PART III

SEARCHING FOR ADEQUATE POLICY RESPONSES AND ACTIONS

This third part of the Global Report builds on the preceding sections by examining who the different stakeholders responding to the growth and development of slums are, and reviewing the policy options and strategic alternatives that they have adopted, particularly inclusive strategies of partnership and participation.

Through this review, some of the past assumptions about the role and contribution of different actors are questioned, and many of the practical difficulties that they face are examined. The successes and failures that have characterized many decades of attempts to address slum conditions are highlighted. Recommendations encompass the need to adopt a flexible approach to the principal strategies, slum upgrading and secure tenure that can be tailored to specific contexts and that promote structures within which the different actors can cooperate and work together.

The chapters reveal a number of common themes that bring together the experience of the diversity of actors and policy approaches across the board. These are dealt with from a different angle in each of the three following chapters.

Chapter 7 looks at the shifting priorities and approaches of the variety of actors working with urban poverty and slums, including those of national governments, as well as of multilateral and bilateral development agencies. It starts with a review of the broad spectrum of interventions that have been used in slums in different countries, ranging from forced evictions and resettlement, through large-scale public-sector interventions of different kinds (including social housing and demand-side subsidies), to local pro-poor and inclusive approaches, such as upgrading, enabling and city development strategies.

In view of this changing context for urban development, the changes in priorities of the range of actors dealing with slums are reviewed. A number of emerging themes are highlighted, such as the extent to which the heavy reliance on purely market-based solutions to slums has increasingly been questioned by most actors, leading to a growing emphasis on human rights aspects of slums, and calling for better efforts to balance market-based approaches with a concern for social issues and equity for the urban poor. Positive trends are also highlighted: notably, encouraging examples of international networks and initiatives, as well as evidence of increasing efforts to adopt more integrated approaches to slum improvement.

Chapter 8 complements the preceding chapter's focus on public-sector and international agency policies and activities by looking at the key contribution of civil society organizations in dealing with problems of urban poverty and housing.

Firstly, the strategies of low-income urban households themselves are examined, considering the barriers and sources of vulnerability faced by men, women and children in slums, and the responses of their community organizations. This discussion of poor households is used as a basis to define and examine the different components of civil society, including community-based organizations (CBOs) and non-governmental organizations (NGOs), highlighting the diversity of their structures, their motivations and their activities in slums. These range from the direct provision of resources and services to slum dwellers, to activities such as lobbying for policy change and mobilizing other actors who deal with slums.

In the light of this diversity, the chapter goes on to look at some of the implications of working with civil society organizations in efforts to address the problems of slums. In doing so, it highlights the important role of NGOs in representing and reaching the urban poor. At the same time, it questions some of the naive assumptions that are commonly held about civil society, leading to frequent failures to understand its scope for addressing urban poverty in many contexts. This is highlighted in issues such as lack of accountability or the existence of inequalities in power relations in communities, which may mean that the poorest and most vulnerable are excluded, and that the often conflicting relations between the state and civil society bodies are often not taken into account.

Chapter 9 draws together a number of issues relating to the 'inclusive city' and inclusive development strategies. The review of policy issues highlights a number of areas in which the major policy approaches need to be improved.

It continues from the previous chapter with an examination of the strategies and arrangements for replicating and broadening slum upgrading strategies before considering the key policy issue of security of tenure – for which there is a need to move from current strategies of regularizing tenure to more affordable and inclusive means of establishing housing security.

Infrastructure projects have rarely been approached in a way that meets the requirements of poor people or uses their labour. Poorly thought out transport policies have not been inclusive and have relocated the urban poor to remote areas and eliminated their means of accessibility in order to provide better access for affluent households with cars. Civil works, in general, often provide opportunities for small-scale enterprises and communities to improve their livelihoods through more labour-intensive appropriate technology approaches.

The mobilization of finance for small enterprise, civil works and housing has been a key concern for enabling approaches, as conventional banking or finance organizations rarely extend into slum areas because of perceived high costs and risks. Accessing novel instruments or sources to improve affordability and availability of funds generally requires government facilitation or support.

The second part of the chapter focuses on governance and inclusion, discussing the Campaign on Urban Governance, partnerships and cross-sectoral coordination. If inclusive policies are to be put into practice, participatory urban governance has a major role in reconciling the competing interests and priorities of urban actors from the public and private sectors and civil society, as well as in coordinating activities across a range of sectoral areas and levels of activity. Inter-sectoral coordination and the melding of bottom-up participatory planning with top-down national planning are critical to the success of participatory experiments.

Major highlights of the third part of the report are as follows:

- For a long time, neglect or forced evictions were the major response to urbanization in the developing world. A general consensus has slowly emerged that comprehensive slum upgrading schemes, forming part of larger development strategies, are the recommended best practice for less developed countries. Establishing secure tenure, public health and sustainability, advancing gender equality, and – especially – partnerships for poverty reduction are also major planks of the platform.

- Intra-household differences and inequalities (especially relating to the role of women) must be taken into account in defining strategies or interventions. Reciprocal relations between households that create support structures are vital parts of the operation of successful low-income communities. This explains why different ethnic groups cluster together. Keeping these relations intact must be addressed in all types of intervention.

- In a few places, the primary response to slums and areas of poor housing is now a combination of public or social housing, targeted housing allowances, and rebuilding through gentrification. Housing finance for low-middle income earners is supported by the secondary mortgage market or other government guaranteed funds. There have been considerable advances in public housing asset management and innovative housing and finance schemes for lower-income earners. Much public housing has been moved to housing associations (with NGO management). In many places, social housing is now quite diversified in order to meet the needs of a changing clientele, and is under tenant management or participation.

- The centrally planned economies met their primary urbanization with very large-scale, often high-rise,

public housing construction. China alone has provided up to 50 million enterprise-built dwelling units since 1950. These countries have had difficulty in meeting the challenges of asset management and diversification, partly because of the unsustainably low rents charged. By contrast, Singapore combined savings schemes with innovative asset-management practices to create sustainable organizations that supply most of the public and private housing.

- Chile and South Africa have conducted large-scale direct subsidy programmes, involving up-front payments to households to finance private-sector housing: South Africa has built over 1 million affordable houses in five years by this means. By and large, however, publicly assisted construction schemes have been a failure in the developing world, with poor execution and resources woefully inadequate to the task. Even aided self-help schemes, such as sites and services, have proved too expensive for lower-income households.

- The removal of regulations that harass poor people in earning their livelihoods or building housing, or that hamper the development of effective private markets, are a focus of some international agencies, including the World Bank and the US Agency for International Development (USAID). Others such as the Nordic countries focus on human development, sustainability and empowerment.

- In 1998, over 200,000 grassroots organizations were functioning in Africa, Asia and Latin America. These organizations are involved in organizing self-help activities, running community facilities, as well as a range of other local projects and activities.

- There are at least 50,000 NGOs working with poor communities in developing countries. They have been instrumental in obtaining and distributing resources, and in providing advocacy and diversity of response, and they have become the preferred channel for relief agencies to implement anti-poverty and self-help programmes. In many cases, non-profit organizations are preferred over the private sector in contracting out government services. They are seen to encourage democracy and accountability in countries where there has been increasing disillusionment with government. However, as they have gained in importance, they have also become less and less autonomous. The line between governments and NGOs has often become quite blurred. The understanding of what participation and partnership mean in practical terms remains open to wide interpretation. Participation and partnerships are often regarded as a cure-all for development problems, without careful thought being given to how best the complexity of, and barriers to, these goals should be addressed.

- Large-scale regularization of housing on public land has often failed to provide sufficient coverage and has failed to reach the poor. Regularization is often a difficult, costly, complex process, beset by corruption, which leads to situations in which the poorest residents may be squeezed out through market pressures after housing areas have been 'formalized'. Instead of heavy reliance on regularization programmes, therefore, Chapter 9 advocates a move to more locally tailored, flexible and incremental systems to upgrade tenure through, for example, temporary measures using cooperative ownership, or emphasizing occupancy rights rather than freehold titles through administrative or legal measures against forced evictions.

- Infrastructure development is a major cause of relocation of low-income households, often to remote locations without access to services or income opportunities. The equity implications of new transport initiatives must be part of project and programme plans – especially with regard to low-income transport and to relocated households.

- Upgrading and other infrastructure projects should use labour-intensive solutions involving small-scale enterprises rather than heavy equipment, where this is economically justified. Government incentives or subsidies to large contractors should be removed and legislation and training should support small enterprises. Building regulations should allow for more affordable technologies. Unpaid volunteer labour should only be used on the most local activities.

- Typical annual expenditures by local governments in Northern Europe are well above US$1,000 per person, while in the least developed cities the expenditure may be less than US$1. As a result, services are grossly inadequate. The lack of revenue is largely due to the poverty of the citizens, but is also compounded by poor governance and inefficient tax collection mechanisms.

- Micro-finance approaches used in informal enterprise lending have also been used for housing, but they are not ideal as terms are too short. A number of good practices in lending for cheaper or even informal housing exist; but they tend not to extend to the lowest-income households, including slum dwellers. The private financial system is unlikely to lend to the poorest groups. However, they can be encouraged to lend to middle-income households using various forms of guarantee or support, or through untapped sources of funds, such as credit societies or secondary mortgage markets, which takes off some of the pressure on housing markets. Interest rate subsidies or fixing are not recommended as they limit the supply and effective functioning of the housing finance system.

- The advantages of partnerships are in obtaining synergy, public efficiency and community participation. But partnerships must be inclusive and firmly within the domain of elected government. Partnerships may be developed for infrastructure or service provision, for planning, advocacy and the carrying forward of projects.
- Effective inter-sectoral cooperation requires the building up not just of mechanisms and committees, but of trust and a good knowledge of specific responsibilities and how they may be brought together. Obtaining a confluence of top-down and bottom-up approaches, effective coordination of decision-making and policies, as well as the building of a consensus and shared city vision, are prerequisites to the success of participatory governance.

7

NEW POLICY DEVELOPMENTS AT THE NATIONAL AND GLOBAL LEVELS[1]

Past slum policies and strategies pursued by governments and local authorities are generally well known and have been reviewed extensively.[2] This chapter is therefore more concerned with the forces that shape the sequence of slum policies implemented in both developed and developing countries, with emphasis on recent policy developments. As shown earlier in Chapters 4 and 5, the first experience of dealing with slums was in the now high-income, or developed, countries, starting in the late 19th century. This experience provided a starting point for developing countries as they sought to implement national urban low-income housing policies and, within that context, to address slum problems emerging in their rapidly expanding cities. In addition, slum solutions in developing countries have been increasingly shaped by the successive policies and approaches adopted by international agencies, both multilateral and bilateral.

In light of the above, this chapter first discusses the search for affordable and sustainable approaches to the provision of public-sector housing for low-income households in both developed and developing countries. This provides the necessary background to an understanding of the slum-specific policies pursued by governments, which are summarized in the second section. This is followed by a brief discussion of two recent contextual changes contributing to the shaping of new low-income housing and slum policies – that is, increased inequality within and between cities (earlier examined in more detail in Chapter 3) and the increasing relative political importance of cities. The fourth section analyses the roles and priorities of international actors who are partly responsible for shaping emerging slum policies, including both bilateral and multilateral agencies. The final section examines three current pressing issues that initiatives designed to improve the lives of slum dwellers should address – namely, financial constraints; contradictions between economic and social objectives; and coordination and cooperation, especially among international agencies working in slums.

SEARCH FOR AFFORDABLE ALTERNATIVES AT THE NATIONAL LEVEL

Periods of major housing stress have usually precipitated major changes in policy response. Demobilization following major military engagements has always led to a wave of owner-building. Unregulated 'wild settlements' sprang up around many European cities after World War I, and an international wave of owner-building occurred during the late 1940s, particularly in the US, Canada and Australia, where governments did not intervene quickly enough to deal with the huge housing shortages. Veterans' housing helped to set the post-war parameters for housing policy in these countries.

The most affected countries did, however, respond rapidly and effectively. From the 1930s to the 1970s, re-housing the poor was the focus through the construction of public housing, often in high rise blocks, that replaced existing 'slum areas', which often were perfectly viable heritage housing – for example, in Glasgow. The record of re-housing the existing residents remained poor – in Sydney less than 20 per cent of the residents of a tract demolished for a public housing block during the 1960s were re-housed. The blocks themselves often had the opposite of what was intended, in terms of effect, with no one having responsibility for the public spaces, and no interacting community to maintain order. The highly publicized demolition of the Pruitt Igoe block in Detroit, after only five years of operation, ranks with the Titanic as a testament to the folly of exaggerated claims.

A strong private commercial interest in developing and building these blocks through 'public–private partnerships' kept the building process alive for longer than their utility to the residents would have dictated. Only the collapse of several shoddily built blocks (notably, Ronan Point in Newham) stopped the march of the council behemoths in the UK.

From the 1980s, under neo-liberal theory, support for government construction or comprehensive subsidy was curtailed in favour of demand-side subsidies through payments to qualifying households to improve their housing-related income in order to make housing affordable. This was intended to enable the private sector to 'do its job' of building housing and supplying the capital for it. The full-scale neo-liberal agenda, as expressed in the US Housing Allowance Voucher Experiment of 1977, was never implemented; but, subsequently, universal housing allowances with a degree of tenure neutrality became a feature of most Western systems.

Critics of demand subsidies complained that low-cost housing was inelastically supplied, and that private rental lacked security and was inherently an unequal tenure, so that subsidies would primarily be absorbed as higher profits

by landlords. Housing allowances would involve an ever increasing drain on government budgets that could never be removed, unlike capital expenditure that can be varied on an annual basis according to economic conditions. However, Keynesian-style pump-priming moved out of fashion, and budget flexibility ceased to be an issue. By the early 1990s, housing lost its own urban portfolio in government and was subsumed into social security in many countries. Expenditure on housing also fell substantially in many countries during the period: the extreme example was the US, where designated housing expenditure on low-income earners fell by 70 per cent in the 1980s.

In an attempt to maintain the low-income stock, different forms of public housing acquisition and control were tried: they paid more attention to social mix, had less uniformity of dwelling types and allowed for more tenant control. This included decentralization of control through housing associations, and alternatives such as shared ownership, spot purchase of existing dwellings to replace tenant sales and longer-term head-leasing from private landlords. Scattered site acquisition policies were begun in a number of countries.[3] These have had a mixed record of success. However, with increased inequality and a reducing or stationary stock, public housing as a fully viable alternative tenure, with cross-subsidy between generation groups and income groups, has become untenable. This public-sector housing tends to be residual and restricted to the most

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disadvantaged groups almost everywhere in the West, except perhaps in The Netherlands and the Nordic countries.

During the 1990s, a number of governments stated that their intention was to reduce spatial inequality or ethnic segregation and to eliminate slums, often through partnership mechanisms, in a similar spirit to *The Habitat Agenda*. Some countries, such as The Netherlands, have adopted legislation particularly to prevent spatial segregation of low-income earners – although this segregation had once enjoyed widespread policy support.[5] The US, which had spent more than a decade pressing forward with policies that had dramatically exacerbated spatial segregation and marginalization, adopted a number of affirmative action pilot initiatives from the late 1980s in order to improve spatial mix.[6] These housing responses were focused on individuals in the neo-liberal fashion, and scattered site-acquisition and housing-voucher programmes focusing on moving families from inner to suburban areas have been conducted on a fairly small scale in some cities.

In Europe, the dominant paradigm has become *social inclusion* rather than the underclass thesis[7] or discussions of poverty alleviation,[8] and what is to be done about excluded groups has become a key concern.[9] This has led to the adoption of area-based initiatives, which drew on the theory of social capital to develop social networks that become empowered in local governance situations.[10] This involved reforming governance structures to empower and include communities and individuals, rather than attempting to 'save' specific individuals by removing them from the influences of slums.[11] Tenure diversification on public estates, area-based interventions to empower local communities, tenant management, and the construction of more varied kinds of stock were other responses to reducing the increasing marginalization of those living in public housing as the state withdrew from direct intervention in parts of Europe (see Box 7.1).

Public housing in developing countries

The first attempts to solve the housing problem in developing countries, particularly during the 1960s and 1970s, copied European examples and began to build public housing. This rapidly stalled as it became clear that it would not provide a 100th of what was needed. It is estimated that no more than 100,000 dwellings were built in developing countries, and most of these went to government employees, such as police or teachers.

The places where public housing production succeeded in making a significant impact on total housing stock were in command economies with access to significant taxation revenues (see Boxes 7.2 and 7.3). In these places, the government was prepared to sequester a significant proportion of national income to meet housing costs. In the case of Singapore, self-sustaining programmes were created through housing sales and rents.

In the tiger economies of Asia and the oil economies of the Middle East, lobbying by private developers ensures that commercial high rise is still the major housing solution for low-income people. The housing that results is hostile to

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Box 7.1 Aviles, Spain: integration of slum households within existing neighbourhoods

Aviles is a city on the coast of Asturias with an area of 25 square kilometres and a population of 85,000 inhabitants. In 1950, Aviles was an agricultural and stockbreeding area with a population of 21,000 inhabitants. During the 1960s, it became an industrial (iron and steel industry) city with a sharp economic growth that generated unplanned immigration. This migration brought urban speculation and the consequent socio-spatial segregation of the population. When the gypsy community arrived in Aviles, they settled in six shantytowns near the newly created housing states.

The gypsy community (about 500 people) progressively settled in certain impoverished areas with difficult access to basic services (housing, education, training and employment, health services). Since 1989, the eradication of the shantytowns and the integration of this group within the city has been one of the main political and social concerns. The Aviles local authority is working to achieve social inclusion by the end of 2003 and the figures show that from the 500 people who lived in six different shantytowns, currently there are only 125 living in four different shelters, and 160 are living in a 'promotional city'. The aim is to accommodate all of them (including the ones living in the promotional city) in 'normalized' conditions all over the city in order to ensure not only their access to decent housing, but also their access to other services and resources (for example, health, education and employment), thus facilitating social integration and multicultural coexistence.

The most important results are the resettlement of 75 families accommodated in 'normalized' housing all over the city and the eradication of two shantytowns (Villalegre and Divina Pastora). Others are the coexistence between the gypsy and non-gypsy population, induction into mainstream health care and education provision, and the creation of gypsies' associations – in particular, women and youth associations.

Among the contributing factors that have fanned the development of this project are social participation that is all inclusive, consensus within the community and, ultimately, the confluence in one territory of several plans, programmes and projects with complementary intervention objectives and strategies, involving different administrations and institutions.

Box 7.2 Singapore: a successful public housing programme

A great deal has been written about Singapore's successful public housing policy – for example, Yeh (1975), Wong and Yeh (1985), Pugh (1985, 1987), Castells et al (1990) and Lee et al (1993). It is one of the few countries that practices whole-housing sector development, with housing policies and institutions advancing systematically and comprehensively with the economy.[i]

By 1959, rapid population growth and neglect had led to deplorable housing conditions. As with most middle-income countries, market failure in mortgage finance was partly responsible.[ii] The Housing Development Board (HDB) was set up in 1960 to 'provide decent homes with modern amenities for all those who needed them'. Construction is tendered out to private companies. Slum and squatter settlements were cleared to make way for mostly high-rise apartment buildings.

Today, 82% of Singapore's housing stock has been built by the HDB. These dwellings are primarily sold to eligible households on a 99-year leasehold basis. Apartments have one to five rooms, including about 50,000 executive apartments and condominiums. They can be purchased, using funds from the Central Provident Fund (CPF), a forced savings scheme that receives a compulsory 20% of wages from all employees and 10% from employers. About 90% of the resident population have become owners, mostly through the HDB.

The CPF also provides mortgage loans, at concessional interest rates about 2% below the market rate, of up to 80 or 90% of the apartment price, which is also subsidized.[iii] It invests its money in government bonds. The private finance sector has also grown in recent years; but 63% of loans still originate from the public sector. From 1999, the HSB intended to start issuing bonds to meet 25% of its building programme.

There is a waiting list of about 2.5 years, and flats may not be resold for five years in order to curb speculative activity. Since 1994, one-off grants of about US$25,000 are available to eligible households to purchase resale flats. The public sector also dominates the land market, doubling its holdings to 80% of the island under the provisions of the draconian Land Acquisition Act of 1966. This was necessary to head off speculators who hoped to profit from public activity.

About 10% of the stock is held as minimum standard housing for the lowest-income households (less than US$5000 a year) and those awaiting apartment allocation.

An average of 9% of gross domestic product (GDP) per year has been allocated for housing (compared with around 4% in Organisation for Economic Co-operation and Development – OECD – countries). Savings have run at about 50% of gross national product (GNP) since 1975, most of which went into capital formation until the late 1980s. Housing expenditure has been used to pump-prime the economy in times of slowdown.

As in other countries with a large public building programme, by 1990, the stock of small apartments was inadequate to meet the needs of an affluent population. Entire blocks have been repossessed for retrofitting to larger size and higher quality. The costs of retrofitting apartments are shared with the owners. The option also exists for households to combine two adjoining small flats.

Notes: i Most of this description is from Phang (2001). ii Singapore was a middle-income country, at the time. Per capita GNP in 1997 was US$33,000, the fourth highest in the world. iii Prices are pegged to ensure that 90% of households can afford to buy a three-room repurchased flat or a four-room new flat.

traditional social patterns that make use of community and open space for lifestyle and income opportunities. The system-built dwellings are difficult for the occupants to repair or to expand as changing family circumstances dictate, and require expensive commercial interventions. This prohibitive repair bill was one problem that Russia faced before the authorities decided to hand the properties over to the residents.

A recent study concludes that there is no particular case favouring either public or private housing provision in terms of efficient production or management.[12] Appropriately configured not-for-profit producers can (and do) perform as efficiently and effectively as private producers, and actually enjoy an advantage in times of housing shortages or national trauma. However, it seems to be difficult for many developing countries to configure public delivery systems beneficially: corruption, political interference, inefficiency, inflexibility, unfair allocation and extensive delays are the rule rather than the exception.[13] Most importantly, resources available for housing are seldom sufficient to make more than a token dent in the housing problem – and it is very clear that public housing only works when it is carried out on a large scale with long-term government commitment.

Despite several well-publicized success stories, such as Singapore, government or even non-governmental organization (NGO) housing provision is largely out of favour in the developing world, and aided self-help remains the dominant paradigm, as it has been since the mid 1970s.

Assisted self-build and slum-improvement programmes

Slum clearance on the Western style has been the major response in many developing countries, despite its proven inadequacies – and for the same dubious reasons.[14] In Manila, attempts to re-house slum dwellers along the riverbanks into distant locations has not been a success – most of the beneficiaries, finding that they cannot make a livelihood on the edge of town, are back in place in a few months. Nevertheless, the Pasig River reclamation continues to be the major housing programme.

However, over a long period, other solutions that attempt to make use of the labour and resources of slum dwellers, and which seek to preserve and involve communities, have become the preferred solution to slum improvement.

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Box 7.3 Building urban China, 1949 to 1990

The example of China is like no other. It is possibly the only large country that has managed, so far, to urbanize rapidly without the creation of large slum areas or informal settlements. This has been done in ways that might not be acceptable or possible in other countries, and which have involved the unusual combination of centralized control over economic and social life, coupled with a great deal of decentralization. This grand experiment will probably never be replicated, requiring, as it does, tight control over the economy, a central planning system and the cooperation of a populace eager to build socialism and, therefore, to accept a more limited degree of personal consumption and property ownership than would be normal.

China's urbanization is an extreme example of a 'modernist' project, with urban influx controls related to jobs and almost complete uniformity of provision. From 1949, the new communist government provided the guaranteed basics of life to urban Chinese for the first time, and housing had a key place. The government instituted a regime involving economic expansion through state- or worker-controlled enterprises. Local management of the city and the enterprises was conducted by People's Committees, which also operated at the street level in setting up neighbourhood enterprises (for example, small goods workshops). Management within these committees was nominally democratic but was effectively controlled by the hierarchical network and the central planning process of the Communist party.

In return for accepting low wages, workers received many basic services, such as housing, utilities, education and health care, at a fraction of their cost.[i] The public enterprises provided most of the urban employment, and housing for the new employees was allocated to the project team, generally in the vicinity of the work place, which were usually large, walled, self-contained compounds.[ii] Initially, this was done through confiscating the housing of the middle and upper classes (about 35% of the private total), which was subdivided into shared room accommodation.[iii] From 1956, various forms of shared public–private ownership were instituted, which, after two years, reduced private housing to 23% of the stock in Xian.

Allocation was not based on needs or family circumstances but on work place status. The new workers were allocated 2 to 4 square metres each and were encouraged to keep their families in private accommodation. Essentially, housing was built through the profits of government enterprises as part of the reward system and was not operated on a sustainable basis. Rents were very low, well short of what was required for maintenance, and demolition and rebuilding, rather than refurbishing, became the norm. Up to 25% of urban capital spending was on new housing, but less than 1% was on urban maintenance. This remained a matter of concern for the central government, which sought to raise rents and even to transfer housing to the city governments; but the enterprises were continually seeking to lower rents in order to reward their employees.

By 1955, when the existing private stock had been filled, new construction began. The enterprises had an allocation of land (which was usually fixed) and a budget, and could build what housing they liked, subject to these constraints. The city government also built housing (about 6% of the urban total), and there was a small private sector of a similar size.

Initially, the new construction was single storey, low density, following the traditional style of courtyard single-storey dwellings in timber and sun-baked bricks.[iv] As enterprises expanded on a fixed land allocation, and since agricultural land was protected from urban expansion, the enterprises had to build to higher densities using the characteristic three- to five-storey rectangular buildings that would eventually become ubiquitous in urban China. Redevelopment of existing sites became a standard part of the urban scene.

China's urbanization between 1949 and 1990, in which 300 million people were provided and re-provided with housing over a 50-year period without slum formation and without inequality, must rank as one of the great human projects of all time.[v] While the Great Wall can be seen from outer space, so can the urban lights of China. It was also the most equitable urbanization of all time; with the exception of a few senior party officials who received much better allocations, 'everyone was the same'.[vi] Some 2 billion square metres of housing were built during the period 1949 to 1990, and production continues at the rate of 240 million square metres per year, mostly built by enterprises and a few foreign developers. Oddly enough, this occurred within the context of a general 'anti-urban' policy of limiting urban growth in order to minimize urban consumption and to maximize savings and industrialization.[vii]

The execution was not faultless: the housing provided was far smaller than rural housing,[viii] and in comparison to other countries,[ix] allocation was often seen as unfair and untransparent,[x] while inadequate maintenance budgets and lack of forward thinking regarding future land and housing meant that housing had to be demolished and rebuilt, often not to community or aesthetic advantage. The almost total provision through enterprises (unlike Russia, where only 20% of housing was enterprise based) also created something of a production juggernaut that has been very hard to turn or stop, in the face of decentralization, economic liberalization and changing national priorities.

Notes: i Howell (1997). ii Gaubatz (1999). iii Taken from Wang (1995a, 1995b) and referring largely to the old capital of Xian. A similar procedure was followed in many other cities; but because of decentralization and local management, there were many differences. iv The old courtyard houses had their central open space filled in with extra bedrooms and communal facilities to form 'a maze of impossibly narrow passageways and dark tunnels' (Gaubatz, 1999). v Rosen and Ross (2000); 100 million workers and their households. vi Wang (2000); Wang and Murie (1998). vii Lin (1999). viii According to Lee (2000), average urban housing size was about 7.5 square metres per person in 1992, while rural housing averaged 18.9 square metres per person. ix The first household survey of housing conditions in 1985 revealed that 27% of the urban population were sharing their dwelling, 37% had a shared kitchen, 76% had a shared toilet and 27% had no running water (Xie, 1999). x It has become customary to stress these inequities; but they seem to have been very limited, compared with other countries.

Assisted self-build has been an acceptable form of intervention since colonial times.[15] Some studies encouraged the World Bank to intervene in housing through sites and services and slum upgrading.[16] The idea is based on observations in Peru and takes a benevolent view of communities, particularly of participatory and humanistic management, as opposed to coercive and 'scientific' administration. It holds that if governments can improve the environmental conditions of slums, and remove sanitary human waste, polluted water and litter from muddy unlit lanes, they need not worry about shanty dwellings. Squatters had already shown great organizational skill in managing to erect dwellings under difficult conditions, and could maintain the facilities once provided, while gradually bettering their homes.

Some sites-and-services schemes predated the involvement of the World Bank, which came to dominate the agenda. Notable among these is Bulangililo ('show piece'), developed in Kitwe on the Copperbelt of Zambia in 1967. Despite the then prevailing view of the World Bank, their first sponsored sites-and-services projects during the late 1970s turned out not to be replicable.[17] On the one hand, they were not popular with either residents or policy-makers; on the other hand, cost recovery was poor even in middle-income countries such as the Philippines, where they required 70 per cent subsidies.

The alternative that has come to be regarded as best practice in dealing with the problems of squatter slums is slum upgrading. Upgrading consists of regularization of the rights to land and housing and improving the existing infrastructure – for example, water supply (& storage), sanitation, storm drainage and electricity – up to a satisfactory standard. Typical upgrading projects provide footpaths and pit latrines, street lighting, drainage and roads, and often water supply and limited sewerage. Usually, upgrading does not involve home construction, since the residents can do this themselves, but instead offers optional loans for home improvements. Further actions include the removal of environmental hazards, providing incentives for community management and maintenance, as well as the construction of clinics and schools. Tenure rights are primarily given to the occupants. Those who must be moved to make way for infrastructure may be given sites and services plots.

Upgrading has significant advantages; it is not only an affordable alternative to clearance and relocation (which cost up to ten times more than upgrading), but it also minimizes the disturbance to the social and economic life of the community. The results of upgrading are highly visible, immediate and make a significant difference in the quality of life of the urban poor. An assessment of slum improvement programmes is presented later under 'self-help and *in situ* upgrading'.

From the late 1980s, with the launch of the Global Strategy for Shelter, self-help programmes reached a new level of sophistication based on neo-liberal principles of the withdrawal of government to a broadly facilitative role and the fostering of efficient markets.[18] It was decided that the resources of the private sector and the people themselves needed to be mobilized and that the role of the government would be to remove bureaucratic obstacles, provide plans and advice, and generally facilitate the process. The strategy was never really implemented on a significant scale, as it was something of an interim step on the way to the comprehensive poverty reduction programmes of the late 1990s. The 'enabling approach' is still official policy for many agencies and countries, although it tends to be honoured more in the breach than in the commission.[19]

Housing capital subsidies

The problem with self-help is that it is relatively slow to implement and depends upon the cooperation, goodwill and resources of residents, and their governments and other stakeholders. The example of the high income countries (HICs) must be kept in mind: self-help has only been an important feature of housing and service provision in circumstances where formal structures are unable to cope, such as post-war emergencies. Once the system has settled down and re-established itself, public and private formal suppliers have taken over.

Much of the developing world is, effectively, in a situation of urban housing emergency where formal structures have failed; but it is not surprising that, in some countries with rather more resources, wholesale attempts to solve the housing problem through direct intervention are being tried on a large scale. As public housing meets with such criticism from neo-liberal advisers, and from critics of one-solution-fits-all households, social housing is accordingly in retreat throughout the world and is no longer considered to be the logical option.

Some broad initiatives in line with neo-liberal principles have been tried in several countries.[20] Demand-side subsidies in the form of housing allowances and housing vouchers have been tried in Eastern Europe, although the scope of the programmes has been quite small – not comparable with the universal housing allowance schemes in place in a number of countries in Western Europe.[21]

The real test of demand-side subsidies in developing countries has come with large-scale cash grant schemes in Chile and South Africa. Similar cash grant schemes have been tried in Germany, Poland, and Australia, sometimes coupled with forced savings as in Singapore, as an adjunct to an already well-functioning housing provision system. However, applying cash grants to pay much of the cost of housing for a whole population in middle-income countries with partially developed provision systems is altogether a much more substantial and risky commitment.

The Chilean system of targeted housing subsidy was begun to replace the socialist public housing programmes. It is regarded as a best practice, and elements of the scheme later spread to Colombia, Costa Rica, Ecuador and Panama.[22] As with the first Australian scheme, a targeted programme provided a subsidy to lower-income families depending upon how much they were able to accumulate in savings. About 1.6 per cent of GDP was spent on the programme in 1998, and this has fallen in the current fiscal crisis. However, an average of about 90,000 subsidies a year was provided in

In high-income countries, self-help has only been an important feature of housing and service provision in circumstances where formal structures are unable to cope, such as post-war emergencies

Upgrading has significant advantages; it is not only an affordable alternative to clearance and relocation, but it also minimizes the disturbance to the social and economic life of the community

From the late 1980s, with the launch of the Global Strategy for Shelter, self-help programmes reached a new level of sophistication based on principles of the withdrawal of government to a broadly facilitative role and the fostering of efficient markets

The First Home Owners Scheme (FHOS) in Australia has continued with occasional interruptions since the late 1960s. It involves a cash payment to eligible groups to assist with building or purchasing a first home, and is intended, partly, to fill the 'deposit gap' that households have to meet before they are eligible for finance. Conservative governments have started and stopped it according to housing market conditions and budget contingencies. It has always been immensely popular and has generally been associated with building industry and house price booms. In the mid 1980s, it was quite well targeted (Flood and Yates, 1986); but in its present incarnation of 2001 to 2002, it is not targeted at all (as it is intended to compensate for the effects of the new Goods and Services Tax on new housing): a number of millionaires have taken up the grant. Total outlays over two years have been 300,000 grants for US$250 million (an average of US$833), considerably more than is spent on public housing, and comparable to the spending on rent assistance.

The FHOS has always been attacked by housing activists on the major ground that very little of the money finds its way to the bottom 30% of the income scale or into cheap housing. Like concessionary home lending, it is, essentially, a programme for the lower middle class in order to move them into home-ownership when their market position seems to be weakening. As the votes of this group tend to control who is in power, any subsidy such as the FHOS that can be directly attributed to the incumbent party has good political support. When tied to new construction, as it has usually been, it is also a programme for the residential building industry, which has a strong lobby associated with the conservative political party.

the 1990s, covering some 22 per cent of the population.[23] A recent study concludes:

> *Chilean housing policy is exemplary. It is meeting many of the goals set by all developing countries, such as bringing an end to the illegal occupation of land, providing housing solutions for all families that need them (including the poorest), and making basic services available to almost the entire population.*[24]

In the case of South Africa, housing policy under apartheid was characterized by a 'fragmented patchwork of inequitable, unsustainable and disconnected inter-ventions'.[25] The 'million homes programme' was a major election promise of the African National Congress (ANC) when it was swept into power in 1994. It had multiple objectives to reward people for what they had suffered under apartheid, to improve the housing stock, and to attract people out of a mishmash of public housing schemes where receipts were not even enough to meet the repair bill, where occupation had become informal and largely unregistered, and where utility bills were not being paid.

Up to 5 per cent of government budgets were to be spent on housing – primarily directly to developers on behalf of individuals whom they had 'signed up'. After six years of operation, the scheme provided 'secure tenure to the poorest of the poor in both urban and rural areas. The total number of houses that have been constructed is approximately 1,155,300, housing close to 5,776,300 people'.[26] This is a stunning achievement for a new programme. About 196,000 subsidies per year had been given by 2001.

Policy approaches to slums of the last decades range from passively ignoring or actively harassing those living in slums, to actions aimed at protecting the rights of slum dwellers and helping them to improve their incomes and living environments

The expenditure has, however, been lower than originally proposed, at less than 1 per cent of the national budget,[27] which was not particularly generous compared to a usual 2 per cent budget expenditure on housing in the developing world.[28] The subsidy of 18,000 rand per house was not enough, and not enough effort was put into establishing corresponding lending facilities to match the government grant or to obtain a contribution from the new owners so that, in the end, local governments have had to step in to make up the shortfall, particularly in the provision of infrastructure. The private sector has largely moved out of provision because of poor mark-ups on such cheap housing, and the bulk of 'subsidy housing' is now being built by government.

Much of the housing has been built to low standards because of its very low cost and the inexperience of new builders who rushed in to meet the huge surge in demand. Nevertheless, for once it was actually affordable to low-income earners. Some lower-income occupants were not prepared to meet the full cost of utilities and other home-ownership costs, preferring to sell their new houses, take the capital gains and move back to low-rent township housing. As with slum clearance and relocation, the failures have arisen because it has not been perceived that the problem is not one of housing, but of income generation in an informal setting.

These large-scale schemes in Chile and South Africa arose because the public housing systems that they replaced were almost bankrupt and something new had to be tried.[29] All of the examples have shown that a wholesale injection of funds into housing markets can produce a great deal of housing. The amount of expenditure can also be controlled, unlike housing allowances, and much of the money finds its way into owner-occupied rather than rental housing. The quality of this housing is at issue, the capacity to afford to occupy it is also in doubt for low-income earners, and the potential for diverting funds to enterprising but not necessarily competent developers has been substantial. Nevertheless, in terms of the number of new houses produced, these interventions are hard to beat.

PAST AND PRESENT APPROACHES TO SLUMS AT THE NATIONAL AND LOCAL LEVELS

Many policy approaches to slums have been attempted during the course of the last decades. They range from passively ignoring or actively harassing men and women who live in slums, to interventions aimed at protecting the rights of slum dwellers and helping them to improve their incomes and living environments. Comparative analysis of policy approaches to slums shows that, currently, cities are still practising many of those approaches that were in use decades ago. Approaches to slums that were employed even over 100 years ago may still be seen today. For instance, the use of summary eviction and slum clearance in 19th-century

Box 7.5 South Africa's right-based housing policies and demand-side subsidies

South Africa is one of some 30 countries that have included the right to housing in their constitutions. Its housing policy is also based on *The Habitat Agenda*. Section 26 of the constitution, adopted in 1996, states that all South Africans have the right to 'access to adequate housing'. A recent court ruling in South Africa, however, stressed that it is not an unqualified obligation on the state to provide free housing on demand, as the constitution states that 'The State must take reasonable legislative and other measures, within its available resources, to achieve a progressive realization of [Section 26: the right to have access to adequate housing]'. Moreover, the court ruled that there 'is an express recognition that the right to housing cannot be effected immediately'.

