

# **Governing our cities**

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Will people power work?

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# Executive Summary

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The massive challenge of preparing cities to meet the 21<sup>st</sup> century has prompted the emergence over recent years of a remarkable and radical international consensus. At the heart of this is how all city dwellers, particularly the vast majority with subsistence incomes, no security and very little power, can gain a stake in the future of their cities.

Cities cannot be successful – economically, politically or culturally – if the divisions between rich and poor continue to widen, if the poor are disenfranchised and have no rights to their land and if they have no voice or form of self-organisation. The solution to sustainable development in cities is for poor people to be allowed to assert their own rights, and increasingly to organise themselves to provide their own services and infrastructure. Successful systems of urban governance depend on people power.

This consensus is not simply that of a fringe group of radicals, but the analysis that emerged five years ago in Istanbul at the meeting of 171 governments for Habitat II, the City Summit (the Second United Nations Conference on Human Settlements).

The terms “participation” and “partnership” had been used since the 1980s to mean very different things, such as the privatisation of services and the contributions made by poor people to their costs. The type of partnership widely seen today as crucial to good governance and poverty reduction involves poor people participating with government in policy and decision-making as well as contributing to implementation and costs. Often the private sector is also involved.

But successful privatisation of services like water also depends on meeting the needs of the poor, and the role of government is to ensure and facilitate this. If they are ignored, fiascos like Bolivia’s Cochabamba water privatisation occur – where protests against steep price hikes by the private consortium led to the government rapidly rescinding the contract. Successful privatisations involve consultation and choice for the poorest citizens, with cross-subsidisation or differential levels of services to keep prices affordable. The proposed extension of the scope of the World Trade Organisation’s GATS (General Agreement on Trade in Services) may constrain governments’ policy choices in such service provision.

Decentralisation of powers from national to municipal governments was endorsed by Habitat II as a means to greater

effectiveness, transparency and accountability. However, real ceding of autonomy, including financial power, from national to city governments, is still the exception. Equal partnership with non-governmental organisations is also rare.

Political will at every level is crucial for successful partnerships. Two contrasting examples illustrate this. In Sri Lanka political changes at the top undermined a successful and widespread community planning system, while in Porto Alegre, Brazil, political support ensures that poor communities take part in allocating 20 per cent of the city's budget.

As the special session of the UN General Assembly meets in New York to consider the successes and failures of the Habitat Agenda (Istanbul + 5) this report assesses what lies behind the rhetoric of empowerment and examines whether these strategies have led to real improvements in people's lives.



Reach for the sky: a slum area in São Paulo, Brazil.

## City figures

- Between 30 and 60 per cent of urban populations in developing countries currently live in slums and informal settlements. Such settlements are likely to account for between 75 and 90 per cent of future urban growth.<sup>1</sup>
- In Cairo, 84 per cent of the population were living in slums in 1990, including thousands who live in a vast cemetery, the "City of the Dead."
- 19 per cent of the population of São Paulo, Brazil, lived in *favelas* (slums) in 1993, up from 9 per cent in 1987.
- 18 per cent of urban households worldwide did not have access to safe water in 1994, and 37 per cent lacked sanitation facilities.
- Typically, people in cities of developed countries use 272 litres per day while the average in Africa is 53 litres per day.<sup>2</sup>
- Between one-third and one-half of the solid wastes generated within most cities in low and middle income countries are not collected. They usually end up as illegal dumps on streets, open spaces and wasteland, blocking drains and contributing to flooding and the spread of disease.<sup>3</sup>
- Contaminated drinking water and an inadequate supply of water account for 10 per cent of the total burden of disease in developing countries.<sup>4</sup>
- Almost 83 per cent of the passenger trips in peak hours in Mumbai are by public transport (train and bus), 8 per cent by "intermediate public transport" (taxis and three-wheelers) and only 9 per cent by private transport (cars and two-wheelers). And yet the city authorities have invested in a plethora of roadways and flyovers, almost totally neglecting public transport.<sup>5</sup>
- In Delhi, 10 to 12 per cent of children aged 5 to 16 suffer from bronchial asthma, and air pollution (caused largely by traffic) is one of the major causes.
- Of the 10 cities in the world with the highest counts of total suspended particulates (a major air pollutant), nine are in China. Industrial cities such as Jiaozou, Lanzhou, Taiyuan, and Yichang all have mean annual concentrations five times higher than the World Health Organisation's acceptable levels.<sup>6</sup>

# 1 The Century of Cities

The world's population has doubled in the last 40 years. But in urban areas it has increased five-fold. Today, about half the world's population live in or around cities. And during the next 30 years, 90 per cent of population growth will be in urban areas. Slightly less than half the growth is due to migration from rural areas; the rest is simply due to expanding populations.<sup>7</sup>

"This is the century of cities...And the challenge therefore facing us in this century is how to make cities a better place for the majority of the people...The battle for sustainable development will be won or lost in cities."

*Anna Tibaijuka, Executive Director, UN Centre for Human Settlements.*<sup>8,9</sup>

## Beyond the glamour zone

Cities can be great places to live – dynamic, lively and exciting. But they also display within them stark economic and social disparities, with extremes of wealth and poverty co-existing side by side.

"The urban glamour zone has fine restaurants, state of the art office buildings, state of the art residences...It has it all: beautiful streets, private security, world class culture... The glamour zone is about 20 per cent in São Paulo, Bangkok, Bombay."<sup>10</sup>

But the glamour zone in any city needs cleaners, service workers and nannies. Most of these people live in the same city but in another world altogether. Says P Sebastian, a human-rights lawyer in Mumbai:

"If you ask the rich where their servants stay, they will say they do not know. But they do know. They won't say, because it is the rich who create the slums they deplore... They will not pay enough for people to afford decent housing."<sup>11</sup>

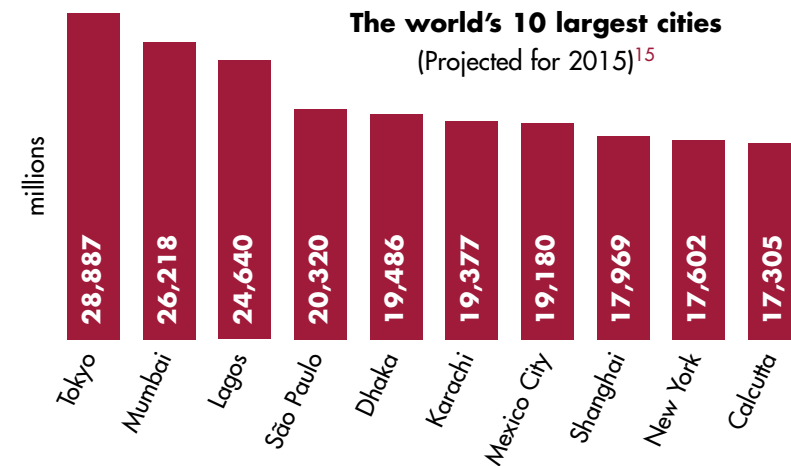
The slums that surround cities – or sometimes are cheek-by-jowl with the richer areas – are always overcrowded, and often lack the most basic services.

"The most important thing, I think, which makes people excluded in cities is the sense of isolation in the midst of all [the wealth]. And I think that's the real crisis today in all cities. Citizenship is not universal, it's like Them and Us, and the poor and the people in the informal settlements are there and there's confusion about whether they are citizens."<sup>12</sup>

"I don't feel like a citizen of São Paulo, I feel like an animal – an animal that nobody feels sorry for. The government, the Mayor, the

local politicians, they never come around unless it's election time. They are just worried about our votes" says Ester, who lives in the slums of São Paulo, Brazil.<sup>13</sup>

The problems of cities are "of staggering proportions – a significant increase in urban poverty, disproportionately affecting women and children, ethnic and racial conflicts, crime, homelessness, and environmental deterioration – and with far-reaching implications, both political as well as social."<sup>14</sup> Cities whose economies are growing have the possibility, at least, of improving the condition of their poor inhabitants. But among the world's megacities with the highest rates of population growth are some poor cities with sluggish economies, such as Cairo, Calcutta, Dhaka, Kinshasa, and Lagos. For them, there is a real risk of further deterioration.



