of recovery processes for sustainable development.

18. The recovery phase can also offer a unique opportunity to revisit past practices and rewrite policies affecting future development in disaster-prone areas. For example, a range of mitigation measures such as land use, environmental and community planning, improving building codes and construction regulations, can be incorporated during recovery to promote vulnerability reduction. Beyond the physical aspects of rehabilitation, the recovery period also offers an opportunity for the society at large to strengthen local organizational capacities and to promote networks, awareness and political mechanisms facilitating economic, social and physical development long after a disaster – that is, to build its own sustainability.

III. From disasters towards sustainable settlements

“[Meeting] the needs of the present without compromising the ability of future generations to meet their own needs.”¹⁰

19. How does a community become sustainable? The concept of sustainability evolves around three key elements: economic, environmental and social equilibriums. It means that ‘community’ is a good, safe and healthy place for its members, offering a solid foundation for a prosperous life with equal opportunities for all in line with the six established principles for enhancing community sustainability. The community that wants to promote its sustainability will¹¹.

- (a) Maintain and, if possible, enhance its residents’ quality of life;
- (b) Enhance local economic vitality;
- (c) Ensure social and intergenerational equity;
- (d) Maintain and, if possible, enhance environmental quality;
- (e) Incorporate disaster resilience and mitigation;
- (f) Use a consensus-building, participatory process when making decisions.

20. By integrating the principles of sustainability from the earliest stages of recovery in human settlements, strategic investment during emergency stages can contribute significantly to building foundations for development - thus creating viable and less vulnerable communities able to cope with changes and events that time brings.

10 The definition of sustainable development by The World Commission On Environment and Development in *Our Common Future* (1987), p. 188.

11 Mileti, Dennis S., *Disasters by Design: A Reassessment of Natural Hazards in the United States* (1999), p. 31.

21. Being aware of the complexity of the post-crisis recovery process from the human settlements perspective, UN-Habitat has elaborated and applied a set of specific strategies from the transitional phase recovery to medium- to long-term development in order to promote peace building, poverty reduction, disaster mitigation and sustainable development of human settlements.

A. Safety, security and reconstruction strategy

22. The first pre-condition for achieving sustainable recovery and resettlement of displaced populations is to address the challenge of ensuring security and protection, and eliminating the circumstances that generate dispute and conflict. In this respect, the restoration -- or where it did not exist before, the institution -- of an effective and sympathetic law-keeping service, backed by an impartial and equally effective judiciary, is crucial.

23. Shelter is one of the most visible and immediate needs in post-crisis settings. Relief efforts are often focused on providing shelter quickly, without taking into account the impact of short-term shelter strategies. Long-term shelter strategies focus not only on determining and implementing realistic and permanent reconstruction plans for affected communities, but also seek to rebuild community confidence and support structures for civic responsibility and urban governance through participatory planning of reconstruction processes. Shelter issues are closely bound to mitigation aspects as well, particularly in disasters. The development of disaster-resistant housing is a major factor in reducing vulnerability. Shelter issues in mitigation, however, go beyond the structural. Rights to ownership and security of tenure make an enormous difference to the maintenance, management and development of shelter, particularly in urban areas. When people have security where they live, they are better able to manage space, and engage in activities that will reduce, rather than increase, their vulnerability.

24. Access to resources such as land and water is often an underlying cause of conflict. With careful understanding of antecedents, any imbalances and sensitive situations must be addressed through both formal and traditional systems to ensure equitable access to and use of resources by all communities. In the same vein, the system for allocation, use and registration of land and property will need to be rationalized. This is a crucial tool for conflict resolution, but also for mitigation of future disasters. Security of tenure and access to land are therefore central issues in disaster response, in particular with reference to displaced populations. Secure tenure is crucial when developing programmes to minimize vulnerability of populations to future crises, with key elements of protecting the land and property rights of affected/displaced persons and developing longer term solutions for land and property dispute resolution.

B. Ensuring sustainable returns and reintegration

25. At least 25 million people spread over 52 countries are displaced by violence, persecution and/or disasters but remain within the borders of their own countries¹². Internally displaced persons¹³ are the single most vulnerable population in the world. During displacement, internally displaced persons are often subject to physical violence. Women and children are particularly vulnerable, as they are at the highest risk of losing everything. Most importantly, internally displaced persons are unlike refugees in that they do not have legal status protecting their lives and rights.

26. Large scale movements of populations away from vulnerable areas during conflict or disaster often lead to longer-term displacement of these groups. This displacement results from chronic insecurity, lack of rehabilitation of disaster-struck areas or inability to return home due to other constraints. Efforts to address the immediate needs of the displaced must consider their longer-term needs as well, either in-situ or in their places of origin. The response phase after disaster or conflict tends to approach displaced populations as beneficiaries rather than partners in the recovery process. Displaced populations represent future human resources in the post-conflict and post-crisis environments.

12 Office for Coordination of Humanitarian Affairs (OCHA) web site, Internal Displacement Unit (www.reliefweb.int/idp).

13 There is no single universally accepted definition for internally displaced persons, indicating the lack of status of this very vulnerable group. The United Nations defines an internally displaced person as "a person who has been forced to flee or leave their home as a result of or in order to avoid the effects of; armed conflict, generalized violence, violation of human rights; natural or human-caused disasters, and who have not crossed an internationally recognized border."

C. Promoting economic development during recovery

27. Natural and human-caused disasters destroy investments, infrastructure and livelihoods. Poverty and lack of resources increase vulnerability, weaken coping strategies and delay recovery processes. A vibrant local economy is one of the key elements in sustainable recovery and development, yet economic recovery is also recognized as one of the most difficult aspects of the process. Despite disasters, many communities have resources that can be tapped, such as the availability of local building materials, the existence of a labour force and, most important, the eagerness of local communities and the private sector to participate in the recovery process. Re-establishing small-scale production in affected areas, creating employment opportunities for local entrepreneurs and affected communities -- both the displaced and host communities -- and reinforcing local building sectors all contribute to sustainable recovery. All in all, strategic physical reconstruction of housing, infrastructure, public facilities and utilities plays a fundamental role in the functionality and success of local economies.