The South African government has taken a wide range of steps within the framework of a progressive realization of housing rights since the introduction of a democratic government. A wide range of legislation has been adopted to improve the housing conditions of the average citizen, in general, and of the most vulnerable and disadvantaged groups, in particular. Moreover, and in line with paragraph 61 of *The Habitat Agenda*, the legislation (the Housing Act) calls for monitoring and evaluation of the situation with regard to homelessness and inadequate housing. The South African Human Rights Commission is a major instrument in this context. It carries out and publishes an annual report on the realization of the rights enshrined in the constitution, including the right to adequate housing.

The main practical mechanism for implementing the new housing policy of South Africa is the use of a wide range of targeted subsidies. All households with incomes below certain minimum levels qualify for such subsidies. In fact, since the first democratic elections in 1994, the government – in collaboration with a wide range of civil society actors – has provided subsidies to more than 1,334,200 households for the poorest among the poor in rural as well as urban areas. By 2001, a total of 1,155,300

houses had been constructed, housing close to 5,776,300 people, in a country with some 40 million people – a remarkable achievement in so short a time.

The People's Housing Process is a major initiative addressing the shelter needs of the poorest and most vulnerable and disadvantaged groups. It makes a particular effort at involving women in decision-making and draws on their special skills and roles in the communities. The scheme contributes to the empowerment of communities and to a transfer of skills. This housing delivery approach relies on subsidies from the government and technical, financial, logistical and administrative assistance from non-governmental organizations (NGOs) and support organizations. The issue of quality control versus the quantity of units produced was being addressed in South Africa through the establishment of a National Home Builders Registration Council. Moreover, and rather importantly, it was recognized that a gradual approach to standards was necessary.

A number of lessons can be drawn from the South African experience with regard to the operationalization of the right to adequate housing. Among these are the need for national consensus on the definition of adequacy; the need to identify additional financial resources; and the need to improve the capacity of, and the efficiency among, all stakeholders in the housing delivery process. Moreover, there is a clear need to identify new and additional options in the housing markets in terms of quality of dwellings, as well as innovative tenure options that meet the requirements of the poorest groups.

Another, very significant, lesson from the South African experience is that a revision of national legislation is not a sufficient condition for creating the desired impact. Considerable financial commitment from government has proved to be necessary for a successful and significant impact, particularly in terms of alleviating the inadequate housing conditions of the most vulnerable and disadvantaged groups.

European cities can still be witnessed today somewhere in the world.

Frequently, policy approaches derive from the lessons learned and critical analysis of the previous endeavours and attempts. However, clear changes in the accepted wisdom of how best to deal with slums, and resulting changes in the approaches used, would be difficult to see as a straightforward process of policy evolution over time. While new policy approaches have been developed in response to the new requirements and to overcome the deficiencies of the past, many 'old' approaches, or at least some of their components, continue to be used today.

For example, educational and cultural issues were a key concern of programmes and policies premised on the post-war 'culture of poverty' perspective. Today, while this perspective is largely discredited, a focus on 'education' for slum dwellers is again evident, aiming at instilling appropriate values and behaviour modification, particularly in the context of current efforts to improve hygiene under unsanitary conditions.[30] Cultural factors are important in

many respects. Some are seen in attempts to create mixed-income communities, where middle-class households are expected to act as role models for neighbours who are unemployed. The work of the Culture in Sustainable Development group of the World Bank aims to support culture as a key element of social and economic development for poverty reduction, social inclusion and environmental protection.[31] Some of the policy approaches to slums that were used in the past (and all of which continue to be used today in various forms and contexts) are explored in more detail below.

Negligence

This approach predominated in most developing countries until the early 1970s. It is based on two basic assumptions: slums are illegal, and slums are an unavoidable but temporary phenomenon (mostly linked with accelerated rural–urban migration) that can be overcome by economic development in both urban and rural areas.

Negation of the reality of slums in cities – and, hence, of the rights of slums dwellers – was seen in the planning documents produced by urban central and local government planning institutions. More often than not, slums or informal urban settlements were not even placed on land-use maps, but were shown as blank spots denoting undeveloped land.

Such attitudes might be deeply influenced by the post-World War II reconstruction policy models that were heavily employed by the industrialized countries, especially in Europe, as shown earlier. These models where based on heavily subsidized low-cost housing programmes that, in the context of high and steady economic growth, brought improvement of housing conditions and resulted in elimination of urban slums. In an effort to achieve similar results, most developing countries responded to the housing needs of the poor through the formal provision of low-cost housing, rather than through policies of slum upgrading or integration. Making use of public land reserves and public subsidies, governments embarked on massive public housing schemes targeted, in principle, on low- and low middle-income groups, but actually allocated to the middle classes, government employees and political clienteles. The high cost of this approach was the main reason why the housing needs of the poor have not been met. In many countries, especially in sub-Saharan Africa, the situation was aggravated by post-independence economic constraints and resulted in increased social inequalities and spatial segregation in cities.

Eviction

This was a common response to the development of slums during the 1970s and 1980s, particularly in political environments predominated by centralized decision-making, weak local governance and administration, non-democratic urban management, non-recognition of civil society movements and lack of legal protection against forced evictions.[32] When it became clear to the public authorities that economic development was not going to integrate the slum populations, some governments opted for a repressive option with a combination of various forms of harassment and pressure on slum communities, leading to selective or mass eviction of slum dwellers.

Negotiations with slum dwellers (who were considered to be illegal squatters) were rare. Communities living in informal settlements were rarely offered viable alternative solutions, such as resettlement, and, more often than not, no compensation whatsoever was paid to evicted households. Evictions were usually justified by the implementation of urban renewal projects (especially during the redevelopment of city centres) and by the construction of urban infrastructures or for health, sanitary and security reasons. The highest pressure was therefore exerted on inner-city slum dwellers who occupied prime locations for development with better access to infrastructure.

This approach did not solve the problems of slums; instead, it shifted them to the periphery of the cities – to the rural urban fringes – where access to land was easier and planning control non-existent. The continuing spatial growth of cities brought about an endless cycle of new evictions and the creation of new slums at the periphery of cities, outside of the municipal boundaries, or it accelerated the overcrowding of dilapidated buildings within cities. Demand for land and housing from the urban poor during the 1970s and 1980s gave rise to the rapid development of informal markets and to the commodification of all informal housing delivery systems, including those in squatter settlements.

Self-help and *in situ* upgrading

This approach stemmed from the late 1970s, recognizing slums as a durable structural phenomenon that required appropriate responses.[33,34] It was based on the assumption of the diversity of local situations, of legal and regulatory frameworks,[35] and of the failure of responses based mainly on repressive options and the direct and highly subsidized provision of land and housing by the public sector for the poorest segment of the urban population. In addition, this new approach was fostered by increased awareness of the right to housing and protection against forced eviction at international level and the definition of new national and local political agendas in a context of an emergent civil society, as well as processes of democratization and decentralization.[36]

Self-help and upgrading policies tend to focus on three main areas of concern:

1 Provision of basic urban services.
2 Provision of secure tenure for slum dwellers and the implementation of innovative practices regarding access to land.
3 Innovative access to credit, adapted to the economic profile, needs and requirements of slums dwellers and communities.

Slum upgrading initiatives carried out during the earlier period of 1970 to 1990 were mostly no more successful or sustainable than sites and services. Certainly, slum upgrading appeared to be considerably cheaper than other alternatives. A 1980 study estimated World Bank upgrading projects to cost US$38 per household, compared with US$1000 to US$2000 for a core sites-and-services housing unit or US$10,000 for a low-cost public dwelling.[37] Early evaluation reports of the three largest upgrading programmes – in Calcutta (US$428 million), Jakarta (US$354 million) and Manila (US$280 million) – were glowing. For example, some 3 million people were assisted in Calcutta, and reported deaths from waterborne diseases fell by more than a half during the 1970s. *Kampung* improvement households in Jakarta invested twice as much in home improvements as other households.[38] The reclaimed Manila Tondo foreshore, where 200,000 squatters lived, underwent 'fantastic improvement' by 1981, with not only better environmental conditions, but also improved livelihoods, more recreational and health facilities, and greater stability and community cohesion.[39]

However, cheap solutions can have poor outcomes. Like other aid projects that focus purely on construction,

the projects (although involving large numbers of households) existed in isolation from both government and the communities. Governments did not follow through with services, communities did not maintain the facilities, and governance structures disappeared once the international experts were gone. Later evaluations were less complementary, to the point where 'slum upgrading' disappeared from World Bank documents.[40] Overall, environmental conditions in these settlements were substandard. Environmental conditions remained extremely poor, with standpipes not functioning and other water sources suffering faecal contamination.[41] Most waste remained uncollected. Communal toilets and washing blocks were largely ineffective because of poor maintenance, unreliable water supply and poor location.[42]

Land acquisition was also always a problem – on private land, very considerable financial returns could be appropriated by the owner following development and upgrading. These owners had often originally engaged in informal or even illegal arrangements with invading groups and had made no attempt to improve the land themselves.

There has also always been a problem of poor governance. Poverty alleviation and slum upgrading were low on the real agendas of many governments. Many city governments seemed incapable of maintaining rudimentary urban services, enforcing cost recovery, or keeping land registries for property tax up to date – which further reduced their resources and their ability to act. In the worst cases, governments appeared to be largely a conduit for politicians and top officials to fleece the poor and the aid agencies. In such circumstances, citizen apathy rather than energy was the rule. It clearly would be much more difficult to implement slum upgrading in a sustainable way than originally thought. A number of different solutions were proposed, each with their own adherents and ideologues, and the resultant outcome was the 'enabling approach'.

Enabling policies

The progression of slum upgrading, dealing with the issues of secure titles and economic development in slums, brought an awareness of the need to involve slum dwellers not only in the construction processes of slum improvement, but also in the decision-making and design processes that establish priorities for action and support for implementation. Thus, from the mid 1980s to a culmination in *The Habitat Agenda* of 1996, the 'enabling approach' was developed to coordinate community mobilization and organization, and to make the argument for state withdrawal from the delivery of housing goods and services in favour of providing support for local determination and action. Enabling policies are based on the principles of subsidiarity and they recognize that, to be efficient, decisions concerning the investment of resources in domestic economic, social and physical development have to be taken at the lowest effective level.

For the majority of activities in connection with the improvement of slums, the lowest effective level is that of the community and the neighbourhood. However, it is recognized that for decisions to be rationally and responsibly made at this level, many communities need support in the form of training, organizational assistance, financial help and managerial advice. The governance role, whether through local government or agencies of the central administration, is to ensure that such supports are provided. In cases such as the Sri Lanka Million Houses Programme during the 1980s, the government itself provided these supports. In many other situations, they fall to civil society organizations and NGOs.

The politics of devolution, decentralization and deregulation that is associated with such approaches is complex. The mechanisms for implementing such politics undermine many of the principles and practices upon which local bureaucracies are built. Furthermore, as will be discussed in the next chapter, communities are complex and rarely united. Thus, while there are many examples of effective and successful enabling strategies, the process is not easy.

Resettlement

Resettlement has been associated with virtually all types of approaches to slums. It embraces a wide range of strategies, though all are based on perceptions of enhancing the use of the land and property upon which slums are located or housed. At best, relocation is undertaken with the agreement and cooperation of the slum households involved, such as the resettlement of squatters on railway land in Mumbai, India, in conjunction with an NGO (Society for the Protection of Area Resource Centres, SPARC), the Railway Slum Dwellers Federation, Indian Railways and the World Bank, or the resettlement of squatters from Brasilia in Samambaia, Brazil, described in Box 7.6. At worst, resettlement is little better than forced eviction with no attempt at consultation or consideration of the social and economic consequences of moving people to distant, often peripheral, sites with no access to urban infrastructure, services or transport.

Despite and, in some cases, because of these approaches, except in those countries that have benefited from a high rate of economic development (mainly in Southeast Asia), the housing conditions of the poor have not improved significantly. In most cities, the numbers of urban dwellers living in slums remains stable or is increasing, except in countries that combine large-scale slum upgrading and tenure regularization programmes with the production of serviced sites and low-cost housing programmes.

However, this full range of approaches to slums continues to be used in different contexts today, including less enlightened approaches, such as neglect or summary eviction. It can, nonetheless, be argued that there has been an evolution of policy approaches to slums. Broadly, there has been a recognition that effective approaches must go beyond addressing the specific problems of slums – whether they are inadequate housing, infrastructure or services – and must deal with the underlying causes of urban poverty. Some of the recent developments in policy approaches to slums, and the context in which these new approaches operate, will be examined in the following sections.

There has been a recognition that effective approaches must go beyond addressing the specific problems of slums – whether they are inadequate housing, infrastructure or services – and must deal with the underlying causes of urban poverty

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Box 7.6 Participatory relocation in Samambaia, Brazil

At a distance of 25 kilometres from Brasilia, the Samambaia Administrative Region occupies the southwestern region of the Federal District, covering a total of 104 square kilometres. The urban area of 26 square kilometres had only 5549 inhabitants in 1989 but grew to a population of approximately 163,000 inhabitants in 2000.

The residents of Samambaia are resettled squatters from Brasilia. Confronted with squatting on the extensive public open spaces and gardens that characterize the planned capital, Central Brasilia, the city authorities entered into a dialogue with the squatters. The authorities offered to resettle them in the Samambaia suburb, provided the squatting families agreed that land titles would be given in the name of wives rather than husbands. This was to safeguard against the sale of plots by men. Reportedly, ten years later, few, if any, families had sold their plots. The relocated squatters were assisted to move, sites and services were provided, but they had to build their houses themselves. In order to guarantee easy access to the city and employment, a subway has been constructed.

The consolidation of the city through government assisted settlement programmes spurred the transformation of the wooden shanties of the early phases into brick and mortar houses, now constituting 85% of the housing stock. The community structures and networks were kept as much as possible intact during the resettlement process. The city of Samambaia now has a high quality life, a vibrant local economy, a well established network of schools and a centre for professional skills training. It has ample public open spaces and sports facilities, is well endowed with health facilities and has a good public transportation network.

With the approval of the Samambaia Local Structure Plan in 2001, a range of new initiatives are being executed by the Regional Administration of Samambaia. One of these innovative projects is the 'Linhão de Samambaia', which makes efficient use of a strip of land previously reserved for a power transmission line to accommodate approximately 68,000 additional urban residents. Another example is the 'Arrendar' project, consisting of 1350 units with rental housing contracts offering future purchase options, implemented in partnership between the Federal Government and the Government of the Federal District.

These projects are part of a new multi-faceted housing policy of the Federal District, designed to promote better use of existing urban land, to decentralize government action in the field of housing, to optimize employment generation and to ensure synergy with other sectoral policies. This is backed up with a new housing information system to effectively monitor the interventions programmed under the policy.

The Samambaia experience demonstrates the importance of secure tenure for the financing of projects and sustainability of project achievements, as people are more confident to invest their own savings if they have secure tenure. It also showed that a well articulated, multi-faceted housing policy integrated in a broader strategic planning framework is critical to expanding the range of housing options for all urban dwellers and can generate employment in the process.

Source: UNCHS (Habitat), 2001b, pp34–35.

Current best practice: participatory slum improvement

The best practice for addressing the challenge of slums in developing countries is now participatory slum improvement. However, so far, this has mostly been adopted on a limited scale or at the level of demonstration projects

The accepted best practice for housing interventions in developing countries is now participatory slum improvement.[43] However, so far, these have mostly been adopted on a limited scale or are demonstration projects.[44] The interventions are intended to work for the very poor, often in situations where there are no markets. The best examples are holistic approaches to neighbourhood improvement, taking into account health, education, housing, livelihood and gender. Government largely adopts a facilitative role in getting things moving, while maintaining financial accountability and adherence to quality norms. It is now good practice to involve the communities from the outset, often through a formalized process, and to require a contribution from the occupants, which gives them both commitment and rewards.[45] The more sustainable efforts appear to be those that are the main plank of a city development strategy with planned, rolling upgrades across the city and a political commitment to maintenance.[46] As a general rule, the more marginalized or culturally separate the group being assisted, the more participation and partnerships are necessary.

Many agencies have been involved in slum upgrading over the past 25 years in all regions of the world, along with thousands of local governments and NGOs. Much organization, local goodwill and cohesion, and political will are necessary to make projects of this type work, and it remains to be seen whether they are replicable on a wider scale.

Some of the more sustainable examples of participative slum upgrading programmes include:[47]

- The Orangi Pilot Project in Karachi, where residents constructed sewers to 72,000 dwellings over 12 years during 1980 to 1992, contributing more than US$2 million from their own resources. It now includes basic health, family planning, and education and empowerment components.[48]
- Integrated programmes of social inclusion in Santo André municipality, São Paulo, a slum upgrading programme that has improved the living conditions of 16,000 *favela* inhabitants through partnerships with groups excluded from citizenship with local authorities and aid agencies (see Box 7.7).[49]
- Self-help partnership projects in Alexandria, Egypt, which are to be integrated, up-scaled and replicated throughout the country.
- The Urban Poor Community Development Revolving Fund in Thailand, which provides low interest rate loans for community development in poor areas (see Box 7.8).

Box 7.7 Social inclusion in Santo André, Brazil

Santo André, with a current population of 650,000, is part of the São Paulo Metropolitan Area. Santo André has been undergoing a period of transformation, from its industrial past to an expanding tertiary sector. The economic gap between the rich and poor has grown, exacerbated by the slowdown of the Brazilian economy during the 1990s. As a result, living conditions have deteriorated and a number of *favelas* – areas of extreme poverty – have emerged.

The municipality is promoting an Integrated Programme of Social Inclusion as a strategy to alleviate poverty. The objective of the programme is to establish new ways of formulating and implementing local public policies on social inclusion. Fourteen principal partners, local, national and international, are actively involved in the programme. Four areas were chosen for the pilot phase, selected through a participatory budgeting process, resulting in a total amount of US$5.3 million, which has been invested in the provision of urban infrastructure and services.

The project has seen the improvement of basic services in some of the worst neighbourhoods. Micro-credit facilities have been made available to small-scale entrepreneurs, while health care has been made more accessible through community health agents. Other social programmes have been implemented including literacy campaigns for adults and programmes aimed at street children. Recreational facilities have been made available, serviced plots have been transferred to families and low income families re-housed in apartment buildings. An index has been developed to measure social inclusion and data collection is carried out on a regular basis. One of the most important results has been the engagement of a wide range of actors and the creation of effective communication channels. All activities have taken into account gender participation and mainstreaming. The administration intends to extend the pilot programme to all slum areas in the city,

through differentiated slum upgrading projects while strengthening the approach towards regularization of land tenure. In addition, the programme will attend to all families facing situations of extreme economic exclusion through a revised minimum income policy and through the up scaling of existing programmes. Three initiatives from Santo André on Good Governance, Traffic Management and Administrative Reform are featured on the Best Practices database.[i]

The effective reduction of urban poverty and social exclusion in Santo André is based on a number of key principles:

- Well targeted government interventions in the urban sector can foster citizenship and enable people to create more productive urban livelihoods.
- The active participation of the urban poor in decision-making promotes effective formulation and implementation of local action plans.
- The participatory budgeting process, an innovative approach to urban governance and decision-making, provides a real voice for the urban poor in both the allocation and use of municipal and other resources.
- The Municipality of Santo André has shown that while effective leadership needs to be ensured by the local administration it, in turn, needs to devolve decision-making and implementation powers to the community.
- Inter-agency collaboration and effective channels of communication between various actors and stakeholders is critical to successful slum improvement and reduction of poverty and social exclusion.
- Principles of equity, civic engagement and security are key to success.

Note: i See www.bestpractices.org.

Source: UNCHS (Habitat), 2001b, pp34–5.

- Partnerships for upgrading in Dakar, Senegal, over the last five years, which have impacted more than 1 million inhabitants.
- The Holistic Upgrading Programme in Medellin, Colombia, which has addressed the needs of 55,000 slum dwellers in the first phase.

RECENT CONTEXTUAL CHANGES

This section examines some of the changes in the policy perspectives of the key actors involved in addressing the problem of slums, including those at the national and local levels examined earlier. It should be noted, however, that the emerging policy approaches proposed by these actors, as well as building upon the lessons learned from past successes and failures, are also evolving in response to recent changes in the cities in which slums exist. Over the last two decades, many global and urban development processes have had an impact on the nature of slums and on

the scope of different policy approaches for dealing with the problems and constraints faced by men and women who live in slums. Some key changes in the urban context include the increasing inequality within and between cities, and the growing autonomy and political influence of cities.

Increased inequality within and between cities

One of the many impacts of the increasingly globalized world economy, as Chapter 3 emphasizes, is that growing competition between cities to attract investments tends to increase inequalities between, and within, cities. Over the last decade, this issue has given rise to an abundance of literature[50] analysing the contradictory roles demanded of city governments as they seek to make their cities competitive in order to attract global investment (with incentives such as low labour costs or tax breaks), and attempt to combat the social and economic exclusion of many of their residents.[51] Furthermore, many policies promoted by the international financial bodies have been

Box 7.8 Urban Community Development Fund (UCDF), Thailand

The Urban Community Development Fund (UCDF) of Thailand was created as a tool for poverty eradication, empowering both the urban and rural poor. The project covers 53 provinces out of 75 throughout the country, and has resulted in about 950 community saving groups out of a total of 2000 urban communities, as well as more than 100 community networks.

The Urban Community Development Office (UCDO) was set up in 1992 in an effort by the Thai Government to take a new approach and develop new processes for addressing urban poverty. The government established a revolving fund of 1250 million baht (about US$28 million) through the National Housing Authority to set up a special programme and the new autonomous unit, UCDO, to address urban poverty nationally. The programme sought to improve living conditions and increase the organizational capacity of urban poor communities through the promotion of community savings and credit groups and the provision of integrated loans at favourable interest rates as wholesale loans to community organizations.

The UCDF was to be accessible to all self-organized urban poor groups. The idea, however, was not simply to provide low-interest loans to the poor. Community savings and credit activities were seen as a means for engendering a community's own holistic development, capable of dealing with the root causes of poverty. Of importance was the development of community managerial capacity and stronger community organizations to exercise leadership in various community development processes and to leverage external development resources. Thus the development process included community action planning and the creation of partnerships with other local development actors – especially municipalities.

Various kinds of low-interest, wholesale loans were offered to community savings and credit groups and networks throughout the country. They were allowed to add a margin to cover their expenses or the cost of other community development activities or welfare programmes. The organizations added certain margins so the members would receive the loans at a rate near to or slightly higher than the prevailing market rates, which in any case were still much lower than those in the informal money lending systems.

Between 1997 and 1999, the problems of the economic crisis affected the urban poor's savings and credit groups immensely and several community savings and credit groups came to the verge of collapse. This led UCDO to the new direction of bringing groups to work together and share risks and responsibilities through networking, thus widening communal responsibility for loan repayments. These new network processes were mobilized to deal with several other urban community issues such as infrastructure, housing, community planning, education, health and welfare.

The main achievements of the UCDF are:

*   *Increased community organizations and networks:* UCDO has been able to expand its activities into 53 provinces throughout the country. About 950 community saving groups and more than 100 community networks have been set up.
*   *Increased community assets and direct financial resources:* More than 1000 million baht (about US$22 million) have

been disbursed as various kinds of loans and more than half of the loans have been repaid. At the same time, community-based savings groups have, to date, mobilized more than 500 million baht (about US$11 million).

*   *Increased community management and enterprising capacity:* Having established their resource base, communities, with the help of UCDO, have been able to create linkages and partnerships with other groups and develop the confidence necessary to initiate and implement activities to improve their living conditions and to form effective partnerships with local authorities.
*   *More diverse housing solutions developed – from individual projects to city processes:* Several kinds of housing projects have been developed through loans to community initiatives, including buying existing slum land, resettlement schemes that are in close proximity to former communities, slum improvement and post-disaster housing repairs and reconstruction. As a result, the urban poor have a much wider range of options and the lessons learned have formed the basis for several city-wide housing development activities.
*   *Development of large-scale community welfare activities:* Most of the community networks have developed their own community welfare programmes to take care of the more vulnerable groups in their midst. These welfare programmes have been completely designed and carried out by the networks, and include funds for school fees, for people who are sick, for the elderly, and for emergencies within communities.
*   *The experiences of the UCDF have spread to other countries:* Several countries such as Cambodia, Laos, Viet Nam, India, South Africa, Namibia and Zimbabwe have developed similar approaches in their countries and there are now many similar community funds in operation.

Lessons learned from the UCDF experience include the following:

*   The experience provides compelling evidence that access to credit is one of the main barriers preventing the urban poor from developing and extricating themselves from poverty. It also demonstrates that community-based savings and credit for housing is one of the most effective means to do so, as it allows people to lead more productive lives.
*   The management of community funds or poverty reduction programmes should be designed on the basis of the conditions of the poor, not on the basis of market or bureaucratic exigencies. The wholesale lending system uses market rates and the resulting interest rates are much lower than those offered by informal credit systems.
*   As poverty results from causes that are structural, it is necessary to develop ways in which the poor themselves can become stronger and have more confidence to initiate change, implement their own development activities and engage in partnerships and dialogue with public authorities. This process requires a long-term effort in capacity building.

Source: UNCHS (Habitat), 2001b, pp44–5.

criticized for their role in reinforcing social inequalities as they force weaker economies to cut costs by lowering prices and wages, which is invariably accompanied by longer working hours, deteriorating working conditions, reduced social security and increased informality.[52]

The patterns of inclusion and exclusion that result are not uniform; instead, some cities and some groups are successfully integrated within global trade systems through these strategies, albeit – at times – with a significant social cost, while others continue to be excluded from the global economy despite sacrifices in social welfare. The issue that this process raises for policies designed to deal with slums is that it is precisely those cities and groups that are excluded from the global economy that are likely to experience the problems of slums – at the same time that their financial capacity to deal with them is declining. Furthermore, as withdrawal of the state is a central aspect of the solution commonly advocated for the exclusion of cities or nations from the global economy, this raises the question of what the role of the state is in dealing with slums – and who should take on this role, if not the state?

New political influence of cities

At the same time, another factor that affects the scope and nature of new policy approaches to slums is the growing political influence of cities, many of which act with increasing autonomy from national governments. Various processes can be observed that have directly promoted this stronger role of city governments.

Firstly, international institutions and bilateral aid agencies have made efforts to promote local governance, which has meant that municipalities have become relatively more important. There is a growing consensus amongst such agencies that central governments should not be the only beneficiaries of international aid, and this has led to an increase in direct cooperation with local authorities and communities.[53]

Secondly, the decentralization policies that were promoted at the global level by bilateral and multilateral cooperation organizations from the late 1980s onwards have been key in raising the profile of city governments. This can be seen as a response to the perceived inability of central governments to respond to basic needs (such as land, housing and basic services), and the continuing state disengagement from the urban sector, in general, and from the housing sector, in particular. The increasing political influence of cities is accompanied by the development and strengthening of local authority networks and associations.

This increased influence of city governments has various implications for slum populations. One is the perceived stronger role of local (city) governments in promoting the social and economic inclusion of urban residents. For example, the Global Campaign on Urban Governance initiated by UN-Habitat is committed to the 'inclusive city' on the grounds that local democracy and decentralization are two inter-related norms, with inclusiveness being the 'red thread' between them.[54]

However, the danger of increased reliance on city governments to promote the inclusion of residents,

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International, multilateral and bilateral agencies

These include:

- International financial institutions (IFIs) – namely, the World Bank – and regional finance institutions, such as the International Development Bank (IDB) and the Asian Development Bank (ASDB).
- Organizations and programmes of the United Nations system, such as UN-Habitat, the United Nations Development Programme (UNDP), the United Nations Research Institute for Social Development (UNRISD) and the United Nations Environment Programme (UNEP), as well as regional commissions of the United Nations, that is the Economic and Social Commission for Asia and the Pacific (UNESCAP), the Economic and Social Commission for Western Asia (UNESCWA), the Economic Commission for Africa (UNECA), the Economic Commission for Latin America and the Caribbean (UNECLAC) and the Economic Commission for Europe (UNECE).
- Supra-national regional entities, such as the European Union (EU).
- Inter-agency programmes, such as the Urban Management Programme (UMP), the Municipal Development Programme (MDP) and the Cities Alliance.
- Regionally funded development programmes, such as UrbAl or AsiaUrbs, funded by the EU.
- Bilateral cooperation organizations: a few bilateral agencies have recently elaborated urban policy or strategy documents,[i] while a significant number of countries have no explicit urban strategy.[ii]

Networks

These include:

- International associations and networks of local authorities, such as the International Union of Local Authorities (IULA), CityNet, the United Towns Organization (UTO) and Metropolis.
- Professional associations, such as the International Real Estate Association (FIABCI), the International Federation of Surveyors (FIG) and the Cooperation for the Continuing Development of Urban and Suburban Transportation (CODATU).
- Foundations, associations, and national and international NGOs.
- Experts, researchers and academic international networks.

National and local bodies

These include:

- Central government entities, such as ministries and central administrations.
- Sub-national entities, such as states, regions and provinces.
- Government agencies, such as authorities and statutory bodies – for example, land development agencies(LDAs) and housing development authorities (HDAs).
- National and local finance institutions, such as housing banks and mortgage credit institutions.
- City and municipal governments and administrations.
- National and local partners of international networks and associations.
- National private-sector actors, such as real estate, infrastructure and service providers.
- National and local NGOs.
- Communities and community-based organizations (CBOs).

Notes: i DFID, 2001; BMZ, 2000; USAID, 2001; CIDA, 1998. In Australia: Flanagan and Kanaley, 1996; SIDA, 1995; SDC, 1995; The Netherlands Ministry of Foreign Affairs, 1994; DANIDA, 2000 (in Danish). ii For example, Belgium, Finland, France, Italy, Japan, Portugal and Spain.

including the poor, is that the increased political mandate of city governments (under decentralization) is often not supported by increased access to funds with which to act. In addition, while the scope of city governments to make decisions about how to promote the inclusion of citizens has grown, this is within the context of a global economy and unreformed international status quo – over which, it is argued, they have little or no influence.

INTERNATIONAL ACTORS DEALING WITH SLUMS AND THEIR PRIORITIES

Range of actors

A wide range of bodies and associations (see Box 7.9) is involved in aid and cooperation programmes in the urban sector. Some of these are directly involved in housing and slum-improvement projects and programmes, while others have an indirect impact on slums through interventions at global, national, city and settlement levels in areas such as sustainable urban development, decentralization, governance, capacity building, poverty alleviation and support to innovative partnerships.

The shifting priorities

While the actors listed in Box 7.9 have a wide range of priorities, some general recent shifts in policy perspective can be observed that more or less cut across the board. Today, emerging policy strategies to improve the lives of slum dwellers attempt, for the main part, to avoid working through projects that merely target the manifestations of urban poverty in slums. Instead, they are becoming more supportive of approaches that address the underlying causes of poverty, and that involve the people who live in poverty and their representative organizations.

There is also a growing recognition that a great deal of improvement can result from simply eliminating regulations and policies that act against the interests of the poor men and women who live in slums, such as removing prohibitions against commercial, income-generating activities, relaxing unrealistic building codes and standards, and discontinuing eviction and displacement actions.

In addition, there has been a shift from approaches that are focused on a single issue, such as sanitation or upgrading of housing, to multi-sectoral approaches that consider the many inter-relationships between sectors. Perhaps most significantly, current developments include the emergence of new types of partnerships, supplementing conventional public–private partnerships with new forms of collaborative arrangements between civil society groups and the public and private sectors.

However, despite such common themes in current approaches to dealing with slums, many of the key actors working in this area have distinct priorities about, and approaches to, the problem. These are explored below.

Emerging strategies to improve the lives of slum dwellers attempt to address the underlying causes of poverty. There has been a shift to multi-sectoral approaches that consider the many inter-relationships between sectors

■ Bilateral cooperation: diversity of political objectives

Bilateral cooperation policies in urban development reflect a diversity of priorities in accordance with the political objectives of each donor country and their view of the appropriate role of the public sector. Nonetheless, it is possible to group bilateral cooperation policies into three broad types:

1   Cooperation emphasizing accelerated economic liberalization, commodification of land and housing markets and integration of the informal sector within the sphere of the formal market. For example, USAID[55] takes a neo-liberal approach to housing and slums by promoting restricted public activity (seeing the state as an 'enabler'); strengthening the private sector; mobilizing private sources of funding; reducing public financing; improving local taxation systems; creating a framework for housing delivery by the private sector; and developing new municipal financing instruments.[56]

2   Cooperation emphasizing social integration objectives (the Nordic group and, to a lesser extent, Dutch, Canadian, Swiss and German cooperation agencies). The social-democratic position of the Nordic group gives strong support to municipal authorities aimed at improving their management capacity, and at coordination, funding and service delivery. It also strengthens the revenue base of municipalities within an appropriate policy framework.

3   Cooperation that combines these two objectives: the emphasis is on social or economic liberalization goals, depending upon local situations.[57]

■ Multilaterals: a growing convergence

The last few decades have seen multilateral cooperation agencies employ a range of activities that deal directly or indirectly with slums, revealing a sea change in their overall approaches to this issue. As is explored in detail below, the World Bank approach to slums has been subjected to significant changes over the last three decades, especially during recent years when the bank has begun to reasses the role of the state and the significance of social and environmental processes in slums, rather than focus only on markets as the solution for slums.

The United Nations approach to slums can be seen, in part, in the range of its initiatives, starting from the1960s. The International Year of Shelter for the Homeless, 1987, was a significant stage in policy development, leading to the elaboration of the Global Strategy for Shelter to the Year 2000 (GSS). Several of the following United Nations world conferences showed increasing awareness of urban poverty issues and slums: the UN World Summit for Social Development, 1995, the UN-Habitat II Conference, 1996[58] and the UN Istanbul + 5, 2001.[59] In 1997, the International Forum on Urban Poverty formulated a set of policy principles that recognized that ongoing processes of global economic restructuring affect people living in poverty in urban areas,

and stressed that policies on urban poverty cannot be formulated and applied at the city level alone.[60]

Overall, a review of the policy approaches of multilateral agencies reveals that their urban development priorities are increasingly in accord. At the same time, the role of international finance institutions and multilateral agencies in defining urban development and housing strategies is tending to increase as approaches to slums are generally situated within wider, integrated urban-development and anti-poverty programmes. Today, for international finance institutions, as well as cooperation and aid agencies, policies regarding slums must be seen as a component of the wider global urban-development strategy.[61] While some key differences in approach remain between the different multilaterals, there is, as will be illustrated below, a gradual convergence of approaches.

Since the 1970s, the World Bank has pursued a range of urban development operations (fluctuating between 3 per cent and 7 per cent of its lending), as is reflected in strategy papers and statements produced by the bank since the late 1970s.[62] Four main phases can be identified in the World Bank's strategy regarding urban, water and sanitation, and environment issues.

From the mid 1970s to the mid 1980s, the World Bank's urban development projects were predefined packages of multi-sectoral investments, primarily through central government agencies or specialized development authorities. This encompassed two approaches: sites and services, and slum upgrading, which were seen as more cost effective and socially acceptable than the approaches of slum clearance and relocation that prevailed in many countries.[63] The World Bank's assessment of the first decade of lending observed that these 'shelter projects' were limited in their coverage, benefiting directly an average of 25,000 households, but not replicated as city-wide or national programmes.[64] The main bottlenecks were found to be the existing regulatory frameworks and the complexity of projects, which were too difficult for the public agencies in charge of their implementation to deal with. A 1983 assessment[65] also stressed the need to address the structural distortions in housing markets, institutional finance and urban management in order to create conditions that favour greater replicability.[66]

By the mid 1980s, the World Bank's growing emphasis on structural adjustment took precedence over the earlier poverty orientation, shifting from multi-sectoral interventions targeted at low-income groups to a systemic approach. The focus for urban assistance moved to institutional development, the financial constraints impeding effective local service delivery, and to direct interventions that addressed poverty. The debt crisis contributed to this shift, leading to objectives such as improving the mobilization of resources and domestic savings, as well as cost recovery at project level. Institutional development was implemented in a global context of land and housing market liberalization and the setting-up of housing finance systems. However, many of these projects failed to extend programmes to the urban poor in a way that met their demands.

From the mid 1980s, many countries, with support from the World Bank, placed emphasis on a move to private-sector management of services, such as water and sanitation, housing, urban transport and solid waste management, as well as on incentive systems for formal-sector agencies. By the end of the 1980s, this process was expanded by a reassessment of the World Bank's lending policy. Emphasis was put on deregulation and privatization, and the disengagement of central governments from the urban service sector, moving to a 'minimal state' approach in which the state's role is limited to providing regulatory frameworks for areas such as health, fire hazards and certain kinds of waste. In many cities, the poorest segment of the population was directly affected by this set of measures, as the state withdrew from service provision in areas where the private sector would not cater for the poorest segments of the urban population.

The new urban strategy is directed at correcting sources of market failure in the urban economy, *as well as* government failure, paying particular attention to poverty and inequality issues.[67] This reflects the limits or failure of conventional aid and cooperation policies to deal with the growth of urban poverty (particularly in peri-urban areas), acknowledges the impact of urban poverty on social and political stability, and highlights the emergence of new social forces in cities. The new approach argues that cities must be sustainable and functional in four respects: they must be *liveable* (in order to ensure quality of life for all residents, including the poorest), *competitive*, *well governed and managed*, and *bankable* (financially sustainable). These objectives require:

- improvement in procedures through which donor institutions target and deliver subsidies;[68]
- support to institutional reforms, as 'poorly distributed assets may affect adversely the quality of institutions and their ability to solve problems';[69]
- development of partnership with informal institutions;
- improvement of housing finance mechanisms and support to micro-credit initiatives; and
- provision of security of tenure in informal settlements (though not necessarily through access to land ownership).

Four main activities are proposed in the renewed programme of the World Bank's urban support:

1 Formulating national urban strategies.
2 Supporting city development strategies.
3 Expanding assistance for capacity building.
4 Scaling up successful initiatives in services upgrading for the poor, including upgrading of low-income neighbourhoods.