## The growth of urban poverty

"The rapid growth of urban areas in the developing world in the next few decades poses a huge challenge to the fight against poverty. The urban poor must be the business of everyone if we are to achieve successful, sustainable cities."<sup>16</sup>

*World Bank President James D. Wolfensohn, 1999*

The rhetoric of the international institutions has recognised the problem of urban poverty. Addressing it will take more than fine words. The reality is that more poor people now live and work in urban areas than ever before. Despite an overall decline in the percentage of people living in poverty, there are still nearly a billion residents in the cities of the developing world who are poor. And

the absolute numbers of the urban poor have been growing much faster than those in rural areas. If current trends continue, the next decade will witness a surge in urban poverty.<sup>17</sup>

Much of the growth in poverty, especially in Latin America, Africa and the less successful Asian economies, has been associated with deteriorating macro-economic conditions and structural adjustments. Globalisation of the economy has also fragmented production processes and labour markets, and pushed more people into the informal work sector. The poor bear the brunt, being the first to lose their jobs and the last to receive any socio-economic benefits.

However, poverty amongst the urban poor should be measured not just by looking at income levels but also at other factors such as access to safe drinking water, sanitation, housing, and nutrition levels. Living costs tend to be higher in cities than in rural areas, and income sources more volatile. Besides, income-based estimates of poverty often underestimate the impact of deprivation in many other ways. For example, congested slum housing with limited access to water and sanitation has a very negative impact on health.

“An urban war zone for me is part of the city that has been neglected in terms of investments – in terms of basic public services such as garbage collection, renewing the pavement on the streets, very elementary things.”<sup>18</sup>

Poverty creates many problems, not just for the poor themselves but also for the better-off. “People are astonished at the kind of violence we are having in a big city like São Paulo, (but) I’m not astonished. If you have half of the population in these poor sections who are less than 18 years old, and they have no access to an education, no perspective and they cannot see a light in the tunnel, their prospects are nothing – how do you think they are not going to be violent or delinquent?”<sup>19</sup> says Marta Suplicy, Mayor of São Paulo.

Overwhelmed by rapid population growth, cities have been unable to provide sufficient and efficient basic services to all citizens. Depending on their individual histories, there are often inequities written into the structure of cities. The better off live in the better-serviced areas while the unserved, sometimes low-lying and swampy areas are usually home to large informal settlements or slums. “Municipal governments and public agencies often cater to one part of a city and, at best, adopt a posture of benign neglect toward the other, making the division even deeper”, says the World Bank’s World Development Report (1999–2000).

## Habitat

One of the main global players is the United Nations Centre for Human Settlements (UNCHS, or Habitat). The lead agency in the United Nations for the development of cities, Habitat was established in 1978 with its headquarters in Nairobi, Kenya, and was relaunched as the UN City Agency in 1999. Habitat’s mission is to help national governments promote sustainable urban development.

The Habitat Agenda, or Istanbul Declaration, is a plan of action for cities adopted by 171 governments at Habitat II, the City Summit (the Second United Nations Conference on Human Settlements), in Istanbul, Turkey, in June 1996. A five-year progress review is the subject of a UN General Assembly Special Session in June 2001.

The twin goals of the Agenda are “Adequate Shelter for all” and “Sustainable Human Settlements Development”. At present the focus is strongly on addressing poverty. Good governance and housing security are seen as the keys to this, and both are the subject of specific Habitat campaigns.

By adopting this document, the member states of the United Nations have committed themselves, at least on paper, to a radical model of urban governance, responsive to the needs of the poor and marginalised within cities. They have endorsed the principles of enablement and participation, laying strong emphasis on gender equality. The Agenda includes a commitment to the creation of partnerships with civil society and grassroots organisations and the private sector.

Many other intergovernmental and international organisations are also involved, such as the United Nations Development Programme, the World Bank and major international associations of city and local governments such as the World Association of Cities and Local Authorities (WACLA) and the International Council for Local Environmental Initiatives (ICLEI).



## 2 Urban Governance

When the first United Nations conference on Human Settlements was held in Vancouver, Canada, in 1976, the urban crisis had reached nothing like the proportions it has today. At that time the process of urbanisation was viewed as a “problem” which should be countered by creating “counter-magnets” in the rural areas to stop rural-urban migration. Research focused on understanding the population dynamics of urban growth and development finance and planning was targeted mainly at rural areas.

The attempts to reduce urban growth failed, everywhere. Experts also began to recognise that cities are usually economically much more dynamic than rural areas. Far from being a drain on national resources, they actually create a great part of most countries’ wealth. From the 1980s, the conventional wisdom became that cities, “properly planned and managed, hold the promise for human development and the protection of the world’s natural resources through their ability to support large numbers of people while limiting their impact on the natural environment.”<sup>20</sup> In the 1990s the focus of research and policy shifted to the management of cities – and to “governance”.

In the latter part of the 1980s and early 1990s, the failure of the state and the public sector to deal with the needs of expanding cities became apparent, especially in poor countries. Infrastructure development, housing provision, and delivery of basic services were all inadequate. Their failures were not only due to lack of resources, but to weaknesses of management capacity or governance. Privatisation of services was recommended as the solution. It was assumed that the private sector would be more efficient than a non-performing public sector.

The World Bank pushed this approach as a part of its structural adjustment programmes in developing countries. Governments steeped in debt were in no position to argue against such a recommendation. And most cities had no autonomy to decide on these matters. The Bank argued that the best alternative to a weak, often corrupt and inefficient public sector was a resource-rich, efficient and competitive private sector.

By the mid-1990s, however, the limitations of such “one-size-fits-all” solutions became evident as privatisation of urban services proved inadequate – primarily because it overlooked the needs of the urban poor. The private sector was concerned with profits and

returns and not equity. The belief that privatisation would enhance transparency and reduce corruption was also not always borne out by reality.

It was against this background and riding on the thinking generated from the 1992 Environment and Development conference at Rio de Janeiro, that the importance of “good governance” was emphasised.

“Governance” does not mean the same as “government”. “Government” means the formal institutions of government and state control, while “governance” reaches beyond these, referring to relations between the state and other institutions, including private business and civil society. It represents the relationship between the government and the governed, encompassing issues of accountability and empowerment, particularly of those normally marginalised.<sup>21</sup>

There is an emerging international consensus that good governance is a crucial prerequisite for poverty eradication and for sustainable development. There is also increasing recognition of the important role municipal governments play in reducing, or failing to reduce, urban poverty.

Governance can be defined as the means and processes through which a city government enables the city to fulfil its functions effectively. But what are the functions of a city, large or small, in the 21<sup>st</sup> century? The challenge for city governments is to balance a number of very different roles, which put very different demands on the city’s resources.



*The great divide: the urban poor lack even basic services.*

## Global Campaign for Good Urban Governance

One of Habitat's campaigns is to promote good urban governance. The ambitious aim is to contribute to the eradication of poverty by ending the marginalisation and exclusion of the poor in the world's cities.

The campaign's potentially radical premise is that inclusive decision-making processes are an essential means to achieve inclusiveness. "Good urban governance entails finding ways of engaging with the urban poor so that their needs can be reflected in the policies and programmes of city governments."

"The achievement of an alternative urban future depends on the extent to which poorer groups are able (or allowed) to organise not only within their district but also to become a greater political force within the city and the nation."

The campaign aims to stimulate awareness and debate within city governments and civil society across the world, to build capacity, to exchange information on models and best practices, and to stimulate processes for cities to demand, and get, more inclusive, transparent and accountable governance.

### The impact of globalisation

The economic role of cities both large and small is principally as part of the global economy – Bangalore for software, Hong Kong for transshipment, London for entertainment and financial services. Naturally the city government tries to maintain this role, attracting international business and investment. "We have arrived at an age where the competitive advantage of nations might well be the attractiveness of their cities for business as well as pleasure."<sup>22</sup> The need to create smooth-running, pleasant, glamorous up-town areas conflicts in many cases with the interests of the poor – there will be competition for land and high land prices, pressure on resources, lack of space for the unglamorous living quarters and business activities of the poor. "The necessity for megacities to be internationally competitive in order to sustain their economic vitality in the 21<sup>st</sup> century may well create new and wide economic chasms."<sup>23</sup>

One example is Bangalore in India, which is being projected as an extension of America's Silicon Valley. The state government of

Karnataka, of which Bangalore is the capital, has ambitious plans to attract foreign capital to the city. Thus, regardless of what the local government might suggest, investment has been made in the kind of infrastructure that will make the city attractive to overseas investors. In the process, the needs of the poor have been overlooked.<sup>24</sup>

For such strategic global cities, some experts recommend "a strong sense of city leadership, managing change through governance frameworks defined by strong city institutions".<sup>25</sup> One path is to bring in private sector expertise at the highest level of city planning, to help develop the vision and strategies for the city.