D. Good governance in post-crisis situations

28. Public participation and inclusive decision-making are well recognized as central elements in UN-Habitat's Global Campaign on Urban Governance. Good urban governance contributes to the reduction of vulnerability, enables the development of mitigation and recovery methodologies and empowers civil society to act on its own behalf. The principles of good urban governance, equity, efficiency, transparency, civic engagement and security, are key for sustainable development and disaster mitigation and management.

29. Cities are managed and communities interact at the local level. Inclusive decision-making is at the heart of good urban governance, and civil society participation is crucial to achieving sustainable recovery from a disaster. At no time is the opportunity for public involvement in decision-making greater than when a community is faced with the practical problems of recovering from a disaster¹⁴. Civil society, community groups and non-governmental organizations play a major role in disaster management, conflict prevention, reconciliation and post-conflict reconstruction. They are much more than recipients of relief assistance, and this must be recognized for developmentally-focused relief and recovery programmes to be successful. Civil society acts as an important channel for awareness raising and education, for promoting a climate of peace and reconciliation and for preventing and mitigating conflicts and crises.

30. Inclusive decision-making, including women in particular, is a key element in a strategy of building consensus among different participants in the emergency phase, and serves to ensure the active participation of affected populations, community groups, and local authorities in the subsequent recovery phases. The success of the process, however, is closely related to the quality of civil society participation in the decisions affecting their lives and to the responsiveness of planning and policy-making processes to the needs of the communities. Without the commitment of all the stakeholders involved, recovery efforts will have only limited impact. Ownership at the local level in response and recovery is important if these activities are to contribute to the longer-term development and reduction of vulnerability of the population.

31. Truly participatory involvement of all segments of people is not simple. It is a process that requires substantive support to local governments in strengthening their technical and institutional capacities and in understanding the main principles of people's participation and good governance. Throughout the process, national and local governments remain the critical actors in ensuring sustainable development and recovery through their unique role in facilitating dialogue between private and public interests. The links between civil society and local and national governments comprise the key relationship that sustainable recovery strategies must endeavour to foster. The capacity of local and national governments to address issues during all phases of disaster management and in the post conflict phase is a critical element in the development of sustainable relief strategies.

32. With the displacement of people due to natural or human-caused disasters, a commensurate loss of skill and capacity occurs. Often the most skilled are the most capable of relocating permanently or

14 J. Michaels (ed.), *Holistic Disaster Recovery* (2001) (chapter entitled Participatory Process, by Sarah Michaels, University of Colorado), page 3-1.

being absorbed into alternative public or private sector employment. Consequently, local government may not exist or government officials may have limited or no experience managing their villages and towns. Also, during the initial resettlement stages, the potential for further or new conflict is high. Disaster-affected and returning communities therefore are faced with the uncertainty of nascent local government authorities. The need for capacity-building is thus crucial to prepare local government officials for expanded leadership roles to practice participative and accountable governance. This includes skills in negotiation, communication, conflict resolution, transparent local financial management and facilitation of local economic development.

33. Principles of good governance are critical in disaster management and sustainable recovery, in particular in post-crisis scenarios vis-à-vis nascent or custodial local governments. Good governance enhances institutional capacities and decision-making processes, positively affecting economic recovery and development; it is a process of decision making to formulate national or local disaster-reduction plans and policies and it is a system of policy implementation that requires the existence of well-functioning organizations at the national and local levels to implement and enforce land-use planning, building codes, safety standards and disaster response mechanisms¹⁵. In the absence of good governance, communities become increasingly dangerous and unhealthy places to live and work, especially for the most vulnerable. Promotion of good governance therefore serves as a cornerstone of sustainable recovery and development in human settlements.

E. Addressing sustainable urbanization in post-crisis situations

34. An understanding of urban vulnerability is the first step in developing mitigation strategies that effectively improve resilience and reduce vulnerability of urban populations in the long term. It is important that during response phases the needs of urban areas and potential urbanization be addressed. Strategies to respond in urban settings after disaster or conflict will differ from those appropriate to rural settings; there will be needs, issues and dynamics that will be unique in the urban context. Community development strategies, for example, need to be reworked to fit urban populations, who often come from different areas and, in post-conflict situations, may comprise groups from opposing sides.

35. Urbanization in post-conflict contexts is a phenomenon that must be prioritized within a sustainable recovery framework. Urban centers are increasingly focal points for economic opportunity, provoking large scale – and often long-term – displacement during and after conflict. Urban centres also draw people seeking better infrastructure and services – education and health in particular – than are available rural areas. What is especially troubling is that many of the expected jobs and educational opportunities in urban areas are not realized; consequently, crime, ethnic tensions and rising poverty often create new threats to peace, security and development.

36. The impacts of natural disasters are magnified in urban centres, not only as a result of population density, but also due to other vulnerabilities that are unique to the urban context such as dependency on infrastructure and urban services, poor planning, bad and illegal construction practices and ecological exploitation of the environment. Cyclical vulnerability to disasters in rural areas also leads to movement of populations to cities, again further stretching existing urban capacities.