This last activity requires wide support from beneficiaries and the originating institutions.[70] Finally, although the basic stance of the World Bank (market-oriented and recommending economic liberalization) has been constant

over the decades, recent changes reveal an increasing concern for the economic, environmental and social sustainability of globalization and accompanying liberal urban-development strategies.[71]

The Habitat Agenda, of which UN-Habitat is the focal point within the United Nations system, reflects a consensual approach to shelter on the part of the international community, and focuses on shelter as a human right.[72] Implementing *The Habitat Agenda* depends upon the willingness of partner states and institutions. It acknowledges the global dimension of urbanization and the need for global responses to housing and shelter issues, and focuses on five strategy objectives of:

1   Adequate shelter for all.
2   Sustainable human settlements.
3   Enablement and participation.
4   Financing shelter and human settlements.
5   Integrating gender perspectives in human settlements-related legislation, policies, programmes and projects.

A 2001 report on the implementation of *The Habitat Agenda* emphasizes the:[73]

•   central role of governments in improving the housing conditions of the most vulnerable and disadvantaged groups;

Box 7.10 United Nations Housing Rights Programme (UNHRP)

The United Nations Housing Rights Programme (UNHRP) was launched, in 2002, jointly by UN-Habitat and the Office of the United Nations High Commissioner for Human Rights (OHCHR). The establishment of the programme was a direct response to United Nations Commission on Human Settlements Resolution 16/7 and the United Nations Commission on Human Rights (UNCHR) Resolutions 2001/28 and 2001/34.

The objective of the UNHRP is to assist States and other stakeholders in implementing their commitments in *The Habitat Agenda* to ensure the full and progressive realization of the right to adequate housing as provided for in international instruments. This substantive focus is grounded in *The Habitat Agenda*, in particular paragraph 61, which states that 'Within the overall context of an enabling approach, Governments should take appropriate action in order to promote, protect and ensure the full and progressive realization of the right to adequate housing.'

The UNHRP is based on the mandates of both UN-Habitat and OHCHR, and operates as a fundamental tool for the Global Campaign for Secure Tenure (GCST). UNHRP is implemented in close consultation with the Special Rapporteur on Economic, Social and Cultural Rights. Civil society and non-governmental organizations, women's organizations, national human rights institutions, research and academic institutions and associations of relevant professions and local authorities are expected to play important roles as partners in the implementation of UNHRP.

The first phase of the UNHRP (2002–2004) focuses on five programme areas: advocacy, outreach and learning from partners; support for United Nations human rights mechanisms on housing rights; monitoring and evaluation of progress towards the realization of housing rights (including development of housing rights indicators); research and analysis on housing rights (promotion and development of relevant norms, standards and guidelines, as well as thematic research on housing rights); and capacity building and technical cooperation (assistance to states and other stakeholders in building capacities for implementing and monitoring housing rights).

•   strategic role of secure tenure;
•   key importance of enabling policies, including community development, broad-based participation, and collaborative, cross-sectoral and participatory housing restructuring;
•   need for targeted and transparent subsidies, and
•   link between sustainability and income generation.

The United Nations and its constituent bodies' approach to slums reflects the unique capacity of the United Nations to set global norms and objectives (reflected in the international development goals that have been adopted over the past decade). Human rights are at the core of the United Nations approach to shelter. The focus on human rights comprises both normative and operational activities. Two strategic entry points have been chosen to help attain these goals regarding the rights of people living in poverty: the Global Campaign for Secure Tenure (GCST) and the Global Campaign on Urban Governance (GCUG). In tune with *The Habitat Agenda*, both campaigns aim to work closely with all levels of governments and representatives of civil society, especially those representing the urban poor, in order to raise awareness and improve national policies and local strategies to reduce urban poverty, as well as to enhance social inclusion and justice and to promote the role and equal rights of women – an essential factor for the success and sustainability of development.

The GCST was designed three years after the adoption of *The Habitat Agenda*. The campaign is based on the premise that security of tenure is a prerequisite to social and economic development and that its provision has long-lasting positive effects on a wide range of stakeholders. The campaign takes into account the social dimension of urban poverty and proposes a new strategy that involves the poor in the design of the solutions to their housing problems and their implementation.[74]

A significant development in recent years was the launching of the United Nations Housing Rights Programme (UNHRP) in 2002, a joint initiative by UN-Habitat and the United Nations High Commissioner for Human Rights (see Box 7.10).

At the 1995 World Summit for Social Development, poverty eradication was made the overriding priority of the UN organization – meaning that this body now has a clear role in improving the lives of the urban poor and slum dwellers. The UNDP's overall focus is on a range of activities, including building capacity for good governance, popular participation, and private- and public-sector development and growth with equity.

Using the framework of Sustainable Human Development, the UNDP is providing policy guidance and support in poverty eradication, employment and sustainable livelihoods. It also supports the mainstreaming of participatory approaches and the strengthening of civil society organizations. These advisory and support services reflect existing and anticipated demand from the developing countries.

In addition, the UNDP-initiated facility entitled Public–Private Partnerships for the Urban Environment

(PPPUE) aims to bring together government, private business and civil society to pool resources and skills in order to improve basic services at local levels. Innovative partnership projects are conceived and designed by national and local governments, civil society organizations and private-sector associations, with the goal of improving the access of the urban poor to basic urban services such as water and sanitation, sustainable energy services, solid waste management and central municipal services.

UNRISD's recent research on urban issues has focused on the role of CBOs in confronting urban social problems, and the emerging form of cooperation and interactions between such organizations and local authorities. The purpose of this approach is to create a grassroots perspective on the problems and prospects for improving urban governance, and particularly the ability of marginalized groups (such as slum dwellers) to organize themselves in order to influence the flow of public and private resources for their benefit. Several recently formed partnerships and collaborations of this kind have already been designated as 'best practices', and have been promoted for replication in other communities and countries.

The interest of the European Union (EU) in urban issues of non-member state countries is relatively recent. For years, the EU cooperation strategy emphasized rural development as opposed to intervention in the urban sector. In response to requests from partner states, however, the European Commission (EC) has recently prepared an urban-strategy guidelines report.[75]

Although they have not yet been implemented, these guidelines provide an integrated framework for EU support to urban development, designed to ensure that sectoral projects in urban areas perform better and have a wider impact across other related sectors.

Emphasis is put on contradictions and linkages between economic development and social stability, justice and the environment. Furthermore, this is set in the context of the globalization of urban economies, which means that 'cities increasingly have to compete directly at global and regional levels for international investment to generate employment, revenues and funds for development'.[76]

The EU's development cooperation strategy is centred upon:

- supporting democratic participatory and transparent approaches to urban governance;
- formulating urban programmes and projects that are compatible with national or regional policies, as well as strategies undertaken with relevant agencies of central governments, in conjunction with other relevant development agencies at regional and local level; and
- decentralization.

Furthermore, in line with the IFIs, the EU approach is that direct public investment in housing is seldom efficient and is needed only exceptionally if all other initiatives have failed. However, the guidelines call for a reassessment of the relationship between the private sector and housing

provision, noting that 'Although the emphasis has been, in recent years, to promote the role of the private actors, it should be clear that more creative processes of participatory actions between public, private and communal actors are to be stimulated'. The guidelines further stress that the public sector continues to have a key role in housing through guaranteeing access to resources, and ensuring norms and regulations for healthy, secure and affordable land and housing.

In terms of intervention in slums, the guidelines acknowledge that secure tenure is a prerequisite for stimulating investment in housing construction and improvement, and stress that evicting people is most often counter-productive as it only displaces a problem in addition to creating unnecessary social tensions. The guidelines also emphasize the need for managing and upgrading the existing housing stock; the need for preventive policies based on the provision of new sites for low-cost housing development, such as new types of sites and services projects, incremental housing and basic infrastructure provision projects; and the need to target interventions on poor communities.

Inter-institutional programmes and initiatives: emphasis on slum upgrading, innovative partnerships and local development

Many inter-institutional programmes and initiatives play significant roles within urban development. However, the policy foci and strategic approaches of the Cities Alliance, the UMP and the MDP are worthy of special attention.

■ The Cities Alliance

The creation of the Cities Alliance reflects new approaches to urban policy and management by four principal constituencies:

1. The urban poor themselves.
2. Local authorities and their associations, such as IULA, UTO and the World Assembly of Cities and Local Authorities Coordination (WACLAC).
3. National governments.
4. Bilateral agencies (ten countries) and multilateral agencies (the World Bank, UN-Habitat and UNEP).

Advancing collective know-how in working with cities is an objective of the Cities Alliance. Its partners have agreed to pool their resources and experience in order to focus on two key inter-related priorities for urban poverty reduction:

1. City development strategies (CDS), which link local stakeholders' vision for their city with clear priorities for action and investment.
2. City-wide and nation-wide slum upgrading that aims to contribute to the improvement of the living condition of at least 100 million slums dwellers by 2020, with an interim target of improving 5 million to 10 million lives by 2005 in accordance with the Cities Without Slums action plan (see Box 7.11).

Human rights are at the core of the United Nations approach to shelter. The focus on human rights comprises both normative and operational activities

Box 7.11 Cities Alliance

The Cities Alliance is a global alliance of cities and their development partners who are committed to improving the living conditions of the urban poor. It was launched in 1999 with initial support from the World Bank and the United Nations Human Settlements Programme (UN-Habitat), the political heads of the four leading global associations of local authorities, and ten governments : Canada, France, Germany, Italy, Japan, The Netherlands, Norway, Sweden, the UK and the US. The Asian Development Bank joined the Cities Alliance in March 2002, and UNEP joined in 2003. These Alliance partners have joined forces to expand the level of resources that reach the urban poor by improving the coherence of effort among on-going urban programmes, and by more directly linking grant-funded urban development cooperation with investment follow-up.

The Alliance was formed to realize the vision of Cities Without Slums, principally through action in two key areas:

1   CDSs, which link the process by which local stakeholders define their vision for their city, analyse its economic prospects and establish clear priorities for actions and investments.
2   City-wide and nation-wide slum upgrading to improve the living conditions of at least 100 million slum dwellers by 2020, in accordance with Millennium Development Goal 7, Target 11, and with the Cities Without Slums action plan.

Cities Alliance activities are organized around three strategic objectives:

1   Building political commitment and shared vision.
2   Creating a learning alliance to fill knowledge gaps.
3   Catalysing city-wide and nation-wide impacts.

In more specific terms, the Alliance achieves these strategic objectives by:

•   pooling the resources and experience of Alliance partners to foster new tools, practical approaches and exchange of knowledge in order to promote city development strategies, pro-poor policies and prosperous cities without slums;
•   focusing on the city and its region rather than on sectors, and recognizing the importance of cities and local authorities in the social and economic success of a country;
•   promoting partnerships between local and national governments, and those organizations that directly represent the urban poor;
•   promoting inclusive urban citizenship, which emphasizes active consultation by local authorities with the urban poor, with time being taken to develop a shared vision for the city;
•   scaling up solutions promoted by local authorities and the urban poor;
•   encouraging engagement of slum dwellers as partners, not problems;
•   promoting the role of women in city development; and
•   engaging potential investment partners in developing new public- and private-sector lending and investment instruments in order to expand the level of resources reaching local authorities and the urban poor, thus enabling them to build their assets and income.

The Alliance is currently working in partnership with the local and national authorities of Brazil, El Salvador, Madagascar, Mauritania, Nigeria, Rwanda, Swaziland, South Africa, Egypt, Morocco, Bangladesh, Cambodia, China, India, Indonesia, Nepal, Pakistan, Philippines, Viet Nam, Iran, Yemen, Mozambique, Kenya, Ethiopia, Jamaica and Bulgaria.

The Cities Alliance is playing a coordinating role in the operational implementation of the Cities Without Slums initiative, with particular attention to the GCST.

■ The Urban Management Programme (UMP)

The UMP, a joint UN-Habitat/UNDP global programme, gives advice to local and national governments on ways of improving the management of urban development in their countries. This is primarily through assistance in organizing 'city consultations' (see Box 7.12), promoting the participation of all stakeholders necessary to implement new approaches, and introducing new urban management policies and techniques.[77]

The strategy objectives of the UMP are to develop and apply urban management knowledge on participatory urban governance, alleviation of urban poverty and urban environmental management, and to facilitate the dissemination of this knowledge at city, country, regional and global levels.

Shifts in the UMP strategy have followed the commitments of *The Habitat Agenda*, with a growing focus on promoting and strengthening the role of local government and its relationship with civil society. In its current phase of activities (2001 to 2004) the UMP emphasizes coordination with other urban-sector programmes of the United Nations system, the strengthening of inter-agency cooperation, and the integration of the UMP within a new global strategic vision for urban development. It also aims to strengthen the links between the global campaigns on good GCUG and GCST, and programme activities. A stronger focus is being given to pro-poor governance and knowledge management activities that have direct impacts on the living conditions of the urban poor.

■ The Municipal Development Programme (MDP)

The MDP aims to facilitate dialogue between states and local governments on issues of decentralization in order to contribute to the development of African local governments, and to encourage decentralized cooperation between African local governments and local governments in other regions.

Although the MDP's main focus is on decentralization, one of its core activities (developing the supply of urban services in African cities) is directly related to slum upgrading programmes. The MDP's emphasis is on the ability of local governments to provide basic services on a sustainable basis – especially the management of solid waste, water supply and sanitation, and transport. The MDP has therefore been given the mandate to support communities in service delivery, and to help them develop new strategies.

Emerging common themes

As can be seen from the review of the priorities and activities of some of the main bilateral and multilateral actors who work on slum issues, a number of common themes appear to be emerging in their activities. These include a focus on integrated, cross-sectoral approaches to slums, efforts to promote partnerships and networking, and an emphasis on decentralization, including the promotion of decentralized cooperation. These themes are explored in more detail below.

■ Integrated approaches to slums

During the early 1990s, most donor agencies reconsidered their policies towards slums, replacing the use of 'pilot projects' with integrated projects and programmes. There is now a greater emphasis on cross-sectoral interventions for slums, mainly through integrated projects. While sectoral interventions continue to be used, they are more clearly understood as components of urban strategies.

For the World Bank, integrated policies that deal with slums are part of a more comprehensive urban development intervention model, addressing sources of both market and government failure. This stems from the financial logic of their urban development orientation during the 1990s, which focused on:[78]

- deregulation;
- privatization and public–private partnership (especially in the land and housing sectors and in the management of urban services);
- decentralization and urban management;
- housing finance; and
- enabling strategies.

However, as noted above, changes in the priorities of the World Bank over recent years have meant that it has also made efforts to factor in environmental and social criteria. The United Nations organizations have been more involved in sectoral interventions, which were partly designed to mitigate the social impacts of the market-oriented interventions promoted by the World Bank and other IFIs. In this light, United Nations organizations have their own rationale and objectives for integrated programmes, which relate broadly to the promotion of consensual mechanisms, calling for strategies such as:

- capacity building;
- community development;
- land management and tenure issues;
- the urban environment;
- poverty alleviation; and
- gender equity.

Realization of Target 11 of the Millennium Development Goals, 'By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers' – which clearly requires an integrated approach to slums – has catalysed the promotion of integrated approaches by United Nations agencies (see, for example UN-Habitat's approach, shown in Table 7.1).

Box 7.12 City Consultation Methodology

The City Consultation Methodology, initiated following the Habitat II Conference in Istanbul in 1996, is primarily intended to improve city policies, management and administration on poverty, environment and governance. The UMP City Consultation emphasizes partnerships with all urban stakeholders, both within and outside of city government. The UMP is working through this approach in a variety of regions, as outlined below.

Africa Region
During the recent wave of decentralization in Africa, local authorities and other stakeholders are working together to find ways of managing new responsibilities. This process has been facilitated by UMP activities through the Regional Office for Africa, and city consultation activities have been completed or are under way in 39 cities through regional anchor institutions and local partners.

Arab States Region
The UMP Arab States Office is working in 21 cities in the region and has been successful in improving the living conditions of the poor in many cities through the city consultation process. These successes have been made possible by the sustained collaboration between local UMP partners and the concerned municipalities, and by an advocacy approach that goes beyond the provision of technical advice. UMP Arab States has also made a concerted effort to include gender concerns within all of its activities. This effort has resulted in modified city consultation guidelines to include the gender dimension, and improved awareness and coverage of the issue by the local media.

Asia and the Pacific Region
In Asia and the Pacific, decentralization and local autonomy are gaining momentum; with this, interest in the capacity building of local governments is growing. The most recent experiences of UMP city consultations in Asia have shown that a participatory urban governance approach is essential for achieving improvements in existing urban conditions, processes and institutions. The UMP Asia Regional Office has undertaken 20 city consultations during Phase 3, and the outcome of these has indicated the acceptance of participatory urban governance in Asian cities. Many cities have been able to achieve significant success, which can be built upon and replicated.

Latin America and the Caribbean Region
The city consultation methodology is well suited to the current situation in the Latin America and Caribbean (LAC) region. Given the high rate of urbanization in the region (73%), urban areas in LAC have important lessons for other regions in the world in meeting the challenges of urbanization. The UMP LAC Regional Office has been active in 40 city consultations and has been successful in contributing to institutionalizing and formalizing participatory governance in the region, as well as having a positive impact on improving life and living conditions for poor and excluded communities. Mainstreaming a gender perspective has been an important component of UMP activities.

■ The promotion of partnerships and inter-institutional networks

Many of the actors involved in slum development activities have, over the last decade, worked hard to promote partnerships and networks that are designed to promote cooperation between those working in related fields. A range of activities to promote better cooperation can be observed over the last decade – for instance:

- an increasing emphasis on inter-agency programmes (as outlined above, the Cities Alliance, the UMP and

Table 7.1

**The dos and don'ts of
slum upgrading**

Do	Don't
Promote good urban governance systems.	Assume that slums will disappear automatically with economic growth.
Establish enabling institutional frameworks involving all partners.	Underestimate the role of local authorities, landowners, community leaders and residents.
Implement and monitor pro-poor city development strategies.	Separate upgrading from investment planning and urban management.
Encourage initiatives of slum dwellers and recognize the role of women.	Ignore the specific needs and contributions of women and vulnerable groups.
Ensure secure tenure, consolidate occupancy rights and regularize informal settlements.	Carry out unlawful forced evictions.
Involve tenants and owners in finding solutions that prioritize collective interests.	Discriminate against rental housing or promote a single tenure option.
Adopt an incremental approach to upgrading.	Impose unrealistic standards and regulations.
Associate municipal finance, cross-subsidies and beneficiary contributions to ensure financial viability.	Rely on governmental subsidies or on full-cost recovery from slum dwellers.
Design and negotiate relocation plans only when absolutely necessary.	Invest public resources in massive social housing schemes.
Combine slum upgrading with employment generation and local economic development.	Consider slum upgrading solely as a social issue.
Develop new urban areas by making land and trunk infrastructure available.	Provide unaffordable infrastructure and services.

the MDP), as well as growth in partnership between multilateral and bilateral agencies in urban development projects (multi-bilateral projects);

- increasing efforts to work with international associations of local authorities;
- increasing importance ascribed to transnational networks and people/community-guided initiatives;
- growing recognition of the role of NGOs by international cooperation and aid agencies; and
- a growing role for decentralized cooperation among institutions, such as the World Federation of United Cities (FMCU).

The preparatory process of the Cities Summit (1996) gave rise to an unprecedented exchange of experiences, and the formal recognition of new urban stakeholders (CBOs and NGOs). However, Istanbul + 5 revealed a regression regarding some of the social commitments formulated in Istanbul.

Governments and partners in many countries in the South have also worked to promote partnerships and cooperation over the last decade. Relevant organizations include not only central government institutions and government agencies, but also local authorities (cities and municipalities), national stakeholders from the formal (and, to a lesser extent, the informal) private sector, communities and CBOs, and local NGOs, which are now more commonly recognized and accepted as partners in cooperation projects.

There has also been a significant growth in networking amongst research and training institutions. In recent years, bilateral cooperation agencies and/or the respective countries have established 'centres of excellence' that act as an 'intellectual, backstopping and think-tank resource'.[79] A number of research and training institutions have developed activities and programmes that relate to slums. They train staff from cities in developing countries, produce specific publications and establish networks for knowledge exchange. Some of them participate actively in the implementation of projects in slum areas.

■ Decentralized cooperation

Since the mid 1980s, central governments in the North have encouraged decentralized cooperation efforts. Almost all countries that have bilateral cooperation agencies and programmes also support decentralized cooperation, primarily in the form of municipal twinning (city-to-city cooperation), which can be seen as a 'mutual training process'.[80] However, this new kind of cooperation represents only a small proportion of official development assistance, and is often limited to technical cooperation and training; only in Spain does decentralized cooperation figure widely in bilateral urban activities.

Sectors addressed

As noted above, interventions to develop slums have, in recent decades been characterized by a move from sectoral, project-based approaches to more comprehensive urban and housing programmes. Nonetheless, a review of bilateral and multilateral agency policies over the last decade indicates that, within this more integrated comprehensive approach, seven main sectors of intervention remain important:

1. Urban management and finance.
2. Urban land management and tenure.
3. Service provision and delivery.
4. Environment and public health.
5. Housing delivery.
6. Population and social issues.
7. Capacity building, research activities and knowledge exchange.

Amongst the bilateral agencies, there is a clear convergence in their urban sectoral focus. Almost all of them are involved in six of the seven main sectors of intervention identified, with the exception of urban land administration and tenure. The specific approaches of bilaterals and other development actors to these sectors are examined in further detail below.

Urban management and finance

In this sector, the majority of bilateral agencies have focused particularly on decentralization, governance, local financial administration, and promoting capacity building at

government and municipal levels. Various approaches to the sector may be observed.

The World Bank's new urban strategy is directed towards 'correcting sources of market failure in the urban economy, as well as government failure'. This involves a review of policy tools, such as targeted subsidies, basic land-use planning and urban transport management, to address social and environmental externalities in the urban economy. However, as noted earlier, this market-oriented approach is now coupled with the recognition that the market is not the only response to poverty and is not the most effective in all cases.[81] Emphasis is placed on market regulation, legal and regulatory frameworks, reassessment of financial assistance, planning, decentralization, governance, accountability, transparency and democracy.[82]

The United Nations system, EU and World Bank urban projects, since the late 1980s, have increasingly focused on policy reform and institutional changes, thus extending their dialogue further into issues of regulation, incentive systems and the pattern of relationships with urban stakeholders. This is based on the recognition that sustainable development requires approaches that reach across the physical environment, infrastructure, finance, institutions and social activities.

As discussed above, all multilateral institutions, and most bilaterals, support decentralized urban governance: the World Bank, the UMP (through its Institutional Anchoring Process Strategy), the MDP, as well as local authority associations and networks, such as the IULA, CityNet, the UTO and Metropolis.

Similarly, as noted above, most of the actors working on issues relating to slums have a strong concern with promoting partnership and participatory processes, which are of particular relevance to sectoral support for urban management. Thus, for example, the CDS of the Cities Alliance and the UMP work to develop participatory approaches for urban management and goal setting. Similarly, the UMP's City Consultation Methodology aims to develop and improve participatory decision-making and governance. Bilateral cooperation organizations have centred their intervention in slums on the strengthening of leadership at municipal and settlement levels, and on the empowerment of local authorities and CBOs, particularly concerning participation and population organization in slum upgrading programmes and projects. Urban planning, policies and practices have also been an important area of activity, involving the development and use of participatory planning procedures in slum interventions.

The reforming of legal and regulatory frameworks in the urban and housing sector has been a key activity of only a few bilateral agencies, such as the Austrian Agency for International Development (AusAID), CIDA, DANIDA, the German Development Agency (GTZ) and USAID. In slum interventions, some have targeted the redefining of norms and standards, and alternatives to evictions – for example, USAID and the GTZ.

■ Urban land management and tenure

Approaches to tenure, land management and titling issues reflect the ongoing debate on property rights. For UN-Habitat, adequate shelter for all requires the provision of legal security of tenure for all people, as well as transparent, comprehensive and accessible systems for transferring land rights.[83]

As noted above, the GCST is closely linked with policy intervention in slums. However – and despite the input of the GCST on the need for recognizing alternative and traditional rights to land and property in the debate on property rights – the EU, as well as the World Bank and the OECD, still emphasize formal access to home-ownership and titling. Professional associations, such as the FIG or the FIABCI are of the same opinion.

Bilateral cooperation agencies have increasingly focused on tenure (in particular, the UK, Danish, Canadian, German, Dutch and US agencies), examining appropriate land registration and titling procedures in informal settlements, tenure regularization[84] and securing tenure for the urban poor.[85]

■ Service provision and delivery

Although priority is increasingly given to the provision of basic urban services, few multilateral agencies are directly involved in their provision.[86] In contrast, their main objectives are to enable local urban stakeholders to provide and manage services on a sustainable basis, and to ensure the scaling-up of successful service provision initiatives.

With reference to the first objective, as noted above, the MDP has been given the mandate to support communities in service delivery and to help them develop new strategies, emphasizing partnership with other stakeholders. Regarding the second objective, the World Bank emphasizes scaling-up service upgrading for the poor, stressing the need for support from beneficiaries and local institutions (often CBOs or NGOs).[87]

In contrast, all bilateral agencies have directly provided or expanded basic infrastructure and social services. For example, in its Indian slum improvement programmes, the UK DFID has provided water supply on a city-wide scale,[88] while the Swiss have been engaged in assessing the need for social services in slums at city and settlement levels.[89]

■ Environment and public health

New emphasis is being put on the relationship between environmental problems and poverty alleviation policies.[90] However, for most agencies, the focus on environmental problems in slums (as opposed to more general urban environmental problems) has consisted of the provision of basic infrastructure, with an emphasis on the role of local authorities.

■ Housing delivery

As noted above, housing and tenure issues are a key focus of many of the actors who work with the urban poor. A central concern of the United Nations is promoting enablement and participation processes, including facilitating participation by

tenants in managing public and community-based housing development.[91] Providing guidelines for innovative approaches to slums, in national and local contexts, and legitimizing the practices of urban stakeholders not usually associated in the decision-making process, are a major objective of UN-Habitat. This is a break with conventional policy responses to housing for the urban poor.[92]

The role of the formal private sector in housing and its articulation with the informal sector is currently being reassessed by the World Bank, the EU and the FIABCI. In particular, enabling housing strategies that were emphasized during the early 1990s are being reassessed by the World Bank, with particular attention to the demand from the poorest segment of the urban population.

Most bilateral agencies have worked less on housing policies and management, in general, than on concrete intervention in land and housing development. Some agencies have given direct support to the construction sector and to real estate developers, and have promoted public–private partnership for housing production and delivery (in particular, USAID). In slum-specific interventions, this has related to the involvement of private formal land and housing developers in providing low-cost serviced land and housing. Most bilateral cooperation activities have included the implementation of slum upgrading, the provision of basic urban services, and renewal and reconstruction programmes and projects, combined, in some cases, with relocation and resettlement programmes and policies. Italy, Norway, Spain and Sweden have applied their expertise to the alternative upgrading of city centres.

One key area of concern in the housing sector has also been housing finance systems. The World Bank and UN-Habitat emphasize the need for targeted and transparent subsidies. For the United Nations, financing shelter and human settlements requires the development of new housing finance instruments to address the financial needs of people with limited or no access to credit. This is performed through such approaches as community mortgage programmes that are accessible to people living in poverty.

Bilateral cooperation agencies, particularly the Swedish SIDA, the Canadian CIDA and USAID, have been active in setting up housing finance systems. The USAID approach has been based upon mortgage finance with the Urban and Environmental (UE) Credit Program, their major housing and infrastructure finance mechanism, which functions on a loan basis. However, this does not operate in the least developed countries (LDCs), as these countries cannot afford to borrow dollars at market rates and are generally eligible for concessional lending from the International Development Association (IDA).[93] In contrast, SIDA has developed a programme based on locally managed funds for loans adapted to slum dwellers' needs, coupled with a credit scheme for the promotion of micro-enterprises.

■ Population and social issues

For the main part, the core 'social issue' addressed by agencies working in slums is the overarching problem of poverty and inequality. The reduction of social inequalities

and elimination of poverty has been emphasized, as outlined above, by UN-Habitat and the World Bank, since the late 1990s. It has also become the core mandate of the UNDP, and is central to the EU urban strategy guidelines.

Urban poverty has been one of the principal goals of urban intervention by a large number of bilateral cooperation programmes since the early 1990s (for example, safety net measures that aim to reduce the social impact of structural adjustment policies (SAPs), followed by more articulated poverty alleviation programmes). Thus, employment and income-generating activities have become an important element of slum-specific interventions. Employment-generation activities and policies, and support to small-scale and home-based economic activities have formed part of most bilateral agendas. The Swiss have also concentrated on the integration of informal activities within the sphere of formal activities.[94]

Another key area of concern that is stressed by almost all institutions and agencies is gender equality, although the extent to which this concern is clearly operationlized in slum interventions is mixed. However, some bilateral agencies, notably SIDA, DANIDA and the GTZ, give particular attention to gender equality issues and the unequal treatment of women in many areas of policy and practice that relate to slums – in particular, women's access to land and housing programmes; their eligibility for relocation in slum upgrading and resettlement projects; their access to credit in slums; and the role of women in participatory slum-upgrading processes.

■ Capacity building, research activities and knowledge exchange

All agencies working with slums focus on the need for capacity building. The World Bank and the United Nations are currently expanding assistance for capacity building, and the EU is re-orienting development cooperation to include new approaches to urban research; awareness raising and capacity building; South–South cooperation; decentralized cooperation; and joint funding arrangements.

Almost all bilateral agencies are involved in capacity building at government and municipal levels. However, few (Canada, the US, Italy, Japan and the UK) have specifically undertaken socio-economic research on poverty and housing conditions relating to slums.

There has also been a rapid development of networking activities for research and knowledge exchange, including international knowledge exchange networks such as the International Research Group on Law and Urban Space (IRGLUS), Link Environmental and Academic Research Network (LEARN), and the Network Association of European Researchers on Urbanization in the South (N-AERUS). Cities Alliance has set up an urban upgrading data base in collaboration with a wide range of partners, including NGOs and CBOs, who have contributed information on a large number of slum upgrading programmes and are currently structuring a global effort to share perspectives, tools and experience on scaling-up slum upgrading.[95] Cities Alliance has also supported efforts to build communities of practices at regional level, especially in Africa and Central America.

Since 1995, UN-Habitat has developed a network database on 'best practices' relating to urban management, including a range of areas of key concern for slum initiatives. CityNet explores effective ways of supporting technical exchange and transfers of expertise and information from peer to peer in order to extend institutional capacities, and to influence the decision process at local, regional, national and international levels.

Many bilateral agencies, including those of France, Italy, Japan, Norway, Sweden and the US, actively support knowledge exchange and networking. They have set up knowledge-exchange programmes that are targeted at slums (including on preventive policies and direct interventions, innovative tools and practices, and adapted construction technology/materials).

PRESSING ISSUES

This review of the current priorities of the main national and international actors who are working on slum issues reveals that a number of lessons have been, and continue to be, learned in the effort to tackle the problems faced by women and men living in slums. These include the need to address social, environmental and human rights issues in addition to relying on markets; the need to take an integrated, multi-sectorial approach to slums and urban poverty; and the need to promote the participation of all key actors in tackling the problem of slums through processes such as decentralization, partnership and capacity-building activities.

Financial constraints

One of the main impediments to dealing effectively with the problems faced by urban slum dwellers has been financial constraints. This can be attributed, in part, to increased public-sector austerity in many countries in the South as a result of global economic inequalities and structural adjustment and liberalization programmes promoted by the IFIs. However, this problem has been exacerbated by a number of problems, including:

- lack or misuse of financial resources at national and city levels, including weak tax systems;
- increasing pressure on municipal budgets from new jurisdictions on their periphery;[96]
- lack of adequately trained personnel in most municipalities, resulting in the ineffective use of resources;[97]
- lack of access to credit for the poor, as well as appropriate housing finance systems; and
- the misuse and poor targeting of subsidies for the urban poor.

Furthermore, the financial impact of international aid should not be overestimated:

> *...at no time, in the past 30 years, has international aid exceeded US\$60 billion a year... The reality is that US\$60 billion for more than 2 billion very poor people in low- and*

> *middle-income countries is hardly likely to have a major impact on the global scale.*

Furthermore, urban aid has been a small proportion of total aid, and has been even smaller when compared to the efforts made by low-income and middle-income countries themselves.[98] An estimate during the early 1990s of investment in urban infrastructure concluded that total investment from public and private sources was about US\$150 billion a year, with not more that US\$6 billion a year coming from external sources.[99]

Contradictions between economic and social objectives

A key lesson that has been learned, and that is reflected in the increasing convergence between the market-oriented IFIs and the human rights-focused United Nations agencies is the contradiction between economic and social objectives. As noted above, there is a contradiction between market-oriented approaches that tend to increase the exclusion and marginalization of the urban poor, and socially oriented approaches that are limited in their impact and have been criticized for a heavy reliance on indebted public sectors and underfunded agencies.

However, even while there is increased awareness from both sides that there is a need to reconcile these two objectives, tensions between them persist. Even where attempts are made to link social and economic objectives, measures such as providing social safety nets and ongoing poverty alleviation programmes may be interpreted as a marginal response to the impact of neo-liberal urban and housing policies.

Coordination and cooperation

On a more optimistic note, the increasing convergence between actors who work in slums has led to more openings for cooperation, avoiding wastage of resources through duplication and competition, and promoting knowledge exchange. Agencies working on slums have been characterized by better coordination and collaboration in project implementation during recent years. Examples of such collaboration include the OECD–DAC (Development Assistance Committee) Group on Urban Environment (with active participation from Switzerland, the UK and Canada), the EU's Urban Experts Group, and the Programme Review Committee of the UMP (the meetings of which are limited to primary donor agencies and managers, and include Germany, The Netherlands, Sweden, Switzerland, the UK, the World Bank, UN-Habitat, the UNDP and, as an additional funder, Denmark). Some mutual consultation and coordination is also being practised within the Group of Nordic Countries, bringing together the Scandinavian agencies – SIDA, Finnish International Development Agency (FINNIDA), Norwegian International Development Agency (NORAD) and DANIDA – and the Utstein process that includes Germany, the Netherlands, Norway and the UK. Perhaps most significant of all is the Cities Alliance: a

'Learning Alliance' of the principal multilateral and bilateral agencies with enormous potential to influence support to urban poverty reduction and the improvement of slums. These forums provide guidance and monitoring to the programme, allow for direct involvement and participation of cooperation agencies, and create an opportunity for each participant to have improved knowledge of the other agencies' urban activities.

NOTES

1   This chapter is primarily based on a drafts prepared by Alain Durand-Lasserve, Centre National de la Recherche Scientifique (CNRS), France, and Joe Flood, Urban Resources, Australia.

2   Abrams, 1946; Mangin, 1967; Van Huyek, 1968; Wee, 1972; Stren, 1975; Dwyer, 1975; Peil, 1976; Tripple, 1976; King, 1976; Grimes, 1976; Doebele and Peattie, 1976; Drakakis-Smith, 1976, 1981; Turner, 1976; Laquian, 1977; Wegelin, 1977; Burgess, 1978; Keare and Parris, 1982; Ward, 1982; Amis, 1984; Malpezzi, 1984, 1989; Malpezzi and Mayo, 1987; Gilbert and Gugler, 1992.

3   This is known as 'spot purchase' in Australia, where policies to buy existing dwellings or building sites in established areas have been in place since the early 1980s in some states, so that comprehensive public housing construction has diminished substantially in importance.

4   For example, Wilson et al (1994) detail the accelerating rate of housing abandonment as an 'infection' that spread out from the core of Cleveland and other US cities from the late 1960s.

5   This is the dominant attitude in the US, which postulates that the undeserving poor are responsible for their own situation.

6   According to Marsh and Mullins (1998), a number of European states are hostile to the notion of poverty but are enthusiastic about social inclusion.

7   Marsh and Mullins (1998) attribute the concept as occurring since the mid 1970s from globalization concerns. It also has intellectual roots in the French post-structuralist movement and in post-modernism.

8   Parkinson, 1998.

9   Kearns, 2002. This attitude, in fact, dates back to the early attempts to rescue the deserving poor through suburbanization from 1880 to 1925.

10   Maclennan and More, 1997.

11   Server, 1996.

12   Werlin (1999) relates that due to the widespread prevalence of slum clearance during the 1970s, governments were annually destroying more low-income housing than they were building.

13   Serviced sites for self-build had been provided to black urban immigrants to Soweto – then known as Pimville – since the 1920s, according to Parnell and Hart (1999), as a parallel activity to the regimented and formally planned mass housing for workers that later formed the core of Soweto. Self-help housing was regarded as more suited to the African petty bourgeois elite.

14   Particularly Turner, 1966; Turner and Fichter, 1972.

15   World Bank, 1975; Pugh, 1997a, 1997b.

16   UNCHS (Habitat), 1992; Pugh, 1994, 1995; World Bank, 1993.

17   Strangely enough, in the returns to the Habitat II questionnaire in 1996, the only country to say that it did not have an enabling policy was Australia, which is possibly the only country to have successfully run a full-scale enabling policy for the housing sector over 50 years. This is because, with the enabling agenda completed, official housing policy is largely involved in the provision of public housing for the poorest households.

18   Neo-liberal theory is mostly concerned with avoiding economic distortions, which are considered to produce 'deadweight loss' in the economy. The theory predicts that one-off payments to individuals are the least distorting intervention, followed by income supplements, because these do not disrupt consumer choice or interfere with the private sector.

19   Primarily by USAID, in partnership with the Urban Institute, a think tank in Washington that had unsuccessfully tried to have similar demand-side measures introduced in the US during the 1970s. In the USSR, the housing benefit was being paid direct to utility-supply companies to help reduce costs.

20   Gilbert, 2002.

21   Gilbert, 2002.

22   Ducci, 2000, p149.

23   Rust and Rubenstein, 1996, p266.

24   RSA, Department of Housing, 2001.

25   In one year, expenditure reached 1.6 per cent of budget; but this included amounts rolled over from the previous year.

26   Renaud, 1999.

27   Gilbert, 2002.

28   For example, Abate et al, 2000.

29   See www.worldbank.org/research/conferences/culture/papers.htm for a list of papers presented at the Conference on Culture and Public Action, 30 June–1 July 2002; Rao and Walton, 2003 forthcoming.

