



Policy

Programme

Options for

Urban Poverty

Reduction

A Framework for
Action at the
Municipal Level

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**Policy Programme Options for
Urban Poverty Reduction**

**A Framework for
Action at the Municipal Level**

Franz Vanderschueren, Emiel Wegelin, and Kadmiel Wekwete

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The Urban Management Programme (UMP) represents a major approach by the United Nations family of organizations, together with external support agencies (ESAs), to strengthen the contribution that cities and towns in developing countries make toward economic growth, social development, and the alleviation of poverty. The program seeks to develop and promote appropriate policies and tools for municipal finance and administration, land management, infrastructure management, and environmental management. Through a capacity building component, the UMP plans to establish an effective partnership with national, regional, and global networks and ESAs in applied research, dissemination of information, and experiences of best practices and promising options.

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FOREWORD

This paper has been prepared as part of the urban poverty reduction component of the Urban Management Programme, a joint undertaking of the United Nations Development Programme (UNDP), the United Nations Centre for Human Settlement (UNCHS), and the World Bank. The UMP represents a major co-operative and co-ordinated effort by the United Nations family of organisations, together with external support agencies, to strengthen contributions that cities and towns in developing countries make toward economic growth, social development, and the alleviation of poverty. The Programme seeks to promote coherent urban policies, strengthen urban management, and enhance the provision of municipal services by harnessing the skills and strategies of regional networks of experts, communities, and public and private sector organisations. It does this primarily through its regional offices in Accra, Ghana; Cairo, Egypt; Kuala Lumpur, Malaysia; and Quito, Ecuador.

The Programme relies on two mutually supportive processes to facilitate capacity building in its five theme areas of municipal finance and administration; urban infrastructure management; urban land management; urban environmental management; and urban poverty alleviation. These processes are:

City or Country Consultations which bring together national and local authorities, the private sector, community representatives, and other stakeholders to discuss specific issues within the Programme's theme areas and propose reasoned solutions. Consultations are held at the request of a city or country and often provide a forum for discussion of a cross-section of issues.

The development of **Regional Networks of Experts** in each of the five UMP theme areas, for the purpose of providing technical advice and co-operation.

The UMP core teams in Nairobi and Washington, D.C., support the regional programmes and networks by conducting state-of-the-art research; identifying best practices; synthesising lessons learned, and disseminating programme-related materials.

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EXECUTIVE SUMMARY

The main objective of this options paper on poverty reduction is to review the specific actions which municipalities and city governments may take in contributing to urban poverty reduction. The paper highlights examples of issues, options, and constraints which urban governments have to address in grappling with poverty and focuses on municipalities and other city-level government entities as a critical institutional level of intervention, particularly in addressing issues relating to service delivery.

Although the paper does not itself define poverty, in view of the substantial amount of work already done elsewhere, it highlights several key issues and characteristics of urban poverty, in particular the inherent constraints often associated with the urban poor's access to urban services delivery systems. The paper also proposes generic roles for municipal governments based on case studies. The range of options is not meant to be a blueprint for action, but rather presents a broad menu from which the different global experiences may be applied.

The conceptual framework helps to define and clarify municipal government responsibilities in the area of urban poverty reduction. The emphasis for municipal action is derived partly from the existing range of powers within local government statutes and partly from the global trend towards the decentralisation of national governments for managing social and economic development processes.

The critical importance of the urban economy is recognised, particularly the role in poverty reduction played by both effective urban services delivery and the informal sector. It is argued that the municipality can effectively support land management, housing, micro-enterprise development, urban agriculture, sustainable transportation systems, and access to credit and financial institutions. The importance of creating an enabling framework and ensuring maximum participation of all the stakeholders is integral to these efforts. Other actions include strengthening the role of the market, removing impediments to participation by the poor, including the regulatory framework, and redefining the role of (local) government.

Important social policy issues include: public health and primary health care, primary education and vocational training, access to justice, and provision of social safety nets for vulnerable groups. In some cases the municipality can only play a co-ordinating role given the prominence of other actors—non-governmental organisations, community groups, and private organisations. It is, however, vital that the municipality's role be projected as an active, and participatory entity.

Some concrete municipal poverty reduction action plans have been developed through UMP-supported city consultations. This paper reviews the development of the consulting process, which begins with a contextualised poverty assessment at municipal/city level and demonstrates the importance of local consensus-building. As in the case for specific action options themselves, there is no ready-made blueprint for the consultative process which a particular municipality might undertake.

The paper is meant to be a support document for such consultative processes at city level, and therefore presents in a synthetic way all the major issues and suggestions for action in each of the identified areas of intervention, as well as broadly describing the essential steps in the consultative process required.

1. INTRODUCTION: ORIGIN, CONTEXT, AND CONCEPTUAL FRAMEWORK

A. Background and Objectives

1.1 Urban poverty alleviation is one of the five thematic action areas of the Urban Management Programme (UMP). This framework paper on options for municipal level urban poverty reduction interventions is one of the outputs of the UMP's global work on urban poverty alleviation. The issues identified and actions recommended are based on i) documented research in the UMP regions (Africa, Asia and the Pacific, Latin America and the Caribbean, and the Arab States); ii) a review of the literature on the experience with urban poverty reduction interventions at municipal level; and iii) collective experiences of the United Nations Development Programme (UNDP), the United Nations Centre for Human Settlements (UNCHS), and the World Bank. More specifically, it builds on the experience gained from initial UMP-supported interventions (assessments and city consultations) on municipal urban poverty reduction options in the municipalities of Cebu (Philippines), Sukkur (Pakistan), Dakar (Senegal), Lota (Chile), and El Alto (Bolivia).

1.2 Increasingly, municipal actions (whether legislative, regulatory, managerial, policing or service delivery) impact on poverty. Such awareness by local policy makers, combined with concerns for more equitable and efficient urban development, have created a demand for local review, discussion, and consultation on the role and responsibilities of municipal governments and their partners to reduce poverty in their area of jurisdiction.

1.3 The paper therefore has the following objectives:

- Documentation of possible areas of intervention by municipal authorities and their partners in poverty reduction policies, programmes and activities, and suggesting programmes of action;
- Provision of a framework for the identification and dissemination of best practices in urban poverty reduction interventions at municipal level; and
- Provision of a framework for the development of urban poverty reduction *support* actions at city level by the UMP regional offices and networks.

The target audiences for this options paper are i) urban managers (primarily in municipalities¹ in developing countries); ii) policy makers at central government level; iii) UMP staff in the regional offices; and iv) the UMP networks of regional experts, as well as Non-governmental Organisations (NGOs) and Community-based Organisations (CBOs) concerned with urban poverty reduction.

¹ The terms "municipal government" and "municipality" are used generically in this paper for urban local government, irrespective of legal status. In any specific situation it may comprise a metropolitan government structure, an incorporated chartered municipality or a district administration i.a. responsible for urban areas in the district. Where applicable it may include local government enterprises.

B. Poverty: Urban Growth, Causes, and Poverty Contexts

Urbanisation of Poverty

“By 1990, an estimated 1.4 billion people lived in urban centres in the Third World. Of these, at least 600 million are estimated to live in “life and health-threatening” homes and neighbourhoods because of the inadequacies in the quality of the housing and in the provision of infrastructure and services associated with housing and residential areas (such as piped water supplies, provision of sanitation, garbage collection and site drainage, paved roads and pavements, schools and health clinics. . .”