But how can the needs of the poor fit into this vision? The poor lack voices in such fora, – especially since a large proportion of the poor in many cities live and earn their livelihoods almost entirely outside the formal governance structures, service provision and economy of the city. Is the philanthropic instinct of corporations strong enough to protect the interests of the poor? Or do the lives of the poor impinge sufficiently strongly on the concerns of the rich that "enlightened self-interest" influences the rich to provide for them? This does happen sometimes. For example, in Ahmedabad, India, a major textile mill company, Arvind Mills, is working actively with the municipal corporation to upgrade the slums in which 40 per cent of the city's population live. It feels the presence of such slums makes the city less attractive to the sort of high-quality international staff the company wishes to attract.<sup>26</sup>

Globalisation creates other dilemmas, even for the strongest city governments. Cities around the world have to compete with one another to attract powerful global corporations. These can demand a high price for their presence, in terms of infrastructure provision, prime land, tax breaks and so on, distorting the allocation of the city's resources and bringing relatively little return to the host city in tax revenues.

"Globalisation is increasingly excluding and marginalising larger segments of the population all over the world... The quality of urban governance is a determining factor as to whether a city can overcome or is itself overcome by these challenges."<sup>27</sup>

While globalisation of business creates one global dynamic in which cities must try to find a niche for themselves, a quite different aspect of globalisation is the emerging "grassroots globalisation". This involves the networking of causes such as the right to housing and the need to assess the "environmental footprint" of cities.<sup>28</sup> Pressures to address poverty, strengthen democracy, and build "participation" into planning and service



delivery are not of course reaching city governments only from global, external sources. The poor are also demanding them, increasingly through the ballot box. But city governments must often face tricky tasks of balancing the claims of the poor with the demands of the globally successful – claims and demands which may often be in conflict.

A final element in the web of pressures on city governments may be tension between city and national government. The more successful the city is in attracting an international business presence and joining the global economy, the greater this tension may be. Many cities are becoming more important, globally, than the countries in which they are located. They contribute a large proportion of the national economy, have direct access to global investment, and their competitiveness is the driving force of the national economic development. As cities become more powerful, what are the relationships between national and city governments? Between the needs and goals of the nation as a whole, and the rights of the city – endorsed these days by the notion of “decentralised government” and “self-government” – to do as it pleases?

There are many enormously difficult challenges for cities and a great deal of debate and discussion going on worldwide about the best ways for cities to manage them. One common feature across many developing countries, however, is that city governments have very inadequate capacity to deal with these challenges and debates. The political and bureaucratic structures and cultures in most cities are inflexible and unsuited to dealing with their responsibilities. They may lack skills and human capacity, they may lack formal power in relation to national or state governments, and they are almost everywhere lacking in adequate financial resources and capacity to raise sufficient finances.

## 3 Participation and Partnership

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The words “participation” and “partnership” occur frequently in the language of urban governance today. They are interpreted in widely differing ways.

“Participation” was invoked at the first Habitat meeting in 1976, but became a familiar formula in the era of Structural Adjustment Programmes when governments were looking for ways of reducing their expenditure. It generally meant that users of a government-provided service would contribute to its costs through contributing labour or paying for the service, for instance.

“Partnership” often means collaboration between public authorities and private corporations for development of infrastructure or provision of a service. It is seen as an alternative to outright privatisation, which recognises that while the private sector may be better than government at mobilising capital and resources and more efficient at delivering the service, the market does not always provide for the poor. In this type of partnership, the government sets some goals and requirements, within which the private corporations provide much of the finance, implement the project and try to make a profit as well.

This type of partnership was promoted by the World Bank from the early 1990s, and is now being prescribed by politicians and donors almost as a matter of course around the world. Critics say that it is still somewhat theoretical: there has been relatively little research into how different types of partnership contract actually work, with different balances of power and control between the partners and in different political, institutional, economic, and physical settings.

The word “partnership” is also sometimes used with a quite different meaning. It can refer to the involvement of a wide group of stakeholders – users of services as well as providers – in a number of different stages of a project including planning and management well as cost-recovery. It can imply a significant shift of power from the controlling government to whichever non-government groups are partners in a particular project – community groups, residents’ associations, user groups, and other non-governmental organisations.

Habitat has a radical definition of partnership: “(In) the Habitat Agenda... Partnership goes much further than mere participation. It implies joint initiatives, joint ownership and joint benefits from

development programmes and projects, not just the participation of one party in the initiatives of another.”<sup>29</sup>

Today, the United Nations, multilateral funding agencies, some governments and local governments and NGOs are recommending this type of partnership as a more effective way to improve conditions in cities rather than merely replacing public with private.

### The people themselves

“The poor of cities are not just passive objects. Most often they are solving their own problems. These people are taking care of themselves... putting up their own spontaneous settlements, taking care of their living environment. So if you listen...the people themselves would solve most of the problems. The people of São Paulo are the key to the problems of São Paulo” says Anna Tibajuka, Director of Habitat.<sup>30</sup>

The image of the urban poor living off the state is rarely true. In countries like India, Thailand and the Philippines, poor settlements generate enormous revenue through informal industries, waste recycling and other home-based industries – though this contribution is not acknowledged in the formal economy, and often not acknowledged by politicians. But the poor are not a stable population, and they suffer from all the ills associated with poverty – drugs, organised crime, AIDS and other illnesses, illegal economic activity – which are major constraints when it comes to being organised. It takes a major effort from all sectors for change to happen, which is precisely why it is so difficult.

In addition, the challenge to radically shift the balance of power in favour of poor people may not be welcome to most existing authorities, elites and bureaucracies. For them, it means giving up power, sharing it with sectors of the city population previously ignored or seen as having almost no rights to exist in the city at all, certainly not the right to power. If they consider poor people at all, they consider them a problem.

The key element in a successful partnership is for “both sides to accept each other”, according to Mumbai’s Additional Commissioner, Gautam Chatterjee. But the government and non-governmental organisations are not used to working in partnership, he says, and “their attitudes are very different. The Government is usually quite hostile and anti-partnership. And the non-governmental organisations have this fixed view of the government being inefficient and corrupt. When you bring them to work together, you are putting together two absolutely hostile groups.” The key rests with the individuals on the two sides, suggests

Chatterjee. Partnership can work if the people at the very top are committed to it. But even if, for instance, a municipal commissioner is convinced about the value of working with non-governmental organisations, they will not have the time to operationalise the partnership. This then is left to people lower down, where the problems come up.

In Mumbai, the municipality has initiated Advanced Locality Management, a concept that brings in civil society, the bureaucracy of the municipal corporation and the elected members. The localities are micro areas, even smaller than the wards, often just the length of a street. The idea is to get people intensely involved in the problems that their neighbourhood faces. But Chatterjee finds that the elected officials are not willing to participate because they are usually hostile to the local non-governmental organisation. Therefore, he says, “I can’t see this process scaling up to the point where it can make a difference”. In the ward level committees there are similar problems, and often very little meeting ground between the officials and the civil society representatives – partly because the latter, of course, are not a homogenous mass but represent a number of different interest groups.

On the one hand, the political and bureaucratic culture is not sympathetic to engaging in debate on the basis of equality with the poor. On the other hand, it can often be difficult for the poor themselves to access communication channels to make themselves heard. For instance, Gerson da Cunha, a former advertising agency executive who started the Action for good Governance and Networking in India (AGNI) in Mumbai, has been trying to encourage civic-minded people and non-governmental organisations to participate in city affairs. AGNI holds public meetings where elected officials are asked to answer people’s questions. In his column in the *Times of India*, da Cunha typically writes about the kind of concerns that bother middle class citizens – such as the perennially unplanned digging up of roads and pavements by different departments of the municipality. The needs of the poor – for toilets, for instance – are rarely the subject of discussion.

## Dealing with waste

- In Dar-es-Salaam, Tanzania, less than 25 per cent of solid waste is collected and disposed of.
- 40 per cent of solid waste is collected in Karachi, Pakistan, and 60 per cent in Jakarta, Indonesia.
- Improving access to water, drainage, and sanitation facilities can reduce the incidence of diarrhoeal disease by more than 20 per cent.
- At any given time, close to half the urban population in developing countries is suffering from one or more water-borne diseases or diseases spread by water-related vectors, such as malaria or dengue fever.
- In Jakarta, a poor resident suffers 2 to 4 times more gastroenteritis, typhoid, and malaria than a rich one, as well as paying 10 times as much for a litre of clean water.<sup>31</sup>

## Building successful partnerships

“One of the principles of any good partnership is finding a way that each partner does what they do best and letting others do what they do best, so the parts add up to a workable whole.”<sup>32</sup>

Such a concept assumes a level of equality between partners. Although this rarely happens, there are emerging examples of successful partnerships between the state, the private sector and civil society. In Cebu City in the Philippines, for example, poor communities work with the municipality, local organisations and private developers to plan resettlement projects. Those who benefit from the land that has been freed for other purposes, share the costs.