F. Gender and the involvement of women

37. The involvement of women and their equal access to opportunities and resources in disaster and post-conflict periods is vital for any relief operation to be sustainable. Sustainable relief strategies can impact the long-term objective of promoting gender equality in societies coping with disasters and conflicts. Women represent enormous capability in mitigation of impacts of disasters and conflicts. When an enabling environment exists – and often when it does not – women are effective managers of resources, mobilizers of communities and keepers of the peace. Women also represent, however, a group that tends to be more vulnerable to the effects of disaster and conflict. It is clear that promoting development, which enables women to mitigate these impacts and reduce their own vulnerability, will have the greatest overall effect. This is closely linked with the protection and promotion of women's human rights. For example, promoting a woman's right to own quality land increases her effectiveness as a manager of natural resources and reduces vulnerability to disaster. This reduction will have greater

¹⁵ United Nations Development Programme/Bureau for Crisis Prevention and Recovery, World Vulnerability Report 2003, draft, chap. 3, p. 21.

long-term impacts on the ability of populations to develop than short-term, focused relief-based strategies.

38. The impacts of conflict on women – and women’s roles in conflict – must be a major consideration when developing sustainable relief strategies. In many cases, relief activities categorize women as victims and beneficiary recipients in programming, rather than enabling them to be actively involved and increase their capacity through relief activities. This is especially important, as many of the roles and skills of women in post conflict situations go unrecognized. As a result, support for long-term recovery of communities is undermined. Involving women in relief efforts will increase the long-term impacts of relief-based approaches. A sustainable relief approach will also allow for a better understanding of the diversity of women’s roles and experiences in conflict, thus improving the overall effectiveness of interventions from a gender perspective.

G. Creating strategic partnerships

39. The human settlements component is integral to post-crisis solutions, from refugee settlements planning to development of strengthened institutional capacities, good governance and reviving local economies. In order to develop an integrated approach to sustainable rehabilitation of human settlements, however, limited resources must be coordinated to achieve the maximum possible effect. The multi-sectoral and interdisciplinary nature of disaster reduction and response requires continuous interaction, cooperation and partnerships among related institutions and stakeholders to achieve global objectives of disaster mitigation and sustainable post-crisis recovery. Solutions to insure sustainable recovery are interwoven in such a manner that activities cannot be implemented in isolation. Building strategic partnerships among all stakeholders, including civil society, national and local governments, the private sector, media and national and international support agencies, is therefore a shared challenge and responsibility. In combination, this contributes to the development of a coherent framework for the sustainable recovery of human settlements in post-crisis situations.

H. Strengthening national and local capacities

40. Post-crisis activities provide unique opportunities for increasing capacities among all national and local actors involved in the recovery process. At the national level, this may require strengthening policy-making capacities and formulating legal instruments for implementation of national vulnerability reduction plans that promote sustainable development. Municipal authorities can be introduced to the sustainable rehabilitation and recovery process, re-directing the focus from technical and conventional response actions towards incorporation of mitigation measures in disaster-management plans, introduction of proper land use planning and building regulations, protection of land and property rights, effective project management and improved governance, among other things, all within the framework of a longer-term reconstruction strategy. Throughout the process, national professionals at different levels improve their technical and managerial skills and know-how; civil society and communities are empowered through their active participation in recovery efforts and the development of a self-sustaining process; local small businesses, including building contractors and other organizations, have the opportunity to grow and gain experience; and individuals, women in particular, can be trained in income-generating activities in the housing and infrastructure sector.

IV. Guiding principles for sustainable relief in human settlements

41. The development of guiding principles will serve to articulate the basic practice philosophy that actors must adopt to ensure that relief assistance has a positive effect on the sustainable and equal development of human settlements in post-conflict and post-disaster environments. These principles will establish important baselines and priority areas of focus that are considered necessary for the implementation of truly sustainable relief activities.

42. For sustainable relief to be achieved, a shift in thinking about relief and development will be necessary at all levels. This conceptual change will have to be backed up with new operational approaches by international agencies, governments and communities. Sustainable relief in human settlements is a process. The guiding principles mentioned here offer a realistic, forward-looking approach to recovering from crisis. They can also be considered somewhat elastic, encompassing many different aspects of the process, and it should be understood that not every principle will be applicable to every recovery process. Giving serious consideration to these principles during planning and

decision-making can assist communities, authorities and support agencies to realize that decisions made during the earliest stages of recovery will have long-term impacts on the success and sustainability of joint recovery efforts.

43. The following guiding principles in sustainable relief in human settlements reflect UN-Habitat's experience in and approach to facilitating sustainable interventions during crises. The proposed principles are to be reviewed and discussed during the World Urban Forum:

- (a) Permanent links between emergency relief and the transitional phase of development must be established;
- (b) Facilitation of the safety and security of affected populations is a critical pre-condition of any humanitarian or developmental activities;
- (c) Broad-based and long-term reconstruction and shelter strategies should be developed at the earliest stages;
- (d) Land and property rights of affected populations must be protected and longer-term solutions for land and property dispute resolution must be developed;
- (e) Sustainable relief must be based on participatory planning and inclusive decision-making models, ensuring the involvement of all actors, including women in particular, in all planning and implementation activities;
- (f) Vulnerability reduction and disaster management must be incorporated into national and local development and poverty reduction plans;
- (g) The focus should be redirected on disaster risk reduction and mitigation rather than preparedness and response-related strategies in the human settlements context;
- (h) The capacities of local governments to operate as active partners in the process must be developed;
- (i) Building and engaging capacities at all levels and of all actors must be a priority from the earliest stages and throughout the process;
- (j) Productive economic activities should be developed at the earliest stages of recovery;
- (k) Sustainable relief activities need to operate within a human rights framework, particularly in terms of land rights and security of tenure, and in recognition of the equal rights of women;
- (l) Strategic partnerships and alliances must be created at all levels.

V. The way forward

44. Developing guiding principles on sustainable relief is the first step in turning discussions and debates into operational realities. For this to be truly effective, however, commitment must be sought from international agencies, governments (local and national) and civil society on these principles and the direction of change that they represent.