Source: Arrossi et al. 1994.

Incidence of urban poverty:

	<u>Urban population below poverty level</u>	
	Percent	Millions
<hr/>		
REGIONAL AGGREGATES		
Asia (excluding China)	23	136.5
Africa (sub-Sahara)	42	55.5
Europe/Middle East/North Africa	34	59.5
Latin America	27	77.3
DEVELOPING WORLD	28	329.8

Source: Devas and Rakodi 1993.

- 1.4 There are no accurate figures for the proportion of the world’s population living in absolute poverty in urban areas. Estimates have been made for the number of “poor” people living in urban areas in developing countries, based on per capita income. These vary from a 1989 estimate of 130 million of the “poorest poor” living in urban areas in developing countries, to a 1985 World Bank estimate of 330 million city dwellers (or 28% of the developing world’s urban population) having incomes below the poverty line. (See box above.) Further national and urban studies show that a third to a half of specific nations’ urban or city populations have incomes too low to allow them to meet basic human needs; and national studies in several of the poorest African, Asian, and Latin American countries suggest that more than half the urban population are below the poverty line (UNCHS 1996, section 3.2.). Thus, poverty continues to be a major problem in urban areas, even where its incidence appears to have been reduced overall. This long-term demographic shift of poverty from rural to urban areas has led to the “urbanisation of poverty”.
- 1.5 There is considerable debate on the causes of poverty. Some analysts emphasise the macro-economic causes of poverty as a result of globalising and liberalising economies. This has been exacerbated by the economic stagnation experienced in a number of developing countries, particularly in Sub-Saharan Africa, where over the past two decades there has been limited growth of productive investment and employment. More specifically, structural adjustment programmes implemented in many developing countries are emphasised as one of the main causes of poverty increase. They explain the emergence of

the *new poor*, (as opposed to the *chronic poor*), as a consequence of loss of jobs due to structural adjustment programmes.

- 1.6 However, emphasising causes at macro level does not reveal the complex set of causal factors which explain the impoverishment of individuals, families or social groups in a country. Some people become poor because they have lost their source of livelihood or because their purchasing power has been reduced. In other cases poverty is associated with a particular point in their family cycle: e.g., in the case of street children. For many poverty is the result of a sudden shock: the loss of the adult family income-earner, the confiscation of street traders' stock because they work informally, the loss of their house demolished because it was on illegal land or damaged by natural or human disaster, the high cost of an illness in the family. Finally, civil war has generated considerable poverty, particularly in some African countries (UNCHS 1996, section 3.2.).
- 1.7 This paper does not attempt to itself define or establish measurements of urban poverty. A large amount of work has been done already in all the developing regions to define poverty, measure it, and to distinguish the poor from the non-poor. This is translated in different ways among countries, at neighbourhood, community and city levels, based on local values. In the urban context poverty has been translated largely in terms of lack of access to productive employment, to basic services, to the resources of the urban economy, to effective and meaningful representation, and to security and justice. The key issue is that poverty reflects the inability of an individual, household or community to satisfy certain basic minimum needs. The policy programme options presented in this paper are of a generic nature, assuming that local assessments will be done, on the basis of which generic options can assist in establishing city-specific local priorities for action.

C. Rationale for Municipal Interventions in Urban Poverty Reduction

- 1.8 In many African and Asian countries the main focus of development efforts since the 1950s has been on rural development, resulting in a general failure to fully recognise the importance of towns and cities in national economic development and to recognise the urbanisation of poverty. This has been compounded by the financial weakness of many city governments and their limited capacity for both economic and social policy formulation and implementation. Furthermore, the realisation that urban poverty cannot be adequately tackled with the same prescriptions as rural poverty has only recently gained a measure of acceptance among policy makers.
- 1.9 Poverty reduction has generally been applied as a conscious intervention strategy at two levels:
- **At the macroeconomic level.** This involves policy and programme interventions defined and implemented by the central government which include investment, subsidy, pricing, and credit policies and programmes. Recently such poverty reduction efforts have been increasingly reflected in ongoing structural adjustment programmes supported by the IMF and World Bank. At the macro level improving productivity in the context of structural adjustment has been projected as the main objective.

- **At the micro level.** This involves working directly with community groups in supporting a variety of activities including: credit, basic infrastructure upgrading, slum upgrading, micro-enterprise development, and strengthening community participation. Usually such approaches have been promoted by NGOs and CBOs with the support of international donor agencies.

1.10 However, between the macro and micro levels is a third level of intervention, which can be defined as the meso level. In urban areas this corresponds to the municipal level. Poverty reduction approaches at this level are dependent on the operations of municipal governments or other state-funded local agencies, such as local development authorities and local water enterprises. The municipal level is important in translating macro level policies to local levels and also in providing support to local-level initiatives at the community level. Key roles at the municipal level are facilitation of communities' initiatives, and overall co-ordination of the provision of urban services. The rationale for municipal intervention is based on municipalities' comparative advantages in some areas of possible intervention.

1.11 These advantages are based on the assumption that enhanced local participation will i) improve the efficiency of urban investment through involvement of local knowledge and choice; ii) improve the execution of urban investment through local accountability of management; and iii) increase the recovery of costs of urban infrastructure from its beneficiaries through local taxes and charges (K. Davey, in Devas and Rakodi 1993). Moreover, the case for municipal action in urban poverty reduction is based on the following:

- Many intervention areas clearly fall within the orbit of local government responsibilities. National governments increasingly recognise the role and importance of municipalities as major actors in the provision of basic urban services (through direct provision, local government enterprise provision, or various forms of public-private partnership), and their direct impact on the populace;
- Municipalities increasingly assume policy making and implementation powers to facilitate more effective local decision making;
- Municipalities are increasingly called upon to implement national social policy, and adapt national directive to local conditions;
- Municipal institutional capacity to manage existing resources and to mobilise additional resources is gradually increasing; and
- It is increasingly recognised that civil society initiatives at local level (by NGOs and CBOs) require local government support in order to have maximum impact.

D. Municipal Management and Poverty Reduction Action: Constraints and Opportunities

1.12 Poverty reduction refers to a situation where specific manifestations of poverty are systematically reduced, resulting in a change in short- and long-term conditions. At the municipal level this includes:

- Improving housing and basic services: Tenure of land and housing, housing finance, improved water, sanitation, drainage and garbage collection, basic health care, day care, and transportation;
- Increasing income and/or assets: Employment creation and micro-enterprise, credit for informal enterprise, and emergency credit, providing squatters with legal tenure; and
- Legal representation: Access to justice within the judicial system.