But partnerships are never easy, even in the best of circumstances. How do you ensure, for instance, a level playing field for the “partners” if one happens to be the state, with disproportionate powers, and the other a small, local group? Who determines the rules of the partnership? What happens when the private sector enters into a partnership with the state but demands that its profits and returns be guaranteed?

Even the greatest enthusiast would acknowledge that there are some drawbacks to participatory approaches, especially if they are not very carefully thought out. They may be time-consuming and require a considerable investment of resources. Participation can be destabilising, upsetting existing socio-political relationships. It can

also place an undue burden on the poor, who may have neither the resources of time and money nor the skills and organisational capacity to bear the extra responsibility.

Many poor people are understandably sceptical of political parties. “All say what they are doing is for the sake of the poor, yet this cannot be, because the greatest need for the poor is to be allowed to get on with earning a living”, says Mohamed Khalil, a rickshaw driver in Dhaka.<sup>33</sup>

## Nairobi’s garbage

The huge Dandora garbage dump in Nairobi provides a livelihood for scavengers – mostly young men, who suffer many of the social ills of poverty such as drug abuse, alcoholism and crime. In 1992 Father Alex Zanoteteli of the local Catholic Church started the Mukuru Recycling Centre, helping the scavengers work together to collect different types of garbage more efficiently and sell to middlemen for better prices. The project now has 140 members and with the help of Habitat’s Settlements, Infrastructure and Environment Programme has organised itself into a co-operative, with several different projects. One project buys waste from individual scavengers, sorts it and sells it to recycling industries – in addition to running a dairy project. Another gathers waste from commercial buildings in the city; it earns small fees for cleaning up the commercial buildings and income from selling the waste to paper and other recycling industries. A third manufactures fuel briquettes from paper and other waste such as sawdust and coffee husks; these are sold as a cheap environmentally friendly fuel to schools and other institutions. A fourth manufactures compost from organic waste; some of this is sold to clients around the city and some is used for an urban agriculture project. The centre is about to establish a facility for recycling plastic.<sup>34</sup>

This is an example of a non-governmental organisation taking on a specific task that would earlier have been managed by the municipality. In many cities around the world such partnerships exist and are flourishing. Their advantage is that they are on a limited scale and they can show tangible results and therefore get the support of the citizens and the city government. They are “win-win” participatory projects. This one has grown in size, but though

it acts as an advocate with the municipal authorities it does not appear to challenge their power or make claims that conflict with other city priorities. However neither does it deal with the whole of Nairobi's solid-waste disposal problem. New difficulties and issues might arise if the project was scaled up into a contract to carry out a larger proportion of the city's waste-disposal responsibilities.

### A women's century?

In many cities, the poor areas have a disproportionate number of men as compared to women. Men come to cities to find work and leave their families behind in the villages. But there are now more women than men migrating from rural to urban areas in parts of Asia, Latin America and the Caribbean.<sup>35</sup> Women head an estimated 20 to 25 per cent of all households worldwide and there are an increasing number of female-headed households in some cities, particularly in Africa.

Despite this, the needs of women do not dictate developmental choices in cities. For instance, poor women are rarely consulted about how limited funds in a city's budget are spent. In an informal settlement, men would opt for a road, or a community centre, while the women would ask for water and toilets. The burden of collecting and storing water remains a woman's task, even in cities. And women suffer most from the absence of toilets in city slums. Yet, these are the very areas that are often the lowest priority in financial allocations. Similarly, women's needs as users of public transport are different from those of men, but are often neglected in planning. Women's income-generating activities in informal settlements are often carried out in or near the home, yet restrictive zoning regulations often make such activities illegal.

There are far fewer women than men leaders and decision-makers at all levels of public life, particularly at the higher levels. Yet women everywhere take a lot of the responsibility for running and maintaining their communities. In Mumbai, and other Indian cities, collectives of women pavement dwellers who call themselves Mahila Milan (Women Together) have led the way in savings and credit, in designing houses that fit within the budgets of the urban poor and in building toilets suited to their needs.

In South Africa, women's savings groups in the settlements have played an important role in the redevelopment programme initiated by the government. They have designed houses that work out cheaper than the government design and are more suited to their needs. Some of them now participate actively in the planning for housing for the urban poor.

In Latin America, mothers started community food campaigns, fought urban cholera epidemics through better sanitation, and started mothers' associations that led to women in local leadership. In Europe and America women have lobbied for better planning and transport.

Yet, it is not easy for women to become leaders. In Guayaquil, Ecuador, for instance, women played a critical role in the barrio committees and successfully fought for better services for their informal settlements. But despite their success, they had to face the resistance of their husbands (and sometimes from other women) and manage home and community work.<sup>36</sup>

Mayor of São Paulo Marta Suplicy is confident that women are finally gaining power: "The 21<sup>st</sup> century is ours, no doubt. I don't think even in a *machista* country like Brazil, being a woman today is something that goes against you. At least for me it has helped several times. Because I think people think women are more honest. And also they respect women in the sense of dealing with money."<sup>37</sup>



Sean Sproague/Panos Pictures

*Gathering for action: women are at the forefront of running and maintaining their communities.*



# 4 Housing and Land

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Informal settlements present a huge challenge to city authorities – not just the physical challenge but a challenge of rights and entitlements too. Land-use and zoning policies in cities often do not take into account the desperate need for housing for poor people. With housing out of reach or unavailable, they are left with no option but to squat illegally on any vacant piece of land they can find. But their presence there is not recognised: they are virtually denied citizenship, the right to live in cities and the right to claim municipal services. Such people have few reasons for optimism, as these residents of São Paulo point out:

“I hope it will get better, but I am a realist. And I know things will only get worse, especially for those of us living on the edges of the city. They have forgotten about us.”

“People aren’t living, they are just trying to stay alive.”<sup>38</sup>

Rather than recognising the rights of the poor to housing, the majority of governments resort to a strategy of benign neglect in the early stages of occupation of vacant land and then ruthless demolition when that land is needed for other purposes. Large-scale demolitions of slums have been the norm in most cities, despite human rights and housing rights campaigns. And the most critical issue in creating housing for the poor – granting security of tenure – is entirely in the hands of the government.

This is not surprising, as allocation of land is one of the city government’s most important powers. “While governance is the key issue, its twin pillars are land policies and urban finance. Land policy impinges on every single aspect of city strategy: the vision, the environment, the economy, the infrastructure, the heritage, housing, and the networking so crucial to any modern economy.”<sup>39</sup>

Nowadays, some authorities are starting to grant legal recognition to informal settlements, as a more humane and rational option than eviction and a cheaper one than wholesale rebuilding and relocation. But granting recognition to an informal settlement means legitimising the settlers’ demands on the land and on services that may be in very short supply. The settlement may be on land, which is needed for infrastructure purposes, or land near the business centre, which has or could have a high value on the market. Granting settlers rights obviously limits the government’s options to use the land for other purposes.

## A Sparc of light

Land is a scarce commodity in Indian cities – more so in Mumbai after the introduction of economic reforms in 1991 turned the city into India’s financial capital. Property prices shot up briefly in the mid-1990s to overtake those of Tokyo and New York City, while the state of the city’s homeless poor worsened. The Mumbai Metropolitan Region, that is larger than the city, is set to become the world’s second most populous megalopolis with some 27 million residents by 2015. With no sign of a reduction in the numbers of slum dwellers – currently half the 12 million city population – it will also have one of the world’s largest concentrations of homeless people. Land is also the cause of spiralling violent crime in the city, where mafias have organised and grown.

A World Bank-funded urban transport project to increase commuter railway capacity requires the removal of 15,000 families currently living on land near the railway. Some of the families are organised into the National Slum Dwellers’ Federation; a self-help initiative supported by a nongovernmental group called SPARC – the Society for Promotion of Area Resource Centres.

In June 2000, 350 families who squat on pavements were accommodated in a unique four-way partnership between the landowner, the Federation, state government and Municipal Corporation. The owner surrendered half his land in return for the right to build on an equivalent area elsewhere. The builder invested 800 million rupees (nearly US\$18 million) and provided each slum dweller with a 21-square metre tenement. He also earned the right to build 1,500 flats of up to 56 square metres each and sell these on the market to cross-subsidise the dwellings of the homeless.

“This is solving the problems of the city as well as the urban poor simultaneously,” says SPARC director Sheela Patel, who says collective action by the poor is key to resettlement.

The women in these communities have played a major role in organising themselves and forming groups to mobilise savings, identify alternative sites and solve diverse problems. “Always listen to women: they talk sense”, says Jockin Arputham, President of the Slum Dwellers Federation. “They go armed with a solution and don’t just vent their problems.” Many of the savings go toward making down-payments for housing.