30   Leckie, 1995.

31   Though it was first propagated by the likes of Abrams, Koenigsberger and John F C Turner more than a decade earlier.

32   Cohen, 1983; Badcock, 1984; Murphy, 1990.

33   Benton, 1994.

34   COHRE, 1999, 2002.

35   Churchill, 1980.

36   See Schubeler, 1996, for Calcutta and Jakarta.

37   Keare and Parris, 1983.

38   Kessides, 1997.

39   Mortality associated with diarrhoea in Jakarta is estimated to cost US$200 million a year, and the cost of boiling water a further US$50 million – 1 per cent of city product.

40   One of the authors of the background papers for this chapter, on a visit to an improved *kampung* in 1995, observed that a toilet block on the edge of the canal was not functioning; human waste was running directly down into the canal where a large group of children were swimming.

41   Luna et al, 1994; Amaral, 1994; Schubeler, 1996; Viloria et al, 1998. A good description of practice and problems is provided at http://web.mit.edu/urbanupgrading/upgrading/.

42   The site http://web.mit.edu/urbanupgrading/upgrading/ claims that this could be done easily for 1–2 per cent of GDP, including land acquisition and titling.

43   The participation manual by Goethert and Hamdi (1988) and the handbook by Hamdi and Goethert (1997) give the results of practice in different parts of the world.

44   See www.citiesalliance.org.

45   Some of these examples are described in UNCHS (Habitat), 2001b.

46   Ruel et al, 1999.

47   United Nations, 2001.

48   World Bank, 2002a; UNCHS (Habitat), 2001a.

49   Knox and Taylor, 1995.

50   Beall, 2002.

51   Randel and German, 1996.

52   Taylor, 1999.

53   USAID, 2001.

54   Kamete et al, 2001, p68.

55   DFID, French Cooperation.

56   UNCHS (Habitat), 1996.

57   25th special session of the General Assembly of the United Nations.

58   UNCHS (Habitat), 1998b.

59   Pugh, 1995; Querrien, 2000.

60   Cohen, 1983, 2001; Cohen and Sheema, 1992; Kessides, 1997; Mayo and Gross, 1987; World Bank, 1994, 2000a, 2000b, 2002a, 2002b.

61   Kessides, 1997.

62   Cohen, 1983.

63   Cohen, 1983.

64   Angel and Mayo, 1993.

65   World Bank, 2000a, 2000c.

66   Duebel, 2000, p34.

67   World Bank, 2003.

68   World Bank, 2000, p65.

69   World Bank, 2002b.

70   UNCHS (Habitat), 1996.

71   UNCHS (Habitat), 2001.

72   Tebbal and Ray, 2001.

73   European Commission, 2000.

74   European Commission, 2000.

75   UNCHS (Habitat), 1999.

76   World Bank, 1991.

77   Milbert 1999.

78   Milbert, 1999.

79   World Bank, 2002c.

80   World Bank, 2003.

81   *Habitat Debate*, 1997, 1999.

82   Huchzermeyer, 2002.

83   Fourie, 2000; Durand-Lasserve and Royston, 2002.

84   Satterthwaite, 1998.

85   World Bank, 2000, p65.

86   Milbert, 1999, p196.

87   Milbert, 1999, pp182–188.

88   Hardoy et al, 2001.

89   UN-Habitat, 2002a, 2002b.

90   UNCHS (Habitat), 1999c,
     2001b.
91   Milbert, 1999, p209.

92   Milbert, 1999.
93   See http://web.mit.edu/
     urbanupgrading.
94   Cohen, 2001, p47.

95   Cohen, 2001, p49.
96   Satterthwaite, 1998.
97   World Bank, 1991; Cohen,
     2001, pp41–42.

98   Milbert, 1999, p176.
99   Kamete et al, 2001.

CIVIL SOCIETY IN ACTION[1]

Civil society has been a force on the ground for centuries as groups of men and women, workers and residents, practitioners and intellectuals have formed associations to protect and promote their interests. However, the last ten years have seen a shift in the attitudes of governments, international agencies, the media and the public towards the activities of civil society. It is now argued that civil society is central to raising the living standards of the poor and furthering processes of democratization in partnership with the state, rather than being seen as marginal to development, or an alternative to the state strategy for development.

The rise of neo-liberal economics and the dominance of theories of liberal democracy have accorded civil society this dual, though sometimes contradictory, role of service provider and social mobilizer. However, the complexity of organizations and associations that fall under the banner of civil society, and the diversity of roles they play, calls for an examination of some of the premises that underlie their growing popularity and importance.

The concept of civil society is the subject of much debate. A widely accepted definition is that civil society is 'an intermediate associational realm between state and family populated by organizations which are separate from the state, enjoy autonomy in relation to the state and are formed voluntarily by members of the society to protect their interests or values'.[2] However, this definition encompasses a huge variety of associational forms – such as trade unions; professional associations; organizations based on kinship, ethnicity, culture or region; formal and informal social networks based on patrimonial or clientelistic allegiances; and pressure or advocacy groups within, and outside of, the political system.[3]

Such a broad view of civil society is unhelpful to those who wish to work with it and encourage its growth, containing, as it does, those who are formal and informal, legal and illegal, hostile to and cooperative with the state. An alternative approach is to focus, instead, on the role that certain associations play in fostering norms of reciprocity, trust and social capital. Again, however, such a definition is too broad as the range of groups that contribute to social capital formation is too wide, including, for example, social and sports clubs, or religious groups. To make the issue less complicated, there is a tendency to separate political society from civil society so that it becomes 'possible to support democracy without becoming involved in partisan politics or otherwise interfering unduly in the domestic politics of another country'.[4] Nevertheless, as it is argued below, those

organizations that seek to bring about social and economic change are inevitably involved in politically sensitive activities; increasingly, the cooperation between civil society and government is blurring the line between the two.

The most widely adopted view of civil society among governments, donors and official supporters of civil society is that it consists only of voluntary associations that directly foster democracy and promote democratic consolidation:

> *These are associations that specifically seek interaction with the state, whether to advocate interests of the citizens, to oppose non-democratic behaviour of the state, or to hold states accountable to citizens for their actions.*[5]

In this view, the range of associational groups that are seen as having a key role to play in development is more narrow and consists mostly of professionalized non-governmental organizations (NGOs) and community-based organizations (CBOs) that are located in those poor neighbourhoods, which are the subject of development initiatives:

> *Civil society actors, which supposedly seek to make their countries better by influencing government policies but not seeking power, can thus appear to make up an anti-political domain, a pristine realm in which a commitment to civic values and the public interest rules in place of traditional divisions, beliefs and interests.*[6]

What will be seen below, however, is that those civil society organizations that seek to improve the lives of millions of people living in slum conditions do not make up a 'pristine realm'. Instead, they operate in an unavoidably politicized and conflictual realm, as they are not immune from the same contradictory pressures and forces that afflict political and social life.

RESIDENTS IN ACTION

The strategies of slum households

The current emphasis on strengthening civil society should not mean neglecting the importance of the activities of poor men and women as individuals and in households. A basic function of all households is to manage their resources and assets in order to maintain and reproduce the household as a social unit. In slums, where service provision by the state

Understanding how households devise and develop strategies to harness and manage resources is essential in the fight against poverty. Households are not static but are subject to changes in composition and social dynamic over time

and non-state actors is often very limited, and where residents are subject to the daily deprivations of poverty as well as sporadic shocks and crises, how the household manages its labour, time and energy is of crucial importance for the well-being and survival of all of its individual members. Understanding how households devise and develop strategies to harness and manage resources is, therefore, essential in the fight against poverty. There has been a tendency, however, to homogenize the household as a unit, overlooking the inequalities and conflicts that exist within it – instead, assuming that what benefits the poor household benefits all of its poor members equally. This is now widely recognized to be incorrect, and it is also accepted that households are not static but are subject to changes in composition and social dynamic over time: 'This "mini political economy" of decision-making about status, power, property and work between women and men, generations and kin is multi-faceted and dynamic in its formation and life'.[7]

Much more is now known about the strategies and structures of poor households than just ten years ago; yet, much of that knowledge remains in the realm of researchers and academics rather than in mainstream government agencies. Thus, for example, the majority of national census and survey data sets used by national policy-makers focus on household level data, and fail to reveal intra-household inequalities and relations. While policy-makers, private-sector service providers, NGOs and community organizations who work with poor households have begun to recognize the urgent need to reach within the household and target their interventions and services more effectively, success, so far, has been limited, and has centred on efforts to make women the primary recipients of resources. Thus, much more needs to be done to ensure that policy-makers and those who work with the poor understand how different households in different contexts function. Furthermore, a great deal more work needs to be done to ensure that their subsequent interventions actually respond to the unequal needs and the shifting dynamics of households in order to reduce poverty most effectively.

Inside the household

Internal division of power and status within the household between men and women, girls and boys, and generations and kin influence who makes what decisions and for whose benefit (see Box 8.1). Providing credit to women household members is now widely accepted to be more effective in benefiting the household as a whole, and especially its children, than when men are made the recipients of credit. Similarly, ensuring that women's names are on the deeds of land and house can serve to protect them and their children from homelessness in the event of family breakdown. Differences in power and status within each household depend upon a mix of individuals' behaviour and the given cultural norms of a particular society. For example, the decision-making status of elderly men and women in Asian households contrasts markedly with that in many Western societies, and the assumption in many countries that the

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Box 8.1 Unequal relations in the household

A study of urban populations in Bengal looked at the different access of members of poor households to health care. This study indicated that the high cost of health-care treatment for poor households relative to income means that access to health services depends upon their status within the household and their resulting ability to make demands on household budgets. As a result, due to the relatively lower status of women and girls in Bengal, there tends to be less health expenditure on women and female children. This was clearly illustrated in the case of a cholera epidemic in Bangladesh, where female fatalities were three times higher than men's, not because women were more vulnerable to the disease, but, rather, because – in an effort to avoid expenditures on women's health – they tend to be taken to hospital when the disease is far more advanced.

Source: Guha Sapir, 1996.

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man is the household head is highly inappropriate in many other countries.

The different tasks and responsibilities assigned to household members are linked to these differences in power, as well as to ideas about what is fitting to their social status and individual capabilities. For example, in many societies, women and girls living in peri-urban slums or urban slums are expected to obtain basic resources, such as water and fuel. These tasks can take up large amounts of time, to the detriment of women's and girls' income-earning and educational opportunities. In many slums, women explicitly or implicitly have considerable influence over decisions regarding investments in the home, as well as carrying out many of the maintenance tasks, while leaving the larger construction tasks to the men. The responsibilities assigned to boy children contrast markedly with those assigned to girl children in many societies, with the latter assuming many domestic duties, such as cleaning and child care, while, instead, the educational and leisure needs of boys are prioritized.

Intra-household relations and inequalities are not static, however, and shifts in the broader economy can have a profound impact on household composition and dynamics; 'the occupational mixes of lower-income households are reflective of broader economic trends, as well as cultural practices toward age and gender divisions of labour'.[8] In Southeast Asia, for example, the growth of export-oriented manufacturing has led to an influx of young single women to the cities, finding accommodation in dormitories and forming new types of household that contrast with the traditional concept of the nuclear or extended household. In Western European countries that have undergone rapid processes of de-industrialization, a marked shift in household power relations has occurred as the traditional male breadwinner has found himself unemployed and dependent upon the wages of his service-sector worker wife. Understanding just who does what and who gets what within the household, as well as how household structure and dynamics are changing, is therefore essential if the resources are to be targeted for maximum effect. For example, the provision of water standpipes may be far more effective in enabling women to undertake income-earning activities than the provision of skills training.

The different tasks and responsibilities assigned to household members are linked to ideas about what is fitting to their social status and individual capabilities

Reciprocity and remittance

Understanding what goes on within the household is, however, just a starting point. All households, and especially poor households, form part of networks of reciprocal relationships that can extend deep into the community and far beyond. The household is commonly defined as those members of a residential unit who share the same cooking pot; yet, the capacity of a poor household to manage its financial and material assets, to improve its immediate environment, and to enhance the opportunities of its individual members can be markedly improved if reciprocal exchange relations can also be established outside of the household, with, for example, neighbours, kin, friends and employers. A substantial share of poor households' income comes from within their immediate communities and neighbourhoods. For example, studies show that the material provisioning of households outside of the market (such as house construction and maintenance, and vegetable and fruit growing) takes place almost wholly in the community and can comprise as much as 30 per cent or more of the household income of the urban poor.[9] In squatter settlements, one of the most commonly recognized phenomena is the pooling of labour among family and neighbours in order to build houses. However, mutual exchanges can also revolve around financial assistance, child care and the care of the elderly, finding employment, education provision and improvements to communal spaces, to name just a few examples. These reciprocal relations can be essential during times of crisis when sickness reduces income-earning capacity and debts increase, or when evictions occur and the home and possessions are lost.

In many slum communities, households retain strong ties to their rural place of origin (or even across continents, owing to the spread of diaspora populations), and the reactions of those living many kilometres away may be considered when making decisions that affect the livelihoods and well-being of the household members. Urban workers can send money, and basic and luxury goods to their village relatives; marriages may be arranged and conducted in the rural home; and younger men and women may be sent to stay with urban family and friends in order to gain access to employment. Such relationships can make the difference between the success and failure of livelihood strategies.

Many government and donor-funded interventions rely upon the regular participation of poor households in activities such as the construction and maintenance of houses, toilets and communal buildings; yet, a common failing of such projects is the tapering off of residents' interest and the rapid deterioration of the infrastructure installed. In contrast, poor communities exercise a wide range of social sanctions to control relations of reciprocity and prevent free riders from taking advantage of others. Research in slum communities reveals that there are numerous ways in which small-scale social organizations have mechanisms, ranging from gossip to shunning and acts of violence, which are actively used to punish non-conformers and to ensure cooperative behaviour.[10] However, non-compliance may also be tolerated when those who are failing to contribute are known to have special

circumstances, such as sickness, disability, bereavement and so on, that prevent them from taking an equal burden. In this case, support provided by the community can be essential to such disadvantaged households in coping and recovering.

Households need to remain in one place for a sufficient length of time if they are to build and maintain networks of reciprocal relations. The destruction of social networks that comes with evictions and forced resettlement is (along with disruption of livelihood activities by moving inhabitants far from their places of employment) one of the most common criticisms of resettlement and rehabilitation programmes that affect slum communities. Reliance on social networks explains why many slum communities reveal a remarkable homogeneity of place of migratory origin, and of ethnic or religious group. Such uniformity is not only attractive because it allows for a sense of belonging that migrants would otherwise not have upon arriving in a city, but because it also greatly facilitates the establishment of relations of support and reciprocity:

> *With the capacity to organize closely connected with social cohesion and the development of a 'we-consciousness', communities that do not have long histories of settlement or are characterized by a high degree of social, ethnical or political cleavage face particular difficulties in creating community-wide trust and cooperative association.*[11]

This is well illustrated by research undertaken amongst villagers resettled during post-independence land reforms in Zimbabwe, in which 71,000 households were resettled to new villages made up largely of strangers.[12] The research, using an investment game exercise, found that those villagers who had not been resettled showed far higher levels of trust and reciprocity – the lack of which in villages resettled as long ago as 1982 was due simply to less familiarity and the resultant greater uncertainty faced by resettled villagers when trying to predict each other's behaviour in strategic situations

Vulnerable households

Vulnerable households are often those who do not enjoy the support provided by networks outside of the household. Where a household has no security or socially recognized place within a community, debt, sickness and unemployment can be disastrous. Real or perceived security of tenure is thus essential if households are to put down roots and establish reciprocal relations of support. In addition, those who are recent migrants, those who belong to persecuted ethnic or religious minorities or to certain castes, or those who suffer the consequences of a particular social stigma can find themselves vulnerable and without support (see Box 8.2).

Furthermore, as relations within households are not equal, some individual members tend to be more vulnerable to the crises of poverty than others. These are usually women, children and the elderly who often enjoy a relatively

small proportion of household resources, but contribute a substantial amount of their time and energy to household and community management activities. Especially vulnerable are single member poor households and single parent households that do not have the labour power and time to undertake many essential activities, such as cleaning, child care or house maintenance, as well as bringing in sufficient income for survival.

COMMUNITY-BASED ORGANIZATIONS IN ACTION

The growth and range of community-based organizations (CBOs)

In addition to individual and household strategies for livelihood management, collective social action is a key characteristic of poor communities, whether regular or sporadic, concerning leisure activities, the development and maintenance of public spaces and assets, or for the purpose of protest, advocacy or campaigning. To make such cooperative social action effective and sustainable, an organizational base is often essential, with a leadership that is sufficiently accountable and earns the respect of its members. Such CBOs, also known as grassroots organizations, are defined as locally based membership organizations that work to develop their own communities.[13] Again, this succinct definition covers a wide range of organizations. They vary in size, type and range of interests, management structure, size and nature of constituency, and level of interaction with other groups and actors (including the state).

The classification 'CBO' includes many types of group, such as community theatre and leisure groups; sports groups; residents associations or societies; savings and credit groups; child care groups; minority support groups; clubs; advocacy groups; and more. All reflect the heterogeneous nature of slum populations and their interests and needs. They can exist informally, entirely outside of the state, or they can be semi-official or have official legal status, perhaps with some senior members actually receiving government salaries. However, the vast majority of CBOs are not profit-making organizations. The two most common types of CBOs are local development associations, such as village councils or neighbourhood associations, which represent an entire community, and interest associations, such as women's clubs, which represent particular groups within a community. A third type includes borrowers' groups, pre-cooperatives and cooperatives, which may make profit, yet can be distinguished from private businesses due to their community development goals.

In 1998, it was estimated that there were probably over 200,000 grassroots organizations functioning in Asia, Africa and Latin America alone.[14] Their rapid growth over the last 20 years or so can be explained by broad structural changes in the way that global and, hence, local economies function, resulting in processes of democratization,

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privatization and government decentralization. Structural adjustment programmes (SAPs) from the 1980s onwards have led to the collapse of already meagre state support to some population groups, while de-industrialization in the North has left whole neighbourhoods and towns in recession. In response, many CBOs have been formed to deal with specific needs or problems faced by communities facing deprivation and crisis (see Box 8.3). Other CBOs form in response to a specific planned intervention by state or non-state actors (see Box 8.4). These single-issue organizations may fade once the need has been met or the problem dealt with; but some go on to diversify their demands and activities, widening their membership base accordingly. Cultural and religious institutions are also important sources of community organization and mobilization, and many are flourishing in the face of, or perhaps in response to, processes of globalization that are perceived to undermine identity and autonomy.[15]

In the South, the rapid growth of CBOs, especially in Latin America, that address basic family consumption and income requirements in a general environment of survival has been evident since the 1980s. Many have managed to establish political freedoms and to escape from decades of repression, and/or to respond to the consequences of recession and structural adjustment. CBOs as interest associations have filled an institutional vacuum, providing basic services such as communal kitchens, milk for children, income-earning schemes and cooperatives in order to ensure that crises of poverty are met proactively. CBOs of this type are frequently run and controlled by impoverished women and are usually based on self-help

In 1998, in Asia, Africa and Latin America there were probably over 200,000 grassroots organizations

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Box 8.3 Community-based organizations dealing with housing insecurity in the Philippines

The Kabalaka Homeowners Association is a local network of CBOs made up of around 1000 very poor households from around the city of Iloilo in The Philippines. This network has mobilized in response to the insecure tenure and housing conditions faced by its members, who were squatting illegally in informal settlements. Since 1997, they have collectively saved 2.5 million pesos that are being used to buy 4.4 hectares of land close to their original settlements. The community groups found this land themselves and researched its ownership, zoning and rights of way in preparation to purchasing it. In addition, the CBOs negotiated with the Philippines National Housing Authority (NHA) for help in developing these new sites through their Land Tenurial Assistance Programme, through which – once the land purchase has been finalized – the NHA will develop the land on the basis of the community's layout requirements, after which the people will build their own houses.
Source: Vincentian Missionaries Social Development Foundation Incorporated, 2001.

Quezon City lies immediately to the north of Manila and is part of the national capital region of the Republic of the Philippines. It has a population of 2.3 million. A large number of the population lives in poor urban communities. In 1991, 50% of households were found to be below the official poverty line. On the north side of the city, straddling a major thoroughfare called Commonwealth Avenue, is an area of some 350 hectares known as the National Government Centre (NGC). This area was set aside during the 1940s and is now the home of the Philippines House of Representatives and a number of government departments. It is also home to a large number of urban dwellers living in poverty in largely unplanned and unauthorized settlements.

SAMASAMA is the largest of a number of people's organizations existing in the NGC, with a membership of about 12,000 families. It was formed in 1980 in response to evictions and demolitions by the Marcos regime that – through mass protest against armed police – it was successful in resisting. Its key objective has been to obtain secure and regularized tenure of the land on which its members have built their homes. Since 1982 it has been assisted in its work by the NGO Community Organization of the Philippines Enterprise (COPE). In 1988, SAMASAMA was officially designated the representative of the NGC residents on a National Government Centre Housing Committee (NGCHC), with 50% voting power on all decisions.

Currently, amidst rapid urbanization and lack of political will by the government in developing the NGC as a social housing site, the SAMASAMA has succeeded in getting 150 hectares proclaimed for on-site resettlement, successfully designing and implementing a social housing innovation called the People's Housing Alternative for Social Empowerment (PHASE), which was adopted and later revised by the government, who institutionalized the right of the people's organization to participate in the decision-making in the NGCHC. The leadership and general membership of SAMASAMA is comprised almost entirely of women, who are supported by their spouses and families.

It has also facilitated the setting up of 18 day-care centres; the installation of legal electricity and water connections to the communities within the 700 hectares of the NGC settlement; the dismantling of syndicates who prey on poor families; and the establishment of a credit and savings cooperative for its members. It formed the core of an anti-eviction federation in Metro Manila of poor families threatened with evictions. The majority of its women members supported the first political party of women that won a seat in congress, the Abanse Pinay, during the 2001 elections. These are highlights of its past and present work. It has worked with planners, architects, economists and the religious in its struggle to make a difference, to be heard, and to break out from poverty, ignorance and marginalization.

Source: UN-Habitat, Best Practices Database.

principles, though they may receive assistance from NGOs, churches and political parties. They contrast with the more traditional, male-led neighbourhood development organizations found in poor communities that are usually engaged in meeting community needs, such as water supply, sanitation systems, roads, garbage collection, schools, community and day-care centres, community health, neighbourhood vigilance, crime control, and other infrastructure and service needs.[16]

In the North, development practitioners, community leaders and government planners have been:

> *…seeking to soften the impact on community life of recession, de-industrialization, and economic and social restructuring. They sense the limits of traditional, macro-level economic development strategies, and they perceive co-operative forms of community organizing and community economic development as a*

practical alternative for strengthening communities socially, as well as economically.[17]

Hence, as in the South, there has been a rapid growth in interest associations responding to specific needs generated by a crisis situation in the community, such as an industrial plant closure, or rises in drug use and crime. Again, many such organizations are formed and led by women; and not only are the numbers of CBOs of all types proliferating in both the North and the South, but traditional and newly created CBOs are beginning to organize horizontal networks among themselves. For example, Shack/Slum Dwellers International (SDI) is an international organization of the CBOs of the urban poor from 11 countries in Asia, Latin America and Africa who work to share ideas and experience, and lend each other support in their efforts to secure access to housing, infrastructure and land.[18] Such networks provide support and learning opportunities; strengthen their power to advocate changes in policy; improve fund-raising opportunities; increase membership; and generally increase the visibility of the multiple problems that CBOs are trying to tackle (see Box 8.5).

Working with CBOs

The diversity of residents' groups in slum communities has resulted in a wide range of strategies for acquiring resources. While some CBOs depend entirely upon voluntary labour and financial contributions to sustain their activities, most interact at some level with outside support organizations: governmental, religious, cultural, or other CBOs or NGOs. One important point of contact tends to be NGOs or grassroots support organizations that act to mobilize CBOs, lobby for resources on their behalf and implement initiatives within slums. A well-known example is the Society for the Protection of Area Resource Centres (SPARC), founded in 1984 in Mumbai to support community-based organizations of pavement dwellers, and subsequently expanded to give support to community organizations of the urban poor in India, more generally.[19] Another recent example is NAVIKU (Nairobi *Vikundi vya Kujisaidia*) (see Box 8.6). Direct contact with the state is also common – for instance, where the state itself has established the CBOs – when seeking partnerships within slum communities for the implementation of programmes and projects, or where politicians seek political support in return for much needed resources.

Just as there has been a tendency to overlook power and status differentials within the household, there has also been a tendency to idealize the concept of community, overlooking the heterogeneity within it: 'There is an assumption that democratic consensus will somehow overcome difference and bring the various segments in the community together to form a united front of community action.'[20] Communities are stratified along lines of social class, ethnicity, gender, sexual orientation, age, caste, religion, and cultural tradition, and so power and status within communities are shared unequally. Such inequalities are often apparent both within and between CBOs, and the extent to which community development organizations,

Traditional and newly created CBOs are beginning to organize horizontal networks among themselves, both national and international

such as residents' associations, community societies and neighbourhood committees, really represent the diverse interests of their communities has been the topic of considerable debate. In the context of increasing outside support for CBOs as a means of providing basic services and of acting as a force for empowerment and democratization, it has to be acknowledged that many CBOs are, themselves, profoundly undemocratic.

In response, during recent years there has been a growing demand that planned interventions in slum and other poor communities empower marginal groups to participate in community and institutional decision-making processes, either through their own social organizations or as representatives of local grassroots organizations or community-wide councils. Traditionally, support for community development in the South has primarily been aimed at securing an increase in the resources and productivity of the poor, whereas in the North it has been about the allocation of assets and power.[21] Over the last ten years, however, the latter is also talked about in relation to the South, and social dimensions, such as the need for community institution building, are added to environmental and economic goals. For collaborative partnership arrangements to emerge between the state, NGOs and CBOs, it is necessary to have strong self-managing community organizations and a less coercive approach on the part of state agencies and institutions.[22] Despite the current emphasis on partnership approaches, it is worth noting that a whole range of strategies (including conflicting approaches) can be vital in changing relationships, in forming leadership skills and, ultimately, in securing resources for the poor. It is obvious, however, that poor communities tend to have the least amount of bargaining power around the partnership table. As a result, CBOs frequently require the support of NGOs or other CBOs if they are to develop and implement strategies that build their power base and maximize their access to resources. Table 8.1 outlines a number of common social values and principles that are currently acknowledged to be essential to the growth of strong community organizations and community development.

NON-GOVERNMENTAL ORGANIZATIONS (NGOs) IN ACTION

Defining NGOs

At face value, the simplest definition of an NGO is an organization that is the opposite of a government organization – independent from the state and state authority. However, such a definition is misleading and overly simplistic. Sometimes, the term NGO is used to

...mean all NGOs everywhere, including Northern NGOs based in one developed country that operate internationally, inter-national NGOs or networks... [and] Southern

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Box 8.5 Shack/Slum Dwellers International (SDI)

Shack/Slum Dwellers International (SDI) is a voluntary association of like-minded people's organizations committed to a shared process of grassroots organization, problem solving and solution sharing. SDI was formed in the North-West Province of South Africa in May 1996. Today, it has many affiliates on three continents. These include:

• UmfelandaWonye (South Africa Homeless People's Federation) – South Africa.
• Zimbabwe Federation of the Homeless – Zimbabwe.
• Twahangana – Namibia.
• Muungano Wa Wanavijiji (Slum Dwellers Collective) – Kenya.
• Enda-Graf – Senegal.
• National Slum Dwellers Federation (NSDF) – India.
• Mahila Milan (network of slum and pavement women) – India.
• Urban Poor Federations – Thailand.
• Society of Urban Poor Federations – Cambodia.
• Payatas Savings and Credit Federation – Philippines.
• Mutirao Groups in Belem – Brazil.

These organizations, often supported by NGOs, avail the network of their facilities, their time and contributions in kind. Most importantly, they share knowledge and solidarity across regional boundaries. For example, NSDF and Mahila Milan from India have developed a slum dwellers' enumeration process by which they generate records on names, faces, locations and living conditions of slum dwellers. This process produces information that can be used for negotiating services or as baseline data in slum upgrading projects. Persons thus enumerated are issued with an identity card, which can be used in a variety of ways:

• Proof of residence in case of upgrading.
• Proof of economic status in case of provision of subsidies or safety net measures, etc.

SDI groups from India have shared the enumeration process with counterparts in other countries – for example, in the slums of Nairobi, Kenya.

By involving the communities, a significant change has come about in dealing with the issues of poverty eradication. Using capacity building as a strategy, SDI has involved grassroots organizations, made up of vulnerable members of the society such as the homeless and landless women so that they are able to play a central role in their environmental development. Interactions through networking have begun to create a far-flung solidarity and to enable a rapid transfer of developmental knowledge, organizational skills and people's own resources from one context of urban poverty to another by way of sharing their problems and experiences.
Source: www.sdinet.org.

NGOs from the Third World, and many other kinds of non-profit organizations throughout the world. The term also has numerous culturally specific meanings. In Western Europe, it generally means non-profit organizations that are active internationally. In the transitional countries of Europe and the former Soviet Union, it tends to mean all charitable and non-profit organizations. In the Third World, the term NGO generally refers to organizations involved in development, broadly defined.[23]

With the mushrooming of NGOs and expansion of their activities, the lines between different types of NGOs and between the non-government and government sectors have

Box 8.6 Nairobi Vikundi vya Kujisaidia (NAVIKU: self-help groups, Nairobi, Kenya)

Rapid urbanization has led to an alarming deterioration in the quality of life of city dwellers. Nairobi suffers from infrastructural deficiencies; poor sanitation and solid waste disposal; water shortages; polluted natural watercourses; frequent epidemics; inadequate health care; depletion of green areas; poor roads and transportation; dust and air pollution; proliferation of slums; growing illiteracy; and lack of support for the social and economic development of the disadvantaged communities. The aggregate of distress is especially debilitating for the urban poor who live in slums. Women and children bear the worst brunt as they continually manage their daily lives and chores in this environment.

Nairobi Vikundi Vya Kujisaidia (NAVIKU) is a Swahili title for 'Association of Self-help Groups in Nairobi'. NAVIKU was formed with a mission to strengthen and activate the existing programmes related to self-help groups in Nairobi because some of them were on the verge of extinction/collapse due to poor management and non-participation by members. NAVIKU has been able to mobilize some of its finances through registration fees (US$7) by member groups. The group has also been able to pool finances from the contributions made by members after the sale of various wares that they are involved in producing. Some member groups own houses that they rent out; from the money that they collect, a certain portion is paid to NAVIKU to finance some of its development activities. Most of the technical activities implemented by the umbrella organization have been in the form of seminars and workshops for the member groups; as such, members are imparted with organizational skills for the effective running of their respective groups. Nairobi City Council (NCC), Shelter Forum, UN-Habitat, the Small Town Development Programme (STDP), supported by GTZ, and Shelter 2000 facilitate these seminars. Of importance are the seminars organized by the NCC that were instrumental in forming NAVIKU, since the main theme of these seminars was the need for an organization to champion the rights of the inhabitants of informal settlements who are the majority members of NAVIKU.

Most community-based organizations (CBOs) that are also members of this umbrella organization have been revitalized and are posting positive gains in their activities due to improved production and, consequently, income generation (the current membership stands at 50 self-help groups). This was achieved by making the communities aware, through seminars and local '*barazas*', of the fact that they themselves were ultimately responsible for the success of their respective organizations, and any benefits accruing from such a success would go a long way to improving their livelihoods.

The other aim was to identify and promote income-generating activities. This was achieved by encouraging the member groups to participate in soap- and candle-making; preparing compost and charcoal from garbage waste; weaving; leatherwork; making fire-less cookers and lampshades; operating sanitation services; cattle rearing for milk production; and garbage collection. All of these activities have a ready market in the area where they are carried out and this has encouraged the member groups to involve themselves since they realized that they were/are receiving steady income from them. NAVIKU has been directly involved in the marketing of the wares produced by the member groups.

NAVIKU has also been involved in the pursuit of decent living by encouraging members to improve their shelter using the available building materials and provision of basic needs, such as clean drinking water, community health education, the hygienic disposal of solid waste and improved drainage in their living areas. NAVIKU has been involved in the sensitization of gender roles, and the rights and responsibilities of women who constitute the majority of members in most of the member groups. Women members are now knowledgeable about their rights, their role in development and the need for them to participate in policy-making at the grassroots level. The youth who were idle before the initiative began now engage in development activities, such as garbage collection and 'pay-as-you-use' toilets, and have even formed community savings schemes popularly known as 'merry-go-rounds'. In the process, NAVIKU has achieved its wider goal of a sustainable environment.

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become increasingly blurred. This has spawned a host of attempts to distinguish between 'real' NGOs and their bogus counterparts. Much of this is done on the basis of the source of their funding, and/or the intent of their work. For example, it has been argued that:

> *Those set up by Third World government ministers, which work essentially with government departments and which receive their funding from official aid agencies, are hardly non-governmental... Neither are Northern-based agencies, financed overwhelmingly by their home governments and operating projects in conjunction with Southern governments. Furthermore, agencies whose primary motivation is religious or political, or which don't aim to help the poor, are not 'true NGOs'.*[24]

Some argue that NGOs should not be explicitly political. However, as NGO activity expands away from improving services and economic opportunities for the poor towards empowerment and capacity building of grassroots organizations, the ideal of political neutrality is increasingly exposed as false.

The commonly accepted definition of NGOs suggests that they are 'largely or entirely autonomous from central government funding and control: emanating from civil society...or from political impulses beyond state control and direction'.[25] This definition excludes churches and political parties. However, even this narrower definition of NGOs can be further broken down, as is illustrated by Table 8.2. In this light, NGOs are just one category of non-state actor (distinguished from, for example, criminal gangs, private companies, liberation movements or social movements); but unlike some other non-state actors, they belong within the benign liberal tradition – the quintessential NGOs are those

1	Nurturing and mobilizing cooperative, responsible and active communities of men and women for the purpose of mutual aid, self-help, problem solving, social integration and social action.
2	Fostering the ideal of participatory democracy at all levels of society in order to counter apathy, frustration and resentment, which arise from feelings of powerlessness and oppression in the face of unresponsive power structures.
3	Relying upon the capacity and initiative of relevant groups and local communities to identify needs, define problems, and plan and execute appropriate courses of action, increasing leadership competency and reducing dependence on the state and professional interventions.
4	Mobilizing and deploying resources from within the community and outside (through partnerships with governments, NGOs, etc) in such a way as to ensure balanced, sustainable forms of development.
5	Promoting community integration around two sets of relations: social relations among diverse groups whose differing characteristics may cause conflict; and structural relations among those institutions (government, private, NGO and CBO) that address social challenges at the community level in order to avoid competition and duplication.
6	Organizing activities such as circles of solidarity that empower marginal or excluded population groups by linking them with the progressive forces in different social sectors and classes.
7	Giving the marginalized, excluded or oppressed the essential tools to enable them to critically analyse and become conscious of their situation in structural terms, so that they can envisage possibilities for change.

Source: Campfens, 1997, p24.

of liberal and cosmopolitan intent.[26] Those whose work concentrates upon poor slum communities tend to fall in this tradition, usually staffed by professionals who channel international and other development funds to community and grassroots organizations, helping communities other than their own to develop.[27]

The growth of NGOs

The history of civil society voluntary organizations that work to improve the lives of the poor dates from long before the 20th century in both the North and the South. However, in the North, the first NGOs with a concern for development arose after World War I and grew in strength and numbers after Word War II: 'Initially, these NGOs were engaged in relief work, primarily in war-torn Europe. They gradually shifted their attention to the Third World and also broadened it to include welfare activities – a natural extension of relief.'[28] During the 1950s and 1960s, the number of Northern NGOs multiplied and their focus moved progressively towards development activities. As it became apparent that welfare and relief work only attacked the symptoms of poverty, their focus began to shift toward increasing the capacity of poor men and women to meet their own needs, working with existing initiatives and organizations in villages and urban slums. New funding streams became available from Northern NGOs to local groups, many of which became significant NGOs in their own right. The homogeneity between NGOs pursuing similar agendas began to break down by the 1960s, with Southern NGOs becoming more assertive, as well as growing quickly in number and influence. During the 1970s, there

was a shift again, away from small-scale, self-help type projects towards promoting empowerment through raising the consciousness of the poor so that they could overcome their exploitation. The growing realization of the political nature of development, during the 1970s, led many NGOs to question their role and their financial dependence on Northern sources of funding and their relationship to their constituents. In the North, there was a growing body of advocacy work that was directed towards changing the exploitative structures (governments and companies) that were based within the North itself. This presented contradictions as these NGOs were dependent upon governments that were exacerbating poverty in the South in some way.

By the 1980s, Northern NGOs became less timid in their advocacy work, while, in the South, North–South networks began to flourish, increasing their analytical and advocacy strength. Some progressive Northern NGOs have helped to fund these networks, while rarely taking an active role in their operations. A more recent NGO trend is to engage in a range of activities that aim to bring about change in Southern official structures in order to create a more effective policy environment for their initiatives, concentrating especially upon the reforms needed by local government. They have realized that 'their projects by themselves can never hope to benefit more than a few chosen communities and that these projects are only likely to be sustainable when local public and private organizations are linked into a supportive national development system'.[29]

By 1996, there were at least 50,000 active NGOs working with poor communities in the South, reaching over 300 million people.[30] To understand the rapid growth of

1	Relief and welfare agencies, including missionary societies.
2	Technical innovation organizations that pioneer innovative approaches in specialist fields.
3	Public service contractors, mostly funded by Northern governments and that work closely with Southern governments and official aid agencies to implement components of official programmes.
4	Popular development agencies, Northern NGOs and Southern intermediary counterparts that concentrate on self-help, social development and grassroots democracy.
5	Grassroots development organizations and locally based Southern NGOs whose members are the poor and oppressed themselves, and which attempt to shape a popular development process. They often receive support from popular development agencies.
6	Advocacy groups and networks: organizations that have no field projects but that exist primarily for education and lobbying.

Source: Clark, 1991, pp40–41.