1.13 Experience shows, however, that there often are a number of obstacles to be overcome for local government to fulfil these roles effectively: These include

- Financial and/or political dependence of municipal governments on the central government: Although powers range widely from being directly controlled by central government to relatively autonomous situations, the distribution of functions between the different layers of government is determined by central government, which also defines the nature and magnitude of intergovernmental financial transfers and institutional features prevailing at national and local levels. Often central governments have tended to institute and maintain significant legal and regulatory controls;
- Lack of a coherent policy framework for addressing urban poverty at the municipal level: Range of powers and responsibilities are often insufficiently detailed to enable effective municipal management. As a prerequisite to developing urban poverty reduction options, regulatory powers, and powers of social and economic policy formulation and service provision must be clarified;
- Failure to include other key actors in the process, such as NGOs and CBOs: In virtually all developing countries in which urban populations are rapidly increasing, the concurrent failure of municipal service delivery to alleviate a steadily deteriorating situation have left a vacuum in which NGOs, and to a lesser extent, CBOs, have attempted to address the problem of urban poverty. Such initiatives have generally spawned a large number of relatively isolated projects using popular participation. Although sometimes successful at alleviating poverty at the community level, they are unable to address the systematic inequalities of the society in which they operate. NGOs and CBOs are rarely in a position to undertake the strategic long-term planning, programming, and co-ordination which effective municipal management requires. However, their unquestionable expertise in poverty alleviation at the community level should be included within the municipal framework;

- Ineffective application of subsidies. Analysis all over the world suggests that government, including local governments, encounter two problems with subsidies: i) the inability to afford, from a public finance point of view, an equitable subsidy system, and ii) the inability to target subsidies effectively to the deserving groups. Often subsidies are pre-empted by groups that do not need them, but which are more powerful than those that do. Within the context of urban land, shelter, infrastructure and services in most developing countries, implicit or explicit subsidies in pricing have generally not reached the poor groups for whom they were intended. (See Wegelin 1994 for a review of these issues in Asian countries.)

1.14 In order for municipal governments to effectively carry out their functions, the following must take place:

- Institutional responsibilities need to be properly defined. At the national level, this would entail a clear dialogue with the central government on the division of powers and allocation of resources in the major areas of land management, housing and housing finance, municipal infrastructure and services, microenterprises and finance, urban agriculture, and access to community credit and the judicial system. These definitions should also take place at the municipal level among the various agencies and departments within the municipality.
- A major capacity-building effort at municipal level is required. Human resources should be augmented in line with the discharge of these responsibilities. This will generally imply augmentation of municipal manpower, training and equipment of such manpower, and often a review of the terms and conditions of employment of municipal staff, particularly remuneration levels and career perspectives. Additionally, a more effective use can often be made of public-private partnerships in the discharge of municipal functions.
- Mobilisation of resources should be enhanced. This would include augmenting municipalities' own resources, enhancing the effectiveness of intergovernmental transfers of resources to municipalities, and rationalising local government borrowing. Effectiveness of local government current and capital expenditures should be improved.
- Efficient delivery of urban services is of critical importance. Internal institutional arrangements in municipal institutions, as well as intergovernmental institutional arrangements and procedures, should be rendered more efficient to ensure delivery of urban services.

The case for enhanced (and more efficient) resource flows from higher levels of government to municipalities is particularly pertinent in cases where local governments are expected to take over responsibilities that require significant expenditures, such as primary health care and education, social services, dispensation of housing subsidies, etc.

TABLE 1: DIFFERENT ASPECTS OF POVERTY REDUCTION/ALLEVIATION

INCREASING INCOME AND/OR ASSETS	
A job through employment creation Credit for small scale or informal enterprise	Where successful, these bring new jobs and/or enhanced incomes, although external support must understand local constraints and odds stacked against small enterprises being successful. Often considerable potential for linking employment creation for low-income groups with public works to improve water supply, provision for sanitation and drainage, improved roads. Credit for small-scale enterprises must respond to women's priorities, as well as men's.
Education, literacy and vocational training	In general, these should increase income-earning capacity as well as providing other advantages. Vocational training must teach useful skills. Literacy is very useful for anyone running a small business. In many countries, biases against women in education and vocational training must be addressed. The barriers to education for low-income households caused by the introduction of school fees or their increase or the increase in other education costs (for instance of school uniforms or examination fees) have to be addressed.
Providing squatters with legal tenure	Increased security of tenure for "owner-occupiers" in illegal settlements reduces the risk of eviction, increases the value of their main asset and increases the possibility of obtaining credit.
Emergency credit	The ready availability of emergency credit can greatly reduce the vulnerability of low-income groups to economic shocks; often possible to do within community-group schemes.
LEGAL REPRESENTATION	
Access to justice within the judicial system	This includes legal systems that inform citizens of tenants' rights, public programmes to reduce crime/violence within low-income settlements & community programmes to halt the abuse of women and children within families. Important also is the facilitation of access to land for cultivation and halting the harassment of women hawkers.
IMPROVING HOUSING AND BASIC SERVICES	
Tenure of housing	As well as the advantage noted above in terms of value of asset, secure tenure generally promotes household investment in improving the house and more capacity to negotiate with local authorities for improved services.
Improved water, sanitation, drainage and garbage collection	If adequately provided, this removes a tremendous health burden and also considerably reduces the time needed for domestic tasks. This gives particular advantages to the person in the household responsible for collecting water and managing household wastes—usually women. Often major direct economic benefits as income earners are seriously ill or injured less frequently, as health care and medicine costs are reduced and as less time is needed nursing sick children. Also important to reduce the vulnerability of many low-income settlements to floods.
Basic health care	If readily available, this greatly reduces the economic and health costs of illness and injury. There are particular advantages for the person in the household who takes care of those who are sick or injured (usually women)
Day-care	This increases the time for other tasks for those who look after young children and also means young children are not left in the care of older siblings. Day-care centres can also provide regular health checks for infants and young children and monitor their nutritional status; they can also provide stimulus and support for young children's' physical and mental development. Day-care centres are often particularly valuable in increasing women's income-earning capacities and especially valuable to single parent (usually women headed) households
Housing finance	Housing credit available to low-income households who want to build, extend or buy their own home allow them to afford better quality housing.
Transport	Cheap and efficient public transport can greatly reduce the disadvantages of low-income households living in peripheral locals and, if city-wide, can help reduce the price of housing

Source: Communication from David Satterthwaite, adapted from editorial in *Environment and Urbanisation* vol. 7, no. 2 (October 1995).

- 1.15 The options discussed in this paper recognise the above constraints and the need to overcome them in order to minimise and, where possible, eradicate the various forms of poverty. The decentralisation under way in a number of developing countries provides a window of opportunity to do so, as it reinforces the pivotal role of the municipality. In spite of the ambiguities inherent in this process, which frequently amounts to shifting problems encountered at the central level to the municipalities, it also creates pressure to shift the balance of control over resources more towards the local level and generates opportunities for more transparent resource management. Decentralisation (as opposed to deconcentration) thus increases the effective political power of municipalities. This increase in political power and autonomy of the municipality helps to create an environment in which predictable and transparent urban management may bring about a long-term perspective to reduce the gap between the “haves” and the “have-nots”.

E. Structure and Presentation

- 1.16 As noted above, this options paper identifies specific roles that municipalities could play in poverty reduction programmes at local level, bringing the possible options together as a starting point for the discussion. Detailed discussion of these options follows in the next chapters. Actions of a *cross-cutting* nature with regards to regulatory frameworks, institutional co-ordination and monitoring, and facilitating community participation are discussed in chapters 2-4, followed by a discussion of intervention options in various *sectoral* areas of operations, discussed in chapters 5-12. A major emphasis is given to municipal services and infrastructure in Chapter 7, in which discussion of specific sectoral options are illustrated with relevant case samples. The closing Chapter 13 summarises the consultative process experience the UMP has gained to date in city consultations on urban poverty reduction, which could be used as a guideline for similar consultations elsewhere.
- 1.17 In each area covered, the major issues are briefly outlined, followed by suggested municipal action options. References used generally synthesise current state of the art knowledge. The description of issues and options is of necessity general, but the specific case examples in boxes are illustrative of practical application.
- 1.18 The options presented are not meant to be a blueprint for action, but rather a point of reference, providing a broad menu of possible areas of intervention for municipal authorities to develop poverty reduction programmes. The nature of poverty varies significantly between countries, regions and cities, as do the areas of local government responsibilities and powers as defined by national or state regulatory frameworks. As a result, the role of municipalities in programme formulation, implementation, co-ordination and monitoring poverty reduction actions will also differ substantially from city to city. The paper also suggests possible ways through which municipal authorities can leverage the support of the central government, non-governmental agencies, community based organisations and individual households in developing and supporting poverty reduction programmes. The review of options in specific city consultations will facilitate the identification and dissemination of good practices as may exist locally.