Arputham still lives in the slum where he began his struggle for land tenure rights 30 years ago. He sums up the squatters’

sentiments: “You make us build the city and then throw us out. We are not beggars.”<sup>40</sup>

### Safe houses

Adequate shelter for everyone is another of Habitat’s goals. In order for this to become a reality, people need to know that they will be able to stay in their homes without fear of being harassed or evicted. Security of tenure confers significant benefits on urban households: it not only removes the risk of eviction, but provides people with access to credit. It is an entry point to the upgrading of slums, as government, slum dwellers and supporting organisations come together to improve living conditions.

It also benefits cash-strapped central and local governments: countless examples reveal that when people know they are safe to stay in their homes, they will invest their own time and money towards improving and maintaining their homes and neighbourhoods.

But this needs to be done carefully; wholesale granting of land titles has been known to have negative effects for slum dwellers as it can lead to “market” eviction, where poor tenants are displaced. The challenge is to identify secure forms of tenure such as certificates of occupancy or temporary lease arrangements, to ensure that slum dwellers can live without the threat of forced eviction.

At the international level, Habitat is working towards an International Convention on Housing Rights. Housing is increasingly being recognised as a right, for instance in the International Covenant on Economic, Social and Cultural Rights adopted in 1966 and ratified by 140 countries by 2000. Habitat is also vigorously opposing the practice of forced evictions, and is encouraging governments to incorporate the right to secure tenure within their own national laws and constitutions.

## 5 Privatisation and the State

Participation in city management has increasingly meant a role for the private sector. The sheer magnitude of the task of waste collection and disposal has forced many municipalities to hand it over to private agencies. Water supply and distribution has also become a difficult task in the face of growing population and growing demands as people adopt lifestyles – such as using flush toilets – that increase their water requirements.

Privatisation of services has been one of the growing trends in many cities around the world, poor and rich, partly driven by funding agencies like the World Bank. Private sector participation can inject much-needed capital for infrastructure development, and market principles can improve efficiency. The public authorities are expected to provide a regulatory framework so that private providers do not overlook the needs of the most vulnerable. This approach was endorsed by the City summit in Istanbul in 1996.

Experience however has shown that while privatisation in limited spheres can be effective, wholesale privatisation of essential services without ensuring equity in access and distribution can at best be inadequate and at worst, disastrous.

### Sanitation

- In Africa, 36 per cent of urban households did not have access to safe water and 45 per cent to sanitation in 1994.<sup>41</sup>
- In São Paulo, Brazil, the 9 per cent of people living in the richest areas consume five times as much water per capita as the 41 per cent in the poorest areas.
- In Accra, Ghana, water consumption per capita is three times higher for the one-third of people living in the richest areas than for those living in the poorest areas.<sup>42</sup>
- The inhabitants of Kibera, Nairobi’s largest informal settlement with a population of half a million, pay five times the price paid by the average US citizen for a litre of water.<sup>43</sup>

An often-quoted example of privatisation gone wrong is the experience of Cochabamba in Bolivia. In 1999, under instructions from the World Bank, the Bolivian government sold the water system in Cochabamba, the country’s third largest city, to a foreign-owned consortium, Aguas de Tunari. Major shares in the





*Waste matters: these women in Kamanya, a suburb of Lusaka, are building toilets.*

consortium were held by London-based International Water Limited, a subsidiary of the US-based Bechtel Corporation, and by the Italian energy company, Edison. The consortium planned to construct the US\$130 million Miscuni Dam to provide water to Cochabamba. But the costs of this dam, which was due for completion in 2007, were immediately factored into water charges.

By April 2000, when people's water bills increased by 35 per cent or more, there were widespread protests and a general strike. In a country where workers earn as little as US\$100 a month, water bills eating up to 25 per cent of their salary was unacceptable. The army was sent out to quell the riots. One person was killed and hundreds injured. The governor of the state resigned rather than face people's wrath. Finally the Bolivian government annulled the contract with Aguas de Tunari and handed control of the water system back to the local authority.<sup>44</sup>

The key principle that has emerged from numerous case studies of privatisation of water supply and waste management is the need to ensure that the private provider factors in the needs of the urban poor. Private providers are concerned with profit and rates of return, so the state must regulate concessions to ensure that the needs of the more vulnerable are protected.

This might require a system of cross-subsidy so that the poor pay less, or a different and more affordable type of provision for poorer areas. For instance, the standard approach to sewerage requires huge expenditure on infrastructure. If a private provider is given the task, user charges to recover the cost may be higher than poor communities can pay.

The same applies to water supply systems. Durban, South Africa, has tried an innovative arrangement for supplying water to an informal settlement in Cato Crest. Instead of a piped water supply to each household, which would have required enormous initial capital investment, the supplier Durban Water improvised a system more suited to the economics of the settlement.

Water was provided through a combination of common standpipes and tanks. The former were located near the houses of "water bailiffs", people given the task of collecting water charges. Each day the bailiff collected a fixed charge for each bucket of water. But in addition, each household had the option of installing a 200-litre ground tank. The water bailiff would release water to these tanks every day and the household would be asked to pay a standard monthly charge. If a family could not pay this in a particular month, it would not receive any water, but it still had the option of collecting water from the common standpipe and paying per bucket. This would turn out more expensive in the end, so it was in the household's interest to invest in a ground tank.

Ultimately, Durban Water decided to supply a certain amount of free water to ensure that the poor got 200 litres per day. The free amount was cross-subsidised by the charges that wealthier families paid for their higher consumption.<sup>45</sup>

Another example of how privatisation can work if it is flexible enough to recognise the needs of the poor comes from Buenos Aires, Argentina. The policy of privatising urban water supply and sanitation services began in Latin America in the 1990s. The results were mixed.

In Buenos Aires, a 30-year concession contract was given to Aguas Argentinas, and a regulatory authority was set up to regulate the concession. Aguas Argentinas was expected to serve 6.4 million residents, of whom around 200,000 lived in informal settlements. This meant that not only would the company have to lay new pipelines for water and sewerage, but it would also have to provide new connections to people without the ability to meet the costs.

In association with a local non-governmental organisation, the company created the Low-income Settlement Programme to ensure that the service would be extended to the poorer areas and that it would be affordable and sustainable. The charges were worked out to ensure affordability; this in turn helped in collection of user charges. It also proved that poor communities are willing to pay if they can get reliable service and if they have a chance to participate in the decision-making process. "It is crucial to bear in mind that a concession contract for a city with low-income areas cannot be

socially and economically sustainable if it provides a single homogenous service with no variation in levels of service throughout the area covered by the contract. A pro-poor concession should offer different levels of service at different prices and the contract should include provision for subsidies.<sup>46</sup>

### A new twist

Through the 1990s, some governments freely chose to privatise services, others did so as part of World Bank/International Monetary Fund structural-adjustment programmes. Today, a new complication has arisen in the form of GATS (the General Agreement on Trade in Services). This agreement was signed in 1994 under the World Trade Organisation, and negotiations to extend it began in March 2001. Concern is growing among several non-governmental organisations and governments, as its implications are sinking in.

Under GATS, members are committed to “achieve progressively higher levels of liberalisation” in their service sector. In theory, governments are free to choose which services to privatise, but there is fear that they will come under pressure to privatise basic services such as water, sanitation and health, as well as financial services and others less essential to the poor. The impetus for the GATS agreement is said to have come largely from US service-provider corporations, who foresee expanded markets and profits for themselves. Opponents of GATS fear that it will restrict governments’ power to devise and implement policies that prioritise social welfare and equity. As the Cochabamba example illustrates, private-sector provision, especially by foreign companies, could lack sensitivity to the conditions of the urban poor. And under GATS, national governments will not be able to rescind contracts the way the Bolivian government could do.<sup>47</sup>

The largest international water companies are French, where privatisation began in the 1980s. Suez Lyonnaise des Eaux (SLE) and Vivendi dominate the market. Currently, over 80 per cent of the world’s water supply is in the public sector. But Vivendi projects that in Latin America the proportion of water supplied by the private sector will increase from 4 per cent in 1997 to 60 per cent by 2010.<sup>48</sup>

### The role of the state

In this emerging scenario of partnerships and participative governance, what role should the state play? At the moment, in the majority of cities across the world, the state continues to be the

dominant player in terms of raising revenues for the city, allocating finances, and in service delivery, particularly urban infrastructure, water supply and waste disposal.

However, as partnerships are increasingly being seen as the effective way to manage cities, this means that the state must now become the facilitator and regulator in order to ensure equity. Regulation is particularly important when the private sector moves into areas of service delivery with profits as its primary concern. Unless a strong state can lay out conditions that govern private-sector participation, the results can be grossly skewed and ultimately dysfunctional as some of the examples from Latin America have demonstrated.