45. Once commitment and consensus is developed, it is vital that these principles be translated into action at all levels. National plans of action on disaster management are being developed or have been developed in many countries, and these principles should further inform the development of those plans.

46. The guiding principles will also support the development of a planned declaration on sustainable relief in human settlements. It is anticipated that the declaration will eventually constitute a global standard of human settlements recovery and development practice in post-crisis situations, thus facilitating the creation of various instruments enhancing the operationalisation of the guiding principles. UN-Habitat has a unique position in the United Nations system in terms of its long-standing commitment to sustainable human settlements development, in the light of which it has a clear role in addressing and contributing to the provision of sustainable relief in the rehabilitation of housing, services and human settlements.

VI. Challenges for the Second World Urban Forum

47. Based on this background, the second session of the World Urban Forum represents an important arena for further elaboration of some of the key issues outlined here. Participants in the dialogues on sustainable relief at the session may therefore wish to elaborate and provide some guidance on some specific questions:

(a) Do the proposed principles cover sufficiently the issues of sustainable relief in human settlements? A critical review and debate is necessary;

(b) How can the implementation of the guiding principles for sustainable relief become an operational reality?

(c) How can the guiding principles be incorporated into national and local policies and actions?

(d) What are the roles and responsibilities of various stakeholders in this process, and how can they be best assisted?

(e) How can the World Urban Forum contribute to the above process in an effective and sustainable manner?

Gender, Culture and Urbanization

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Abstract

In the developing world, women form a sizeable proportion of those who migrate from rural to urban areas in hope of a better life. But as they soon find out, urban conditions and services are hostile to them and often permeated with the patriarchal culture that prevails in rural areas. This paper maps out the interplay between gender, culture and urbanization, and how it enlarges or restricts the role of women in human settlements development around the world. It provides insights into the way cultural and gender constructions relate to the social, economic, and cultural circumstances of women, and the extent to which women are involved in addressing these unique circumstances. Poor urban females are marginalized at least twice, because of gender and because of their physical and social conditions. They bear the brunt of the ongoing transformation of traditional family structures, not to mention HIV/AIDS and its consequences. For survival, they turn to urban agriculture, street vending or the appalling conditions of export processing zones and prostitution; but the institutional context is often hostile and generally their economic capacity goes unrecognized. Women are particularly exposed to insecure tenure and forced eviction. Cities must recognize that each gender experiences and uses the urban environment in different ways and has different priorities. Examples abound showing that poor women's empowerment and involvement in governance is conducive to improved urban services. Informal social networks can play a major supportive role and culture can be economically and socially productive. The paper ends with a list of key issues for discussion.

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Discussion points

- In some of the world's poorest areas, over half of the households are headed by women, especially in informal settlements, of which they represent the poorest segment.
- Poor urban women are more able than men to organize around small-scale businesses for survival, but too often the institutional context is hostile.
- Women, especially when poor, remain under-represented in governing structures, especially local decision-making, owing to social and political gender-related factors.
- Affirmative action is in order, but at the same time poor urban women's informal networks can provide effective channels for campaigns and entry points to a community.
- Popular culture helps break cultural barriers, generating income, highlighting the plight of the poor, diffusing messages to communities and providing positive activities for the young.

Related networking events

- Committed Cities: Women's Inclusive Practices and Good Urban Policies
- Gendering Governance Through Local-to-Local Dialogues
- Responsive Local Governance: Positioning Women to Lead

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Partners' and thematic dialogues**Gender, culture and urbanization¹****Abstract**

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* HSP/WUF/2/1.

¹ While there is no dialogue on gender as such, the present paper has been prepared bearing in mind that gender is a cross-cutting issue to be considered in all dialogues.

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Discussion points

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Gender, culture and urbanization

I. Introduction

1. Urbanization has been one of the salient features of social change across the world in modern times. Cities and conurbations are where different cultures and social developments such as globalization and exploitation of human and natural resources converge. At the same time, cities provide the space where historically and culturally varied constellations of gender relations have been recorded. New cultures also rapidly emerge across various urban subgroups. In most of the developing world, institutions are implicitly shaped by a patriarchal ideology. Accordingly, gender construction is tied to

value and belief systems that undermine women, exposing the more deprived to poverty, sexual discrimination, abuse and their consequences.

2. Women and girls are doubly marginalized, because of gender and the physical and social conditions of the poor. But on top of this, with its focus on the physical and spatial aspects of development, urban planning disregards the unique, gender-differentiated situation of women. The major challenge is to determine the extent to which evolving cultural trends advance women's role in the development of human settlements.

3. Women make up nearly half of the international migrant population (UNFPA 2003). Gender differences in the proportions of male/female migrants to urban areas are obviously determined by certain cultural factors in the place of origin. These include lack of equal access to, rights in, and control over, economic resources, such as land. Benschop (2002) notes that "as compared to rural areas, women in cities and towns tend to have more access to land and housing; women, more often than not, 'own' shacks or structures in informal settlements or rent a house or room." These factors give women some of the autonomy which cultural factors deny them in rural areas.

4. Examples from Latin America suggest that the scale and nature of migration into urban areas is largely influenced by three types of factors: first, decisions in rural households about who should migrate and why; second, constraints placed by households on women's work outside the home; and, third, demand for female labour in urban areas (Chant 1992). Evidence shows that in some regions, their traditional reproductive and productive roles in rural areas do not prevent women from moving to urban settlements. For example, in Eastern Europe, Latin America and the Caribbean, the overall ratio of women to men is higher in urban than in rural areas, and the reverse is true for Africa and Asia (United Nations 1999).

II. Household relations and gender role transformation

A. Family institution in transition

5. Across cultures, the family is the basic social structure most likely to meet individual needs and expectations. Women typically spend much more time in the house than men as they perform their reproductive and household roles. This imbalance has implications on poor urban women, especially as the structure of the family unit is changing and female-headed households are on the increase.