2. REGULATORY FRAMEWORK

- 2.1 The regulatory framework impacting on the poor is established by both central and local governments and, therefore, is designed to apply nation-wide and locally. The framework sets the rules and standards for construction and development in general, but more specifically, for the functioning of the municipal environment. In most developing countries it has been found that the regulatory framework tends to stifle rather than to promote development.

Regulatory Reform: The Standards Issue

In many African countries the major thrust of current regulatory reforms is to reduce or remove vestiges of inherited colonial laws pertaining to standards of provision of housing and infrastructure. In most cases, the focus is on creating an enabling framework in which urban residents and their associations are allowed to operate freely. Only basic minimum public health standards should be prescribed in legislation. These reforms are being linked to the liberalisation accompanying structural adjustment.

Source: Global Shelter Strategy, UNCHS 1991.

Issues

- 2.2 Some degree of accountability to central government through a national regulatory framework is appropriate to any structure of municipal service delivery, particularly with respect to areas of operation where the impact of such service delivery will be felt outside/beyond the jurisdiction of the local government concerned. Where the impact of local government behaviour is largely localised, and regulation requires detailed knowledge of local conditions and priorities, the case for central regulation is more difficult to justify. In such cases, regulations posed by central government are a restraint or an inhibition to responsiveness of local government (Dillinger 1994).
- 2.3 In most developing countries, the municipal regulatory framework is based on a perception of the role of local government as a maintenance and control agency. Rules and regulations often also prescribe high social and physical infrastructure standards (particularly regarding land, infrastructure and housing delivery), which cannot be implemented and enforced city-wide, because they are neither affordable to the municipality nor to the populace, particularly the poor.
- 2.4 The regulatory framework comprises a wide range of laws including local government laws, ordinances, legislation and regulations related to town planning, public health, building and land. Experience suggests that for the majority of the urban poor this whole array of legislation, rules and regulations is neither functional nor beneficial for the poor. In most cases it becomes a framework for harassment for the poor operating in the informal sector.

Options for Municipal Action

- 2.5 Regulatory reform cannot be achieved by local government alone, because most statutes are designed at central government levels to apply nation-wide. Local government codes or ordinances, however, may be reviewed as to their functionality and, within the framework of the existing local government legislation, specific areas may be singled out for reform at the local municipal level, depending on the level of decentralisation which prevails. These include local bye-laws, rules and regulations governing land, infrastructure and housing development and management, construction, urban transport and commerce (i.e., regulating standards, development and operating procedures and permits). Amendments would be required to facilitate informal sector activities, and give communities more decision making powers over infrastructure services within their own communities, but still within the framework of existing local government powers.
- 2.6 A new emphasis may be placed on development promotion as opposed to traditional development control. Municipalities could adopt a more flexible approach to the interpretation of rules and regulations, allowing the poor more room to manoeuvre within the framework of existing laws.
- 2.7 The institutional and regulatory framework may be made more transparent and responsive to the needs of the majority of the urban dwellers. The municipal administrations and their various committees could reach out to the urban communities and encourage strong participation of resident associations and neighbourhood committees. The institutional and regulatory framework may provide for greater recognition of the role that NGOs and CBOs play in support of micro-enterprises, popular, education, health and environment, e.g., through participation of NGOs and CBOs in formal working committees.

3. INSTITUTIONAL CO-ORDINATION AND MONITORING

- 3.1 Municipalities are institutions created under the jurisdiction of the state to provide a variety of services to communities at sub national levels. Ideally, these are democratic institutions which represent the will of the people and provide the services demanded by the households and communities. The world-wide trend towards decentralisation renders the role of municipal institutions as one of increasing importance. It is therefore crucial to recognise the need to better co-ordinate the different levels of action and to monitor the implementation of specific programmes.

Issues

- 3.2 As previously noted, municipalities often lack powers required for effective political and economic decision making due to the fact that they derive their authority from central governments which limit their powers and deny them adequate resources to strengthen their autonomy. For municipalities to effectively monitor and co-ordinate development there is a need for them to have both adequate political power and resources. This applies to the effective discharge of urban management functions generally, but is particularly pertinent in

the context of municipal efforts at poverty reduction, as municipal government is the tier of government closest to urban poor communities.

Cebu City: The Importance of the Institutional Framework

The experience of Cebu City, the Philippines, as discussed in the UMP supported city consultation, clearly highlights the importance of adjusting the institutional and regulatory framework to address co-ordination and policy making with regard to poverty reduction. First and foremost was the role of the Executive Mayor in assuming a position of leadership in city governance, as provided for in the Philippines Local Government Code adopted in 1991. The Mayor was able to articulate all the key issues and particularly to provide a corporate vision for the city. He also established a City Commission for the Urban Poor in 1988, which brought together civic leaders, including private sector and NGO groups as well as government officials to periodically review policies, programmes and issues related to the urban poor. It plays a key role in advising the city government and in informing and mobilising support. Secondly, at departmental level, the Director of Health Services, as co-ordinator of the Urban Basic Services Programme, was given the role of policy and operational co-ordination, enabling the department to effectively liaise and co-ordinate with the other municipal departments. This also ensured the effective co-ordination with NGOs and CBOs. Another recent innovation has been the introduction of a GIS based management information system that enables monitoring of land use, municipal services, programme activities, social and health indicators and other information in the city. This is being developed to incorporate information from all the city departments and will, among other things, be an effective tool to monitor poverty reduction efforts. Finally, the urban resident associations wield substantial political influence, so the Mayor was very actively interested in their participation in the decision-making process. This ensured effective linkages between political and technical issues in the design of a poverty reduction action programme.

Source: Etemadi 1994.

- 3.3 Municipal departments are organised to provide services and to control development within their areas of jurisdiction and sectoral operation. They generally have limited scope for both social and economic policy making and in most cases, poverty reduction has been perceived in terms of providing basic welfare for socially disadvantaged groups and not as part of mainstream policy making. The departmental make-up is often not conducive to integrated multi-sectoral planning and programming.
- 3.4 Municipalities often do not have adequate management information systems to enable them to adequately monitor and understand the impact of various (municipal) programmes on the urban poor. Often no internal (horizontal) co-ordination mechanisms exist, which will enable municipal policy makers (mayors, town clerks, department heads) to ensure complementarity and mutual reinforcement in the implementation of the various sectoral programmes. Similarly, external co-ordination mechanisms with other entities (e.g., parastatals) operating at municipal level often are also inadequate for this purpose, as are vertical co-ordination mechanisms with higher levels of government.