The state can play an important role as facilitator, particularly in the area of housing for the urban poor. It can bring in legislation governing land use in cities, and can provide institutional financial structures that cater to the needs of the urban poor.

The Thai government, for instance, set up an Urban Community Development Office (UCDO) in 1992 as part of its housing policy. With 41 per cent of its population living in cities and over 800,000 households living in poverty in cities, housing was an important concern. UCDO began with an initial grant of US\$34 million to be used as a revolving fund. This allowed poor urban communities to apply for loans to redevelop the land on which their informal settlements were relocated or to build elsewhere. Half of Thailand’s urban poor communities in 50 provinces – 2,000 groups – are members of UCDO. They have been able to obtain loans to redevelop their settlements, to relocate by purchasing or leasing alternative sites, or simply to improve existing structures.<sup>49</sup>

In South Africa the government set-up the uTshani Fund with a seed capital of 10 million Rand (US\$1.25 million) for the urban poor. Under apartheid, poor people, who were largely black, had been pushed outside cities where they lived in shacks without running water or sanitation. In the last five years, the Fund has helped communities to purchase land and build their houses. The South African Homeless People’s Federation (uMfelandaWonye) had built up its own savings, and made an important intervention. Women designed and constructed better-quality and larger houses with the government’s subsidy of 16,000 Rand (US\$2,000) than those built by the government. The Federation has succeeded in getting secure land tenure for more than 15,000 families and has built houses in over 60 settlements throughout South Africa. For the first time in many generations, these families now live in formal housing with electricity, running water and indoor toilets.<sup>50</sup>

## 6 Moving out from the centre

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If equity is a central concern and partnerships the ideal way to work, what kind of system helps in better governance? The Istanbul summit in 1996 endorsed the plus points of a decentralised form of government that devolved powers to local and city authorities. It was argued that this would provide greater transparency and accountability and enable greater citizen participation.

Effective decentralisation is only possible within a democratic framework. Non-democratic systems of government may introduce decentralisation, but rarely grant true autonomy. Since the Istanbul meeting, several democratic countries have introduced laws to devolve power, while others have ensured that existing laws are being implemented.

But even democratically elected governments are hesitant to part with power to local bodies, and the real extent of devolution varies greatly from country to country. In many countries, a certain level of autonomy has been granted to local authorities. But they are frequently not given the power to raise independent finances, which remains under the control of the provincial/state or central government. As a result, most cities are heavily dependent on grants from the central government.

But instances of fiscal autonomy being granted to cities are beginning to emerge. For instance, the city of Ahmedabad in India used the constitutional provision granting autonomy to municipal corporations to raise funds through municipal bonds. This was a first for any city in India. As a result, within three years Ahmedabad was able to increase its annual expenditure three times and reduce its dependence on the state government to only 10 per cent of its total revenue. The Ahmedabad Municipal Corporation is today financially one of the healthiest corporations in India.<sup>51</sup>

### Greater citizen participation?

In principle, a decentralised form of governance is better suited to community participation because it makes those running cities more accessible. Not only is power devolved from the centre to the city but within the city to the wards, or smaller administrative units.

A decentralised system of governance can be transparent and accountable only if backed up by laws and a culture that give citizens the rights and the space to question the authorities. The ward committees of Mumbai are one example of institutionalising

such accountability. But the right to information and prior public consultation is not the norm. As Arif Hasan, a Karachi-based architect associated with the Orangi Pilot Project, points out,

“In most Asian cities, urban development plans are made by a powerful nexus between politicians, bureaucrats, formal sector developers and international agencies and their consultants. Communities, citizen groups and informal interest lobbies, who are often victims of these plans, are never consulted about them. In the absence of transparency or participation, corruption becomes an essential part of the planning process. Communities and citizen groups usually learn about these plans only after physical work on them has already begun.”<sup>52</sup>

The Philippines has the longest tradition of all Asian countries of involving civil society in governance. A local government code passed in 1991 allows for the direct involvement of civil society organisations in municipal planning and politics. But even here, observers say that “bureaucratic rigidities” in local government come in the way of effective involvement by civil society.

The role of local organisations in governance remains largely undefined. For one thing, the extent to which they can participate depends on the legitimacy granted to them by a country’s political system. Under authoritarian regimes, groups attempting to organise the poor may be seen as a political threat and not allowed to participate.

Even in democracies, non-governmental organisations have to confront the realities of local politics where the party in power determines which of a range of groups will be acceptable. Organisations that mobilise the poor in large numbers are often viewed as “trouble-makers”.

Non-governmental organisations working with the urban poor, for instance, say that even though the international consensus that emerged out of Istanbul has nudged governments towards institutional reform, they do not find consultation and partnerships easy.

“Most municipalities don’t feel an obligation to go into partnership with communities unless there is a strong carrot and stick”, says Sheela Patel of SPARC. She says that where this has happened, it has been the result of pressure from funding agencies that have sometimes made such partnership a pre-condition.

Increasingly, non-governmental organisations are beginning to perceive their role not just for service delivery, but as mediators between the state and communities. This may also mean that they are regarded with suspicion by the communities they are working with. The presence of an organisation like SPARC, for instance, has ensured that people living along the railway tracks in Mumbai have

been resettled. To assume the role of mediator, SPARC had to risk being accused of being co-opted by the state – and by the World Bank which played an important role in the project.

### An uneasy relationship

Despite a handful of success stories, the relationship between the state and community-based organisations remains an uneasy one. The experience of the South African Homeless People's Federation is instructive.

In the apartheid days there were hardly any engagements between the state and people's movements, outside of harassment, banning and imprisonment. Where there were negotiations they were between the state and highly compromised institutions. Social development issues were dealt with in a context of absolute social engineering.

When the apartheid state began to crumble in the late 1980s and early 1990s, the political interregnum was matched by a sudden opening up of opportunities for negotiations. This was given high-level sanction by the political negotiations between the ANC and the National Party government. This was, surprisingly, a time when the potential existed for very real partnerships, since the state's hegemony was under threat. This created the space for an engagement of relative equals.

This fruitful phase was given a fillip by the election of Nelson Mandela as President. During his tenure (the first five years of ANC rule) government officials and even politicians sought to develop real partnerships with sectors of civil society. Their efforts were adapted by some of the larger corporations in the private sector. During this period the state was in a process of consolidating its power and ANC politicians and appointees were learning how to govern. This lack of experience and capacity created the partnerships based on equality and efforts to explore problems together, rather than impose solutions from above.

The election of the second ANC Government reflected a growing confidence within the state and its officials. The language of partnership continues to be articulated (although with less assertiveness) but the concept of this partnership has been redefined. Now partnership generally means people's organisations co-operating in government processes, programmes or practices. This is a reflection of the growing strength or awareness of its own power by the state and a diminished capacity of civil-society organisations to force the state into meaningful alliances. But successful partnerships can be scaled up in situations in which state institutions are relatively weak and people's organisations are relatively strong.<sup>53</sup>

## 7 Political will

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A crucial element in the successful involvement of poor people in policy-making is political commitment at the highest level. Two stories illustrate why some projects fail and others succeed. The story of a radical participation project in Colombo, Sri Lanka, shows how easily even a well-established project can crumble if its political backing is removed. The participatory budget system in Porto Alegre, Brazil, shows what can be achieved when the political will is present.

### Rise and fall: Sri Lanka's community housing movement

In Sri Lanka, community participation began from 1979 in the Urban Basic Services programme, set up by the National Housing Development Authority and the Colombo municipal government with funding from Unicef. Then came the Million Houses programme (1984–89) that gave communities greater power. The government authority gave advice and cheap loans to community-based organisations, who made their own decisions on housing planning and construction. Colombo Council had also established community development councils, where community leaders and residents worked alongside government officers to identify problems, plan solutions and mobilise community involvement and cost-recovery schemes.

By 1983, Colombo had 300 community development councils, whose representatives had direct access to the mayor and senior government officials. Community action planning workshops gave residents real power. The councils were also able to take on construction contracts, providing employment and improving the quality of infrastructure work.

But by 1995, government support for this successful system had withered, and many – by some accounts up to two-thirds – of the councils were inactive. What had gone wrong?

In the view of residents themselves, success had depended on three factors: first, committed and honest leadership at community level. Second, real commitment at the local government officer level – in the words of one activist: "They were pro-poor and philanthropic-minded... they would bring their sarong wrapped up with them and stay somewhere in the community... they worked outside the institutional framework". And finally, strong backing by a powerful team at the apex of the national housing bureaucracy,



which in turn had the active support of the then-President and the municipal leadership.