6. Traditional sociology links the family institution to blood and marriage ties but modernization and urbanization are changing all this. The initial dramatic shift from extended to nuclear family only paved the way for alternative forms: single-parent, step-parent and blended households, remarriages and cohabitation with children. Children's homes, foster homes and shelters for the homeless are other emerging forms of families. Institutional families act as safe landing pads for orphaned, abused and neglected children. In addition, more and more gay couples are raising children under emerging legislation.

7. These cultural transformations affect mostly poor urban women. There are more households headed by a female than a male single parent (UNDP, Human Development Reports 1995, 2002, 2003). Divorce, separation, cohabitation and re-marriage place peculiar strains on women's social and economic lives.

8. Such changes and the attendant social problems trigger different policy responses across regions, depending on context. More specifically, responses are a function of how citizens and politicians experience and perceive change, define new social issues associated with it, understand the range of choices open to them and interpret their interests within that range.

B. Gender relations, roles and responsibilities in the context of urbanization

9. In the developing world, women migrate from the countryside to urban areas for many reasons, but they always expect a better life. What they often find instead is drudgery and dire poverty, without hope for improvement. In urban slums and shanty settlements, women bear the burden of raising children in the most difficult circumstances. They are under constant threat of eviction, without a secure home for themselves and their families. They endure the indignities and dangers of unhygienic toilets,

shared by hundreds; they are the most vulnerable to crime and violence, and are inordinately affected by the HIV/AIDS pandemic, as both victims and caregivers.

10. Some 25 per cent of the world's households have women as their heads, and in urban areas (especially in Latin America and Africa) that proportion can exceed 50 per cent. Women typically represent a high proportion of those in informal settlements worldwide, and they are among the poorest. (UNHCR 2004)

11. The growth in female-headed households is often equated with the growth in poor or disadvantaged households, but female headship can have positive aspects. Female-headed households are likely to be less constrained by patriarchal authority and female heads may experience greater self-esteem, more personal freedom, more flexibility to take on paid work, better control over finances, and little or no physical or emotional abuse. Female heads may be empowered insofar as they are better able to further both their personal interests in education and business and the well-being of their dependants.

12. In Africa, the majority of urban farmers are women, mainly from female-headed households. The case study below illustrates how some women in cities try to survive and feed their families.

Case study 1

Urban agriculture, Kenya

In Kenya, home-grown food is critical to the nutritional status of families: 25 per cent of urban families in the six major cities claim they cannot survive without self-produced food; 56 per cent of urban farmers are female but the ratio rises to 62 per cent in the larger cities, and 64 per cent of women farmers are from female-headed households, showing how critical urban agriculture is to the survival of poor families. Urban farmers are not recent migrants. Pressure is such that new arrivals have less access to land than longer-term residents. A large proportion of urban farmers are white-collar workers, even mid-level bureaucrats, with larger house plots. A critical issue for urban development is land ownership or user rights, as modern systems of land registration clash with inherited patterns. In Kenya, only 41 per cent of urban farmers own the land they use and 42 per cent (primarily the poorest) grow their crops on government land.

Source: Tinker, I. (1993).

III. Employment and livelihoods in urban informal settlements

A. Gender, poverty and income-generation in informal settlements

13. If the lives of urban slum dwellers are to be improved, one must consider how best they can increase their incomes. Through their involvement in urban agriculture, women are vital to the urban economy as small entrepreneurs, traders, workers and providers of food security.

14. The following case study illustrates best practices of women's response to unemployment in the urban informal sector.

Case study 2

Street vendors in Hanoi, Vietnam

Hanoi's female vendors team up in groups and some rent and share rooms where they cook and eat together. They also make food for sale, a cheap and convenient service for most urban dwellers. Some provide quick, cheap personal-care services, such as hair-cutting. Relieving urban middle-class working women and housewives of domestic chores earns Hanoi's poor women a living. A survey found that 70 per cent walked from door to door, carrying their goods in a pair of baskets with a pole across their shoulders (47 per cent), in hand or head baskets (15 per cent), or in a trolley (7 per cent). Others (30 per cent) used bicycles and only one a motorcycle. As for men, 56 per cent used bicycles and the others either a trolley or a toolbox (36 per cent), or worked as taxi drivers (8 per cent). Women mostly lacked fixed sales pitches. Other major complaints were: no place to work or sit, official harassment, thin profits, costly transportation, mistreatment, heavy loads, long walks, no care for children, theft, lack of housing, health, and lack of toilets. They felt there was potential for forming a support network.

Source: Darunee Tantiwiranond (2004).

15. The disparity is glaring between male and female strategies for survival, and women seem more able to organize around small-scale businesses. But why should women face more transportation hardships than men? Are city planners still foot-dragging over certain gender-responsive issues? Obviously, in Hanoi, gender-responsive transportation, security, childcare services, and access to sanitation would ease female street-vendors' burden in their struggle for survival.

16. Street vending is the most visible aspect of women's informal business. But this activity is often viewed as a nuisance or obstruction to commerce. For lack of legal status and recognition, women face frequent harassment and eviction from their pitches by competing shopkeepers, as well as confiscation and even arrest. Workplaces are often dirty, dangerous and devoid of basic services. For all these risks, street vending is the only option for many poor people, especially women (WIEGO – undated).

B. Self-employment and micro-enterprises

17. The need to recognize women's economic capacity and potential has been a concern for local, national, and international bodies and poverty-reduction strategies. Currently a number of donors are providing support to women's self-employment through micro-enterprise.