Options for Municipal Action

- 3.5 Intergovernmental administrative and financial relationships between municipalities and the central government should be modified in order to further reinforce the municipal role in local decision making. This is particularly important for poverty reduction, which requires

both political and administrative commitment at local levels and effective co-ordination between central government agencies and municipalities.

- 3.6 Social policy formulation and implementation at municipal levels should be emphasised, even within the confines of existing local government ordinances/codes. This can be achieved through emphasising the importance of executive decision-making at municipal level.
- 3.7 Separate units or committees may be created within the municipality for the co-ordination and monitoring of municipal poverty reduction policy/programme implementation. Arrangements to focus, co-ordinate and adapt sectoral services to better serve poor communities should be monitored and guided through such special units or committees. As the Cebu City example suggests, forming new committees or multi-sectoral programmes and task forces can mobilise effective change to improve intersectoral co-ordination and focus policies on the needs of the poor.
- 3.8 To ensure effective monitoring, it is crucial to have clearly identified targets or target groups and specific parameters which are being addressed, e.g., reducing unemployment, malnutrition. As much as possible this needs to be articulated through quantitative and qualitative indicators which can be monitored at the local level. In the case of Cebu City, this is achieved by incorporating health and social indicator data in the GIS-based management information system.
- 3.9 A more participatory approach in discharging municipal functions on the part of municipal institutions is recommended, increasingly involving partnerships with communities, non-governmental agencies and the private sector. Such partnerships should be supported by Government/NGO/CBO co-ordination mechanisms, as in the case of Cebu City.
- 3.10 The municipality could also ensure equitable distribution by the various NGOs and/or governmental programmes across poor neighbourhoods, avoiding a concentration of activities a in few neighbourhoods.

4. COMMUNITY PARTICIPATION

- 4.1 Low-income groups are generally not only poor in a financial sense. The health burden of being poor, the continuing struggle for resources, and the stress associated with providing for themselves and all their dependants have their costs. A strong and effective community can often address many of the deprivations suffered by poor individuals. Many projects have recognised the key importance of participation in terms of encouraging communities to be involved in the processes of decision making and influencing how resources are utilised, which increases the self-esteem of individuals and households, stimulates community organisation and enhances communities' capabilities to negotiate with other parties, including external agencies.

Community Participation

In Sri Lanka, the community construction contract system has demonstrated the importance of community action planning and management, involving a variety of stakeholders—central government, local authorities, and other community organisations. Through the community development councils, which are relatively unstructured with simple rules, families participate in improving and addressing infrastructure deficiencies in the informal settlements. The leaders of community development councils in Colombo participate in district-level councils and select among themselves representatives to sit in the City Council. This establishes a formal and direct link between urban poor community organisations and the city government.

In Uganda, an urban pilot project in Kampala (Katwe Urban Pilot Project) has effectively built partnerships between civic communities and the local government, focusing on the improvement of the welfare of the urban poor. The Kampala City Council, in partnership with the World Bank and UNDP, has initiated a demand driven community based approach to address the problem of providing basic services to the poor. A key element of the approach has been strong community support, a focus on specific technological interventions and training.

Source: Various UNCHS materials compiled by K. Wekwete.

Issues

- 4.2 Municipalities and city governments have a critical role to play in mobilising and strengthening community participation. Strong municipalities are usually the result of strong communities. The prevailing hierarchical models of management do not stimulate community mobilisation. Ten central government policies are not attuned to the needs and demand of local communities, because municipalities fail to play an intermediary role to adapt such policies to specific local conditions.
- 4.3 Municipalities often do not recognise community organisations as playing an important role in community mobilisation and frequently fail to utilise and support such organisations in a variety of key projects and programmes where they have a clear comparative advantage. these include environmental awareness programmes, primary health care, primary education, and shelter and neighbourhood infrastructure services.

Community Mobilisation in Zambia

In a programme sponsored by DANIDA/UNCHS in Lusaka, Zambia, municipal officials are trained in community participation and more specifically on issues relating to upgrading of squatter areas. After formal training and field attachments, each go back to their municipalities, where they assume a leadership role and liaise between the municipality and the communities. These officials are usually attached to the Department of Social Welfare. Therefore they address the problems in an integrated social way, particularly emphasising social mobilisation.

Source: DANIDA/UNCHS 1992.

Options for Municipal Action

- 4.4 Municipalities may review the regulatory framework to ensure that all levels of government, professional departments, politicians, and officials will effectively interact, co-ordinate, and build effective alliances with communities and community organisations. Policy makers need to understand the relative power of groups and organisations, so as to selectively intervene, support, and develop meaningful intervention strategies. Municipal authorities should have frequent meetings with CBOs to identify their needs and to disseminate policies addressing poverty in such way that these policies become internalised by the CBOs members. This is a condition for their effective participation.
- 4.5 Municipalities need to provide training and funding to community groups and to ensure liaison between community leaders and elected political officials and the administrative heads of department. Community organising and training may be more easily or effectively done by NGOs in some countries. Municipalities could facilitate NGOs (which often have a comparative advantage over government in this area) to do this, rather than take on this function directly.
- 4.6 City governments may wish to set up specific units for community development to support community organisers, for training of community leaders and volunteers and to more generally be a liaison between poor communities and government agencies.
- 4.7 Greater autonomy should be given to the CBOs, not only in defining their needs, but also in the selection of possible external support. The community should have the freedom to choose, for instance, NGO assistance for design and implementation of neighbourhood infrastructure projects.
- 4.8 In order to promote CBO participation particularly among the poor, media such as popular theatre, press, radio, TV, or specific advertising campaigns could be used. Such a strategy takes time but ensures greater benefits. The basic objective is to stimulate CBOs to themselves assume the planning and implementation of projects with the support of the municipality and, where appropriate, with the assistance of NGOs.

5. LAND MANAGEMENT

- 5.1 Lack of access to land is a major bottleneck preventing the urban poor to participate meaningfully in the urban economy. Central and local governments are major custodians of urban land in many countries; however, such land is often under-utilised or poorly used. Even where privately owned land is predominant, market transactions are constrained by government rules and regulations which guide access to land and related infrastructure services.

Recommendations for Action to Improve the Land Tenure Situation for the Poor

The major recommendations of the Inter-regional UMP/UNCHS Seminar on Urban Land Management, Regularization Policies and Local Development in Africa and the Arab States were as follows:

1. Central government should recognise the multiplicity of land delivery mechanisms in urban areas and accept the roles played by the various actors and rationalise them as appropriate.
2. Public land delivery will need to be carried out in a transparent and market-oriented manner. It is recommended that, in the interest of efficiency and equity this is devolved to the local government level. For this to work effectively, it will be necessary to strengthen local governments' institutional, fiscal and human capacities.
3. Expeditious land tenure regularisation of irregular settlements should be pursued as a central element of (local) government land delivery. Additionally, but not necessary in conjunction, high priority should be given to the provision of basic services in these settlements.
4. These efforts should be supported by simple, unified systems of land information assembly, management, and documentation, accessible and comprehensible to the public to ensure that land title registration will be cheap, quick, and simple.
5. The use of fiscal instruments (property tax, capital gains tax, incentive subsidies) in the management of land delivery should be promoted by central and local government.
6. The state should actively promote the economic empowerment of the disadvantaged members of society, particularly women, and especially remove structural impediments to their access to land.
7. The customary land tenure system should be made more market oriented through enhancing the transparency of its availability, utilisation, and pricing, supported by the development, integration, and adoption of a land information system as well as dialogue with the customary controllers of land.
8. The role of NGOs and CBOs in mobilising resources for land and housing delivery, dissemination of information on land related issues (management and delivery), and mobilisation and organisation of the community must be utilised as a positive force in enhancing transparency in the land market.