Residents attribute the collapse to a number of factors:

- Non-governmental organisations: these sometimes interposed themselves between the councils and funding sources, capturing much of the funding.  
In the bitter words of one activist: “I think the greatest dream in the world is to see the donors unite with their target group, the poor. But instead, there is a middleman in this marketplace. These are the non-governmental organisations and the most prominent community leaders. They were the beneficiaries of this aid, with their offices, vehicles and computers. Also, the community leaders, who were kings among the others and who knew the “system”, made use of this.  
If the donor funds had been distributed directly to the councils this would have been more effective and equitable. Think what we could have done with this money, think how many councils might still be going. But the money went to a few... They (the international agencies) would meet the directors and community leaders who could speak English but I have to say they played around with the money that was received for the community”.
- The single-activity focus of the community development councils, which did not expand once the initial problems were solved: One council activist says: “now that most of the work is complete, people do not come for meetings... People think, ‘We built our houses, got electricity, got water, what more can we do?’”.
- Community development councils lacked direct access to funds: with no access to or control of funds from government or outside sources, they were unable to perform many of the roles their constituents expected of them.
- Lack of leadership capacity in the councils: many council leaders lacked experience and education, reducing their power to influence government officials and “work the system” – in the words of one resident, “...the bureaucracy is sleeping – you need to know the best way to wake it up”.
- Poverty: the priority for council leaders and residents was to feed their families, and they didn’t have much time for attending meetings and spending hours visiting government offices; in addition, poverty occasionally made leaders vulnerable to bribes from politicians seeking to capture the councils.
- Political change at the municipal and national level: new municipal councils and housing ministers (from 1992) and a new government (in 1995) did not carry on the commitment.

- Some politicians, who tried to sabotage the work of the societies and or incorporate them into their own patronage structures: “Our societies collapsed due to the political environment... politicians do not like the people flocking around these societies, flocking around someone else”.
- Entrenched government institutions, attitudes and power structures antagonistic towards community participation; government departments mostly continued to give preference to middle-class areas and demands, and were suspicious of devolving power to poor communities.

In one municipality adjoining Colombo, the councils have gained strength to survive these challenges, by forming themselves into a Federation (the Kotte Federation). One member says, “If we had been alone, a single council, a minister would not have come. But... the Federation has invited them to meetings to discuss proposed development programmes and these MPs have donated from their devolved budgets”. There is strength in numbers: banding together has increased their profile, their bargaining power with officials and their access to resources.<sup>54</sup>

### Real participation: Porto Alegre

Real participation takes place when residents can actually decide how and for what funds are used. The outstanding example of such participation comes from the south Brazilian city of Porto Alegre where residents play an active role in deciding how the city’s funds are used through a system of “participatory budgeting”. Between 15 to 20 per cent of the city’s budget is allocated through this system. The Porto Alegre example has been replicated in 50 other Brazilian cities.<sup>55</sup>

Porto Alegre’s “participatory budget” has allowed its 1.3 million residents to help direct public funds to areas which they think need greater resourcing. Housing has remained high on the agenda. It came second among the top priorities for the year 2000–2001.

Born out of resistance to Brazil’s 20-year long dictatorship that lasted until the mid-1980s, the idea for the participatory budget was seized by the left-wing Workers’ Party – the Partido Dos Trabalhadores (PT) – as a central plank of its manifesto. By the time the PT had won the 1989 municipal elections in Porto Alegre, a new federal constitution had already paved the way for citizens not only to vote representatives to local office, but also to get involved themselves.

The budget process consists of an annual cycle of neighbourhood meetings – starting in March/April – where people identify their priority needs for new investment from across a range of sectors

and themes and then elect delegates to a budget committee which takes a wider look across the city's 16 regions. One official estimates that more than two-thirds of city residents have been involved somehow in the budget process since it began. And formal participation has grown steadily over the last 12 years from 1,500 in 1989 to 40,000 last year. Fifty-one per cent of participants in the process are women.

Non-governmental groups and some city officials complain that the process is hampered by lack of federal funds and that not enough is done to boost input from those in the poorest fringe communities.

Nelson Saule Ovivor, urban reform lawyer, board member of Brazilian Urban Reform Forum and Director of Social Policy Institute points out:

"We have the laws, so we can fight with the government for the housing programmes. But what we really want to see is implementation of these laws to promote security of tenure and upgrades in the *favelas* [slum areas]. We want this to be a national process rolled out across Brazil, not just in the cities where the local government decides to act. The Habitat Agenda is important for this, but the problem is that it doesn't have any means for implementation. This means that sometimes nothing changes. Not only in Brazil but in other Latin American countries too."

But with the highest literacy rate of any major Brazilian city, a relatively low number of squatter settlements, efficient waste disposal and clean water on tap, Porto Alegre has become a model for the rest of the country. Twenty other PT-run cities now have similar budgets. And the state of Rio Grande do Sul – of which Porto Alegre is the capital – is piloting a similar scheme.

The results are impressive: home water supply rose from 78 per cent in 1990 to 99 per cent in 1999; the amount of sewage channelled rose from 46 per cent in 1989 to almost 83 per cent last year. Garbage collection, which was one of the biggest urban problems in 1989, now reaches all residences; paving has reached more than 400 kms, especially in peripheral regions. The number of public school enrolments has more than doubled in the last 10 years.

In early 2001, the city was put under the microscope by parliamentarians from around the world at a summit – the World Social Forum – which looked at whether the Porto Alegre budget could be replicated in other countries.

Betania Alfonsin, government urban planning officer, said: "The focus on the Porto Alegre city administration has made us realise

that the way we do things here is very advanced."

Raul Pont, Porto Alegre's mayor for four years until last October: "This is not a recipe for every city, of course. Each has its own way of organising and mobilising which must be respected. But our way of sharing power with the people who elected us could be replicated in cities across Brazil and around the world."

### A proper place to live



Jussara Bechstein-Silva, 41, was one of the first squatters in the Vila Planetario slum neighbourhood of central Porto Alegre to put herself forward as a delegate to the participatory budget. Driven to Vila Planetario by lack of work in her upstate home of Passo Fundo, she got involved in politics through her local church and women's group. When a city councillor visited the area to canvass opinions on residents' needs, she leapt at the chance to help solve some of the problems.

"I wasn't political before," says Jussara, "but my family needed a proper place to live so I had to start fighting for it."

The residents' main demands were for their illegal settlement – squeezed between a middle-class neighbourhood and a busy shopping district – to be turned into regular plots of land. They also wanted their flimsy houses, that were rat-infested and with raw sewage flowing in the narrow alleys outside the doors, to be upgraded and linked to local water and sanitation systems.

Taking part in the three main rounds of the budget's annual cycle, Jussara worked with councillors to help prioritise the issues that would affect life not only in her neighbourhood but also across the city. Her work took her on a tour of the city's 16 regions to listen to residents' needs and weigh up their demands against those made in neighbouring communities. She was involved in formulating budget rules, in the ranking of key public demands and in deciding on investment plans.

"At first I didn't have faith that we would achieve an upgrade in this area," says Jussara. "I was under a lot of pressure from my neighbours on one side and the council on the other. But as our demands got turned into budget lines we began to see the results of our work."

The municipal government was forced to come up with a new approach to security of tenure for people in Porto Alegre's slum



neighbourhoods. It adopted an innovative legal instrument known as the “Concession of the Real Right to Use”.

While this did not give the squatters full ownership of the land – which remains public property – it gave them security of tenure through 50-year leasehold contracts which prevent eviction and can be passed on to relatives. The arrangement successfully kept pressure on land prices at bay and persuaded residents not to sell up and move on. Only one family has left since the area was legalised and upgraded in 1993.

Direct participation also gave the Vila Planetario community a stake in local politics, teaching them about city administration and democratic forms of governance. As a budget delegate, Jussara learned how to write formal letters and make speeches. She continued to support her son by working as a cleaner.

“I always suffered a lot with discrimination because I was poor. But taking part in the budget made me feel like a human being. I discovered that I have the same rights as a rich person,” she says.

After a period of reconstruction in the early 1990s, the area was transformed into neat terraces of small bungalows connected to the wider central area of the city through surfaced roads, sewage systems and electricity cables. Jussara’s new address helped her to get work and a school place for her son. It helped other residents move away from almost complete reliance on waste recycling and into small businesses such as market stalls and food outlets.

“The new houses we have now would not have been built without our intervention in the budget,” says Jussara sitting in her cramped but clean one-bedroom bungalow.

Now Jussara works in the local nursery school and along with her colleagues is planning to get involved in the budget process again to push for expansion of educational facilities for Vila Planetario’s next generation.