NGOs in both North and South, 'No explanation can ignore state or national interest, nor broader structural changes in society that accompany such NGO activity'.[31] Their growth has been, in part, a response to the damaging effects of SAPs, resulting in increasing poverty and social exclusion, and growing numbers of the 'new poor'. The increase in the number and types of NGOs is also a response to new opportunities to work with donors, Northern NGOs and governments, making the work of many NGOs financially viable and more strategic. Successive increases in aid budgets have seen the funding opportunities for NGOs proliferate, frequently on the assumption that NGOs have the ability to reach the poor and be agile and innovative, in contrast with the supposedly 'corrupt' and 'bureaucratic' state.

The growing availability of direct funding from governments and donors to NGOs is just one result of broader ideological, political, technological and economic shifts at the global, as well as national levels. The rise of NGOs and grassroots organizations reflects a proliferation of local self-help initiatives; more fundamentally, it is the product of neo-liberal economics and the liberal democratic agenda.[32] Structural shifts in the global economy have seen successive rounds of multilateral trade liberalization, and rising flows of investment and finance. Keynesian economic policies have given way to monetarism, tilting the balance between the public and private in favour of the latter:

> *...all that was not the state was now to be encouraged, and what the voluntary or private-sector organizations could do, the state should not do. This culminated in the neo-liberal agenda of the post-1980 world.*[33]

There has been a growing disillusionment with the state:

> *...the replacement of the image of the public servant as enlightened technocrat by that of the self-interested bureaucrat, together with resistance to rising levels of taxation and public expenditure, led governments to contract out public functions to private actors, converting companies and NGOs into agents in providing public services.*[34]

Service delivery through markets and private initiatives is held to be more efficient than through the state, while – because of their supposed cost-effectiveness in reaching the poorest – NGOs have become the preferred channel of official agencies wanting to provide welfare services to those who cannot be reached through markets. Furthermore, NGOs and grassroots organizations are seen as vehicles for liberal democratization and essential components of a thriving civil society, which, in turn, is seen as essential to the success of the agenda's economic dimension. NGOs are thus perceived to be effective vehicles for the delivery of the agenda's economic and political objectives, even though these two can pose many contradictions.[35]

Political change has also encouraged the proliferation of NGOs and other civil society groups. The diffusion of international rivalry after the end of the Cold War has weakened the link between national solidarity and national security, favouring the emergence or strengthening of 'non-national identities' – for example, around ethnicity, particular causes such as civil rights and the environment, or diaspora populations.[36] The era of conventional state- and party-centred politics has waned in the face of a new world of social movements. These have been greatly assisted by technological progress and a communications revolution that has transformed the ability of non-state actors to develop cheap and easy international contact, while rising educational standards, increased international travel and the emergence of global media have widened the perspective of the elites and counter-elites.[37] These elites played a key role in NGO expansion. As idealistic young professionals, they benefited from widespread government investment in universities during the 1960s and have established or joined NGOs as a means of expressing their genuine commitment to the poor, and as an alternative to unemployment, dead-end government jobs or migration to developed countries. They have established thousands of NGOs and grassroots support organizations concerned with development, the environment, the role of women and primary health care, many of them working with slum communities.[38]

The range and diversity of NGOs

Northern, Southern, transnational and international NGOs have not just grown rapidly in numbers over the last four decades. Their coverage, in terms of population and sectors, has also grown markedly. Rural welfare projects for small groups no longer dominate all NGO portfolios; instead, many have extended into the provision of health, education, housing and credit services to millions who are increasingly located in cities and their slums (see Boxes 8.7 and 8.8). Many now assume some advocacy and lobbying roles, while some work exclusively in these areas, without project-based work. Those NGOs that do work directly with the organizations of poor men and women conduct a range of tasks, from direct service provision to capacity building for CBOs, to acting as a go-between to the outside world. They encourage CBOs to form networks, as well as provide technical innovations. The roles played by NGOs include:

- encouraging organizational pluralism between citizens and the state;
- supporting micro-enterprise development and institution strengthening with implications for equality;
- promoting political rights and civil liberties and providing legal aid (especially to women's CBOs);
- promoting bottom-up democratization;
- influencing other players in the independent sector; and
- broadening the ownership of capital through encouraging micro-enterprise development.[39]

Clearly, not all NGOs perform all of these roles, and as NGO numbers have proliferated, some have specialized in particular activities. In addition, many NGOs are no longer

Box 8.7 Popular Habitat Programme in San José, Costa Rica (FUPROVI)

This NGO-operated programme uses a self-help housing approach and a revolving fund system to provide quality housing and to achieve social development in a sustainable manner. After a financial slump during the 1980s, Costa Rica was faced with a major housing shortage. This resulted in the growth of slums in marginal areas in San José, the capital, and in other main cities, primarily affecting the lowest-income groups and exacerbating their social exclusion.

The Popular Habitat Programme was developed to address this crisis in 1988 by the Foundation for Housing Promotion (FUPROVI), a national NGO, with assistance from the Swedish government (providing a grant of US$20 million). FUPROVI was founded in 1987 to support low-income households and improve their living conditions. Their approach is to build the skills and organizational abilities of low-income households and communities in order to find solutions for their own housing and community problems. Women-headed households are an important target group. FUPROVI sets out to promote housing construction and upgrading as a means of encouraging community development.

The programme initially consisted of the construction of new houses by means of mutual effort and help. Later, it was expanded to include programming, execution and administration of housing initiatives. The programme provides financial and technical support for infrastructure work, new housing and house improvement. It also incorporates environmental aspects such as reforestation, water treatment, sewage and refuse disposal, 'alternative housing' construction and urbanization.

The programme consists of four main areas – namely, low-income housing; community development; income generation; and sustainable development and institutional building. Within the low-income housing areas, the programme offers credit for building materials for housing improvements, infrastructure and service provision. It also offers guarantees for land tenure. Through its community development initiative, the programme provides advisory, training and technical assistance in social organization, building methods, and management and financial and legal aspects. Income-generation support is provided to families with commercial activities in the informal sector. Credit programmes serve community banks, solidarity groups and individual micro-enterprises. Finally, the institutional building and training component disseminates the programme's operative structure and financial model. Training activities target communities, as well as governmental bodies and NGOs. The financial sustainability of the programme is based on a rotating fund, managed by FUPROVI, and is comprised of short-term recovery loans to families from Costa Rica's National Housing Financing System (SFNV); medium- and long-term recovery of other loans; return on invested funds; and additional direct-resource inputs. The main financial strategy of the programme has changed from providing subsidies to housing projects to the present system of offering families long-term low-interest credit to act as bridging finance until they qualify for a loan under the SFNV. FUPROVI offers preliminary loan finance to households, which is then transferred to the SFNV. This allows FUPROVI to recover its capital and to extend credit to other households.

So far, the programme has helped about 8000 families in 42 settlements in the metropolitan San José area and Limon province with new houses, or in improving old ones, or providing maintenance, basic services, land legalization and training. In achieving this, it has worked closely with other stakeholders, including government institutions (services, social assistance, financial), private financial organizations (saving loans, banks and co-operatives), other NGOs, international agencies and municipalities.

The programme has had an important impact on the Costa Rican housing problem, both quantitatively and qualitatively, demonstrating that it is possible to work with families from the lowest-income groups on a competitive and sustainable basis. It has promoted significant changes in policies, legislation and sectoral strategies. It has also brought about changes in awareness and public perception of self-help projects, as well as changes in the attitudes and organization of low-income groups. Several international agencies and institutions have shown an interest in the model of the Popular Habitat Programme, and other initiatives in Nicaragua, El Salvador, Guatemala and South Africa have adopted the programme's principles.

Source: UN-Habitat, Best Practices Database.

small organizations run by a number of professionals along informal lines, but are now larger, administratively complex organizations with high staff numbers and large turnovers. The latter is particularly true of Northern NGOs that now act as channels through which huge amounts of funding are passed on to their Southern counterparts. Some NGOs are members of formal umbrella organizations with written constitutions, annual general meetings and access to governments and international donors with whom they negotiate on behalf of their members (see Box 8.9). Although they often assist their member organizations through capacity-building activities, such formal networks are not generally involved in grassroots support. Instead, characteristic forms of activity can include direct lobbying of governments; participation in international conferences; campaigns to address elites or the mass public; reliance on existing supporters within national political systems; financial contributions; intellectual efforts to shape and reshape the language of debate; and activities outside of the boundaries of conventional politics or the domestic legal order.

NGOs in informal networks are more likely than those in formal networks to interact with one another in the field, and they may provide grassroots support as a group. The two most common types of NGO network are service networks and support movements.[40] Service networks may be large or small, but they are consistently homogeneous, involving mainly grassroots support organizations and enabling NGOs to exchange and promote one another's professional capacities. In contrast, support networks are large,

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Box 8.8 Increasing urban focus of NGOs

WaterAid is an international NGO that works in 15 countries in Africa and Asia. Like many NGOs with roots in rural development, it has become increasingly involved in work with urban poor communities. Its activities include water provision, sanitation and hygiene promotion and lobbying national policy-makers to ensure that the poor gain access to safe, affordable, accessible and sustainable water supplies, sanitation and hygiene-promotion services.

WaterAid's projects were initially all in rural areas until 1990, after which the organization began working in urban areas on a small scale in recognition of the crowded and unsanitary conditions faced by the growing populations living in urban slums, and due to the fact that illegal urban residents are not entitled to basic services, such as water and sanitation. Today, WaterAid has major urban projects in seven countries and is developing projects in five others. It aims to allocate around 30% of its funds to urban work in the future in order to work with the urban poor.

Source: www.wateraid.org.uk.

Box 8.9 CARE-Zambia: Project Urban Self-Help (PUSH II)

The CARE International country office in Zambia (CARE-Zambia) began Project Urban Self-Help (PUSH) in 1992 in four informal settlements of Lusaka and Livingstone that were characterized by high HIV/AIDS infection rates, 46% of the population living below the poverty level and an estimated 46% of the children being malnourished. Following a large-scale Participatory Appraisal and Needs Assessment (PANA) that explored the dimensions of poverty and identified priority issues, water was deemed to be of highest priority.

The identification of water as a priority area led PUSH to initiate plans for a water project that would ensure the sustainable provision of water for the community. Additional development programmes included gender training and indicators for the assessment of residential development committees (RDCs).

Community participation and ownership were emphasized throughout the process, with the RDCs playing a pivotal role in coordinating representation in decision-making processes. CARE-Zambia provided overall technical assistance in project start-up, design, monitoring, and evaluation and training. Financial resources were mobilized from the Lusaka County Council and community members through the establishment of two funds for monthly and annual charges that cover the running costs of the system and the replacement of assets. Human resources for the initiative were provided largely by the community themselves, with 80% of families providing voluntary labour for construction.

The Chipata water scheme was completed in February, benefiting 44,000 people. The project succeeded in improving integration between the community, area-based organizations (ABOs) and council authorities, due to their active involvement in the scheme from appraisal and design to construction. As a result of the project training initiatives, ABO members, council staff and other NGOs have shown improved capacity in leading community development initiatives, largely as a result of the participatory methodologies of PUSH II. In 1997, the Ministry of Local Government and Housing produced a policy paper on decentralization that recognizes RDCs as appropriate sub-district planning structures. This was an important outcome of the project as it provides communities with a viable mechanism of representation and acknowledges them as stakeholders in the consultative process and in future development initiatives.

Following the success of the water scheme, CARE-Zambia has undertaken the Programme of Support for Poverty Elimination and Community Transformation (PROSPECT), which seeks to ensure the long-term viability of the ABOs, and to help councils consolidate their capability to support them. Initiated in January 1998, PROSPECT seeks to develop institutions, water and infrastructure services, and to promote savings and loans. The goal of PROSPECT is to alleviate poverty in informal settlements in Lusaka and Livingstone. The purpose is to assist representative ABOs to develop, manage and maintain basic infrastructure and other services, with particular emphasis on vulnerable individuals. PROSPECT will extend over a five-year period to support project activities in 14 compounds, with a total of 600,000 beneficiaries.

Source: UN-Habitat, Best Practices Database.

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heterogeneous and often amorphous systems of communication that include NGOs, universities, charities, community and grassroots organizations, and some individuals, such as journalists or academics who are interested in grassroots development. Whatever the type of NGO, it is clear that, over the last four decades:

> *…the climate of international opinion, be it that of states or informed public opinion, has been significantly affected by what these NGOs, linked to social change, have brought about… Activity, lobbying, protest by NGOs, their fundraising, their local groups, their letter writers, their hunger strikes and, not least, the actions and convictions of dogged individuals have made a difference world-wide.*[41]

The increasing power and decreasing autonomy of NGOs

The most significant change to affect the workings of NGOs has, perhaps, occurred during the last 20 years, and hinges on the relationship between NGOs and governments and other official bodies: 'The overall picture is one in which NGOs are seen as the "favoured child" of official agencies and something of a panacea for the problems of development'.[42] As noted above, in the context of neo-liberal economics and liberal democratic theory, NGOs have become key players in service delivery and the processes of democratization. These two roles are not necessarily compatible, and evidence of that incompatibility is usually found at the community level. When NGOs start to become more responsive to their funders than to poor men and women, their autonomy can be compromised and the real interests of the poor people whom they supposedly support and represent can be neglected.

Relations between governments and NGOs remain, however, far from uniform. NGO approaches to the state vary from active opposition (through protests, legal action, political activity and media exposure) to complementarity – filling the gaps left by the state – and to reform – seeking to improve the state through deliberate collaboration with government.[43] NGO actors and networks may have many levels of influence over the state, including direct links to domestic politics, influence over national policy-making in different states, an ability to set the agenda by influencing the language and discourse of national debates, and access to international institutions, as well as to national governments. Which strategy is taken depends upon the social and political context of a country at any one time. It would be wrong to suggest that all NGOs now seek to compliment or reform the state because many governments still undermine or explicitly repress the activities of their non-government sector, and pursue policies that are profoundly harmful to the poor. Therefore, the openings for NGOs to work with them are limited.

While some states favour such outright repression, a more common tactic is to make life difficult for NGOs. Legislation can make NGO registration bureaucratic and

cumbersome in the extreme, or tax regulations can make it difficult for NGOs to survive financially. Some governments merely ignore the NGOs that function in their territory, while others seek to co-opt them. The desire to co-opt comes from the recognition of a need for the services provided by NGOs and of a need to control them politically.[44] Tactics of co-optation include small grants, dividing NGOs by selectively favouring some over others, and by governments creating their own NGOs – sometimes used as channels for large foreign and private-sector donations. Another government response to NGOs is to take advantage of them as a source of additional funds for development, passively accepting them in order to enhance government legitimacy at home and abroad, or to enhance security by diluting social dissatisfaction. However, cooperation with NGOs has become increasingly common over the last 20 years. This consists of ad hoc or more systematically planned partnerships and contracts. However, it is ad hoc cooperation that still predominates. Furthermore, policies of cooperation tend to be devised and pursued by individual government departments rather than across entire central, regional or local administrations.[45]

Despite the complex range of NGO–government relations in evidence in both the North and South, it is fair to say that, over the previous two decades, relations between states and NGOs have become much closer and, at times, too close, raising a number of potential problems. It is impossible to know how much of the increase in official funding to NGOs actually responds to NGO-expressed demands, rather than NGOs tailoring their projects and proposals to suit the official streams of funding available.[46] The knock-on effect of this trend is that local development efforts are being distorted in favour of non-radical NGOs who are willing to 'play the game'. In response, some radical NGOs have advocated the drawing up of an NGO charter or code of conduct to define the responsibilities that all NGOs ought to adopt in order to promote more democratic, equitable values and greater public awareness and political debate about development issues.[47]

Another disadvantage of the trend of contracting out public service provision to NGOs is that, in contrast to partnership approaches, it can reduce the potential for cross-fertilization and learning between government and non-government sectors. Indeed, it can reduce the capacity of the state as government departments are closed or downsized. An additional fear is that 'because service delivery tends to attract more official funding, there will be a growing rift between well-resourced service providers and poorly funded social mobilization agencies'.[48] This exposes the conflict that can exist between the political and economic roles that NGOs are being called on to play. Large-scale service delivery requires standardized procedures, structures that can handle large amounts of external funding, systems for speedy delivery and, often, hierarchical decision-making. In contrast, 'effective performance as an agent of democratization rests on organizational independence, closeness to the poor, representative structure, and a willingness to spend large amounts of time in awareness-raising and dialogue'.[49] It is difficult to combine these characteristics within the same organization;

to date, there is little evidence that alliances between service provider and social mobilization NGOs have developed to any extent. In shifting away from consciousness-raising and mobilization towards service delivery, NGOs are retreating from any serious role in addressing the structural causes of poverty and injustice.

However, it is not only service-delivery NGOs whose autonomy can be questioned. Virtually all NGOs, except those involved in hostile opposition to the state, have personal, financial and political ties of some sort to the state: 'the very participation in a policy debate, in an apparently open exchange of views, leads to erosion of an NGO's autonomy and programme in an effort, idealistically motivated, to keep the door open to states'.[50] Thus, the non-governmental merges with the governmental, and degrees of autonomy from state authority and control vary. The merging also occurs at international levels as NGOs interact with transnational networks of official bodies, as well as individual agencies: 'Non-state actors have learned to exploit the space between these multilateral institutions and their member states, developing a triangular relationship of "complex multilateralism" in which economic associations and social movements are also significant players.'[51]

Perhaps it is too easy to fuss about NGO autonomy and too easy to devise neat dichotomies between service-provider NGOs and social mobilization NGOs, and between autonomous NGOs and those compromised through their interaction with the state. The provision of services can, after all, be used as a vehicle through which to mobilize slum communities, increase their awareness of their rights and encourage the strengthening of community organizations. Similarly, if we recognize that poverty reduction and democratization will only come about on a significant scale through reforms in official structures, and not through multiplying the projects of autonomous NGOs, then the issue of state–NGO collaboration or interaction becomes irrelevant.[52] Instead, importance should be attached to the balance of benefits and costs that such collaboration brings to poor men and women:

> [NGOs] possess a remarkably widespread commitment to the idea that political empowerment from below can untie the negative connections among ignorance, malnutrition, inequality and powerlessness that now sustain poverty. Political and institutional sustainability ultimately depends, however, upon NGOs' impact on civil society and the ways in which NGOs and the state interact to promote both environmentally and politically sustainable development.[53]

URBAN-SECTOR CBOs AND NGOs

The series of United Nations conferences that were held during the 1990s highlighted the vast potential for effective cooperation with NGOs. This was evident from the far-reaching commitments of governments, with respect to

Box 8.10 *The Habitat Agenda* **commitment on enablement and participation**

We commit ourselves to the strategy of enabling all key actors in the public, private and community sectors to play an effective role – at the national, state/provincial, metropolitan and local levels – in human settlements and shelter development.

We further commit ourselves to the objectives of:

- Enabling local leadership, promoting democratic rule, exercising public authority and using public resources in all public institutions at all levels in a manner that is conducive to ensuring transparent, responsible, accountable, just, effective and efficient governance of towns, cities and metropolitan areas.
- Establishing, where appropriate, favourable conditions for the organization and development of the private sector, as well as defining and enhancing its role in sustainable human settlements development, including through training.
- Decentralizing authority and resources, as appropriate, as well as functions and responsibilities to the level most effective in addressing the needs of people in their settlements.
- Supporting progress and security for people and communities, whereby every member of society is enabled to satisfy his or her basic human needs and to realize his or her personal dignity, safety, creativity and life aspirations.
- Working in partnership with youth in order to develop and enhance effective skills and provide education and training to prepare youth for current and future decision-making roles and sustainable livelihoods in human settlements management and development.
- Promoting gender-sensitive institutional and legal frameworks and capacity building at the national and local levels conducive to civic engagement and broad-based participation in human settlements development.
- Encouraging the establishment of community-based organizations, civil society organizations and other forms of non-governmental entities that can contribute to the efforts to reduce poverty and improve the quality of life in human settlements.
- Institutionalizing a participatory approach to sustainable human settlements development and management based on a continuing dialogue among all actors involved in urban development (the public sector, the private sector and communities), especially women, persons with disabilities and indigenous people, including the interests of children and youth.
- Fostering capacity building and training for human settlements planning, management and development at the national and local levels that includes education, training and institutional strengthening, especially for women and persons with disabilities.
- Promoting institutional and legal enabling frameworks at the national, sub-national and local levels for mobilizing financial resources for sustainable shelter and human settlements development.
- Promoting equal access to reliable information at the national, sub-national and local levels, utilizing, where appropriate, modern communications technology and networks.
- Ensuring the availability of education for all and supporting research aimed at building local capacity that promotes adequate shelter for all and sustainable human settlements development, given that the challenges make it necessary to increase the application of science and technology to problems related to human settlements.
- Facilitating participation by tenants in the management of public and community-based housing and by women and those belonging to vulnerable and disadvantaged groups in the planning and implementation of urban and rural development.

Source: United Nations Conference on Human Settlements, 1996, Chapter III: Commitments, paras 44, 45.

enablement, participation and partnerships (see Box 8.10). Speaking about the 'NGO revolution', Secretary-General of the United Nations Kofi Annan noted that 'the new global people-power is the best thing that has ever happened'.

A number of additional international conferences – namely, the Seoul International Conference of NGOs (October 1999), the World Civil Society Conference (WOCSOC, December 1999) and the Millennium Forum (May 2000) carried forward the work of transforming relations with NGOs into true partnerships. The Millennium Assembly recently resolved 'to work collectively for more inclusive political processes, allowing genuine participation by all citizens in all countries'.

The number of NGOs involved in *The Habitat Agenda* negotiation process prior to the Habitat II Conference in June 1996 was 2450. In the aftermath, only 1 per cent of those Habitat Partners proceeded to legitimize their consultative role in United Nations terms. In total, the number of NGOs officially registered by the United Nations at present is around 1400.

The urban-sector NGO profile reflects the global picture quite closely. Urban-sector NGOs are formed around the interests of citizens and neighbourhoods, and mainly take the form of issue-based alliances. It is estimated that there are close to 300 million people belonging to 2773 NGOs involved in human settlements issues.[54]

Table 8.3 shows the current estimated breakdown of urban-sector NGOs. The largest category is CBOs, followed by academics, women, human solidarity groups, the private sector, professionals and youth groups.

Currently, 39 per cent of the urban-sector NGOs belong to wider regional or international NGO networks. Many of these actors communicate through virtual networks: 32.7 per cent of the urban-sector NGOs currently have access to organizational email. Communication technology has greatly strengthened spontaneous, issue-based alliances within civil society. Most of the major *Habitat Agenda* partner networks are good examples of this new form of civic organization. While members of different forums and groups (such as women's groups and forums of

professionals and researchers) perform their work through their own independent organizations, they join forces, when it is necessary, to air their concerns around a specific issue, usually without forming a solid formal structure.

Table 8.4 shows the distribution of the urban-sector NGOs by region. The Northern NGOs – probably because of their relatively longer tradition of democracy – take the lead, with 39 per cent of all. South Asia (14 per cent) and Caribbean and East African regions (with 12 per cent each) follow this. The regions with the weakest civic initiatives are Eastern Europe, accounting for only 3 per cent of the world total, the Middle East (5 per cent) and Central and Eastern Asia (6 per cent). Within the urban-sector NGO community, gender remains an important leadership challenge. Only 24 per cent of urban-sector NGOs have female executives. Only one third of urban-sector women organizations have women executives (74 organizations out of 241).

THE CHALLENGES FACED BY NGOs AND CBOs

While the climate has become markedly more favourable towards NGOs and CBOs over the last 20 years, in some states there is evidence of increasing criticism, political attack and even physical assault on NGOs and CBOs. As links between NGOs (and, hence, grassroots organizations) and foreign donors and governments have increased, those governments who are hostile to civil society mobilization can now accuse NGOs of being agents of foreign powers, seeking to subvert national development with Western ideas and strategies. This critique has frequently been levelled at the feminist and gender-equality movements, despite the fact that efforts to promote women's rights have long been initiated by citizens in the South through groups such as Development Alternatives for Women in a New Era (DAWN).[55] In more extreme cases, the protection that NGOs have enjoyed is being eroded by kidnapping, murder, theft, assault, and campaigns of hatred in the media: 'This may all be part of "global civil society"; but it is a society that is, in many ways, violent, contested and with an uncertain future.'[56] Thus, one of the challenges still faced by civil society organizations in some parts of the world is their very survival.

Competition among NGOs and CBOs is also increasing as they vie for government grants and contracts. This is likely to reduce NGO solidarity and collaboration, and may potentially undermine the political power of NGOs to stand in opposition to or to influence governments. The increasing reliance of NGOs on grant funding is argued, by some, to be a threat to the time-consuming skilled task of building up the capacities and capabilities of community organizations as 'many official agencies are unwilling to support the long-time horizons, slow, careful nurturing and gradual qualitative results which characterize successful institutional development'.[57] Allied to this is the challenge that NGOs and CBOs face in reaching the very poor, rather than working only with those with some asset base who can be more easily lifted out of poverty. Under pressure to meet

Category	Percentage
Youth groups	5
Women's groups	8
Academics	11
Foundations	4
Human solidarity groups	7
Labour unions	1
Community-based organizations	49
Parliamentarians	1
Professional and researchers	5
Private sector associations	6

Source: UN-Habitat Partnership Section estimates.

development targets and to answer to donors and governments, NGOs and CBOs may find it increasingly expedient to neglect the worst off. Where this is happening, the trend runs contrary to current efforts to recognize the heterogeneity of communities and the most vulnerable within them. Despite this, there still remains a tendency to trust that civil society organizations are automatically representative of the communities with whom they work.

A further challenge comes from the issue of scale. To date, the geographical coverage of NGOs and CBOs is patchy and incomplete, leaving some slum settlements, neighbourhoods, towns or whole regions to fend for themselves, depending upon the self-help strategies that their inhabitants can devise and on what weak governments can provide. Nevertheless, scaling-up NGO and CBO activities can jeopardize the quality of their work. Grant funding can facilitate interventions at a greater scale but can pose problems of bureaucratization as funders require increasingly complex appraisal and reporting requirements:

> When official agencies finance service delivery, they expect contracted outputs to be achieved and are less interested in a 'learning process'. Time and space for reflection may be reduced and the ability of NGOs to articulate approaches, ideas, language and values which run counter to official orthodoxies may also be compromised.[58]

All of this points to the need for both NGOs and CBOs to be able to prove their credentials and justify their actions. Ultimately, it is in the interest of these organizations to be ahead of the game in defining what are acceptable or legitimate activities as a means of defending themselves and increasing their legitimacy and influence.[59] Thus, one of the

Table 8.3

Main categories of urban-sector NGOs

While the climate has become markedly more favourable towards NGOs and CBOs over the last 20 years, in some states there is evidence of increasing criticism

Table 8.4

Urban-sector NGOs by region

Region	Number	Percentage
Latin America and the Caribbean	287	12
Western Europe and other states	912	39
Eastern Europe	71	3
Central and Eastern Asia	131	6
South Asia and Oceania	326	14
Middle East	118	5
West Africa	238	10
East Africa	274	12

Source: UN-Habitat Partnership Section estimates.

biggest challenges is to make civil society organizations accountable. Yet, it is only now that this is starting to happen and performance monitoring for these organizations is still in its infancy.

To date, evaluations of NGOs tend towards propaganda; where they are more rigorous, they are rarely made public. Performance monitoring and evaluation would enable not only the improvement of procedures, but may also lead to a questioning of the assumption that working with NGOs and CBOs is the best way to reduce costs, reach the poor and encourage democratization. Already, 'there is increasing evidence that NGOs and CBOs do not perform as effectively as had been assumed in terms of poverty-reach, cost-effectiveness, sustainability, popular participation (including gender), flexibility and innovation'.[60]

Despite some evidence to the contrary, for example, there is no empirical study that demonstrates a general case that the provision of services by NGOs is cheaper than public provision. Furthermore, even when it is cheap, it may often still fail to reach the very poor. The sustainability of large-scale service provision by NGOs has also been called into question by those who cite the large subsidies granted to NGOs that make the gap between private and public provision a self-perpetuating reality.[61] Furthermore, with regard to NGO and CBO progress in democratization processes, while there is evidence of some success at influencing policy reform at a local level:

> …there is little evidence that NGOs and even CBOs are managing to engage in the formal political process successfully, without becoming embroiled in partisan politics and the distortions that accompany the struggle for state power.[62]

States can be adept at putting a ceiling on the types of activities that NGOs and CBOs perform, encouraging their participation in service provision, but capping their ability to have political influence.

Accountability is, therefore, not only a means by which NGOs and CBOs can be held responsible for their actions, but also a basis upon which there can be a more fundamental questioning of development strategies. Accountability requires a statement of goals, transparency of decision-making and relationships, honest reporting, and an appraisal process. It can emphasize issues of probity or performance, functional accountability or strategic accountability.[63] To whom NGOs and CBOs are accountable is, of course, a complex question because they deal not only with their constituents or beneficiaries, as well as their partners, members, staff and supporters, but also with their funders, trustees and governments. It is this multiple accountability that can lead to either too much or not enough accountability, and the fear is that accountability may be directed away from the grassroots and towards official agencies that hold the purse strings. Should this happen, monitoring and evaluation processes are likely to stress the short-term attainment of project objectives, time schedules and spending targets, with the process becoming one of auditing rather than learning.[64] Intellectually, those who work for NGOs and CBOs are ' well aware that money spent does not equate to development achieved, that all problems cannot be overcome through projects; but they also know that the public, the media and even their peers judge the worth of their organizations by this single, narrow measurement'.[65]

Accountability is also problematic due to the nature of what NGOs and CBOs are trying to do, especially in relation to empowerment and democratization, which are hard to measure:

> In addition, NGOs and CBOs are rarely able to control all (or even most) of the factors which influence the outcome of their work – macro-economic performance, state policy and the actions of other agencies are obvious examples.[66]

All of this makes the development of accountability procedures a huge challenge, but one that is essential to face. When it comes to the normative implications of analysis of the non-state sector, three issues merit attention:

> First, once we have escaped from the assumption that all non-state actors are benign, or preferable to states, we have to have a normative compass by which to assess these groups. The mere fact of their being 'non-state', even when we are satisfied that they are, does not answer the issue. One part of this compass would involve the attitude to the state itself and to the engagement with those positive functions that states perform. Another would be our, necessarily diverse, assessment of the policy goals of these NGOs. A third would be the very conformity of these 'non-state' entities to the democratic and good governance norms we increasingly insist on for governments themselves.[67]

Within the actor groups identified (governments, donors, NGOs and CBOs), there exists inertia, corruption, resistance to change and conflict. Equally, most groups contain within them champions of change and some degree of political will to formulate and implement policies that are aimed at poverty eradication and social justice. Turning the efforts of such champions into effective and sustained change on a large scale is an enormous challenge. It is here that partnerships among donors, governments and civil society can prove to be effective, with like-minded progressive individuals providing each other with sufficient support to foster broader political will that can then be translated into lasting change.

To whom NGOs and CBOs are accountable is a complex question. Accountability is, therefore, not only a means by which NGOs and CBOs can be held responsible for their actions, but also a basis upon which there can be a more fundamental questioning of development strategies

NOTES

1 This chapter draws mainly on a draft prepared by Patrick Wakely in collaboration with Elizabeth Riley. For other contributors, see the Acknowledgements.
2 White, 1994, p379.
3 White, 1994.
4 Carothers and Ottaway, 2000, p11.
5 Carothers and Ottaway, 2000, p11.
6 Carothers and Ottaway, 2000, p12.
7 Douglass, 1998, p121.
8 Douglass, 1998, p124.
9 Douglass, 1998, p123.
10 Douglass, 1998.
11 Douglass, 1998.
12 Barr, 1999.
13 Fisher, 1998, p6.

14 Fisher, 1998.
15 Campfens, 1997.
16 Campfens, 1997.
17 Campfens, 1997, pp18–19.
18 For more information, see:www.sdinet.org.
19 For more information, see www.sparcindia.org.
20 Campfens, 1997, p21.
21 Campfens, 1997.
22 Campfens, 1997.
23 Fisher, 1998, p5.
24 Clark, 1991, p53.
25 Josselin and Wallace, 2001, p3.
26 Halliday, 2001.
27 Fisher, 1998.
28 Fisher, 1998, p34.
29 Fisher, 1998, p39.
30 Fisher, 1998, p7.
31 Halliday, 2001, p29.
32 Edwards and Hulme, 1995.

33 Halliday, 2001, p25.
34 Josselin and Wallace, 2001, p9.
35 Edwards and Hulme, 1995.
36 Josselin and Wallace, 2001.
37 Josselin and Wallace, 2001.
38 Fisher, 1998.
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40 Fisher, 1998.
41 Halliday, 2001, p29.
42 Edwards and Hulme, 1995, p5.
43 Clark, 1991.
44 Fisher, 1998.
45 Clark, 1991.
46 Clark, 1991.
47 Clark, 1991.
48 Edwards and Hulme, 1995, p7.
49 Edwards and Hulme, 1995, p7.
50 Halliday, 2001, p26.
51 Josselin and Wallace, 2001, p3.
52 Clark, 1991.

53 Fisher, 1998, p11.
54 UN-Habitat Partnership Section estimation.
55 DAWN, which promotes a Southern feminist critique of development, was founded by a group of feminists from the South in 1984.
56 Halliday, 2001, p23.
57 Edwards and Hulme, 1995, p8.
58 Edwards and Hulme, 1995, p8.
59 Clark, 1991.
60 Edwards and Hulme, 1995, p6.
61 Edwards and Hulme, 1995, p6.
62 Edwards and Hulme, 1995, p7.
63 Edwards and Hulme, 1995, p7.
64 Edwards and Hulme, 1995, p7.
65 Clark, 1991, p38.
66 Edwards and Hulme, 1995, p11.
67 Halliday, 2001, p35.

TOWARDS INCLUSIVE CITIES: RECONSIDERING DEVELOPMENT PRIORITIES[1]

The rapid and unprecedented growth in urban populations over the past 50 years that was documented in Chapter 2 will continue into the new millennium, but is now confined almost entirely to the cities of the developing world, where an extra 2 billion people will need to be provided with housing and services over the next 30 years.

The questions that the world needs to ask are where will these new urban residents live? Which land should they use? Which schools will their children go to? Where will they get their water? How will their rubbish be collected? Where should they vote? Who will protect them? In fact, very few politicians and policy-makers are even asking these questions. Macro-economic responses, in particular, are ignoring the urban situation and damaging the prospects for city economic growth and job creation. Already, 25 per cent of the developing world's urban population live below official poverty lines; and over 40 per cent of urban households in sub-Saharan Africa are in poverty. In most developing countries, conditions are worsening as inappropriate macro-economic policy and weak urban governance meet the impact of growing inequality, corruption and imbalances in resource allocation.

The challenges of urban poverty, appalling living conditions and bad governance do not arise because of a failure to provide technical and workable solutions – they arise because of narrow political and economic priorities that are not based on addressing human needs in an equitable or sustainable manner. This concentration of extreme poverty raises difficult policy issues that need to be addressed within an approach that integrates human rights into the development framework by emphasizing the promotion of freedom, well-being and the dignity of individuals, and the centrality of the person. This rights-based approach is underscored by evidence that political freedoms are associated with higher levels of growth. Indeed, the evidence shows that authoritarianism and the absence of civil liberties are associated with increased distortions in trade and labour markets that disproportionately harm the poor.

Slums, as indicated in the previous chapters, are the products of failed policies, bad governance, corruption, inappropriate regulation, dysfunctional land markets, unresponsive financial systems, and a fundamental lack of political will. Each of these failures adds to the load on people already deeply burdened by poverty, and also constrains the enormous opportunity for human development that urban life offers.

Older sectorial approaches sought to tackle urban problems in the traditional engineering-based manner, but with hopelessly inadequate resources to meet the huge and continuing problem of urban growth and rising urban poverty levels. In most cases, they used imported technology, equipment and capital, creating few local job opportunities, adding to balance of payments problems, and failing to address issues of asset management, upkeep and maintenance of the new assets, which were subject to chronic overuse and rapid degradation.

It has become increasingly clear that strategies to deal with urban poverty need to consider much more than the provision of housing and physical services. They need to consider questions of governance and political will; of ownership and rights; of social capital and access; of appropriate technology involving low-income people in economic and political activity; and of coordination and partnerships between all of the various partners in urban activities who are currently delivering to limited constituencies that must be extended by different means.

The new locally based strategies for poverty alleviation and urban improvement combine aspects of market-based enabling processes with new holistic anti-poverty and partnership approaches. They are conducted using longer-term plans and budgetary commitments, and must embody high levels of local commitment and local ownership to ensure sustainability of effort. Some of the recommended good practices for improving urban management include:

- *slum upgrading*, conducted through concerted strategies and involving self-help and local ownership as the recommended response to poor conditions and services in existing slums;
- improving *tenure security* as a means of bettering the lives of slum dwellers and improving their access to urban services, finance and income-generating opportunities;
- attention to the interaction of *land use, transport and infrastructure provision*, taking particular care that new construction benefits the poor as well as the affluent, and that adverse impacts and displacement are minimized for poor communities;
- increasing *employment opportunities* through support for the small enterprises and poverty alleviation measures, including the use of appropriate

technologies for infrastructure and housing provision that are affordable and provide work opportunities;

- mobilizing *urban finance* for enterprises and housing through micro-finance institutions and by facilitating the involvement of banks and other investment bodies in housing and infrastructure investment;
- an '*inclusive city*' approach by local authorities who are increasingly responsive and accountable to their citizens, seeking to benefit all constituents and embracing principles of good governance;
- forming *partnerships* between different levels of government, non-governmental organizations (NGOs) and the private sector, and citizens represented through community-based organizations (CBOs);
- establishing meaningful forms of inter-sectorial and cross-government *coordination* that permit the integration of top-down planning to meet national goals, with bottom-up participatory planning that brings local and grassroots needs to the forefront of the policy debate.

This chapter considers each of these eight areas in turn, in some detail, outlining the reasons for the conduct of these particular policies and the strengths and opportunities inherent in each strategy.