Source: Durand-Lasserve 1995.

Issues

- 5.2 In most countries access to land is highly restricted because of antiquated land legislation, a confusing and expensive institutional framework, costly land registration process, and high standards associated with land development.
- 5.3 Because of bureaucratic controls the land market is often highly distorted and dysfunctional, which impedes access for the poor. Often a large number of departments is involved in land management and delivery (including central government ministries and parastatals), lengthening the bureaucratic process and increasing the potential for corruption in the system. Even when certain land is targeted for the use by the poor, more affluent groups often exert influence to develop the land for commercial gains. Plots allocated for low income groups commonly end up being developed with high quality housing for the better off.

- 5.4 The limited serviced land supply often has large plots and high infrastructure standards which the urban poor cannot afford. Even when such plots are clearly targeted for specific groups, they quickly acquire a high value due to the scarcity of serviced land.
- 5.5 The poor often lack security of land tenure which also denies them collateral for financing shelter development or improvement. In squatter areas this lack of security is often accompanied by frequent harassment and evictions.
- 5.6 This limited access to land negatively impacts on the development and expansion potential of micro-enterprises, particularly where there are strict zoning regulations.

Options for Municipal Action

- 5.7 A first important prerequisite for urban poverty reduction interventions is to make the land market work efficiently and effectively. This requires the removal of or minimisation of the legal and administrative rules and regulations imposed by both central and local governments. More specifically, it requires regularisation of land tenure and simplification of the registration process, particularly to improve access of the poor to serviced land and finance.
- 5.8 Municipalities must be given a central role in the reform and co-ordination of land management, in order to overcome scattered responsibilities for land management and delivery. More specifically, municipalities may identify under-utilised urban land owned by the public sector and be given powers to recommend and enforce better use of such land.
- 5.9 Granting of land tenure to the poor on government or municipal lands should be pursued to enhance security of tenure. Required application, cadastration, and approval procedures for this should be as simple and transparent as possible. Providing collective tenure security for communities can eliminate the need for individual titling and blocking, and will ameliorate land speculation and price increases. The nature of formal tenure required for adequate security to stimulate investments and serve as collateral may vary from country to country.
- 5.10 Land leasing or sale of only development and user rights on urban land may help to limit speculation in land and keep land prices lower.
- 5.11 To address the issue of land for economic activities of the urban poor, the municipality may have to zone specific land areas for micro-enterprises, farmers' markets, and areas for hawkers' stalls. It could also increase flexibility in the zoning regulations to allow rights of ways and river banks to be used for urban agriculture. In low income housing development schemes space could be designed explicitly for ecumenical activities of the urban poor.

6. HOUSING

6.1 The problems which the poor experience in terms of housing are closely linked to the issues of access to employment, land, infrastructure, and shelter-related services. Housing provides socio-economic stability to the poor and is an important form of asset creation and savings. It provides a basis for access to the urban economy and it is a key source of employment.

Issues

6.2 The principal issues vis-à-vis housing for the poor include the following:

- infrastructure;
- Inappropriate administrative and pricing policies for public housing, as well as inappropriate delivery standards. In a suppliers market, administrative allocation and below-market pricing of units at provision standards attractive to other income groups almost guarantee that intended low-income target groups miss out;
- Outdated building and planning regulations, which generally impose high standards on developments. These costs push formal private sector housing out of reach of the poor.
- Poor access to housing finance and housing finance institutions. In order to obtain formal long term housing finance, formal collateral is generally required. The most common form of collateral is usually the title of the property financed; hence the absence of security of tenure clearly presents an obstacle to the poor. Informal housing finance options are generally expensive and short-term. Housing finance institutions often lack sufficient client orientation and outreach into poorer areas and are often averse to lending to the poor.

Options for Municipal Action

6.3 The municipality could co-operate with concerned central government agencies in the development of a city-wide housing sector programme, in which low income housing supply and demand are seen as proportionate to the aggregate housing supply and demand. This is important as the housing actions of other groups directly impact on housing opportunities for the poor.

6.4 The municipality may, together with central government agencies, modify the regulatory framework of land supply and building and planning regulations. These include simplifying procedures, increasing flexibility in approved building materials and standards, reducing minimum plot sizes and infrastructure standards, and accepting multiple uses of dwellings.

Housing Markets in Selected Asian Cities

Various (legal and illegal) housing sub-markets can usually be identified, ranging from squatter housing through to legal and illegal low-income housing sub-divisions to “regular” developer-provided middle class housing and higher income housing. Typologies vary from city to city, but typically about one-third of the urban population in major South and Southeast Asian cities live in slums and squatter settlements, and about 60-80% of housing supply is provided and financed through informal sector mechanisms.

In **Dhaka**, Bangladesh, housing is supplied overwhelmingly by the informal sector, mostly through efforts by individual households. Financing is largely from personal savings and informal credit. Public sector involvement is limited to allotment of plots to middle and lower income groups. Land developers and apartment builders are catering to the needs of the upper middle and higher income groups. The number of houses build is small, and mostly consists of multi-storey apartments.

In **Ahmedabad**, India, the most dominant sub-market is the formal private sector followed by the informal sector. The share of the public sector in terms of provision is only 10% of total supply, the formal private contributes almost 60% and even outpaced the informal sector. Formal housing efforts have catered only to the middle classes and above, hence the only recourse left for the lower income groups has been to live in “hutments” (slum housing). In the informal sector, slum landlordism and quasi-legal developments are increasingly becoming commonplace.

In **Bangkok**, Thailand, five major housing submarkets catering for the needs of low-income groups can be identified. These consist of:

- National Housing Authority (NHA) land-and-house projects which take the form of subsidised walk-up apartments, the construction of houses on serviced plots and core houses in sites and services projects.
- Low-cost houses produced by the private sector, which has recently moved into mass production of housing, selling three times as fast as other land and houses packages on the market.
- Informal land subdivisions, which play an important role in low-income housing in Bangkok. They are effectively a form of sites and services provided by the private sector and offer plots, unpaved roads, water, and electricity. For many, they are the first step on the housing ladder.
- Slums and squatter settlements. Over 80% of all slum dwellers rent land legally and live in houses which they have owned for long periods.
- Low-cost rental housing. This type of accommodation is provided by the informal as well as the formal private sector.

In **Karachi**, Pakistan, the individual owner has been the main producer of housing (83.7%). Developers produce relatively small numbers of expensive units, hence the low and medium income group have to opt for shelter in the informal sector, which produces about 60% of total housing production. The poor are also effectively excluded from access to government plot development schemes, firstly by standards and prices which cannot be afforded by 40-50% of the population; secondly by the long waiting period before a plot can be occupied; thirdly by the allocation procedure. Consequently the poor are forced to resort on illegal subdivisions. Among the sources of financing, own savings take a very prominent place (74% of the households). Such savings are often mobilised through informal rotating saving and credit associations.