Case study 3

Women self-mobilizing for employment in Gujarat, India

Gujarat's Shri Mahila Sewa Sahakari Bank was set up in 1974 for poor self-employed women at the initiative of 4,000 of them. Running the bank is a board elected by its 51,000 depositors. On top of finance-linked services Sewa has started a work security insurance scheme and a housing programme. It is now expanding into rural areas through savings and credit groups which channel surpluses into Sewa's development activities. Sewa gives poor women control of natural and financial resources, such as helping them build their own water facilities, such as wells, ponds, hand pumps, etc. Loan recovery rates are high thanks to mutual trust and an understanding of borrowers' individual circumstances. Sewa members skip predatory private money-lenders and gain self-confidence as they develop the skills required to deal with formal organizations. Sewa has broken the vicious circle of indebtedness and dependence on middlemen and traders, and has changed women's bargaining powers for the better.

Source: Poverty Net Newsletter N° 11, October 1999.

C. Women in export processing zones

18. Most developing countries attract foreign investment through export processing zones (EPZs), also known as “special economic” or “free trade” zones. One of the incentives offered is the low cost of the workforce, which the *2003 World Development Report* estimates is 70–90 per cent female. The following case study from Indonesia clearly outlines the gender and cultural issues and conflicts which women experience in EPZs.

Case study 4

EPZs and female workers in Indonesia

EPZ female workers typically endure intolerable working conditions and long hours. Indonesia’s minimum wage, which ranges up to US\$1.84 in some areas, meets only 60 to 70 per cent of the minimum physical needs of a single individual against the backdrop of wide fluctuations in fuel and basic goods prices. Employers often call in the army to deal with strikes but workers are becoming more bold and militant. Females provide the bulk (80 to 95 per cent) of those involved in the actions and are a majority in the bodies elected to lead them. Typical demands are better pay and working conditions, freedom of association, praying time, gender-specific steps to combat sexual harassment and gender discrimination, together with maternity and menstruation leave as required by existing law. EPZ employers rarely provide the statutory three months’ fully paid maternity leave and usually dismiss pregnant women; when allowed to return to work, these lose any seniority and start from the bottom again. Humiliating material evidence is required for two days’ monthly menstruation leave, which if granted entails loss of bonus or two days’ wages. Since unions are not allowed in EPZs, there is no institutional collective bargaining. A group of workers, usually organized by non-governmental organizations, takes the initiative and negotiates with management. Any better wages or working conditions thus won benefit only the workers in the factory.

Source: Kelompok *et al.* (undated).

19. The structural disparities of gendered systems shape female labour issues. The gender allocation of social and economic roles restricts women’s access to the means of production (from credit to training opportunities) and confines them to a limited number of occupations and markets. Recognition is growing of women’s multiple roles and the value of not only their productive, but also their reproductive contributions. Longstanding work standards are in question, new forms of labour organizations emerge and the relationship between work and leisure is being recast.

20. Stakeholders in human settlements development will recognize that the economic capacity of women in urban areas is linked to basic services and security of tenure, and that as their economic activities concentrate in the informal economy and close to home, they need those resources that are essential to doing business and working in residential areas.

IV. Gender, land, housing and property rights

A. Land and property rights

21. There is a general consensus around the fact that although insecurity of tenure affects millions of people across the world, women face additional risks and deprivation related to culture and gender (Benschop 2002; 2003; Beall 2003). In South Asia and Africa, many women are still exposed to discrimination in access to land, shelter and property rights despite policy and legal reforms. The vast majority cannot afford to buy land and some countries do not recognize their equal rights to land. In Africa, comparatively few statutory books entrench women’s access to land and property: examples may be found in Burkina Faso, Malawi, Mozambique, Niger, Rwanda, South Africa, Uganda, the United Republic of Tanzania and Zimbabwe. There is no legislation, but no impediment either, in Eritrea and Ethiopia. Botswana, Lesotho and Namibia are currently amending the relevant statutes. In other cases

formal law, traditional systems and social norms (including customary and religious law), often deny women the right to acquire and inherit property, particularly in countries where shariah law applies.

22. It must be noted here that customary tenure is often more dynamic and complex than statutory systems; and for all their restricted access to ownership through inheritance or purchase, women as heads of households may have significant indirect access and rights to use land. But then not all women in such cultures get married, or remain married to ensure their secure tenure.

23. Other factors constraining women's access to land and property ownership include poverty, lack of credit facilities and affordable housing finance, together with low awareness of human and legal rights and poor representation of women in decision-making bodies in charge of administration and management of land and property. Worse still, women face administrative bottlenecks in land offices, tribunals, and court systems.

24. With the growing consensus that the right to acquire and inherit property is a basic human right applicable equally to men and women, some countries tailor formal and informal tenure arrangements to different local social, political and economic circumstances in order to enable women's access to property. In some countries, affirmation of co-ownership of land has led to the acceptance of women's equal rights to property, whereas others endorse joint ownership of property for legally married couples. Elsewhere, more or less formal types of consensual unions are understood to embody property rights. Therefore, social movement triggers changes, and equality becomes more widely accepted in social relations. Some countries have eased the constraints on women's control over land and property: in Latin America, the law provides for joint ownership; whereas in Uganda, the other spouse's consent is required before any transfer. In general, legal systems that endorse joint ownership gives women better security of tenure.

B. Housing

25. Lack of access and control over housing in informal urban areas is a major problem for women. In some cases, women are discriminated against and at times landlords evict them from their rented rooms for non-payment. For many low-income urban dwellers and particularly women, the situation is such that they lack the resources for adequate shelter.

26. What may be termed "gender blindness" in housing and basic service programmes is becoming increasingly apparent. Low-cost housing or site and service programmes rarely consider the needs and priorities of women in terms of design, infrastructure and services. Women are excluded through eligibility criteria, methods of beneficiary recruitment and cost-recovery mechanisms (Moser and Peake 1987; Moser and Chant 1985). Gender dimensions affect renting and owner-occupation.