POLICY ISSUES AND STRATEGIES FOR INCLUSIVE CITIES

The main difference between earlier unsustainable approaches and the approaches of the present is that today's best practices are strategic, inclusive and holistic. Under the new paradigm, projects are now undertaken not because they deliver numbers of houses, kilometres of road or good benefit-to-cost ratios, but because they:

- benefit urban citizens, especially low-income people and vulnerable groups, and deliver worthwhile social outcomes that improve equity and participation;
- form part of larger strategies aimed at improving the overall well-being and operation of cities, not just today but for future generations; and
- involve all stakeholders, particularly marginalized groups, in conception and design, and often in construction and operation.

Inclusive strategies may be applied to all classes of urban inputs and outputs – to slum upgrading, housing tenure and rights, transport infrastructure, income generation, and municipal and housing finance. These are the subjects of this section.

From slum upgrading to cities without slums[2]

As stated in Chapter 7, the policy alternative that has come to be regarded as best practice in dealing with the problems

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Box 9.1 Slum upgrading actions

Slum upgrading consists of physical, social, economic, organizational and environmental improvements undertaken cooperatively and locally among citizens, community groups, businesses and local authorities. Actions include:

- installing or improving basic infrastructure – for example, water supply and storage, sanitation/waste collection, rehabilitation of circulation, storm drainage and flood prevention, electricity, security lighting and public telephones;
- removing or mitigating environmental hazards;
- providing incentives for community management and maintenance;
- constructing or rehabilitating community facilities, such as nurseries, health posts and community open space;
- regularizing security of tenure;
- home improvement;
- relocating/compensating the small number of residents dislocated by the improvements;
- improving access to health care and education, as well as to social support programmes in order to address issues of security, violence, substance abuse, etc;
- enhancing income-earning opportunities through training and micro-credit;
- building social capital and the institutional framework to sustain improvements.

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of existing slums is participatory slum upgrading – conducted not as a technical exercise, but as a political, social and organizational plan. To be sustainable and replicable, it has been found that slum upgrading must be undertaken within a framework that is inclusive and responsive to local conditions, while involving the considerable energy of the slum dwellers and their representative organizations. At the same time, it must be broad and conducted as part of a city and national plan that instititutionalizes the activities in a continuous, rolling improvement, conducted within the scope and full legitimacy of the existing political system.

■ Lessons learned from past experiences of upgrading

Box 9.1 shows the local activities typically involved in slum upgrading. A fully operational slum upgrading plan is a broad intervention involving aspects of a complete poverty alleviation programme. Upgrading directly addresses some of the most egregious manifestations of urban policy and institutional failures; but these also have to be confronted by complementary efforts to correct these failures and to build positive channels for improving the economic prospects of the poor.

Important complementary components of a slum upgrading strategy may include:

- *Sectorial reforms*: reforming regulatory and policy regimes for housing, land and infrastructure markets should remove obstacles and disincentives to access for the poor. Pro-poor regulatory frameworks will eliminate inappropriate standards of provision that raise costs; encourage entry of new technologies and of small-scale and other competing suppliers; make subsidy policies more effective and better targeted; establish more equitable tariff and cost recovery

systems; and facilitate active partnerships among private investors and utilities, community groups, NGOs and local governments to create practical solutions that are responsive to the needs of the urban poor.

- *Finance*: engaging private financial institutions leads to institution-based strategies that may extend access to credit for housing, services and business development to the poor, especially financing for developers, infrastructure providers and landlords, and micro-credit for households.
- *Jobs*: measures to support small-scale enterprise and to remove regulatory or other obstacles to the growth of the informal sector will increase employment, productivity and private investment among the urban poor.
- *Governance*: improved governance and management of cities at all levels should make local governments more responsive to the issues facing the poor.
- *Social capital and knowledge*: measures to facilitate and strengthen the organizational capacities of citizen groups and local governments will increase access to information and guidance on solutions to slum communities. Upgrading programmes have, in fact, in many cases proven a highly effective forum for community action, helping members to negotiate with local authorities and utility companies in order to define solutions that meet their demands. There is also evidence of broad social benefits for the community, such as reduced violence.
- *Other targeted activities*: other traditional measures to fight poverty, including social safety nets, public works employment, and the promotion of health care, training and educational opportunities also have an important place in an upgrading programme. Particular attention needs to be paid to child care for working parents, activities for vulnerable youth (including street children) and efforts to combat crime and violence.

Upgrading also needs to be complemented by policies to forestall the growth of future slums. Upgrading of slums addresses the backlog of urban neglect; but many cities – especially in Africa and Asia – will continue to face an onslaught of new urban residents over the next few decades. Without significant improvements in the housing provision system and the capacities of governments, civil society and the private sector to provide services for new residents, many of whom will be poor, the problems of slums will be magnified rather than lessened. Despite advances and improvements in city management, most cities in developing economies cannot keep pace with the increasing numbers of urban poor.

The improved performance of local government is necessary to manage future urban growth, particularly by:

- *Effectively carrying out basic land-use planning*: for example, setting aside basic rights of way for primary infrastructure reduces the costs of extending networks. Revising regulatory policies discourages the sprawl and settlement of unsafe or environmentally fragile areas.
- *More effectively mobilizing local resources*: cities with slums often have significant fiscal resources at their disposal, opportunities to mobilize private investment, technical knowledge and indigenous entrepreneurial talents. In the slums themselves, there is both nascent and active organizational dynamism and powerful self-interest, coupled with unrecognized or underutilized talent.

Considerable knowledge has been gained from past experience regarding what works best; but very few upgrading pilot projects have been scaled-up to city-wide or nation-wide programmes. In fact, urban slum conditions are qualitatively and quantitatively worsening worldwide. The lessons from this experience make it clear that moving from pilot slum-upgrading projects to city-wide and nation-wide scales of action is absolutely necessary. But this will require tackling critical development issues head on:

- *Good governance*: the capacity of local governments must be strengthened to carry out their responsibility for the equitable provision of infrastructure and services to all urban residents, while planning for future growth. The capacity of provincial, state and national authorities must be strengthened to ensure their critical normative roles, to establish facilitating policy environments, and to rid corruption from land markets and the provision of public services.
- *Legal system*: property rights and security of tenure are crucial in sustainable approaches to upgrading. Most residents of urban slums live without any form of secure tenure and under constant threat of eviction, which vitiates their ability to access credit and constrains their motivation to improve their homes and neighbourhoods.
- *Financial system*: coupled with security of tenure, access to credit is key to unleashing the vast potential of the urban poor to improve their living and working environments and livelihoods. Micro-credit and other facilities that expand access to credit to the poor can provide critical elements of institutional support in creating financially self-supporting and sustainable urban upgrading programmes.
- *Social framework*: community participation in the conception, development, financing, upgrading and maintenance of infrastructure and services is a critical element of sustainable programmes. Experience has shown that the most successful programmes address community priorities. Communities must be enfranchised through knowledge sharing and security of their civil rights.

With respect to infrastructure, experience has shown that the best solution is a city-wide approach, as opposed to the typical ad hoc settlement-by-settlement approach. This has successfully been done with three Indian cities, including

one with a population of over 1 million (see Box 9.2).[3] Instead of focusing on individual settlements or on the city limits as the area for planning, the focus should be on the primary infrastructure networks, such as the water mains, road networks and/or sewerage system of the urban area.

Urban planning should aim to develop a city-wide infrastructure supply system that provides the possibility of individual household connections as and when they can afford it, and the possibility of community mobilization and self-help.[4] A number of key lessons have been learned from the implementation of city-wide approaches:[5]

- Infrastructure networks must be designed to ensure that basic services reach the entire population in an equitable manner.
- Infrastructure networks must be easy to maintain, repair and upgrade.
- Wasteful overlaps and uncoordinated services should be avoided by using an integrated and holistic approach to design.
- Care should be taken to ensure that the design makes provision for future growth and the expansion of informal settlements.
- Short-term measures to save money should not be used.
- Flexibility should be provided in order to ensure that the informal settlement dwellers can connect to the network as and when they can afford it.
- City-wide information on the informal settlements should be analysed before planning.
- Professional input is needed in most aspects of the work that is carried out since slum upgrading is more complex to plan and implement than conventional projects.
- The costs of infrastructure systems need to be assessed on the basis of both the capital costs and continuing maintenance.
- Working on a large scale enables solutions that are uneconomic at the local level.

■ The Cities Without Slums action plan

The Cities Without Slums action plan was launched in Berlin in December 1999 at the inaugural meeting of the Cities Alliance.[6] The World Bank and UN-Habitat are the founding members of the Cities Alliance – a major global alliance of cities and their development partners. The Cities Without Slums action plan constitutes part of the Millennium Development Goals (MDGs) and targets. The target on slums aims, by the year 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers. Its implementation will require the international development community to adopt a new unity of effort that is focused on improving the living conditions and livelihoods of the urban poor. It calls for long-term commitment, a ratcheting up of resources and a coherence of priorities, programmes and organizational arrangements within each international development organization. It also engages committed local and national partners who are willing to make a concerted, results-driven attack on the slum

> **Box 9.2 Slum networking: Indore, India**
>
> In Indore, the slums were located on the watercourses of the city. The new infrastructure that was provided in the slums and linked to the rest of the city made it possible to clean up a river, as all the slum gutters were discharging into the river. The whole city did not have an underground sewerage system; by putting infrastructure down for the whole city, including the slums, the whole city benefited. Cross-subsidies for the network then became possible. By providing decent roads within, and on the perimeter of, slum areas, it became possible to complete linkages within the city's road network, which substantially improved traffic flows.
> *Source:* Diacon, 1997.

problem. The credibility and resources required for success depend upon a highly targeted effort of all partners to support the provision of basic services for the urban poor within the framework of country and city development strategies for the new millennium.

The action plan focuses upon upgrading the most squalid, unhealthy, unserved and vulnerable urban slums and squatter settlements. It builds upon successful community-based upgrading programmes, while addressing the broader policy and institutional issues that have often impeded their sustainability. By supporting those national and local authorities who are prepared to develop city-wide and nation-wide upgrading programmes, it hopes to set in motion a global movement that can transform the lives of significant numbers of the most vulnerable and marginalized urban residents. The action plan calls for:

- challenging donors, governments and slum communities to improve the lives of 5 to 10 million slum dwellers by 2005, and 100 million by 2020, in line with the Millennium Declaration;
- increasing investments aimed at providing basic services to the urban poor;
- leading a worldwide effort to move from pilot projects to city-wide and nation-wide upgrading, and to generate the required resources to do so; and
- investing in global knowledge, learning and capacity in slum upgrading, and reducing the growth of new slums.

The key activities of the plan are outlined in Box 9.3.

Tenure issues and access to land for the urban poor[7]

In most developing cities, the expansion of informal settlements over the last two decades has taken place in a context of accelerated globalization and structural adjustment policies. This has been combined with deregulation measures, privatization of urban services, massive state disengagement in the urban and housing sector, and attempts to integrate informal markets – including the land and housing markets – within the sphere of the formal market economy.[8] These policy measures, along with the lack of, or inefficiency of, corrective measures or safety net programmes, have tended to further increase inequalities in wealth and resource distribution at all levels.[9]

As a result, the urban poor and large segments of low- and low-to-medium-income groups have no choice but to rely on informal land and housing markets for access to land and shelter.[10] This situation has led to the rapid spatial expansion of irregular settlements. Informal land and housing delivery systems remain the only realistic alternative for meeting the needs of low-income households.[11]

The total number of squatters is tending to decrease in most developing cities, and unauthorized settlements are on the increase. This is a trend that has been observed for almost two decades: in many cities there is no longer free access to land for squatting purposes; but land can be accessed for unauthorized settlements by informal deals with the landowner. This reflects the ever increasing commodification of land delivery systems for the poor of the cities, and the fact that there is less and less public land available for occupation by squatters.[12]

■ Security of tenure: a key to the 'inclusive city'

Land tenure refers to the rights of individuals or groups in relation to land. The exact nature and content of these rights, the extent to which people have confidence that they will be honoured, and their various degrees of recognition by the public authorities and communities concerned will have a direct impact on how land will be used:[13]

> *Tenure often involves a complex set of rules, frequently referred to as a 'bundle of rights'. A given resource may have multiple users, each of whom has particular rights to the resource. Some users may have access to the entire 'bundle of rights', with full use and transfer rights. Other users may be limited in their use of the resources.*[14]

It is important to bear this definition of tenure in mind since it underlines both the diversity of rights to land and the existence of a wide range of options, from full ownership to less exclusive forms of possession and use. There is a possible coexistence in one place of forms of tenure that give access to different rights and a continuum between these different forms of tenure. This highlights the fact that ownership is only one form of tenure among many others.[15]

Populations living in irregular urban settlements are all confronted with the same set of inter-related problems: they have no access – or limited access only – to basic services, and they have no security of tenure. Their situation is precarious as they usually belong to the poorest segment of the urban population.[16]

Security of tenure describes an agreement between individuals or groups, with respect to land and residential property, that is governed and regulated by a legal and administrative framework. This legal framework is taken to include both customary and statutory systems. The security derives from the fact that the right of access to, and use of, the land and property is underwritten by a legitimate set of rules. The tenure can be affected in a variety of ways, depending upon constitutional and legal frameworks, social norms, cultural values and, to some extent, individual preference. In summary, a person or household can be said to have secure tenure when they are protected from involuntary removal from their land or residence, except in exceptional circumstances, and then only by means of a known and agreed legal procedure, which must itself be objective, equally applicable, contestable and independent. Such exceptional circumstances might include situations where the physical safety of life and property is threatened, or where the persons to be evicted have themselves taken occupation of the property by force or intimidation.[17]

Protection against forced evictions is a prerequisite for integrating irregular settlements within the city. For households living in irregular settlements, security of tenure offers a response to their immediate problem of forced removal or eviction.[18] It means recognizing and legitimizing the existing forms of tenure that prevail amongst poor communities, and creating space for the poorest populations to improve their quality of life. Security of tenure can be considered the main component of the right to housing, and an essential prerequisite for access to citizenship, as emphasized by the Global Campaign for Secure Tenure (GCST). Security of tenure is a fundamental requirement of the progressive integration of the urban poor within the city, and one of the basic components of the right to housing. It guarantees legal protection against forced eviction. The granting of secure tenure is one of the most important catalysts in stabilizing communities; improving shelter conditions; encouraging investment in home-based activities that play a major role in poverty reduction; reducing social exclusion; and improving access to urban services.[19] However, as most studies have stressed, tenure security is not, in itself, sufficient to break the poverty cycle. It forms only a part of a more comprehensive and integrated approach to informal settlement upgrading, as the case studies presented in this report confirm.

Chapters 5 and 6 considered the issues of security of tenure and legality in considerable detail, showing that

The urban poor and large segments of low- and low-to-medium-income groups have no choice but to rely on informal land and housing markets for access to land and shelter

Security of tenure can be considered the main component of the right to housing, and an essential prerequisite for access to citizenship

informal housing involves a wide range of situations and levels of precariousness. The social structure of irregular settlements is far from homogeneous within a single city or even within one settlement. Irregular settlements are not always exclusively occupied by the urban poor.[20] Middle-income households settle in these areas when the formal housing market cannot meet their demands; in such cases, a certain 'right to irregularity' may be recognized, with the situation being periodically set right through mass regularization using legal measures.

Some informal residential tenure arrangements can guarantee a reasonably good security of tenure. In communal or customary land delivery systems, recognition by the community itself and by the neighbourhood is often considered more important than recognition by public authorities. However, this arrangement can deteriorate under some circumstances – for instance, when the customary system is in crisis, or when there are leadership conflicts within the group of customary owners, especially between those who allocate the land and other members of the group.[21] Multiple allocations of the same plot can also generate a series of conflicts within the community (this may be the result of illicit land sales by unauthorized persons, a common phenomenon in the absence of any land information and record system). Major conflicts may arise between customary owners and public authorities about the ownership and use of the land, or about the legitimacy of the customary claim. In such cases, alliances often develop between customary owners and the community against the public authorities.[22]

Whatever the type of irregular settlement (for example, unauthorized land development on customary or private land, or squatter settlements on public or private land), four main factors contribute to protect households from eviction:

1   Length of occupation (older settlements enjoy a much better level of legitimacy and, thus, of protection than new settlements).
2   Size of the settlement (small settlements are more vulnerable than those with a large population).
3   Level and cohesion of community organization.
4   Support, which concerned communities may get from third-sector organizations, such as NGOs.

The current preoccupation with security of tenure issues by institutions that are responsible for urban land management and housing development programmes is, to a large extent, the result of lessons learned from the experience of recent years. Responses regarding access to land and housing for the urban poor have been well documented. They are primarily based on the regularization of irregular settlements, emphasizing tenure legalization and the provision of individual freehold.[23] Box 9.4 sums up conventional responses to irregularity.

Programmes combining tenure legalization and titling with programmes to provide serviced land, upgrading and improvements at settlement level have had limited success.[24] When large-scale allocation of property titles to

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Box 9.4 Conventional responses to irregularity

Traditional responses have included the following:

*   Tolerance by the public authorities of the existence of a dual formal/informal land delivery system, but the absence of a clear strategy regarding irregular settlements (this is the case in most sub-Saharan African countries). Responses may combine repression (forced eviction, harassment and various forms of pressure), tolerance (laissez-faire policies) and selective tenure regularization, according to the political context. It must be noted that there is always, in principle, a legal procedure that allows individual tenure regularization.[i]
*   Attempts to adapt land law to the situation and needs of developing cities.[ii]
*   Formal recognition and legitimization of the existence of informal land-delivery systems, only when they are considered as being controlled by customary owners in specific areas, and under specific conditions – most decisions by customary owners must be approved or authenticated by public authorities.[iii]
*   Reduction of constraining planning and construction norms and standards.[iv] This also includes the integration of informal land and housing delivery systems within the sphere of formal activities through large-scale registration and tenure upgrading and legalization programmes.[v]
*   The setting-up of a parallel alternative system, supposedly simpler and cheaper than the existing formal registration system. This may be based on simplified recording procedures. The entities in charge provide titles that are possible to mortgage. However, the mortgage value of such titles is less than that of freehold titles.[vi]
*   Tentative top-down land-policy and institutional reforms.[vii]
*   The cornerstone of regularization policies as implemented in some developing countries – such as Mexico during the 1990s[viii] – primarily based on the massive provision of individual freehold titles, or other forms of real rights. Rights can be transferred, inherited and mortgaged. Such responses require a series of complex procedures to identify the holders of rights and their beneficiaries; to resolve disputes; to delineate plots by surveying; to pay out compensation, if required; and to provide land registration and titling. Although this gives beneficiaries sound security of tenure, it is an expensive and time-consuming process, especially in contexts where the processing capacity of the administrations involved is limited, where land-related information is out of date or insufficient, and where centralized land registration procedures are complicated. Frequent incidents of corruption in administrations in charge of land management and allocation, and the low level of literacy amongst populations concerned, further aggravate the situation.

Sources: i Serageldin, 1990. ii McAuslan, 1998. iii Mosha, 1993; Mabogunje, 1992. iv Dowall, 1991. v Azuela, 1995; Varley, 1994. vi Zimmermann, 1998; Zevenbergen, 1998. vii Farvacque and McAuslan, 1992. viii Azuela, 1995; Varley, 1999.

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households living in informal settlements has been made possible, it has often resulted in increased housing prices within the settlements, and/or in an increase in the cost of services, both of which have tended to exclude the poorest sections of the population. A critical analysis of the positive and negative consequences of increased formalization and commodification of the urban tenure process has increased.

Policies based on large-scale provision of land and housing by the public sector have been effective, in some cases, in reaching the poor, but only when carried out in a very determined way and in fairly special circumstances (for example, situations of housing scarcity and strong governments that can mobilize significant resources). Market-oriented responses tend to increase social urban segregation as the formal private sector responds much better and, often, almost exclusively to the needs of households in the upper-income bracket. Public–private partnerships in land and housing development cannot easily

reach the poor unless heavy and well-targeted subsidies can be provided.

Centralized land registration and management systems and procedures, as well as existing legal and regulatory frameworks, cannot respond to the requirement of large-scale tenure regularization programmes in cities where up to 50 per cent of the urban population are living in irregular settlements. Governments rarely have sufficient human and financial resources to operate on a large scale. Shifting from projects to programmes and then to policies remains a major problem.

In spite of these problems, most countries opt in favour of private land and housing ownership, to the detriment of other options. This is due largely to conventional responses to the expansion of informal settlements that always reflect culturally and ideologically oriented development models.[25] Diagnoses of, and responses to, the situation regarding access to land and housing, and the perception of needs and rights, are primarily guided by Western forms of technical rationality and financial logic that have been designed by international finance institutions and aid agencies.[26]

The strategic role of market-oriented urban land and housing policies was repeatedly emphasized by the World Bank and the US Agency for International Development (USAID) during the 1990s.[27] Priority was given to tenure regularization of irregular settlements and to upgrading land tenure systems. The long-term objective has been to promote private ownership through the allocation of individual freehold/property titles. This may have a negative impact on the urban poor. On the one hand, these measures are expensive and may price the poor out of the land market. On the other hand, excluding informal or other landlords who normally provide low-cost housing removes both a ready source of capital, with some access to the formal sector, and the better political connections that this group may have in supporting neighbourhood upgrading in the longer term.

One of the basic hypotheses behind urban land policies, in general, and tenure reforms, in particular, is still that home-ownership and the provision of property titles is the only sustainable solution for providing security of tenure to the urban poor, while facilitating the integration of informal land markets within the framework of the formal economy. This convergence of diagnoses and responses has, as its starting point, a neo-liberal certainty that an increase in urban productivity will result from the unfettered development of the market economy through privatization, deregulation, decentralization and improvements in the financial system.[28]

The dominance of this paradigm is illustrated, at a global level, by the adoption of a standardized vocabulary and reference to the same notions and concepts (productivity, efficiency, deregulation, privatization). This vocabulary is by no means neutral and can be culturally insensitive in more traditional communities. Relations between urban stakeholders – including tenure relations – are seen by neo-liberals as being mainly organized around economic supply and demand. This view tends to 'de-

politicize perceptions and interpretations', and political actors are analysed as economic actors.[29]

It is now more and more frequently acknowledged that conventional responses to irregularities must be drastically redefined and reassessed.[30]

■ Alternative approaches to security of tenure

There are basically two approaches to secure tenure that differ but are not contradictory. The first emphasizes formal tenure regularization at the settlement level. Regularization policies are generally based on the delivery of individual freehold and, more rarely, of leasehold titles. However, the difficulty of finding legal forms of regularization that are compatible with constitutional rules and the legal framework, acceptable to the actors concerned, and in compliance with existing standards and procedures constitutes a major obstacle for many operations.

The second approach emphasizes security of tenure as the primary goal, rather than formalization and commodification. It does not require the provision of freehold individual title, although this is not excluded. Rather, it combines protective administrative or legal measures against forced evictions – including the provision of titles that can be upgraded, if required – with the provision of basic services. One of the objectives is to preserve the cohesion of beneficiary communities and to protect them against market pressures during and, more importantly, after the tenure upgrading process.[31] This approach must be understood as a first, but essential, step in an incremental process of tenure upgrading that can lead, at a later stage, to formal tenure regularization and the provision of formal rights. Unlike complicated, expensive and time-consuming tenure regularization programmes, security of tenure can be provided through simple legal and regulatory measures.[32] Box 9.5 shows the more recent alternative responses to irregularity.

The rapid integration of informal settlements within the broader community through conventional tenure regularization and the provision of freehold titles may hinder community cohesion, dissolve social links, and induce or accelerate segregation processes through market eviction. Measures that aim primarily at guaranteeing security of tenure, however, give communities time to consolidate their settlements with a view to further improving their tenure status.

This consolidation process involves improvements to the economic condition of households; the emergence of legitimate leadership at the community level; the identification of rights holders; and the resolution of conflicts within the community and between the community and other actors involved – such as landowners, local authorities, planning authorities and central administrations in charge of land management and registration, among many others. In addition, the time between the initial security guarantees and later delivery of formal property titles can be used to improve the quality of services in the settlement. It also gives households time to define a strategy, and to save or raise funds to pay for the next step in the tenure upgrading and regularization process.

The strategic role of market-oriented urban land and housing policies was repeatedly emphasized during the 1990s

The consolidation process involves improvements to the economic condition of households; the emergence of legitimate leadership at the community level; the identification of rights holders; and the resolution of conflicts

In addition, being given security of tenure without transferable or negotiable property titles lessens market pressures on the settlement and limits market evictions. This is an essential advantage of options that emphasize incremental regularization procedures, where occupants are granted occupancy rights that can, at a later stage, be incrementally upgraded to real rights, such as freehold or long-term leases, if so desired. Such an approach can be used both on vacant land and for regularizing irregular settlements.[33]

The question of the role of landlords remains somewhat unexplored. It is not an accident that a large proportion of low-income housing in the world is provided by private landlords. Many of these landlords are themselves quite poor, so the rental system actually provides a means of informal income generation, especially for women, and is often the only pension scheme available in slum communities.

On the other hand, the involvement of private landlords hastens commodification, higher land prices and the growth of high-density tenements and poor living conditions, as detailed in the 19th-century pejorative literature in which the slum reform movement was born. The 'slumlord', however, remains a figure of fear and derision. The question is whether this very substantial local capital can be accessed in ways that permit reasonable security for tenants, while avoiding the trap of concentrating the poor in ever worsening accommodation. This possibility has never really been investigated.

■ Diversity of situations and objectives requires diversity of responses

Although there has been a considerable shift towards implementing more flexible forms of security of tenure, which tend to stress user rights rather than ownership, programmes and policies have not yet been developed that can be applied at a national level. As emphasized in the New Delhi Declaration[34] and by the Habitat Agenda, there is a clear need to have a variety of responses available in order to cope with the diversity of local situations encountered.

There may be various objectives behind the provision of security of tenure, such as ensuring social peace (the prime political motivation of most governments), social justice, urban planning, or environmental and economic objectives such as the integration of informal practices within the sphere of the formal economy. The content of security of tenure policies depends upon the priorities given to these objectives and to the forms and types of irregularity encountered. Clearly, the responses and options available to deal with security of tenure cannot be seen only in technical terms. They depend upon a set of inter-related social, political, economic and technical factors:

- The principle of the right to housing and the legal measures to enforce this right frequently contradict constitutional principles regarding the protection of property rights. This is one of the main areas of conflict when tenure upgrading and regularization policies are implemented, as well as when providing the simplest forms of secure tenure.[35]

Box 9.5 Recent responses to irregularity

Recent shifts have focused on the following practices:

- Setting up a simplified registration system where tenure can be incrementally upgraded to real rights in accordance with the needs and resources of individual households and the processing capacity of administrations in charge (for example, in Namibia).[i] A system such as this must be compatible with formal registration procedures.
- Devising and adopting innovative tenure formulae that emphasize collective trust or cooperative ownership. In the context of most cities, this is an appropriate, though temporary, solution that has difficulty in resisting market pressures.
- Emphasizing partnerships between formal and informal actors.[ii]
- Emphasizing protection against evictions, whenever possible, through long-term lease and other measures that, firstly, give priority to the consolidation of occupancy rights rather than to the provision of property freehold titles, and, secondly, give priority to collective rather than individual interests. In different cities, these basic responses can be combined in different ways.[iii]

Accompanying measures are usually adopted in order to facilitate the implementation of these responses. Here, again, recent shifts indicate a new approach to tenure issues, with emphasis mainly on the following:[iv]

- Decentralization of land management responsibilities to local/municipal levels, with municipalities receiving sufficient resources (both human and financial) to carry out land registration and land allocation and use.[v]
- Attempts at integrating legal pluralism approaches within tenure policies.[vi]
- Reliance on community-based and grassroots organizations at settlement and city levels.[vii]
- Provision of basic services as a form of settlement recognition and as a tool for alleviating poverty.
- Improved access to credit for the urban poor through conventional and micro-finance systems.[viii]

Sources: i Fourie, 2000; Christiensen, 1995, 1999; UNECA, 1998b. ii Payne, 1999a. iii UNCHS (Habitat), 1996b; Durand-Lasserve, 2000a; Payne, 1999a. iv Fourie, 2000; UNCHS (Habitat), 1999a. v Rakodi, 1999. vi Benton, 1994; Tribillon, 1993. vii Abbott, 2002; Imparato, 2001. viii Aurejac and Cabannes, 1995.

- The respective responsibilities of central and local governments in relation to the implementation of security of tenure policies are, generally, clearly defined. More often than not, local entities have responsibilities regarding land and housing policies, but are hindered in carrying them out by their limited resources, both human and financial.[36]
- At city/municipal level, the options available regarding security of tenure policies depend upon the balance of power between various urban stakeholders, as well as on the political orientation of the municipality.
- Available options also depend upon the prevailing residential tenure systems in place, and also, to some extent, on the size of the population living in irregular settlements.
- At settlement/community level, the measures employed will depend upon the size of the community concerned, any political influence that may be involved, the age of the settlement and the level of community organization. Any or all of these factors can determine whether the claims and

The options available to deal with security of tenure cannot be seen only in technical terms

demands of communities are, in fact, put forward for consideration.

- The role of NGOs and civil society organizations must be considered in their local context.[37]

Inclusive infrastructure: making the connections between transport and housing security[38]

■ Dilemmas of housing security versus access

As Chapter 2 observed, one of the principal forces determining city structure and residential location is the trade-off between transport costs and space. For low-income households, the dilemma may be more stark: a trade-off between location and safety or security. In accessible parts of the city, the poor can often afford only precarious sites with insecure tenure. For example, a survey in central Bombay of pavement dwellers showed that 80 per cent walked to work ('they were willing to live in congested dwellings without safety or security just so they could walk to work').[39] Conversely, affordable sites that have more secure tenure tend to be located on the inaccessible periphery of the urban area and involve high commuting time and costs.[40] Most urban residents around the world face some form of this dilemma, but it is most acute for the poor. The poorest groups face major problems in achieving decent levels of either housing security or ease of access to opportunities, let alone both.

Transport is a key issue that affects accessibility – not just the availability of low-cost transport that may make a more distant location feasible, but also the redevelopment of inner-city areas for transport infrastructure, resulting in evictions of the urban poor through whose domiciles transport corridors tend to be routed.

Displacement for urban transport infrastructure is significant in many cities. The World Bank has identified transport as the largest single cause of resettlement in its portfolio of projects. For example, transport accounted for 25 per cent of active projects in 1993 that involved resettlement.[41] As an example, 67 per cent of the resettlement in the World Bank's Surabaya Urban Project was associated with the project's transport components.[42]

Transport-related displacement is likely to be most intense where motorization is increasing rapidly, where population densities are high, where weak legal institutions exist, and where large numbers of people have insecure tenure. Other factors that influence the incidence of evictions for transport infrastructure include transport policies emphasizing space-consuming transport infrastructure. The most space-efficient modes of transport are high-capacity public transport modes, while the private car is the most space wasting.

People evicted for transport infrastructure are disproportionately from among the most vulnerable groups in society and tend to have weak housing tenure arrangements. This is partly because low-income settlements naturally tend to be identified as low-cost, 'easily cleared' alignments for new transport routes.[43] It is also because the affluent have been better organized to redirect new

construction away from their homes, while the biases of officials tend to support their objections: 'why destroy good quality housing when we can eliminate the slums?' As well, along existing transport corridors, there are often strips of vacant land and higher-density housing where lower-income people congregate. A common location for informal settlements is on linear reserves of land (usually state owned) that have been earmarked for infrastructure of some kind, and which are particularly attractive for transport projects. It is difficult, if not impossible, for settlers to gain security of tenure on such infrastructure reserve land.[44]

Ideally, minimizing the number of households displaced could be advanced as an integral feature of infrastructure policy and practice. Cost-benefit and environmental-income assessments should take explicit account of a much broader range of the negative impacts of displacement on communities, beyond just the immediate cost of buying and clearing land.[45] Good models for resettlement policies can now be found in the improved involuntary resettlement policies of multilateral lending agencies, such as the World Bank, the Asian Development Bank (ASDB) and the Inter-American Development Bank (IADB), which seek to minimize displacements. For example, the ASDB policy on involuntary resettlement states that 'involuntary resettlement [should] be an integral part of project design, dealt with from the earliest stages of the project cycle… The absence of formal legal title to land by some affected groups should not be a bar to compensation'.[46]

■ Resistance to displacement and negotiated outcomes

Inevitably, evictions and displacements for transport projects have provoked resistance in many areas. The sheer size of some transport projects tends to bring resettlement issues to public attention, and the glare of publicity may prompt better approaches. Furthermore, the common involvement of international finance agencies or companies, international engineering consultants, construction companies and the like may provide activists with leverage, in some cases, if there is an opportunity to lobby the actors of other governments who have clout and can influence local authorities.

Increased commitment to negotiating with communities who are threatened with involuntary resettlement is one of the beneficial outcomes of better security of tenure and respect for housing rights. This should also bring transport benefits to the communities concerned, since such negotiations tend to take accessibility into account in their selection of relocation sites. In the case of the railway dwellers of Janjur Marg in Mumbai, 900 families were empowered to negotiate effectively with the authorities, resulting in their relocation to an accessible location of their choice, with transit accommodation available and with the entire community kept together.[47]

Unfortunately, a lack of openness in transport planning is a major obstacle to achieving good negotiated outcomes for low-income communities threatened with eviction as a result of transport projects. Open, transparent,

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One of the principal forces determining city structure and residential location is the trade-off between transport costs and space

Cost-benefit assessments should take explicit account of the negative impacts of displacement on communities

Lack of openness in transport planning is a major obstacle to achieving good negotiated outcomes

consultative approaches to transport planning are rare. Statistics on urban transport are piecemeal and poor. In some cases, this seems to be part of a deliberate strategy to obfuscate and prevent analysis of transport alternatives.[48] Community-based organizations have difficulty in obtaining timely information on transport projects that threaten them. The traditional mistrust by many transport planners of community involvement needs to be overcome, and more open, inclusive forms of dialogue need to be institutionalized.

■ Increasing housing choice through greater mobility for the poor

In recent years, there has been heightened attention in the international development community to the question of daily mobility for the urban poor, and a growing consensus has emerged on at least a core set of policies for improving mobility and access.[49] For example, increasing levels of access to affordable public or private transport, and allowing road space for bicycles, may increase the opportunity spaces of poor people. All else being equal, increasing mobility in affordable ways should expand the shelter options of the urban poor and reduce the extent to which they are forced to live in precarious and insecure locations.

However, simply expanding mobility will not necessarily guarantee improvements for the poor. Caution is warranted when seeking mobility increases because if the mobility of higher-income groups increases faster than that of the poor, then recolonization by the affluent through land-use changes and the undermining of low-cost modes of transport can harm access levels for the poor.[50] In particular, if attempts to achieve greater mobility in low-income cities are to help the poor, then they must not focus on private vehicles.[51] For example, the traffic congestion in Manila along the main Epifanio de los Santos avenue (EDSA) ring road, which is among the worst in Asia, is currently being blamed on the growth of unregistered buses that transport large numbers of low-income people, rather than on increased automobile ownership and lack of provision of adequate transport infrastructure.

■ Impacts of transport and land-use regulation

Excessively high, often car-oriented, standards and requirements for transport infrastructure in building or urban design codes can significantly raise the cost of new developments, further taking them beyond the reach of the poor. Examples of transport-related standards that are often set at unrealistic and unnecessary levels include minimum road-width standards, minimum setbacks of structures from the road and minimum parking-supply requirements. The effects of these standards are analogous to the impact of unrealistic housing design standards, with similar cost impacts.

These standards may both reflect and affect attitudes to low-income settlements. As with other standards, transport-related standards may be used to legitimize or rationalize policies of removing 'substandard' housing.[52] Conversely, the standards reinforce negative attitudes to

informal settlements. Unrealistically high standards for parking or street widths may place legal barriers in the way of regularizing or legalizing low-income settlements. Instead of setting one-size-fits-all standards, an alternative pragmatic approach would be to tackle specific problems on a case-by-case basis in negotiations with the communities involved. Vernacular settlements that have obtained secure tenure can gradually be upgraded *in situ*. 'Land readjustment' techniques have also become a common way of providing adequate rights of way and common facilities in low-income settlements without the need for wholesale eviction.

Lack of secure tenure often prevents low-income residents from benefiting from transport and other improvements that increase the accessibility of land parcels, and which may lead to increases in land values. For renters without protection against rent increases, and for others without secure tenure to the housing that they occupy, increases in land value are a direct threat that may lead to their eviction and the 'gentrification' of the area or its wholesale redevelopment. Increased tenure security is vital in order to allow poor people to retain affordable housing, rather than paying through rents and evictions for any transport improvements in their vicinity while owners and landlords are receiving windfall capital gains.

Certain transport-related policies can help to slow or prevent gentrification. In Surabaya during the 1980s, a conscious decision was made to prevent four-wheeled vehicle access into the interiors of low-income areas in the inner city. The policy is said to have been successful in slowing gentrification, while reducing congestion.[53] Parking restrictions and variations in other transport-related standards may also have similar potential.

Urban planning and housing policy can directly and indirectly affect accessibility through their impact on the viability of the modes of transport that are most important to the poor – namely, walking, cycling, other non-motorized vehicles (NMVs) and public transport. Only rarely have debates about the effects of urban land-use policy on transport included an emphasis on the implications for the urban poor, or possible synergies with urban-poor housing policy. The land-use patterns of low-income cities tend to be well suited to allowing adequate access with a low level of daily mobility as a result of high urban densities, intense mixing of land uses, and a high proportion of jobs located in inner areas and in concentrated corridors along main roads.[54] Unfortunately, land-use trends in many cities tend to undermine these pro-poor land-use features.[55] As motorization rises, developers increasingly locate new developments where they are easily accessible by private vehicle, even if this renders them less accessible for the poor who tend to rely on public transport and non-motorized transport.[56] Planning and housing policy-makers also often view 'traditional' or vernacular urban fabric in a negative light as being backward, associated with poverty, unsuited to modern modes of transport and in need of removal. Both access-oriented transport policies and a greater emphasis on *in situ* slum-upgrading policies, as urged by many housing-sector specialists, would do much to preserve the traditional access-oriented, mixed-use urban fabric.