In Indonesia, in sample cities for a representative survey of urban households—**Jakarta, Bandung, and Medan** (large cities), **Yogyakarta, Bandar Lampung, and Balikpapan** (medium cities), and **Serang, Jambi, and Pukang** (small cities)—the survey showed that urban Indonesia has two systems for the delivery of housing, i.e., the popular or household based system and the formal system. The former system provides houses through incremental construction (80% of all housing) and is highly responsive to consumer demand. The purchase of property is made through savings from wages (cash or gold), sale of personal property or funds obtained from family. Informal subdivision of land is a major way in which land enters the residential housing market. Lower income rental units are developed by individual property owners. Main actors who provide these units are; family entrepreneurs, commercial entrepreneurs or employers.

Source: Summary of city cases from various studies reported on in Wegelin 1994.

- 6.5 There is a need to improve the housing finance system by making sure that relevant institutions are physically accessible and offer services which meet the demands of low income groups. The range of financial instruments must be broadened to cater specifically for the provision of small loans. Loan associations and credit unions must be encouraged and appropriate provision made for loans collateralised through group and mutual guarantees. Municipalities may play a stimulating and facilitating role in the provision of these services. However, they are not well placed to provide housing finance themselves and should be discouraged from intervening in the housing finance market directly.
- 6.6 A basic function of municipal government is to ensure the provision of basic neighbourhood infrastructure and services. This involves mobilisation of community resources and, in poor neighbourhoods, utilisation of their labour.
- 6.7 Development of rental housing which caters to low-income households should be encouraged. This renting ranges from getting and/or sharing a room in slum areas to the provision of affordable cluster housing by private developers. Far too often, the emphasis in housing delivery is exclusively on providing home ownership which does not improve access for poor urban households who cannot afford to own even basic shelter.

7. ACCESS TO MUNICIPAL INFRASTRUCTURE AND SERVICES

- 7.1 Municipal services generally comprise water supply, sanitation (including solid waste management), drainage, flood protection, local roads, public transport, street lighting, and traffic management. The poor essentially face the problem of limited access to all these municipal services: poor neighbourhoods are ignored in road upgrading, water supply, sewerage, drainage or municipal solid waste collection.
- 7.2 Such exclusion is exacerbated by the near-universal tendency to set design and service standards, hence capital costs, at levels unaffordable by the city. This serves to further limit expansion of service networks to the poor. Moreover, municipal infrastructure and services are often not designed to allow for incremental upgrading as poor communities improve and their incomes and affordability to pay for services increase.

Inadequate Access to Water Supply, Sanitation, and Garbage Collection in Selected Cities

Bangkok: About one-third of the population has no access to public water and must obtain water from vendors. Only 2% of the population is connected to a sewer system; human waste are generally disposed of through septic tanks and cesspools and their affluent—as well as waste water from sinks, laundries, baths and kitchens—are discharged into stormwater drains or canals. In 1987, around a quarter of solid waste generated in the city remained uncollected and were dumped, mostly onto vacant land or in canals and rivers.

Calcutta: Some 3 million people live in “bustees” and refugee settlements which lack potable water, endure serious annual flooding and have no systematic means of disposing of refuse or human wastes. Some 2.5 million others live in similarly blighted and unserved areas. Piped water is only available in the central city and parts of some other municipalities. The sewerage system is limited to only a third of the area in the urban core. Poor maintenance of drains and periodic clogging of the system have made flooding an annual features.

Dakar and other Senegalese towns: Senegalese towns have no provision for the removal of household and public waste. Of the five urban centres with sewage systems, generally only the inner urban population has access to these facilities. In Dakar, the capital, a survey in 1980-81 found that 28% of households have private water connections while 68% rely on public standpipes and 4.2% on buying water from carriers. A survey in Pikine, the outer part of Dakar, found an average of 696 persons per standpipe with 1,513 in one neighbourhood. In Dakar, nearly one-sixth of all human faeces are dumped outside proper toilet facilities.

Dar es Salaam: From a survey of 660 households drawn from all income levels in 1986-87, 47% had no piped water supply either inside or immediately outside their houses while 32% had a shared piped-water supply. Of the households without piped water, 67% buy water from neighbours while 26% draw water from public water-kiosks or standpipes. Only 7.1% buy water from water sellers. The average water consumption is only 23.6 litres per person per day. Only 13% of the dirty water and sewerage produced is regularly disposed of. Of the 660 households, 89% had simple pit-latrines. Only 4.5% had toilets connected to septic tanks or sewers. Most households have to share sanitary facilities. Overflowing latrines are a serious problem, especially in the rainy season, and provision to empty septic tanks or latrines is very inadequate. Only a quarter of the city refuse is collected.

Jakarta: Less than a quarter of the city's population has direct connections to a piped water system; some 30% depend solely on water vendors with water costing five times that of piped water. The city has no waterborne sewerage system. Septic tanks serve about 25% of the city's population; others use pit-latrines, cesspools, and ditches along the roadside. Much of the population has to use drainage canals for bathing, laundering, and defecation. Around 30% of the garbage is not collected and ends up in canals and rivers and along the roadsides where it clogs drainage channels and causes extensive flooding during the rainy season.

Karachi: Potable water has to be brought more than 160 kilometres from the Indus and is available for only a few hours a day in most areas. One-third of households have piped water connections, and most slim dwellers and squatters must either use public standposts or buy water from vendors at inflated prices. Only one-third of the solid waters produced in the city are being removed.

Source: Hardoy and Satterthwaite 1989.

7.3 By virtue of exclusion from formal delivery systems, subsidies for municipal infrastructure and services, even if well intended, often do not reach the urban poor, but are pre-empted by middle and higher income groups already served by the system. Often, effective community level organisations have been established for neighbourhood services provision and management in poor areas in many cities. However, these community initiatives are often not recognised and effectively linked into municipal delivery networks, thus reducing the provision effectiveness of the entire system, and adversely affecting cost-recovery potential.

A. Water Supply

Differentials in the Cost of Water in Selected Cities (ratio of price charged by water vendors to prices charged by the public utility)			
City	Price ratio	City	Price ratio
Abidjan	5:1	Lima	17:1
Dhaka	12:1 to 25:1	Lome	7:1 to 10:1
Istanbul	10:1	Nairobi	7:1 to 11:1
Kampala	4:1 to 9:1	Port-au-Prince	17:1 to 100:1
Karachi	28:1 to 83:1	Surabaya	20:1 to 60:1
Lagos	4:1 to 10:1	Tegucigalpa	16:1 to 34:1

Source: World Bank 1988.

Issues

- 7.4 In urban areas, the poor tend to have lower levels of access and poorer quality of water, and per capita water supply to the poorer population is much below the recommended minimum. Formal supply is generally subsidised unevenly among the different income groups, hence not only is there disparity in water supply coverage, but also in the accrual of the benefits of the subsidy.
- 7.5 To the extent that such subsidies result in aggregate provision at price levels below provision costs, the sustainability of the system over time is also at risk, with shortfalls occurring in network extension possibilities as well as in O&M of the existing network; this tends to aggravate access disparities even further.
- 7.6 This is exacerbated by the standards issue: frequently systems are designed to deliver unduly high levels of water per capita in areas served, further reducing possibilities to extend service to areas as yet unserved. (A case may, however, be made for targeting water mains to anticipate replacement of communal water taps by individual house connections as incomes rise).
- 7.7 Supply to poor neighbourhoods is usually substituted for by the informal sector supply—mostly through brokers and vendors, often drawing on the same bulk water supply sources as the public supply system. Informal supply of drinking water is usually provided at prices which the low-income market can bear. In having to rely on such mechanisms, the poor usually end up paying more per unit (say a litre of drinking water) for comparable services, or for services of lower quality than the better off, who have access to the subsidised public system. (See box for price differential estimates in a number of cities in developing countries.)