27. In Latin America and West Africa, female-headed households are more likely to be tenants or sharers than owners, but in Bangladesh female-headed households and supported households are concentrated in the poorest and potentially most vulnerable housing conditions. There are three main reasons for this: first, women are often excluded from official housing programmes offering owner-occupation; second, female-headed households tend to be poorer and, since poorer households frequently rent, women tend to be tenants; and, third, although most female-headed households lack the time and skills required, lack of funds for professional labour often forces them to build their own housing (UN 1995).

C. Gender, violence and forced evictions

28. Urban poor women and children are particularly affected by forced eviction. More often than not, forced eviction by public authorities, city councils, landlords and agents takes place in informal urban settlements. Human Rights Watch (2003) noted that although all women are vulnerable, divorced or separated women and widows – including AIDS widows – suffer some of the most extreme violations. Divorced and separated women are often left with only the clothes on their backs as their husbands keep the home and other property. Widows are often evicted from their homes as in-laws rob them of their possessions and invade their homes and lands. These unlawful appropriations happen even more readily when the husband died of AIDS. In some places, widows are forced to undergo customary, sexual practices such as "wife inheritance" or ritual "cleansing" in order to keep their property.

Beatings and rape by the evictors have been reported in several countries. The following example from Bangladesh summarizes the brutality of evictions and their lack of regard for human rights.

Case study 5

Urban cleansing in Dhaka, Bangladesh

Dhaka's population is over 11 million, of which 46.7 per cent live in absolute poverty and about half this group in hard-core poverty. Landlessness, natural disasters, river erosion and lack of income-earning opportunities drive the rural poor to urban areas, especially Dhaka's sprawling slums and squatter settlements. But public authorities do not recognize their rights to live there. Some argue that the urban poor should be taken back to their villages and resettled there, and indeed such a programme is currently being implemented. When, in August 2001, the Government launched large-scale pull-downs (including settlements upgraded by UNICEF) and evictions, the worst affected were female garment workers, who came back to their sleeping shacks after the shift to find that they were no more. According to non-governmental organizations, some 12,000 families were affected. The Coalition for the Urban Poor (CUP) organized a protest rally, prayers and a high-level seminar to stop the evictions. Non-governmental organizations also showed the communities how to resist eviction threats, to which the Government has finally called a halt.

Source: Lalith Lankatilleke (2002).

V. Gender, culture and urban governance

A. Gender and urban governance

29. For all their obvious presence as citizens, women, especially when poor, remain under-represented in governing structures, especially local decision-making, owing to social and political gender-related factors. Affirmative action is in order, alongside innovations like the Competition and Awards for gender-responsive, women-friendly cities (in the Latin American and Caribbean and Asian-Pacific regions) as well as grassroots awareness-raising to involve more women in city governance.

30. Basic services, human rights, economic capacity, transportation, violence and security of tenure are major issues for women who must, therefore, be involved in decisions regarding them. Women are major users of water and their inclusion in water management committees has been found to improve both service and payment levels (Fong, M., Wakeman, W. and Bhushan, 1996: 7). Likewise, involving women in planning and management of sanitation improves systems, makes them socially and culturally responsive and enhances communities' sense of ownership (DFID, 1998; UNEP, 2000).

B. Gathering strength from informal relationships

31. The variety and density of housing in informal settlements provide many opportunities for interaction. Often, especially in Africa, poor women form groups for economic purposes (so-called "merry-go-rounds", where group members contribute money for lending to an individual) to sort out their needs (purchase of household items, etc.). Group members also assist each other for funerals, weddings and emergency fundraising. These social support networks re-invent ties beyond kinship and have served as vehicles for campaigns against child abuse and wife-beating. Development projects can use them as entry points into the community, all the more so as these groups have already identified their leader or leaders, who can then be relied upon when planning for development in informal settlements.

32. Informal relationships are not confined to cities; they extend to rural areas and relatives occasionally trade cash or goods from the city against a constant flow of food from the countryside. This maintains links between the rural and urban areas, which to some extent balance the development process and spread new ideas.

C. Gender, human rights and the commercial sexual exploitation of women

1. Prostitution (commercial sex work)

33. Prostitution has a direct link with the break-up of small-scale communities and the advent of large, anonymous urban areas together with commercialised social relations. In 1985, the International Committee for Prostitutes' Rights demanded that sex workers be guaranteed human rights, including freedom of speech, travel, immigration, work, marriage, motherhood, health, and housing. As part of this rights-based agenda, the sex worker rights movement aims to curb unethical and abusive behaviour towards prostitutes. This includes harassment and extortion by police and other authorities; denial of fair treatment during arrest; imprisonment without due process; failure to investigate or prevent crimes committed against prostitutes (rape, physical violence, murder); and threats and reprisals against sex workers' families (Saunders P. 2004).

34. The purpose here is to draw attention to the needs of those poor urban women involved in prostitution. Although it is almost impossible to eradicate it, governments cannot continue to ignore those involved. They require health, sanitation, housing and security services. Whether prostitution contributes to gross domestic product (GDP) remains a moot point. Either way, it must be seen as another strategy of informal economic sustenance some women have adopted in informal settlements.

Case study 6

Sex workers organizing in Bangladesh

Sex workers in developing countries see human rights as a crucial tool to address the double discrimination they face as women and as prostitutes. Women who were evicted from the Tan Bazar brothel in Bangladesh recently won the right to return to their place of work, with local non-governmental organizations' support of their rights and international attention to strengthen their cause. In 1999, when 3,500 sex workers were evicted from Tan Bazar, they and their families were forced to move to a vagrants' shelter where they faced sexual harassment, abuse and extortion. When deciding the case brought by 100 sex workers, the High Court concluded that the Government had no legal grounds to evict the brothel occupants because prostitution, when the basis for women's livelihood, is not illegal. The case is crucial as it shows that if sex workers' human rights must be upheld, one should look beyond civil and political freedoms and also consider economic and social rights, including the right to work. As Carol Jenkins, an advocate for Bangladeshi sex workers, put it: "No other approach but that of human rights – such as the rights of a citizen and the right to work – would have worked in Bangladesh. Because a coalition of over 60 human rights organizations put its strength behind the sex workers' cause, the High Court would hear the case."