There has been a long-standing debate on the potential for land-use planning to play an explicit role in achieving transport policy goals in the South. Successes in integrating land-use and pro-transit policies in Hong Kong, Singapore and Curitiba, Brazil, are often seen as exceptions among many failures. One option with good potential advocates a policy of densification via transfers of development rights (and/or the relaxation of floor-area ratio or plot-ratio standards), the proceeds of which help to fund social housing. This is done in the Brazilian cities of São Paulo and Curitiba. Ideally, the densification would be located in highly accessible, transit-oriented locations, as would the social housing; but this has not always happened in these Brazilian examples.[57] Similarly, the supply of accessible, yet affordable, housing could be boosted by more widespread use of land readjustment or land sharing, as is often practiced in Korea, Japan and Thailand.[58]

This also has the important advantage of resettling people on-site and avoiding many of the access problems that accompany relocation to remote sites. Insecure tenure increases the likelihood of involuntary resettlement for transport infrastructure, and reduces the ability of affected households to obtain proper relocation assistance and compensation. A widespread lack of security of tenure probably reduces the incentive for transport planners to make strong efforts to minimize displacement in transport infrastructure proposals. Conversely, any widespread increase in security of tenure by low-income residents might increase the pressure for transport infrastructure to be planned more carefully in order to minimize displacement. More secure tenure may also encourage communities to invest more in improving their local access infrastructure and services, such as local footpath improvements (including covering drains) and local access roads. This is – by analogy with other self-help improvements – observed to take place when security of tenure improves.

■ Impacts of the location of housing for the urban poor

The location of affordable low-income housing should be a major concern of urban policy, and should be explicitly considered in a wide variety of contexts, from resettlement location choices to large-scale planning and transport strategies for urban areas. Greater efforts need to be made to ensure that low-income housing is more accessible to income-generating opportunities and other vital sites of urban exchange.

As Chapter 2 has suggested, income-based residential segregation, where the rich and poor live considerable distances from each other, is likely to be associated with greater inequity of access than more spatially integrated patterns. 'There are… a number of services which plenty of the poor can pay to use individually, but which exclusively poor areas can't collectively attract (commercially) or finance (municipally).'[59] A particularly problematic pattern appears to be where most of the poor are in peripheral areas of large cities. Very time-consuming commutes for low-income people are the norm in certain cities, such as São Paulo, Mexico City, Kinshasa and Manila.[60] In some low-income

cities, especially in Africa, there is also a high incidence of long, time-consuming walking trips.[61]

Transport and housing policies can create pressures on the poor to be pushed towards urban peripheries. The most obvious example is involuntary relocation to inaccessible locations. For reasons of cost, governments frequently site housing for low-income households in peripheral areas. The sudden wrenching nature of such relocations tends to make transport-related problems more severe, including loss of jobs or income from informal enterprises, increased travel time and costs, and loss of community ties.[62] A further access-related problem is that many resettlements involve two steps, with the people, firstly, being moved into temporary accommodation and then only later to a permanent site. This further multiplies access problems and transport disruptions, especially if neither transit accommodation nor eventual resettlement sites are close to each other or to the original settlement.[63] Lack of accessible employment and other facilities prompts many of those who are resettled to return to locations close to their former residences and work places.[64]

Transport infrastructure agencies need 'best-practice' policies and practices on involuntary displacement. These should include the following:

- Policies should conform to international housing rights standards and minimize resettlement and its associated stresses.
- Project assessment needs to take full account of the range of impacts on people who are relocated.
- The transport planning process should be more open and should always include negotiation with affected communities in a timely, sincere and open fashion.
- Transport-related guidelines and standards for residential areas can be reviewed, especially those that affect the legality of unplanned settlements and the affordability of formal low-cost housing. For example, adopt a more realistic, flexible, case-by-case performance-based approach to transport-related standards, and make wider use of 'land readjustment' techniques to meet basic standards without the need for wholesale eviction.
- Community-based access and transport improvements that increase the legitimacy of settlements and, hence, strengthen informal tenure should be promoted.
- Taking greater account of the space consumption of transport modes and promoting space-saving modes may reduce displacements.
- Transport policy may also offer tactics that can slow or prevent gentrification, including that triggered by transport changes.
- Strict accessibility guidelines should be established on the location of public housing for the poor, sites-and-services projects and resettlement sites.

In summary, resettlement practice requires more attention to transport and access dimensions in order to reduce accessibility problems for the poor. A greater emphasis on

The location of affordable low-income housing should be a major concern of urban policy
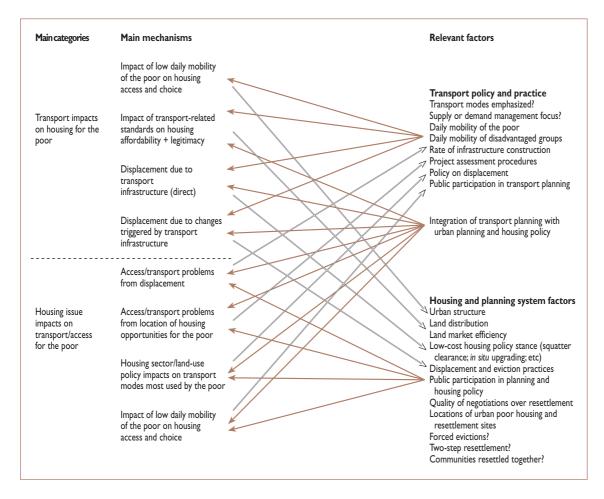
Figure 9.1

Linkages between housing and transport

Main categories	Main mechanisms		Relevant factors

Figure 9.1 content:

Main categories / Main mechanisms:

Transport impacts on housing for the poor
- Impact of low daily mobility of the poor on housing access and choice
- Impact of transport-related standards on housing affordability + legitimacy
- Displacement due to transport infrastructure (direct)
- Displacement due to changes triggered by transport infrastructure

Housing issue impacts on transport/access for the poor
- Access/transport problems from displacement
- Access/transport problems from location of housing opportunities for the poor
- Housing sector/land-use policy impacts on transport modes most used by the poor
- Impact of low daily mobility of the poor on housing access and choice

Relevant factors:

Transport policy and practice
Transport modes emphasized?
Supply or demand management focus?
Daily mobility of the poor
Daily mobility of disadvantaged groups
Rate of infrastructure construction
Project assessment procedures
Policy on displacement
Public participation in transport planning

Integration of transport planning with urban planning and housing policy

Housing and planning system factors
Urban structure
Land distribution
Land market efficiency
Low-cost housing policy stance (squatter clearance; *in situ* upgrading; etc)
Displacement and eviction practices
Public participation in planning and housing policy
Quality of negotiations over resettlement
Locations of urban poor housing and resettlement sites
Forced evictions?
Two-step resettlement?
Communities resettled together?

in situ upgrading, rather than eviction/redevelopment, would go a long way towards addressing these issues. Resettlement sites should preferably be located within a short distance of the original community; established communities should be kept together in the relocation process; and two-step resettlement should be avoided, whenever possible. In fact, respect for housing rights requires negotiated resettlement solutions with all displaced communities. This requires toleration and encouragement of community organizing, community development and empowerment efforts by CBOs and NGOs in low-income communities.

Improving the livelihoods of slum dwellers

■ Poverty, governance and empowerment[65]

The major objective of most international agencies today is the reduction of poverty, and poverty reduction is the major plank of the MDGs and Social Summit commitments. More than three-quarters of countries have poverty estimates, and more than two-thirds have plans for reducing poverty. However, fewer than one third have set targets for eradicating extreme poverty or substantially reducing overall poverty. This is a serious shortcoming. Many anti-poverty plans are, in fact, no more than vaguely formulated strategies. Only a minority of countries have genuine action plans with explicit targets, adequate budgets and effective organizations. Many countries do not have explicit poverty plans, but incorporate poverty within national planning –

and many national plans then appear to forget the topic.

Responsive and accountable institutions of governance may often be the missing link between anti-poverty efforts and poverty reduction. Even when a country seeks to implement pro-poor national policies and to target its interventions, faulty governance can nullify the impact. Reforms of governance institutions need to be emphasized before anti-poverty strategies can get off the ground.

Accountability in the use of public funds is crucial to poverty reduction efforts. The poor pay a high price for corruption. Programmes that target resources for poverty reduction are less likely to be bankrupted by the administrative costs of identifying and reaching the poor than by the diversion of a big part of the resources into other hands. If corruption were cleaned up at the same time that the poor organized themselves, many national poverty programmes would, undoubtedly, improve their performance in directing resources to the people who need them. Many problems of targeting are, in fact, problems of unaccountable, unresponsive governance institutions.

What the poor need, therefore, as much as resources for safety nets, are resources to build their own organizational capacity and to empower their constituencies. Ensuring resources for this capacity building is the direction in which support to civil society organizations is moving. Civil society organizations that arise outside of poor communities can play an important role in delivering essential goods and services, but they are less successful in directly representing the poor than those arising from within

Responsive and accountable institutions of governance may often be the missing link between anti-poverty efforts and poverty reduction

the communities themselves. Moreover, relying on these organizations for the delivery of goods and services may be inadvisable over the long term as, ultimately, it is more the responsibility of government.

A new generation of poverty programmes now focus on building community organizations in order to articulate people's needs and priorities, instead of concentrating on income-generating activities alone. Some of the greatest successes have been in mobilizing and organizing poor women. Experience confirms that, once afforded the opportunity, communities can quickly build their own organizations and develop their own leaders. Communities often start with small self-help groups and then combine these into larger area-based institutions in order to exert influence with local government or the private sector.

If the poor lack organization and power, the benefits of poverty programmes are unlikely to reach them – or, if they do, they may do no more than create a culture of dependence and charity. Effective focusing of resources follows from empowerment, not the other way around.

One way to focus resources is to adjust macro-economic policies to make growth more pro-poor. Another is to direct resources to sectors where the poor are employed. A third way is to allocate resources to poor areas or communities. To be effective, this third approach requires a geographical map of poverty based on a reliable set of human poverty indicators – and specific attention to the problems of leakage and appropriation by the middle class, with which area-based interventions are commonly associated. Countries need a comprehensive but workable monitoring system in order to gauge their progress against poverty and other MDGs, particularly service provision and slum conditions.

■ Generating employment from shelter development programmes and civil works[66]

A major problem with urban areas throughout the developing world is the lack of formal-sector jobs and a chronic excess supply of labour, which is exacerbated by the continual inflow of immigrants. Nevertheless, civil authorities typically use building and construction technologies designed for high-income countries in which labour is scarce, and which require expensive, imported oil-driven machinery. Productivity improvement is a major aim of labour-deficit technology and has been responsible for most innovation; but it is largely irrelevant in countries where wages are low and so many individuals are seeking work. There are many opportunities to use more labour-intensive appropriate or traditional technologies in improving urban conditions more cheaply, rather than through industrial approaches, while assisting with job creation; but this is rarely done.

As Chapter 6 has detailed, the informal sector provides more than half of the income-earning opportunities in many cities of the developing world. Its role in poverty alleviation and its considerable contribution to national incomes are widely recognized. The main characteristics of informal-sector enterprises are the small scale of their operations, their family ownership, and their labour-intensive and adapted technology. The informal sector can be very effective in providing livelihoods and cheap goods and services for low-end consumers. However, at its worst, employment in the informal sector can be exploitative, with poor contractual relationships, unhealthy working conditions and low payment, while limiting the ability of governments to raise local revenue for vital services within poorer communities.

The continuing decline of formal urban income-earning opportunities in most developing countries under conditions of globalization and liberalization means that the deeply hostile attitude of many government officials to the informal sector must change. The informal sector must be taken seriously as a major and expanding part of the urban economy – one that is entwined with the key processes of enabling, empowerment and informal income generation.

The informal sector also provides a very large share of the new housing stock in developing countries, in terms of both numbers and value. This is a response to the inability of the formal market to satisfy effective demand. Formal housing markets in developing countries tend to function poorly because of bottlenecks in supply markets in land, finance, labour and materials, and because of poor regulatory frameworks, usually unadapted to local conditions, which make formal housing unaffordable to much of the urban population while preserving the formal system for the elite.

As well as providing better living conditions, a well-functioning housing-supply system has positive macro-economic impacts and can generate considerable employment, with substantial multiplier effects above and beyond the direct impact of construction, due to the long chains of intermediate inputs to construction. Construction activities tend to redistribute income to lower-paid workers in the construction industry. Housing construction has a low import content in most circumstances where local materials and fixtures are used, and much of its impact remains in the community where the building activity takes place.

Failures in the system of supply are endemic in housing markets, and may increase costs beyond the affordability thresholds of many poor households. Enabling strategies have sought to increase the supply of housing by removing impediments to supply and by involving small-scale enterprises and individual householders much more widely in the provision process.[67]

The poor have been left out of many housing efforts in the past. Formal construction, or even subsidized sites and services, have been more expensive than even the working poor can afford. New policies must respond to the gross poverty of many residents and provide for rental accommodation as well as owner occupation. A primary concern in housing demand should be to maximize income-earning opportunities and to minimize transport costs, which generally involve expensive, usually imported, fuel.

Clearly, as long as the informal sector is disadvantaged, the cheapest housing available is less efficiently provided than it need be. Legal, institutional and financial measures are required to integrate the informal sector progressively within the mainstream of the economy

without removing its competitiveness. Land supply and the regulations governing buildings are important fields for government action to ease the supply of housing by the informal sector.

The construction of housing is particularly effective in providing work to low-income workers. However, there is a need for an adequate and continuous supply of skilled workers to perform and supervise the major trade tasks, and whose availability can be very influential in the efficiency of housing supply.

Demand that is created directly and indirectly in other sectors (for materials, equipment and their carriage) through the construction of housing is about four-fifths of the value of the housing, and is greater in the human-settlements sector than in most other industrial sectors. These backward linkages are inversely related to the cost of the housing and are greater for labour-intensive building operations than for those using capital equipment. In addition, self-help housing and upgrading activities are particularly effective for backward linkage employment generation.

Small-scale, relatively labour-intensive building-materials technologies are generally associated with larger multiplier effects than are large-scale, capital-intensive technologies because they tend to use locally manufactured machinery and local fuel, and are marketed and transported by smale-scale enterprises (SSEs). Most imported materials can be replaced by a local equivalent, which, in turn, can be produced in small-scale, labour-based plants. The difference in employment generation between large and small plants, and between equipment-based and labour-based technologies, can be very great (20-fold in the case of brick-making). The use of labour-intensive technologies in International Labour Organization (ILO) pilot and demonstration projects (particularly the Million Houses Programme in Sri Lanka) has produced encouraging results. However, despite several decades of research into adapting and improving local technologies, earth-based and labour-intensive technologies are often seen to be the poor relation of imported higher technology solutions.

Despite the intention that occupants in sites-and-services schemes should primarily use their own labour in constructing housing, most have used at least a proportion of paid labour through local SSEs and individual artisans. The renovation of housing in upgrading programmes, too, is ideally suited to small-scale contractors who use minimal equipment.

In the past, in sites-and-services and upgrading schemes, householders were expected to build or renovate their dwellings personally, or with the labour of family and friends. In practice, many have chosen to use contractors, who are likely to be more efficient and produce work of a higher standard. With this in mind, future upgrading projects should pay greater attention to assisting householders in carrying out management or development tasks through model contracts, advice on payment and quality control, and the settlement of disputes, and in empowering them to receive good value for money. Small contractors should also be enabled to carry out their task more efficiently (with access to materials, credit against staged payments,

insurance, site management, etc). Building regulations should also be altered to allow more affordable technologies.

Traditional building materials often require frequent, even annual, maintenance; but as they require only locally available materials and commonly held skills, this may be cost effective. More industrialized technologies present problems when maintenance is required.[68] However, even in this case, many maintenance tasks are well suited to SSEs. Construction projects, too, form a necessary part of the development process and can have considerable employment impacts for local communities.

The promotion of urban development should be a holistic process, involving all actors in the activities in which they are most effective and encompassing each sector in an integrated way. The role of individuals varies, from taking paid work generated by major works in local neighbourhoods, singly or through community groups, to acting as developers or as development consultants, creating partnerships between local authorities and community groups. As authorities are increasingly unable to provide services to all of the people, the need to involve communities not only in crisis management but also in planning and the provision of services is becoming widely recognized. Community involvement in servicing can provide positive inputs to social cohesion, and will result in additional care being taken of infrastructure for which the community is responsible. Training and empowering are necessary for the successful fulfilment of these roles.

The labour-based approach to road building is well tested through ILO initiatives. Two thousand work days can be created in building 1 kilometre of a 5 metre-wide earth road. While some road-building tasks on major roads require heavy equipment, work on minor gravel-enforced roads can be carried out with an appropriate mix of trained labourers and light equipment. In addition, wherever simple methods can be used, they may have significant poverty-alleviation effects, particularly in ensuring that money is disbursed locally and to the poorest workers. Even heavily trafficked roads have been successfully built in this way in Bangladesh. The training of supervisory staff is essential for successful labour-intensive public-works construction programmes.

There are many tasks in laying water pipes, drains and sewers that can be done by labour-based methods, but which are often done with heavy equipment. Community-based water-supply schemes are relatively common, particularly in rural areas. In urban areas, privatization or community control of water delivery and garbage disposal are becoming commonplace.

City authorities spend a significant portion of their budgets on solid-waste management; but few manage to keep up with the demand. There are considerable opportunities for labour-intensive composting and recycling operations that would provide employment and profit for many people, while making good use of existing resources and clearing the streets of garbage. The existing informal-sector rag-picking and scavenging operations require improvement in order to protect the operators and provide markets for recyclable materials: the *fellaheen* of Karachi

Land supply and the regulations governing buildings are important fields for government action to ease the supply of housing by the informal sector

The promotion of urban development should be a holistic process, involving all actors and encompassing each sector in an integrated way

have been a successful example of improved recycling that is carried out by labour-intensive methods.

While it may be assumed that the construction of transport infrastructure is necessarily a capital-intensive operation, the building of railways has historically been done by labour-based methods. In addition, public transport based on smaller buses, taxis and rickshaws has traditionally been cheaper, arguably more efficient, and a provider of more employment per trip than large municipal transport operations (although congestion and pollution remain a problem).

Communities have shown their ability to take on contracts for local infrastructure work. CBOs can be very effective in reducing urban poverty when they have been formed to represent people, to implement projects, to act as legal entities representing their communities, to raise and disburse money on behalf of the neighbourhoods, and to negotiate for services and contracts with public authorities. While, in the past, community initiatives in servicing relied upon unpaid labour, this is not ideal. Local participation should not be an excuse for exploitation, and all but the most local tasks should involve paid labour.

While many major works are capable of involving local participation, including the use of community contracts, such local participation should not lead to substandard remuneration or employment conditions. At the same time, while minor works usually involve some form of community contribution, this should come about as a result of negotiations with local authorities; and unpaid labour should not be used systematically.

Local government and other public-sector bodies should adopt a more supportive role towards the informal sector and SSEs, either in their own direct works or when contracting to the private sector. If shelter and infrastructure are to keep up with demand, partnerships between public authorities and the private sector must become part of local government culture.

Significant contributions have been recently made to equipping communities to carry out urban works and services in partnership with the public sector, and to successfully negotiate with service agencies. The ILO has been involved in promoting self-employment, SSEs and the informal sector for several decades. Its interventions have been targeted at eliminating inefficiencies in the labour market and at improving the efficiency of the enterprises. In addition, there has been a complementary focus on governments' attitudes towards, and abilities to deal with, informal-sector enterprises. Legislation affecting SSEs should aim to maximize their efficiency while progressively addressing labour standards issues to prevent exploitation and improve health and safety. Home-based enterprises should be recognized as important contributors to the poorest households' economies and to the country, as a whole. The best policy for current home-based enterprises is tolerance and non-intervention, while allowing them to be eligible for small business loans, training assistance, etc. Loans for small businesses could also be permitted to extend the home for business use.

Where public-sector agencies carry out development work, they should be encouraged to involve and engage contractors who use labour-intensive methods. International donors should take a lead in considering employment and poverty reduction throughout the implementation phase as a serious component in measuring project success. However, care must be taken to ensure that informal labour is not exploited or subject to unsafe working conditions.

Assistance targeted at SSEs and labour-based infrastructure works will largely involve the poorest workers. Legal, institutional and financial measures are required to integrate the informal sector within the mainstream of the economy without removing its competitiveness. Some forms of training, finance, servicing and involvement in government contracts should be offered to SSEs.

The public sector, NGOs and international donors have an important role as enablers and encouragers in the process of maximizing employment opportunities in providing housing and infrastructure during the coming decades. The future priorities of local and national governments – and of international development cooperation – must be to actively support and advocate poverty reduction strategies based on labour-intensive shelter delivery and using local resources, linking the goals of shelter for all and employment for all as a common strategy for poverty reduction.

Mobilizing finance for urban development[69]

■ Financing slum upgrading and shelter development: current challenges

In line with the principle of subsidiarity, whose theoretical roots can be traced to fiscal federalism as it has evolved in the West, municipal authorities have been assigned the role of providing a range of infrastructure services – primarily water and sewerage, solid waste management and city roads.[70] Under principles of neo-liberalism, responsibilities for a greater range of services are increasingly being decentralized to the local level.

In practice, municipal authorities in developing countries do not have the resources to meet their service obligations.[71] In particular, the capital expenditure per person per year has been extremely low in many developing countries, with expenditures averaging about US$35 per person in African cities in 1998 and falling below US$1 in smaller or poorer cities. In contrast, expenditure per person per year in Northern Europe is well above US$1,000.[72] Worse still, from the perspective of shelter delivery, municipal budgets have generally sidelined slums, with the bulk of resources directed at formal residential areas. Often, it is only during emergencies, such as disease outbreaks, that municipal authorities direct some of their resources towards service provision in slum areas.

Evolution of municipal policy for service delivery has mirrored policy changes at the centre. In developing countries, for instance, the initial post-independence period was characterized by state control of most areas of economic activity, from service provision to economic production, in line with the development orthodoxy of the day. More recently, especially since the 1980s, the role of the state has been redefined, with the major impetus for change coming

from the Bretton Woods institutions through their structural adjustment programmes, or SAPs (see Chapter 3). This change has advocated the retreat of the state from direct production and service provision, whilst simultaneously seeking a more effective regulatory role for the state to ensure that markets and private firms perform to expectations.

This evolution of municipal policy, in response to pressure from donors, has its parallels in urban planning.[73] Until the 1960s, the usual response to the challenges of city growth was the 'master plan', a practice that was rooted in colonial town planning. The typical plan envisaged a central role for the city government in service provision, with little account taken of the budgetary implications for the public sector, or of the need to leverage resources from the private sector. In time, it became clear that plan implementation was generally not feasible as a result of declining resources and a rapidly growing city population.

The neo-liberal-mandated transition from public-sector service delivery to private sector-led provision has been difficult. In fact, the crafting of new policy responses has been overtaken in many cities by the informalization of service delivery, as municipal governments struggle to meet the needs of a rapidly growing and impoverished population. Generally, privatization has occurred by default, with informal enterprises filling profitable niches in the urban economy, while government has all but capitulated from any effective role, using the excuse of liberalization. In the absence of regulation and competition, service delivery to the consumer has been poor and expensive. In the water sector, for instance, a large proportion of impoverished slum dwellers pay exorbitant prices for water, bearing costs that far exceed those incurred by non-poor consumers with direct access to city networks.

A broad-sweeping assessment of the deterioration of service provision in developing country cities has concluded that:

> *In many African cities, most refuse is uncollected and piles of decaying waste are allowed to rot in streets and vacant lots. Schools are becoming so overcrowded that many students have only minimum contact with their teachers. A declining proportion of urban roads are tarmacked and drained, and many that are not turn into virtual quagmires during the rainy season. Basic drugs – once given out freely – have disappeared from public clinics, and professional medical care is extremely difficult to obtain, except for the rich. Public transport systems are seriously overburdened; and more and more people are obliged to live in unserviced plots in 'informal' housing, where clean drinking water must be directly purchased from water sellers at a prohibitive cost, and where telephones and electrical connections are scarcely available.*[74]

■ Improving municipal finance for investment in low-income residential areas

Cities in developing countries face a bewildering array of challenges in their efforts to deliver services, especially to the poorer segments of their inhabitants. These challenges, many of which are inter-linked, are as much a reflection of poor governance as they are of diminishing resources. They include poorly defined and ineffective inter-governmental fiscal relations, sometimes due to the reluctance of governments to decentralize, and sometimes due to a lack of capacity in dealing with complex inter-governmental arrangements that confound bureaucracies in even the most developed countries.[75]

The tension in inter-governmental relations can be traced to a diverse set of factors: the contest for political power and resources; the need for nation building in ethnically fragmented societies; and the desire for macro-economic control.[76] After independence, the typical post-colonial state was keen to consolidate power. Centralization has persisted, in spite of rhetoric to the contrary, and is borne out by empirical evidence. For instance, the local government share of total government expenditure in developing countries averaged 15 per cent during the late 1980s and early 1990s in contrast to 32 per cent for countries in the Organisation for Economic Co-operation and Development (OECD).[77]

In the absence of a clear and effective framework for inter-governmental relations, municipal authorities in developing countries have not been able to craft appropriate municipal finance policies. The result is policy drift, often characterized by ad hoc decisions and myopia. Thus, city administrations stumble from crisis to crisis, unable or unwilling to map out long-term development paths for municipal finance.

Declining resources at the municipal level are the result of many factors. One is the fall in financial transfers from the centre, the result of poor macro-economic performance and decreasing per capita tax revenues at the disposal of the state. Another is a narrowing tax base at the municipal level as a result of deepening poverty and the informalization of the urban economy. Yet another is the limited capacity of municipal authorities to collect local taxes, user charges and other fees.

Formal privatization of municipal services, including commercialization, has brought to the fore a number of challenges. Political elites feel threatened by the loss of existing channels of patronage, especially where either the management or ownership of municipal assets is transferred to the private sector;[78] weak regulatory regimes mean that municipal authorities are not able to regulate the behaviour of private firms, raising the risk of excluding poor households through higher prices for services, and risking reduced quality, reduced safety of service and poor employment practices; and the perception, often wrong, by municipal authorities that privatization will deprive them of revenue sources.

Corruption undermines development wherever it occurs, and it has substantially distorted decision-making within municipal governments, severely limiting their ability to respond rationally to city priorities.[79] Rent-seeking by

officials most negatively affects the poor, who typically do not have the resources with which to pay bribes, while they are more likely to be required to pay 'speed money' or to be subject to harassment because of their vulnerability. Corruption has also diverted substantial resources away from municipal budgets for the development and maintenance of services. The combination of corruption, poor administration and incompetent financial management has sapped the ability of municipal governments to meet the needs of their constituents.

In addressing inter-governmental fiscal relations, the starting point should be to acknowledge that 'finance follows function'. In other words, if the political commitment to decentralize exists, the state must ensure that the functions devolved to municipal governments are accompanied by the requisite quantum of resources. Where there is no match between finance and function, decentralization remains within the realm of rhetoric.

A range of policy instruments can be used to improve municipal finance. To counter poor revenue collection, it is necessary to build the capacity of municipal authorities by using a variety of interventions: training staff; introducing better methods of financial management and control; developing better cadastres; and updating valuation rolls of landed properties. However, this managerial approach to 'fixing' capacity problems has its limitations, especially where corruption abounds, and these measures are only effective and sustainable where good governance prevails. Fighting corruption requires political will and a reform-minded government. Four areas of reform that are acknowledged as important are reducing the discretionary power of public officials; enforcing anti-corruption laws; reforming the public service; and increasing the accountability of government to citizens.[80] Decentralization could also help to curb corruption by pushing 'decision-making responsibility down to the levels at which people can more control their agents, or at which peer monitoring can operate'.[81] Nevertheless, patronage and the manipulation of funds are exceptionally common at the local level, and this may counter the benefits of improved visibility.

There are other issues, besides collection problems, that surround the generation of municipal revenue: inadequacy of the revenue sources assigned to local government; inefficient revenue sources whose yield does not cover collection costs;[82] and rigid and administratively demanding revenue sources with design flaws in pricing, collection and the maintenance of records.[83]

Municipal finance can benefit from carefully designed and implemented privatization. For instance, loss-making water utilities can be turned around through various forms of privatization. But there are some municipal services that do not readily lend themselves to privatization in the conventional sense, such as solid waste collection in slum areas. In the typical slum, the majority of residents are too poor to afford the prices charged by private service providers, even where competition exists. However, the potential exists to use non-market mechanisms, such as community-based efforts, working with or without municipal support.

If municipal governments do not design and manage privatization programmes properly, harmful social consequences could arise. These might include high prices for services, as well as inadequate output by the provider, particularly where competition is limited. Regulatory 'capture' by the private provider is also a danger to guard against since it undermines the ability of a municipal authority to act as an effective regulator. Private-sector transactions are rarely monitored or accountable outside of the organization, and pay-offs and semi-legal forms of corruption and crony arrangements are very common. The lack of robust cost data, a classic case of information asymmetry between provider and regulator, also tends to undermine the benefits of privatization, making it difficult to regulate natural monopolies such as water supply.[84]

■ Improving housing finance for low-income shelter development

Meeting the challenges of housing finance in the developing countries will not be an easy task. In low-income countries, perhaps the most critical challenge is how best to apply the lessons of micro-finance to housing. Whereas conventional micro-finance lends itself particularly well to trading enterprises, which typically require short-term loans, it is not well suited to housing, which is a long-lived asset with a high value relative to household income. For housing to be affordable, loan finance must be offered for relatively long periods, thus raising lending risks. At the same time, monthly loan payments, a requirement in formal lending, can be quite high relative to the income of the house buyer. For these reasons, it is not easy to directly apply conventional micro-finance practices to house finance, except where small loans are needed for incremental construction, house extensions and house repair.[85]

In South Africa, for instance, experience shows that 'the shorter term of micro-loans (typically no longer than three years) and the high rates of interest [have] limited the affordable loan sizes to US$1500, well below that necessary for the purchase of a new basic starter house, typically US$4000 to US$6000'.[86] By comparison, *crédit foncier* mortgage loans in the developed world typically have repayment periods of 20 to 30 years and permit the borrowing of three times the household income, on average.

However, in spite of the difficulties listed here, micro-finance approaches have been applied successfully in housing, if not always at scale. The most commonly cited example is the Grameen model; but other examples exist – for instance, the community mortgage programme in the Philippines;[87] and housing banks in Thailand and Jordan, which have been successful in providing mortgage funds to low-income borrowers and for informal housing. South Africa has also experimented with non-mortgage loans to establish a secondary market that targets a house cost range not normally addressed by standard mortgages.[88]

A second challenge is how to expand the outreach of formal housing finance so that it serves a wider clientele. While this is only possible when incomes have risen substantially, a number of measures can be taken to improve access to housing finance. At the macro level, housing will not

attract adequate savings unless its returns are equivalent to returns in other sectors. As long as housing finance remains a regulated 'special circuit' with controlled interest rates, there will always be a capital shortage. Deregulating housing finance integrates it within the rest of the financial sector, enabling housing to attract savings on equal terms with other sectors and preventing the rationing of private finance.[89]

With deregulated markets, formal housing finance may never reach a substantial proportion of households. In many developing countries, especially in Africa, banking systems are rudimentary and are often confined only to the major urban centres and to formal housing. A large population in the smaller urban centres, and, indeed, in the sprawling slums of the large cities, is therefore poorly served or not served at all by the financial sector.[90]

There are many ways of devising lending instruments that are more attractive to borrowers. Examples include low start or progressive mortgages, which work well where the borrower's income increases over time; fixed interest loans that insulate the borrower from the adverse impacts of rapidly changing interest rates; low down payments and, therefore, high loan-to-value ratios, making it easier for the potential borrower to access loans; and loan guarantees that aim to reduce the risk of defaulting. Most of these measures, however, generally do not find favour with the lender, and are only offered under government patronage or guarantee.[91] Additionally, the small loans typically affordable by low-income borrowers are, in relative terms, expensive to process, administer and foreclose, making them unattractive to lenders. For these reasons, among others, governments generally have to intervene in the form of creating housing loan bodies, institutions or instruments, or in providing guarantees, not just in the developing world, but practically everywhere.

In general, developing countries need to diversify and strengthen housing finance by:

- encouraging the private sector to be involved in lending to a wider range of customers, so that the public sector does not have to bear the whole brunt of low-income housing finance;
- repositioning housing subsidies so that they target low-income groups.

Since it acts as a secure and profitable investment, housing benefits the financial market in other ways. It readily attracts individual savings, especially where a market-driven and properly regulated financial environment exists. Conversely, the prospect of owning a house encourages households to save with financial institutions, thus promoting savings mobilization and investment.

The solution now favoured by most developed countries is to facilitate the private financial system in order to provide funds for households that do not need subsidies – thereby eliminating the burden on the public budget – and to increase the number of households served by attracting substantial quantities of extra funds through a secondary mortgage market. Lending can be extended to households with somewhat lower incomes than the private market will serve through interest, deposit subsidies or by supporting non-standard mortgage types. However, in practice, lending for owner-occupied housing remains unaffordable for the bottom 30 per cent of households, and other tenure solutions must be sought.

In some middle-income countries, an interesting development is the introduction of secondary markets that enable mortgage originators to sell the mortgage loans that they hold as assets to a third party in return for cash – following the example of the widespread secondary mortgage markets that operate in the US and are now operating in most other developed countries. The third party, usually a special institution established for that purpose, raises the funds to purchase the mortgages through the issuance of bonds or mortgage-backed securities. These securities are normally sold to institutional long-term investors, such as pension funds, using the mortgages as underlying collateral. This can permit a very substantial expansion of housing finance available to those further down the income distribution than is usual.

In developing countries, financial systems have rarely reached the sophistication or breadth of those of the West. Government-based lending organizations rarely offer innovative products, and subsidies, for the most part, pass to households that would be better served by a properly functioning private sector.

It is unlikely that any country can address the housing problems of low-income households solely through the use of market mechanisms. There is, therefore, a strong social case for public subsidies that target households with limited incomes and that aim to improve access to adequate housing. An important policy issue, therefore, is how to design subsidy programmes to target those in need, thus ensuring that resources are not wasted on the non-poor. But, in many countries, subsidies often fail this test as they do not systematically target low-income households. In these circumstances, there is a clear case for repositioning subsidies so that they more effectively achieve their social objective. It is equally important to ensure that subsidies do not distort the market, as often happens where interest rates are subsidized. Indeed, where subsidized financing is channelled through government institutions, private banks are reluctant to extend their lending to the segments served by government.[92]

Housing subsidies have been widely and successfully administered within the developed world, though there are few documented examples of success in the developing world. But the principles of good practice are clear. Firstly, potential beneficiaries should be means-tested to ensure successful targeting. Financial subsidies should be tied to the household and not to the dwelling, and should be regularly reviewed or tapered off, so that households receive the majority of the benefit when they most require a house. Secondly, subsidies should promote horizontal equity, which calls for equal treatment of households in similar circumstances, while they should be progressive, varying inversely with income. Thirdly, subsidies should be designed so that they distort housing markets as little as possible and cannot easily be directly appropriated by landlords or developers.

It is unlikely that any country can address the housing problems of low-income households solely through the use of market mechanisms

ENABLING LOCAL POLICY TO WORK

While national 'macro-policy' and globalization have very major effects on the economic and policy environment, especially that affecting employment, finance markets and the distribution of poverty, it is at the local level that many of the more visible and successful initiatives in income generation, shelter provision and poverty reduction have taken place. One reason that the local level has been neglected in poverty reduction efforts is that poverty has traditionally been defined in terms of income poverty. As a human development approach to poverty alleviation becomes more customary, the scope for local action to reduce poverty is expanding. There are at least six areas in which local authorities can have an impact on poverty reduction.[93]

1   Most local authorities control access to *land* and are responsible for land-use planning and regulation. The ease of access, and the cost and location of land available to the poor have a significant impact on their livelihoods.
2   Access to *infrastructure and basic services* highlights the linkages between the health costs incurred by the poor due to unsafe water supply and inadequate health care.
3   The degree of success in *local economic development* determines the resources available for capital investments in such things as improved access to land, infrastructure and services.
4   *Local economic policies* can be supportive of the poor by promoting labour-intensive work methods and providing support for SSEs and the informal sector.
5   *Access to justice* and the enforcement of laws can, if not enforced at the local level, adversely affect the poor (for example, corruption in public office, pollution control and personal safety in informal settlements).
6   Perhaps most significantly, *influencing local decision-making* greatly determines the 'pro-poorness' of local strategic planning, priority setting and capital investments. Progress in poverty reduction depends upon the quality of the participation of the urban poor in the decisions affecting their lives and on the responsiveness of urban planning and policy-making processes to the needs of the urban poor.

These and other local interventions make a major contribution to improving the situation of the urban poor in cities, especially when national or other higher-level policy has failed to provide adequate job opportunities and poverty reduction strategies. Progress in these areas is dependent, to a large extent, not only on resources but upon the way in which these resources are mobilized, organized and used through the general principles of good governance.

The concept of good governance is now recognized as an all-embracing concept covering effectiveness, inclusiveness and transparency in both government and civil society, and the Global Campaign on Urban Governance (GCUG) was launched by UN-Habitat in 1999 to promote these goals.[94] The campaign proceeds through normative debate to increase the capacity of local governments and other stakeholders to practice good urban governance. It has the 'inclusive city' as its theme, focusing attention on the needs of the urban poor and on other marginalized groups, and recognizing that participatory planning and decision-making are the strategic means for realizing this vision.

Good urban governance and the 'inclusive city'

The idea of the 'inclusive city' has global applicability. The notion of inclusion, however, has a different resonance in different parts of the world, with exclusion of specific vulnerable groups being more significant in some places, while exclusion of the poor majority is more important in others. In this connection, it is essential for all actors to discuss the question of 'who' in a particular city is excluded from 'what', and 'how'.

The inclusion of women and men on an equal basis is one theme that unites North and South. The GCUG has developed a three-pronged approach to addressing the issue of gender in good urban governance. Firstly, it argues that, based on the Universal Declaration of Human Rights and other internationally agreed human rights instruments, women and men are equally entitled to the benefits of urban citizenship. Secondly, it demonstrates and argues that urban planning and management is made more effective, equitable and sustainable through the equal participation of women and men in decision-making processes.[95] Finally, the GCUG specifically targets its interventions to be responsive to the needs of women, carefully monitoring the impact of these interventions.