## 8 Progress review

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Five years is too short a time to assess whether the commitments made by national governments at the City Summit in Istanbul in 1996 are on the way to being fulfilled. It takes most governments more than a year after such a conference to assess the documents, frame the changes and then have them passed as law, and a further two years or so for the rules to be framed and orders issued. So, in effect, there have been only two years since some of the operative recommendations of the Habitat Agenda have had a chance to be tested.

Over the past few years there have been many regional and global initiatives, conferences, seminars and research programmes, bringing together a range of initiatives and experiences from academics, scientists and political leaders to grass-roots movements, some explicitly identified as efforts to further the Habitat Agenda, some not. For example, “Urban 21: A Global Conference on the Urban Future” in Berlin in July 2000 brought together 4,000 urban planners, administrators, civil engineers, civil servants, academics, environmentalists and politicians to elaborate a vision of sustainable cities – cities with minimal global environmental impact and optimum local environmental conditions. The conference report was optimistic that “democratisation and good governance, economic growth and technological progress, plus the growing global interlinking of information, knowledge and solutions, can be used for a sustainable economic, social, architectural and ecological urban development”.<sup>56</sup> However “it became abundantly clear that a much better understanding is needed of the crucial role of grassroots movements in decision making about the future of cities”.<sup>57</sup>

Another conference brought together representatives of such movements from around the world, who met at the World Assembly of Urban Inhabitants in Mexico in October 2000, to “rethink the city from the grassroots”. Their aim was to identify mechanisms for making cities inclusive, democratic, productive, healthy, safe and economically and ecologically sustainable; and to promote the voice of grass roots social movements in international fora.<sup>58</sup>

In the meantime, the urban crisis has grown. Cities continue to expand, their environment and quality of services to deteriorate, and the population of the poor to increase. Are the

recommendations made in Istanbul adequate to deal with this never-ending urban crisis? And are national and city governments rising to the challenge?

Concepts such as “good governance” are not easily tested. Nevertheless, in the short time since Istanbul, we have seen how far the concepts of “good governance” work and the serious hurdles countries face in implementing them. While some laws have been changed or introduced, they are not always implemented. Local governments are given new responsibilities without financial autonomy. Changes in law that could release land for housing and other urban needs are not introduced.

Cities are not politically independent entities, barring the handful of city-states like Singapore. They operate within a larger political framework of the nation-state. Their ability to make governance choices depends on the extent to which a national government is willing to share or even relinquish power.

In India, for instance, where there is a central government but also strong state governments, sharing power does not come easily. A constitutional amendment has devolved power to village and city authorities, but the extent to which this is put into practice varies from state to state. For instance, a state government can decide the time is not opportune to hold elections to municipal corporations. Such decisions are generally made on the basis of political

Julio Etchart/Panos Pictures



*Complex cities: are national and city governments able to rise to the challenges that urban living presents?*

considerations. As a result, despite the law, many cities continue to be governed by bureaucrats accountable to the state government and its elected body rather than to an elected local authority.

Granting fiscal autonomy is even more troublesome within many political contexts for it also denotes a level of political autonomy. Within democratically elected multi-party systems, this can result in many contradictions if the national government is dominated by one party, the state by another and the local authority by a third. Inevitably, political differences come in the way of making objective changes in laws and institutions.

On top of this, nations today have to operate within a globalised world. The hands of many developing countries, in particular, are tied on many issues. Decisions are linked to funding; institutional changes are brought in to accommodate these demands and not to respond to the needs of the urban poor.

National reports flowing in from the 171 countries that adopted the Habitat Agenda in June 1996 show that significant progress has been achieved in recognising the need for good urban governance as a key to poverty reduction. Many countries have taken important steps to promote decentralisation and to strengthen local authorities; to encourage and support participation and civic engagement and to ensure transparent, accountable and efficient governance of cities. Consensus on principles for good urban governance is emerging, though the ways these are implemented vary widely between cities.

National and regional reports, particularly from developing countries, identify a lack of domestic financial resources as one of the most formidable constraints to the implementation of the Habitat Agenda. Thus, in many cases there has been a transfer of functions and responsibilities to local government without a transfer of funds and revenue-generating power.

In **Africa**, where urbanisation is happening faster than anywhere else in the world, several governments are in the process of revising national policies and strategies and are reviewing legislative and institutional frameworks related to shelter development for urban and rural areas. However, expansion of informal settlements and lack of adequate basic services are a major concern. Much remains to be done to establish well-functioning land markets. Factors that constrain the supply of land in African countries have been identified, including customary land rights, land speculation and lack of updated systems. Several countries have promulgated legislation that supports the participation of women and disadvantaged groups in decision-making processes,

but the challenge of how to translate these legislative reforms into concrete action remains.

In many countries of **Asia and the Pacific**, the self-reliance of well-organised communities is playing a growing role, including in approaches to low-income housing. Security of land tenure has been recognised as critical for housing the poor, but local governments lack power to acquire land. Forced evictions are still taking place in some countries.

Public transport has been expanded and enhanced, and light rail transit systems have been opened or are under construction in Bangkok, Jakarta, Kuala Lumpur, Manila, New Delhi and Singapore, among others. However, widespread use of two-wheelers in place of public transport in the largest cities of Asia is having a negative impact on atmospheric pollution, traffic congestion, health and quality of life.

**Latin America and the Caribbean** is the most urbanised region in the developing world. 76 per cent of the region's population live in urban areas, between 40 and 60 per cent of them in informal settlements. Urban movements and civil society in general are growing in importance and many are involved in programmes for upgrading settlements, mainly through self-construction. There is widespread guarantee of secure tenure for renters in the region.

However, growing social inequality hinders urban improvements. A low level of skills, extreme poverty, corruption, escalating violence that is breaking down community life in cities, growing numbers of households headed by women, and the world's most inequitable income distribution all play a role in further marginalising the region's poor.

In **Europe and North America**, the focus is on urban renewal, conservation of historic sites and cultural heritage and renovation, modernisation and thermal insulation of existing dwellings. The high cost of housing is a problem for poor people in many countries. Another problem is the ageing population, with related consequences for the types of houses required, notably improved accessibility, demand for smaller housing units and closeness to services.

### The possibilities – and the problems

Global conventions and commitments such as those made in Istanbul open up immense possibilities. We have already seen the impact of genuine decentralisation in some countries, of partnerships between the state and civil society, between the state

and the private sector and between the private sector and community-based organisations.

The key to the success of these openings is the extent to which non-governmental and community-based organisations can use them to benefit the most marginalised people. Partnerships between the state and non-governmental organisations work if the latter are strong enough to have leverage on the terms of the partnership in order to guarantee the needs of the most vulnerable. In many countries, civil society organisations do not have such capacity. The political system may place limits on the extent to which non-state actors can participate. Thus, building the capacity of these groups is an essential pre-requisite to forging real partnerships and providing better governance.

Another problem that was, perhaps, not anticipated adequately in Istanbul but which has emerged today as a very real hurdle is the layering of civil society. In every country civil society is not a homogenous undifferentiated mass, but represents many different interests, which can be contradictory and conflicting. For instance, the better-off people in a city might be concerned about the quality of basic services even if they are more expensive, while the poor would make affordability a much greater priority. How do you reconcile the two and provide quality service that is within the reach of the poorest? Who makes these decisions? To what extent do the poor have a voice in making such choices?

“Change can't only happen at a governmental level; it has to involve local authorities and associations because civil society needs to keep an eye on politics to ensure that the system actually does change,” says a resident of São Paulo.<sup>59</sup>

Similarly, in many cities middle-class people have been mobilised to demand clean and green cities, but their concerns for the environment sometimes overlook the needs of the poor for housing. As a result, there are many battles between two groups of “citizens” over the same piece of land – one demanding it for a “green area” and the other for housing. How can these conflicts be resolved when resources, such as land, are limited?

The larger mega-cities have thrown up a specific set of problems that relate specifically to their size. Another set of problems has to do with the emergence of “global” cities, entities that might be located in a particular country but are integrated through their economies to the global economy. In these cities, the decision-making process is even more layered – it includes not just the local authority, the private sector and civil society but the national government and international players. Thus, a city like Bangalore

in India has to satisfy the needs of its foreign investors and at the same time deal with the basic problems of housing, water and sanitation for its substantial population of urban poor. Who dictates the priorities in such instances?

Istanbul + 5 will be faced with these and many more questions on the possibilities and problems of implementing the Habitat Agenda. Few dispute the merits of the recommendations that came out of Istanbul. But many inside and outside government emphasise that the task is not as easy as it sounds on paper.

## Notes

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- <sup>6</sup> World Development Report, 1999–2000
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