35. The challenge remains to raise awareness, strengthen organizations, and train effective lobbyists who can win permanent status for sex workers' rights.

2. Sex tourism

36. Sex tourism has direct harmful effects on the lives of women and girls. A large majority of the women involved may have done so deliberately and outside any sex slavery and trafficking, but their social and political circumstances (school drop-out, higher rates of illiteracy, disease and poverty) are not alien to their decision. Sex tourism may attract some well-off urban women as well, but the effects of sexually transmitted diseases (STDs), in particular, HIV/AIDS, are visible across all categories, with slums the most affected, including by other infectious diseases. And since the majority of women partaking in sexual tourism are young, globalization takes an even heavier toll.

D. Role of culture in human settlements development

1. Popular culture and arts

37. Cities typically preserve a nation's culture in museums, archives, cultural centres, performing arts and media, providing incomes for young and adult people from informal settlements. There are no reliable data but, in Kenya for instance, female groups take to entertainment as a source of income. Popular culture gives the young opportunities both to consume existing forms and re-invent some. The contributions they make in the fight against HIV/AIDS, crime, immorality and general social deviance through music, drama and poetry are quite significant. Young people from informal urban settlements (slums, ghettos) have often come to epitomize success in these areas of popular culture. They also inspire others to venture into more positive out-of-school activities than gang behaviour (idling, crime and prostitution). Others have used drama and the visual arts to make effective contributions to the development of informal settlements.

2. Media

38. Accessible media like radio and television have been instrumental in lobbying and advocating for the social, economic and reproductive rights of poor women and young people. Locally composed drama brings their daily plight to the attention of policy-makers, highlighting lack of access to basic services, domestic violence and HIV/AIDS. In Kenya, artists from informal settlements appear in popular broadcast programmes. The media widely publicize forced evictions, harassment and their consequences, with rights activists often calling for action. Broadcasts also broach development-related issues regarding health, education and safety. But then what proportion of slum-dwelling women have access to radio or TV? Ownership depends on income. Most males are at an advantage as social clubs provide such media, which further widens the gap for women.

3. Literature

39. Reading is another good channel of information but its effectiveness depends on whether people have access to books, magazines, etc. In the past, writers have used literature as a way of telling the world about problems affecting their communities. Where the situation of poor urban women is highlighted either directly or indirectly, they are often stereotyped as prostitutes, or preys to males. Their dwellings when depicted are often poor, with the woman having to depend for extra money from a certain man in order to dress appropriately and pay rent. However, another brand of authors, typically from West Africa, often portray poor urban women as militants ready to fight for their rights with law enforcers. For instance, *So Long a Letter*, by the Senegalese novelist Mariama Bâ, explores the gains and losses that two female characters experience through urbanization and colonial re-acculturation over their lifetimes. But, here again, poverty means that many women will never benefit from such wisdom, all the more so as libraries in most cities are elitist and charge fees.

4. Role of religion

40. Religion is an integral part of any culture but its influence varies from individual to individual. More women than men subscribe to religion, giving them a common ground to discuss their plight and to take appropriate action. The influence of religion on women's groupings in informal settlements is not well documented.

VI. Conclusion

41. The interrelationship between culture, gender and urbanization is a complex one. The poorest of the poor in urban areas are women, all the more so as they remain hostages to patriarchal ideologies. Most cities in the developing world are not women-friendly as discomforts – such as poor transportation – and danger lurk everywhere: lack of employment, housing, basic services – notably water and health – and sexual and physical violence. Urban planning tends to overlook gender issues in access to land, property and housing. Many countries have reformed law and policies accordingly. But a more holistic and inclusive approach is still required; in particular, reforms of inheritance and marital property regimes and those of laws and policies on land, housing, credit and gender must be consistent between them. Urban and peri-urban land issues must come within national land policy and be linked to rural land issues. Gender must be a cross-cutting perspective, including in budget allocation. Implementation of such laws and policies remains a huge challenge, requiring concerted efforts at all levels if women's

rights to land and property are to become realities. Popular culture promoting gender equality and the advancement of women has a role to play.

42. Tensions are obvious between economic growth, social equity and political legitimacy in cities around the world. Urban governance allows them to coalesce and seek resolution. But it must involve women alongside men, since each gender experiences and uses the urban environment in different ways and has different priorities for urban services and infrastructure.

43. The case studies mentioned in this paper highlight women's success in informal sector trading, self-help employment through micro financing, lobbying and advocacy, as well as turning culture into an effective tool for development and economic empowerment.

VII. Key issues for discussion

- How best can culture be used to create an urban environment where men and women can live in peace and harmony, as equal human beings, and work in partnership for social justice and development?
- Why have women activists and women's affairs ministries focused so little on music, art, poetry, dance and drama to further women's rights and economic empowerment? What is the missing link and how should this be addressed?
- How can poor women in informal settlements manage security of tenure for the land they occupy, and how can this help address the adverse impact of poverty in slums?
- Can we keep talking about safer cities without adequately addressing the abhorrent crimes committed against women caught up in prostitution and sex tourism, especially the more vulnerable who are driven into the trade by poverty and gender discrimination?
- Women predominate in the informal sector, and they also feed the city. How long can authorities continue to disregard the informal sector, dismiss the plight of the urban poor, and condemn women to poverty? Can governments and development agencies reconsider their stance, change policies as required and reduce poverty?

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