The GCUG promotes various policies and practices, depending upon context, to strengthen inclusiveness. Again, these are likely to vary from country to country and from city to city. In some cities, the *welfare approach*, which stresses the importance of providing individuals and groups with the goods that they need in order to effectively participate in society – such as land and infrastructure – may be most appropriate. In others, the *human development approach*, which aims at empowering groups and individuals to strengthen their ability and willingness to participate in society, may be key. In other contexts, the *environmental approach*, which stresses the precautionary principle and concern for future generations, may be the desired entry point to the good urban governance debate. The *institutional approach*, which is concerned with the roles of actors and the institutional frameworks that determine the formal and informal incentives for inclusion, is of particular importance everywhere. A *rights-based approach*, which emphasizes the right to development and provides a framework for poverty reduction based on the full complement of civil, cultural, economic, political and social rights, underpins all of the other approaches.[96]

The implementation of these approaches must be grounded in the reality of urban planning and management. Good urban governance is characterized by the principles of

Good urban governance is characterized by the principles of sustainability, subsidiarity, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security. These principles must be interdependent and mutually reinforcing

sustainability; subsidiarity; equity; efficiency; transparency and accountability; civic engagement and citizenship; and security. These principles must be interdependent and mutually reinforcing. These principles are summarized as follows.[97]

■ Sustainability in all dimensions of urban development

Cities must balance the social, economic and environmental needs of present and future generations.[98] This should include a clear commitment to urban poverty reduction. Leaders of all sections of urban society must have a long-term, strategic vision of sustainable human development and the ability to reconcile divergent interests for the common good.

■ Subsidiarity of authority and resources to the closest appropriate level

Responsibility for service provision should be allocated on the basis of the principle of subsidiarity – that is, at the closest appropriate level consistent with efficient and cost-effective delivery of services. This will maximize the potential for the inclusion of the citizenry in the process of urban governance. Decentralization and local democracy should improve the responsiveness of policies and initiatives to the priorities and needs of citizens. Cities and smaller devolved authorities should be empowered with sufficient resources and autonomy to meet their responsibilities.

■ Equity of access to decision-making processes and the basic necessities of urban life

The sharing of power leads to equity in the access to, and use of, resources. Women and men must participate as equals in all urban decision-making, priority-setting and resource-allocation processes. Inclusive cities provide everyone – whether the poor, young or older persons, religious or ethnic minorities, or the handicapped – with equitable access to nutrition; education; employment and livelihood; health care; shelter; safe drinking water; sanitation and other basic services.

■ Efficiency in the delivery of public services and in promoting local economic development

Cities must be financially sound and cost effective in their management of revenue sources and expenditures, the administration and delivery of services, and in the enablement of government, civil society, the private sector and communities to contribute formally or informally to the urban economy. A key element in achieving efficiency is to recognize and enable the specific contribution of women to the urban economy.

■ Transparency and accountability of decision-makers and stakeholders

The accountability of local authorities to their citizens is a fundamental tenet of good governance. In particular, there should be no place for corruption in cities. Corruption takes resources from those least able to afford the loss; it will undermine local government credibility and may deepen urban poverty. Transparency and accountability are essential to stakeholder understanding of local government and to clarifying precisely who is benefiting from decisions and actions. Access to information is fundamental to this understanding and to good governance. Laws and public policies should be applied in a transparent and predictable manner. Elected and appointed officials and other civil service leaders need to set an example of high standards of professional and personal integrity. Citizen participation is a key element in promoting transparency and accountability.

■ Civic engagement and citizenship

People are the principal wealth of cities; they are both the object and the means of sustainable human development. Civic engagement implies that living together is not a passive exercise: in cities, people must actively contribute to the common good. Citizens, especially women, must be empowered to participate effectively in decision-making processes. The civic capital of the poor must be recognized and supported.

■ Security of individuals and their living environment

Every individual has the inalienable right to life, liberty and security. Insecurity has a disproportionate impact in further marginalizing poor communities. Cities must strive to avoid human conflicts and natural disasters by involving all stakeholders in crime and conflict prevention, as well as disaster preparedness. Security also implies freedom from persecution and forced evictions, and provides for security of tenure. Cities should also work with social mediation and conflict-reduction agencies, and encourage cooperation between enforcement agencies and other social service providers.

Enhancing development potential through partnerships

As Chapter 8 has described, there is now a considerable experience with partnerships that bring together the public and the private sectors. However, it is only fairly recently that more broad-based partnerships have emerged in forms that intentionally extend to civil society, as well – including CBOs and other representative organizations of people living in poverty. Indeed, there is not yet a commonly accepted term to describe these new arrangements, which have been called, for example, multi-sector and tri-sector partnerships.[99]

The concept of partnerships with civil society featured in the work of UN-Habitat during most of the 1990s. It was one of the key commitments adopted by governments at the Habitat II Conference in 1996. It was also the subject of a special meeting jointly sponsored by the International Social Science Council (ISSC) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) Programme on Management of Social Transformations (MOST), which was concerned with the place and effect of partnerships in inter-governmental

relations, the contact between public and private spheres, and the relationships between government leaders and civil society.[100] The emerging literature on tri-sector partnerships suggests that the inclusion of civil society can bring about a transformation in opportunities for people living in poverty.[101]

Arguments in favour of partnership approaches generally rest upon a number of premises:[102]

- *Synergy*: this comprises the additional benefit gained when two or more partners act together to attain a common goal.
- *Transformation*: this includes the efforts made by one partner to change the other's worldview, behaviour and priorities.
- *Budget augmentation*: resources are pooled to increase the size or scope of activities that may be undertaken, and to avoid overlap.[103]
- *Diffusion of responsibility* for success or failure: shifting the blame can be attractive to government.[104] However, it can also be used as an argument against partnerships: it raises the question of whether the partnership approach can deliver accountability, along with balancing of efficiency and equity. There is also a risk that partnerships could become a system for co-opting NGOs who are intended to exert a countervailing force within the democratic process.
- *Reduction of open conflict*: this entails the creation of a more consensual decision-making climate, turning away from the monolithic attitude that is typical of administrative thinking. Partnerships, joint ventures and contracting with other public, private, voluntary and grassroots organizations may give development projects and services a broader base of community acceptance.[105]
- *Efficiency*: partnerships induce local authorities to be competitive, either directly with the private sector or through market surrogates, such as comparative performance measurement or benchmarking. These are systematically used to offer citizens quality services, while – at the same time – increasing efficiency within the bureaucracy.[106]

Many questions must be addressed in establishing partnerships such as which interests, and which players, will be included in partnerships, and who will be left outside? Who will be the leader within partnerships? Whose agendas will prevail?[107] The answers to these questions are likely to be different in each application, and the harmonious welding of effective partnerships will have a prime bearing on successful outcomes and processes.

More critical observations of partnerships in action suggest that:[108]

- The process may be anti-democratic. For example, urban regeneration partnerships in the UK were not democratically controlled and politically accountable, and were largely technocratic in nature.[109] Similarly, in the Cooperative Urban Renewal Programme in Seoul, Republic of Korea, the residents' association is not always established by general consensus of all the legitimate residents, but – in some cases – is manipulated by a select group of residents who invest major developmental interests in the project.[110]
- The process may be inequitable. In urban redevelopment in New York, Philadelphia and Chicago, the conventional public–private partnership (PPP) approach may have done little to improve the living conditions for a majority of the slum dwellers and, in fact, may have exacerbated inequality and urban dualism.[111]
- Policy formulations produced by complex constellations of partners may not be well coordinated with national priorities. This lack of coordination may make the long-term viability of such policies tenuous.
- PPPs may undertake ventures that are susceptible to the vagaries of business cycles. For example, many ambitious PPP ventures in urban development that were initiated during the economic boom in Japan and other Asian newly industrialized countries (NICs) languished after the bubble deflated.[112]

Enabling partnerships and inter-sectorial coordination in urban development planning and management involves a continuous process of monitoring and policy reformulation in order to adapt development concepts and approaches in the light of changing social, economic and functional needs.

Partnership approaches should be seen as part of a wider arsenal of approaches that also include, for example, participatory budgeting and Local Agenda 21 processes. A recent review of partnerships concludes that:[113]

- Partnerships cannot replace government. Partnerships should be subsumed under representative democratic systems.[114] The elected bodies must oversee partnerships and prevent them from becoming the prime policy-making institutions in their area of activity.
- Partnerships must not exclude marginalized groups. Governments at all levels – through elected representatives – have a special duty to look after vulnerable groups through traditional policy programmes and by encouraging them to organize.
- The Local Agenda 21 and the Habitat II partnerships may be regarded as embryos of broader and more open kinds of partnerships. Transnational partnerships at all levels are crucial in achieving consensus and a broad-ranging attack on problems associated with urbanization and globalization.[115]

'Partnership' is a loose umbrella term that covers many different types of arrangements. Examples in Africa that are involved in the exchange of experience and 'twinning' include horizontal municipal associations, such as the Union of African Towns (UVA); the United Towns Organization (UTO); and the International Association of Mayors and Leaders of Wholly or Partially French-speaking Capital Cities and Metropolitan Areas (AIMF).[116]

Partnerships are often formed in the context of infrastructure projects. The Sustainable Cities Programme supported by the UNDP and UN-Habitat offers one of the more successful models in this regard, bringing together not only the public and private sector, but also community organizations.[117]

Other forms of partnerships join local communities and universities, as in the case of Université Cheikh Anta Diop – the oldest university in Francophone Africa – in Dakar, Senegal.[118] There are many academic researchers who deliberately choose to work in partnership with neighbourhood groups and NGOs in community outreach. For example, in 1994, the US Department of Housing and Urban Development established the Office of University Partnerships (OUP) to encourage and support cooperation between institutions of higher education and low-income communities through grant programmes, interactive conferences and a clearing house for the dissemination of information.[119] Its goals are to:

- Recognize, reward, and build upon successful examples of universities' activities in local revitalization projects.
- Create the next generation of urban scholars and encourage them to focus their work on housing and community development policy.
- Create partnerships with other federal agencies to support innovative teaching, research and service partnerships.

By 2001, OUP had allocated more than US$64 million to 143 partnership initiatives.[120] Good examples may be found at the University of Illinois at Chicago[121] and the University of Pennsylvania.[122] Similar programmes exist in other countries.

A review of recent experiences may provide guidance for establishing and operating future partnerships. Lessons that emerge from these experiences are as follows.

■ Capacity building

The Community Animator Programme in Sri Lanka has been very successful in community capacity building.[123] Under its auspices, the National Housing Development Authority (NHDA) trained community workers from low-income areas, who then went back to offer support to Community Development Committees (CDCs) in promoting and establishing women's mutual help groups. More generally, women's active participation in decision-making, planning, implementation, operation and maintenance can significantly contribute to community capacity building.[124]

Greater capacity to act may be better achieved by slow learning rather than rapid replication of possibly inappropriate international models. The SPARC/Mahila Milan/National Slum Dwellers Alliance in Mumbai rejects temporal logic dictated by the 'project model', and relies upon precedent setting (for example, housing and toilet exhibitions) and self-census.[125]

Local government needs to play different roles at different levels. It must be a facilitator and enabler of community processes, a partner with the community, a technical adviser, and a client of national and international funding agencies.[126]

■ Low-income households as financial and political partners

Partnerships may be conducted between potential borrowers and lenders through CBOs to establish sources of credit for small-scale business. Collectivization and scaling-up of financial and social assets of poor households can create valuable resources for development.[127] Experience indicates that slum dwellers often are responsible partners, financially and otherwise, and micro-lending programmes typically have very low default rates.[128]

This model for credit delivery retains the advantages of the informal credit market (timely and flexible credit) and avoids the weaknesses of the informal delivery system (usury, exploitation), while encouraging household savings.[129] Cost recovery must be based on regular and affordable payments.[130] However, full capital cost recovery may not always be feasible; and recognition of this fact must inform anti-poverty policies.

If the partnership is government initiated, where government has created and used CBOs for cost-saving and control purposes, there may be lack of 'ownership' among the urban poor who may view their involvement more as an 'extractive' participation, rather than one of contribution and sharing.

The success of particular partnership 'models' may encourage international development organizations to associate themselves with the process, potentially making it difficult for approaches that are led by the poor.[131]

Weak organizational capacity of CBO leaders, owing to their lack of education, status and language skills, may be a problem when directly dealing with international donors. Abuse of the power vested in them by their constituency may sometimes occur.[132]

■ Local businesses, city elites and local media as partners

The local business elites of a city can substitute for, or supplement, international donor agencies in funding slum improvement projects.[133] In one case, as the partnership generated local pride and as self-help action reached wider publicity, it received significant support from the local media and, ultimately, international acclaim.[134]

■ NGOs as partners

Initially, prominent NGOs may operate in the forefront in order to obtain recognition of the abilities of the CBOs in the eyes of regulatory authorities and international donors, and to build confidence among the urban poor.[135] However, over time, the roles of NGO partners may recede more into the background, and people's organizations can begin to assume more responsibilities. There is a view that it is necessary to eliminate the monopoly of professional NGOs as intermediaries for aid money, in favour of a broader-based people-to-people mode of development ('the de-professionalizing of the aid business').[136]

Maintaining the required pace of the project may lead NGOs to compromise their commitment to local priorities, or their ability to work closely with local residents prior to and during the activity.[137]

■ Women's participation

Women frequently constitute a majority of participants in urban popular movements, and success often depends upon women's active involvement and their participation in leadership roles.[138] Women also play key roles in organizing and coordinating design, and in the construction stages.[139]

■ Self-help and management of projects

An analysis of partnerships in slums show that self-help by households living in poverty is widespread and present in almost every partnership reported.[140] Self-management by the communities may help to control corruption and autocracy,[141] and may also encourage the pooling of human expertise.[142]

Community action-planning workshops can be an effective way of developing workable solutions and prioritizing problems from the perspective of the community. A 'community contract' system by which the local government or an NGO contracts a CDC to build its service infrastructure project (rather than a private company) may result in cost savings and better quality of services.[143]

A municipal corporation may be able to keep construction costs lower than private contractors would, and may transfer the responsibility for maintenance either to the NGO partner or to local residents.[144]

■ Scaling-up and spreading the movement

Organizational replicability is important for 'spreading the movement'.[145] Effective strategies in this regard also include mobilization of local citizens (for example, a rally in front of national government offices in Korea) and international networking.[146]

■ Partnerships based on trust

While contracts are assumed to be more economically efficient, evidence is emerging that it is trust, rather than legal obligations *per se*, that significantly affect economic transactions and efficiency gains in partnership arrangements. Contract-based relationships may not be as effective in partnerships as trust.[147] Trust and credibility regarding roles, attitudes and modes of operation of all the stakeholders involved in the process (particularly local government) are required to bring any participatory planning process to a successful conclusion.[148]

■ Horizontal partnerships

In some cases, the external partners have relevant expertise and experience (for example, in areas such as wastewater management or planning), and they are able quickly and easily to demonstrate the benefits and drawbacks of some strategies over others.[149]

Effective policy coordination

Partnerships can extend the reach, resources and legitimacy of government; but the ultimate responsibility for achieving strategic goals of inclusive cities rests with government. Inevitably, government is fragmented horizontally by function, and vertically by level. The responsibility of bringing together planning processes that operate all of the way from national goal setting to local participatory governance, and that integrate inter-sectoral competition for scarce resources without undue overlap or neglect, are key aspects of government that are very difficult to successfully fulfil. Some of the major organizational and governance changes that will need to be to be pursued include:[150]

- Eliminating political opportunism that arises from short-term electoral interests to the detriment of long-term needs of the urban poor. Lack of political will also need to be overcome in order to achieve affective local action towards the realization of the goal of cities without slums.[151] This can be achieved through more effective community organization among the poor and engaging local and central government authorities with one voice.
- Overcoming the numerous conflicts in formulating and implementing settlements programmes. Such conflicts occur, for example, within the public sector – where different agencies with overlapping functional responsibilities or spatial jurisdictions jostle for position – or in the private sector – where industrial enterprises and land developers may have different objectives from each other – or between different stakeholders who have different priorities for investment and spending.
- Deepening democratic and participatory governance processes in order to eliminate inefficient bureaucracy and inertia that are often responsible for blocking and paralysing new innovations and initiatives.
- More effectively coordinating urban shelter policies with economic and social policies for creating employment opportunities and generating economic growth. The emphasis should be on the holistic improvement of the lives of the urban poor and on the mobilization and allocation of adequate resources.
- Ensuring that slum improvement and related shelter programmes focus not only on the activities to be conducted, but also on the roles of the different actors and the processes by which the contribution of each actor will be supported and coordinated.
- Recognizing existing diversities in local conditions, such as physical characteristics, levels of development, development goals, material resources and so on, by designing programmes with appropriate substantive focus, orientation, scale, organizational arrangement and time horizon.

Achieving all of these reforms requires not only political will at both the local and national levels, but also a strategic vision of the city. Strategic visioning is increasingly recognized as a prerequisite to realizing truly inclusive and liveable cities. The effectiveness of such a vision will depend upon the extent to which it is shared by all urban citizens, especially the poor and disadvantaged. This, in turn, will depend upon how seriously decision-making structures and processes are transformed and enabled to build the kind of broad consensus that is required for a shared vision of the city.

Strategic visioning is increasingly recognized as a prerequisite to realizing truly inclusive and liveable cities

NOTES

1 This chapter is based on contributions from many authors and institutions whose name are mentioned at the references to particular sections and in the Acknowledgements.

2 This section is sourced from Cities Without Slums: Action Plan (Cities Alliance, 1999).

3 Diacon, 1997.

4 Durand-Lasserve, 1998, pp241–242.

5 Diacon, 1977.

6 Cities Without Slums action plan was launched by Nelson Mandela in 1999 in Berlin. The action plan was subsequently endorsed by the heads of states attending the Millennium Summit in September 2000.

7 This section is based on a paper prepared by Alain Durand-Lasserve and Lauren Royston.

8 World Bank, 1991, 1993; Harris, 1992.

9 See Chapter 3. See also Pugh, 1993; Durand-Lasserve, 1994.

10 Hardoy and Satterthwaite, 1989; Skinner et al, 1987.

11 Mathey, 1992.

12 Baross and Van der Linden, 1990; Jones and Ward, 1994.

13 Fourie, 2000.

14 Fischer, 1995.

15 Fourie, 2000; Payne, 1997, 1999b.

16 Cobbett, 1999. It must be stressed that informality does not necessarily mean insecurity of tenure.

17 UNCHS (Habitat), 1999b.

18 For overview of studies in Bangkok, Manila, Karachi, Durban, see April issue of Environment and Urbanization, 1994.

19 UNCHS (Habitat), 1999b.

20 Fernandes, 1996.

21 Rochegude, 1998.

22 UNCHS (Habitat), 1999c; Rakodi, 1994.

23 Dowall and Giles, 1991.

24 Urban Management Programme, 1993, 1995.

25 Feder and Nisho, 1998; Rolnick, 1996.

26 Torstensson, 1994.

27 World Bank, 1991; Cohen and Sheema, 1992.

28 World Bank, 1991.

29 Hibou, 1998.

30 Ward, 1998.

31 Tribillon, 1995.

32 Cobbett, 1999.

33 Christiensen and Hoejaard, 1995; Fourie, 2000.

34 UNCHS (Habitat), 1996c.

35 Leckie, 1992, 1993.

36 See overview of community development and shelter improvement funding systems in the April issue of *Environment and Urbanization*, 1993.

37 African NGOs Habitat II Caucus.

38 This section draws primarily from a paper prepared by Paul Barter, Visiting Fellow, Department of Geography, National University of Singapore, and Brian Williams, Human Settlements Officer, United Nations Human Settlements Programme.

39 Gopalan, 1998.

40 This is not universally true. Many of the larger squatter estates, particularly in Africa, are peri-urban since the inner city has been effectively sealed off to the poor under colonialism.

41 World Bank, 1994.

42 World Bank, 1996.

43 Gannon and Liu, 1997.

44 See, for example, Mumbai's railway dwellers, discussed by Patel, 1999.

45 Hook, 1994.

46 Asian Development Bank, 1995, pp10–11.

47 Patel, 1999.

48 This is because of the extensive kickbacks associated with transport projects (NESDB Thailand, private communication).

49 Hook, 1998; World Bank, 2000; Koster, 2000.

50 Manning, 1984.

51 Linn, 1983.

52 Mabogunje et al, 1978.

53 See Professor Johan Silas's interview in Barter, 2002.

54 Thomson, 1977.

55 Hook and Replogle, 1996.

56 Manning, 1984.

57 Acioly, 2000.

58 Lloyd Jones, 2000.

59 Stretton, 1975, p106.

60 Poole et al, 1994; Gannon and Liu, 1997; UNCHS (Habitat), 1996c; UN-Habitat, 2002f. This depends upon the relative co-location of jobs and residences, and upon traffic congestion.

61 Godard, 1997.

62 Hook, 1998; Boonyabancha, 1983.

63 Patel, 1999.

64 Fernandes, 1998; Murphy and Pimple, 1995. This has also been observed in subsidized housing solutions, such as in South Africa, where some new owners have vacated their new houses after a short period.

65 This section is derived from UNDP, 2000b, pp8–15.

66 This section is based on studies carried out by the Shelter Branch of UN-Habitat. See also UNCHS (Habitat) and ILO, 1995.

67 Pugh, 1995.

68 For example, even single-storey, concrete industrialized construction is almost impossible to maintain without specialized equipment.

69 This section is based on the background paper prepared by James Mutero, housing finance consultant, Kenya.

70 'Decisions regarding services should rest with the entity of governance closest to the community that is able to deliver these services in a cost-effective way, while minimizing the externalization of environmental and social costs.' See UNCHS (Habitat), 1996a

71 See UNCHS (Habitat), 1996a.

72 UNCHS (Habitat), 1996c; UN-Habitat, 2002f.

73 UNCHS (Habitat), 1996a.

74 UNCHS (Habitat), 1996a.

75 Wunsch and Olowu, 1990.

76 Smoke, 2000.

77 Bahl and Linn, 1992. This has changed a good deal during the 1990s as a result of decentralization programmes, and a number of developing countries now generate and spend a good proportion of income at the local level.

78 Unless, of course, the political elites also control the private organizations.

79 Rose-Ackerman, 1998.

80 Rose-Ackerman, 1998.

81 Stiglitz, 1999.

82 This is the case with property taxes in many smaller constituencies. For small municipalities in the Philippines, the return is typically about one third of the cost.

83 Smoke, 2000.

84 Noll et al, 2000.

85 Ferguson, 1999.

86 Porteous, 2000.

87 UNCHS (Habitat), 1996a, p373.

88 Porteous, 2000.

89 Deregulated finance systems may have their own problems, such as the savings and loans crisis in the US and the near collapse of some Australian banks following deregulation, until suitable prudential measures are put in place.

90 See, for instance, UNCHS (Habitat), 1990. Banks rarely have branches in slum areas, even in better-developed countries such as South Africa.

91 Fixed interest loans are, however, the norm in the US – one of a number of unusual features that has arisen because of the lack of a national banking system.

92 Struyck, 1986.

93 *Environment and Urbanization*, 2000.

94 See www.unchs.org/campaigns/governance/.

95 International Union of Local Authorities Worldwide Declaration on Women in Local Government (1998).

96 Statement by Mary Robinson, former UN High Commissioner for Human Rights, at the Special Dialogue on Poverty and the Enjoyment of Human Rights, 12 April 2000. See www.unhchr.ch.

97 'Good Urban Governance: A Normative Framework', Conference Room Paper of 26 February 2000; www.un-habitat.org/govern/.

98 From the 27 principles elaborated in the Rio Declaration on Environment and Development, 1992.

99 For example, Caplan et al, 2001.

100 Revisions of papers presented at this meeting were published in a special theme issue of *International Social Science Journal* (June, 2002).

101 See, for example, Baumann, 2001, in a special issue of *Environment and Urbanization* on the roles of civil society. See also Plummer, 2002; Edwards and Gaventa, 2001; Evans et al, 2001.

102 A useful recent discussion of partnership approaches can be found in Elander, 2002.

103 This was one of the primary forces that forged the partnership arrangement in the UNDP's Sustainable Cities Programme for the city of Chennai, India.

104 Jewson and MacGregor, 1997.

105 Banner, 2002.

106 Banner, 2002.

107 See, for example, Jewson and MacGregor, 1997.

108 For a more extensive discussion, see Elander, 2002.

109 See UNDP, 2001.

110 Choe, 2002.

111 Levine, 1989.

112 Choe, 2002.

113 Elander, 2002.

114 See, also, the discussion in UNCHS (Habitat), 2001a, pp161–163.

115 See, for example, Edwards and Gaventa, 2001, for a collection of case studies of the roles of civil society in these transnational partnerships. See, also, UNCHS (Habitat), 2001a, pp171–176.

116 For a fuller discussion of 'twinning' or international municipal cooperation, see UNCHS (Habitat), 2001a, pp163–165.

117 UNCHS (Habitat), 2001a.

118 See Mbodj, 2002.

119 See, for example, Forsyth et al, 2000; Kleniewski, 1999; Wiewel et al, 1996. See, also, two special issues of *American Behavioral Scientist* (1999), vol 42(5), and (2000), vol 43(5).

120 Barbara Holland, Director, Office of University Partnerships, HUD, pers com).

121 See Mayfield et al, 1999; Wiewel and Lieber, 1998.

122 See Benson et al, 2000.

123 Russel and Vidler, 2000.

124 Rahman, 2002.

125 Appadurai, 2001.

126 Abbott, 2002.

127 Baumann, 2001.

128 Dutta, 2000.

129 Igel and Srinivas, 1996.

130 Rahman, 2002.

131 Patel et al, 2001.

132 Russel and Vidler, 2000.

133 Dutta, 2000.

134 Gwebu, 2002.

135 Patel et al, 2001.

136 Fowler, 1998.

137 Hobson, 2000.

138 Moctezuma, 2001.

139 Hobson, 2000; Rahman, 2002.

140 UN-Habitat Best Practices Database.

141 Moctezuma, 2001.

142 Ogu, 2000.

143 Russel and Vidler, 2000.

144 Hobson, 2000.

145 Moctezuma, 2001.

146 Rahman, 2002.

147 Fowler, 1998.

148 Rahardjo, 2000.

149 Hewitt, 2000.

150 Several studies during the 1990s have identified a wide range of obstacles to human settlements policy development.

151 Luke et al, 1988, p29.

LOOKING FORWARD – MOVING AHEAD

There is no point in free market-based development if the majority of human beings see it only on TV.[1]

TOWARDS CITIES WITHOUT SLUMS: TURNING THE DREAM INTO REALITY

The desirable future, as perceived by most people, is a world where everyone has the basic needs of life: where everyone has enough to eat, a decent home in sanitary and unpolluted surroundings, the opportunity to earn a decent living, access to health care and education, and the means to access the things that are important to them. What the people in cities throughout the world would like to have as a minimum is:

- the means of earning or obtaining a reasonable livelihood, preferably with a secure job under safe working conditions;
- affordable, adequate and appropriate housing, with security of tenure;
- access to clean water, basic sanitation and other urban services, along with a clean and attractive environment;
- the means to participate in broader society and have access to its opportunities; and
- responsive and honest government, justice and the means to redress wrongs.

To achieve the goal of 'cities without slums', all of these elements are necessary. More advanced countries have demonstrated, through a concerted programme of action, how these basic goals could be implemented to achieve a high quality of life.[2] The styles and methods by which this was achieved differed in that some countries had more government involvement than others; but all methods involved government, the private sector and civil society working together or negotiating solutions.

These basic requirements are now largely taken for granted in most of the developed world. However, perhaps half of the world's population does not have any of these minimum living conditions met. Of these disadvantaged people, half live in the slums of the developing world – and since the 1970s, these numbers have more than doubled. Both the proportion and numbers of slum dwellers will increase substantially in the next 30 years (in fact, the numbers will probably double again) unless action is taken globally, nationally and locally to solve these problems.

Considerable advances have been made during the 1990s in most of the world regions, particularly in health care and education, because these areas have been targeted and acted upon by international and national agencies in a concerted and organized way.[3] Some progress has also been made in providing clean water and electricity. It is in the areas of employment generation, housing delivery and urban environmental management that progress has not been adequate to meet growing demand. Good governance has also continued to be sorely lacking in many places, with corruption and poor management widespread.

At present, there is little concerted effort to achieve these aims in the developing world; in fact, some of them are actually denied as legitimate goals by people in positions of authority. Where there is agreement, the means of reaching these aims has been hotly argued – so that the goals have not been explicitly targeted and indirect issues have taken precedence. There has also been considerable backsliding on the issues of employment and housing in a number of highly developed countries for the same reasons of denial, lack of consensus and application.

ACTION NEEDED TO TACKLE THE CURRENT TRENDS

If it is agreed that the major inadequacies in current policy are due to:

- lack of development planning, in general, and urban planning, in particular, for future population growth (both natural growth and rural influxes);
- lack of action to deal with the poor environmental and social conditions existing in present and future slum areas;
- inability of the market to provide adequate, secure housing at affordable prices for poor people; and
- loss of urban jobs when urban labour forces are swelling,

then the following actions are needed.

For *planning*, urban, housing and population policies based on housing rights and the right to a clean environment must be established at all levels. These policies should be directed at inclusive cities and poverty alleviation and should include formal mechanisms for participation. City

governments should plan for future population growth by ensuring serviced land release in a timely fashion, either providing infrastructure or facilitating its provision by private firms. They should take account of the fact that many of the new arrivals will not have money to afford even the most basic formal-sector house or to pay for utilities on a regular basis.

For *environmental management and physical and social infrastructure* in existing slum areas, it has been established that participatory slum upgrading, conducted as part of a city-wide strategy, is the preferred solution. Improving water supply, basic sanitation, footpaths and roads is relatively inexpensive and programmes can often be conducted with the financial and labour resources of the people themselves, supplemented by local government or donor contributions. There are a number of pitfalls to be avoided by successful upgrading programmes. These can be summarized as follows:[4]

- Upgrading should be undertaken as part of a city-wide strategy and with the full involvement of local government, otherwise it will not be sustainable or replicable.
- Upgrading should involve the local people and civil society in the planning and possibly the implementation phases. Residents are then more likely to receive what they want and to assist in the maintenance and upkeep of facilities.
- An asset management approach must be used, setting in place mechanisms and procedures for operating or repairing the facilities in the longer term.
- Rapid commodification of regularized slum properties should be prevented through the adoption of appropriate tenure mechanisms.
- Attention must be paid to income generation, transport and empowerment of the beneficiaries to redress possible future problems.
- It may be the case that the poorest households cannot afford to pay for such services as water supply, sanitation or electricity. The government will then have to consider if it is prepared to subsidize capital or ongoing costs for minimum allocations to individuals or communities.

The biggest stumbling block to achieving cities without slums is, in fact, *housing*, because formal-sector housing is well beyond the reach of most slum dwellers and without formal housing, areas are usually automatically considered to be slums. Therefore, it is, strictly speaking, necessary for governments to follow the example of the highly developed countries and the few other countries that have achieved this goal by providing the funds to meet affordability constraints. This can be done through a variety of mechanisms ranging from largely private-sector enabling approaches to building more or less self-sustaining social housing sectors, or through hybrid approaches. These policies can result in very large building programmes that will eliminate housing shortage. However, before embarking on ambitious programmes, governments should consider the following:

- These programmes have only worked in places where there is a very strong social consensus that the housing problem must be solved, in places where governance is strong and efficient and the building sector is sufficiently developed.
- Subsidy programmes that are run in a half-hearted manner or with inadequate resources have always been seen as failures, and a substantial proportion of the population should be targeted. This requires a significant proportion of the national budget to be allocated to housing. Ultimately, the government must have good access to substantial revenues.
- The target group must be capable of paying the costs of operating the dwellings, including repair costs and the costs of utilities, and also should contribute to construction costs through individual savings when possible. Private lending institutions should also augment government funds.

For countries that cannot meet these rather stringent requirements – which would be the majority – formal-sector solutions are not appropriate. Countries with limited resources, therefore, need to develop programmes of appropriate technology using local materials, through assisted self-construction, ensuring that local artisans are available to assist with the critical parts of construction and facilitating local landlords in the provision of affordable, adequate housing.

The most difficult area of all, and the one upon which eradicating slums ultimately depends, is providing *income-earning opportunities*. In the end, families can only afford non-slum housing if they have good incomes. In a global environment where formal-sector urban jobs have been lost almost everywhere and where there are no proposals to improve the situation, the prospects are not promising. Since the major agencies adopted poverty reduction as their primary goal, anti-poverty programmes are under way all over the developing world, and these can help to strengthen the income-earning capacities and opportunities for poor people. Such programmes tend to target the poorest households, as they should, and are usually not sufficient to deliver the kinds of incomes necessary to pay for formal housing.

Development studies have suggested a number of ways of improving incomes – for example, encouraging more labour-intensive technologies for construction and upgrading programmes, since these are often more cost-effective than more commonly used mechanized approaches designed for countries with high labour costs; and allowing and facilitating small enterprises and non-governmental organizations (NGOs) to bid for these contracts rather than using large or foreign firms.[5] It is also imperative to take access to livelihood opportunities into account during slum relocations and other forms of improvement, especially transport policies, which tend to be designed for the benefit of the middle class.

It has to be remembered that slums have always been a part of market societies. In the long run, the goal of cities without slums is only going to be achieved in a

predominantly market economy once a good majority of the urban work force has middle-class incomes. How to achieve this major aim of development is rooted in controversy and is somewhat beyond the scope of this report. However, global trends are definitely not heading in this direction, except for a few lucky countries. Until this is achieved, the principal goal cannot be the outright elimination of slums, but improving the lives of slum dwellers in the many ways that this report has suggested.

Each of the different urban stakeholders must take active roles in achieving these goals, as outlined in *The Habitat Agenda*:

- *Central governments* should formulate and implement national urban policies, population policies and comprehensive national housing policies that facilitate the ability of local or sub-national governments to carry out their mandate, based on housing rights and the right to a clean environment. They may reform local government regulation towards greater inclusiveness and participation, improving the ability of local governments to generate local financial resources – but retaining assistance to local governments with a poor revenue base. They should formulate and facilitate the implementation of nation-wide slum upgrading policies and strategies by up-scaling and replicating successful city experiences, mobilizing financial support to local authorities for innovative or continuing activities. Above all, their principal task is to position their country in the global system to permit economic growth and development that can benefit all citizens and not just a few.
- *Municipal authorities and local governments* must engage in more effective planning to limit the emergence of future slums and to ensure that conditions in future low-income housing areas are as favourable as possible. They should engage in programmes of city-wide slum upgrading rather than relocation and renewal, with scheduled rolling upgrades that reflect the needs of the local communities and involve their participation, while taking an asset management approach to the city's housing stock and infrastructure in order to ensure their long-term sustainability. They should adopt good and inclusive models of city governance, involving transparency and participation in planning decisions, and should aim to have sufficient revenue to be able to act independently in response to local priorities. While planning for broad economic growth and employment creation is essential, pro-poor economic policies should be adopted, including explicit support for livelihood activities of the poor, microcredit for small enterprises, and NGO or municipal 'safety-net' services for the most indigent.
- *Civil society* (NGOs and community-based organizations – CBOs) should support poor households to organize themselves into interest groups that can obtain resources for local funding and act to redress local problems, mediating between communities and local authorities and providing local and national advocacy for slum dwellers and housing issues. They can provide and maintain basic infrastructure, such as water or community services, bid for income-earning projects in the place of large firms, and can channel national or international aid to poverty reduction and income-generation projects.
- *The private sector* (formal-sector enterprises) can help the urban poor by extending services into poorer or informal communities, by providing safe work places and adopting non-discriminatory policies in employment, by helping the urban poor to access credit for shelter improvement and for small enterprises, and through investment in low-income rental housing.
- *International organizations* can facilitate the dissemination and exchange of knowledge and experience, providing technical and financial support to national governments and local authorities – for example, through the Cities Alliance and other partnerships and programmes, and through loan guarantee schemes, grants and facilities that seek to improve urban conditions and governance. They also have a primary role in advocacy for the poorer countries of the world and their poorer citizens, seeking to minimize negative effects of global financial and trade arrangements on poor people and their living environments, and finding solutions that will distribute wealth fairly rather than impoverish low-income people.

Many of these activities are governance related, involving organization, planning and changes in attitude, and these alone can result in considerable improvements in the situation and quality of life of slum dwellers. The political will, organization and inclusiveness that constitute the foundation of good urban governance are very much a precondition for the successful adoption and implementation of pro-poor capital works and subsidy programmes of any kind. Without a refocusing of governance, the failures of the past will simply be repeated. Ultimately, however, like all significant social goals, 'cities without slums' requires the allocation of significant resources in the way that those countries that have achieved these goals have done.

With the great global urbanization project half completed, the resources, technology and experience of the North can be used to solve the situation much more rapidly than the way in which Northern countries solved their own urbanization problems, or their economic power can be used to make the situation worse by marginalizing the poorest countries in international dealings, and by sponsoring the division of the cities of the South into rich people who access the incomes, the technologies and advantages of the North and the majority who 'only see the market economy on television'. The choice is one that the world must make.

In conclusion, the world faces a very great challenge in improving the lives of the approximately 924 million existing slum dwellers and in providing jobs, housing and

services for 2 billion future urban residents. Many existing slum dwellers live in degraded and marginalized conditions that are unacceptable. The numbers of new urban residents who will be arriving in the cities of the developing world are unprecedented and will put great pressure on city administrations that are already struggling with inadequate infrastructure and widespread poverty. A concerted international response is required to deal with the situation, and this demands a change in the processes and global organization of aid and the economy in order to deal with this huge challenge in a balanced, sustainable and inclusive way.

NOTES

1   President Aylwin of Chile, March 1994.

2   UNCHS (Habitat), 2001a, pp232–235.

3   UN-Habitat, 2003; UNCHS (Habitat), 1996a, pp24–27.

4   These issues are considered in detail in Chapter 7.

5   See Chapters 7 and 9 for detail.