Options for Municipal Action

- 7.8 The intervention possibilities of the municipal government are closely tied to the institutional position of the entity delivering formal water supply to the city's population. In some cases this is a department in the municipality, but more often than not it is a semi-autonomous body, partly or wholly owned by the municipality. A separate legal entity for

the provision of water supply is preferable from an administrative point of view, in the sense that it stimulates accountability and financial policies which enhance sustainability of O&M and expansion of the system.

- 7.9 In designing municipal water supply systems, it is important that the starting point is a well-designed market survey of demand for water by all segments of the population to be served, including the urban poor, who, often have much higher ability and willingness to pay than is assumed by water agencies.
- 7.10 The municipality should have some influence over water pricing and how these prices are charged. There must be a clear relationship between quantities of water consumed and remuneration due from consumers. Simple water meters safeguarded against tampering would ensure accountability. A review in water tariffs could lead to a more equitable pricing system, provided the practice is easily enforceable. For example, the price of water may be set at a lower, cross-subsidised rate for the poor to ensure that they are not discouraged from using the amount of water essential for human needs. It may be argued that either the government or water companies should pre-finance meter installation costs and gradually recover the cost through the monthly water bill. In this way, low-income households, too, can be provided with a meter.
- 7.11 Households without water supply connections often obtain their water from public systems indirectly, purchasing it either from neighbours who do have connections or from water vendors. The practice of resale of publicly supplied water, rather than being prohibited, should be legalised and encouraged, as it will not only enhance the water supply agency's net revenues (both through higher sales, as well as through reductions in administrative and technically unaccounted for water). Water vendors' prices will thus be driven down.
- 7.12 A high level of community participation in the planning, implementation, and subsequent management (operation and maintenance as well as collection of charges) of small water supply systems, or the tertiary distribution end of large systems, will ensure that supply will be better targeted to community demands. Such participation should involve training at the community level as well as of the local water agency's staff.
- 7.13 Specifically, the introduction of community shared standpipes should be promoted by providing specific central and/or local government subsidies for the installation of such standpipes; and by promoting community management of such standpipes, including the encouragement of water sale at remunerative levels for the operators.
- 7.14 Additionally, if the municipality is in a position to determine system design standards, it may set more appropriate (usually more moderate than those in force) standards of water delivery per capita, thus enhancing population coverage of the network and its extension.

B. Sanitation and Solid Waste Management

Issues in Human Waste Management

- 7.15 The disparity between lower and upper income levels in terms of sanitation facilities is generally significantly higher than in the case of water. Latrine facilities are more common in the higher income brackets, as are flush latrines connected to the sewerage system. Where sewerage systems exist, these are often managed and maintained by the municipality and a nominal user charge is levied on the households. As in the case of water supply, subsidised sanitation facilities are often available to relatively well-off sections of the population. These not only have the privilege of latrine facilities but also their exclusive use. The pattern for poor households is just the opposite, with shared facilities being common.
- 7.16 Formal systems developed by the urban poor for solutions to sanitation include individual household arrangements, such as the conventional hiring of sweepers for both solid and human waste disposal, as is common throughout the South Asian sub-continent; and on-plot low-cost sanitation solutions such as soak-pits. Neighbourhood or community solutions include communal toilets, shallow lane sewers and collective community solid waste collection arrangements.
- 7.17 The constraints on public provision of sanitation services (as for water) are largely a combination of the financial and institutional inability to adequately operate and maintain existing systems and to extend such systems into low-income areas. Unrealistically high design standards of provision. Unlike water systems, once sanitation systems are designed and in operation, individual “consumption” levels can only vary between being served or not being served. Where sewerage and/or solid waste charges are incorporated in water charges (often done out of collection convenience, as the supply agencies often have responsibility both for water and sanitation services), financial sustainability of sanitation operations becomes dependent on the effectiveness of the water charges collection system.

Issues in Solid Waste Management

- 7.18 In almost all municipalities around the world, solid waste management is a major municipal function, which is insufficiently and unreliably performed, with major problems in collection as well as in the availability and conditions of final disposal sites. (See Schuebeler 1995 for a concise overview.) Yet, for most municipalities in developing countries, the largest group of employees—often at the lowest rates of pay—is involved in direct refuse removal.
- 7.19 Often there is little public recognition of existing community activities in waste collection and recycling, and of the economic functions these activities have for the poor. In consequence, desirable support to and linking of such “informal” activities with the formal municipal waste collection and disposal system does not occur. (See Van de Klundert and Lardinois 1995.)

- 7.20 Insufficient segregation of toxic/industrial waste from household waste and inadequate procedures for separate disposal adversely affect health conditions of both residue and garbage handlers.

Options for Municipal Action

- 7.21 Municipal-NGO/CBO co-operation at the interface of public and community based disposal and recycling elements should be promoted. This is critical considering that the majority of the poor live in informal and unserved areas and that a significant number of the urban poor derive their income from such community based disposal and recycling activities.
- 7.22 The public disposal system should adapt appropriate design standards, bearing in mind the likely ratio of waste water to solid waste. In most cases this will entail a scaling down of existing design standards in the interest of increased coverage.
- 7.23 Without further investment in plant and equipment, municipalities can improve the management of their solid waste through working at the community level (with environmental NGOs and with CBOs) to develop an enhanced appreciation of the importance of environmental cleanliness and a reduction in the amount of waste produced, as well as to pre-collect and organise local waste; and they can encourage small-scale composting to be used for urban agriculture. Through imaginative and flexible zoning regulations and other incentives they can encourage private waste-recycling industries, while integrating both recycling and formal waste management.

C. Public Health and Primary Health Care

Issues

- 7.24 Primary health care, comprising both preventive measures (health education, environmental health awareness, and immunisation campaigns) and curative facilities at neighbourhood level, though often a statutory municipal function, has not generally been well integrated with other municipal services and has generally not adequately been targeted at or adapted to urban poor neighbourhoods. As a result, the urban poor lack access. This is partly because in some countries primary health care is seen as an extension of the rural-oriented national health care system, rather than as an element of municipal services. Although local governments almost universally are responsible for the maintenance of public health within their jurisdictions, this is usually narrowly interpreted as a responsibility for cleanliness of streets, abattoirs, and public markets. Hence, where this applies, primary health care often is dispensed under the auspices of the ministry of health, rather than by the municipalities.
- 7.25 As in the case of other municipal services, provision of primary health care has also been hampered by the conflict between provision standards and financial constraints, effectively further limiting access by the poor.

Reorienting Urban Health Services in Indonesia and Thailand

In Jakarta, Indonesia, primary health care in the city provides services such as family planning, maternal and child health, nutrition, immunisation, and control of diarrhoeal diseases in an integrated health post organised by and for the community under the auspices of the local health centre. A "Community Resilience Board" links the community with the Government and ensures intersectoral co-ordination, thus helping to ensure that government programmes meet the community's needs. In Surabaya, Indonesia's second largest city, primary health care arrangements are similar. Additionally, linkages have been developed with the Kamping (neighbourhood) Improvement Programme, in that following the implementation of this neighbourhood micro-infrastructure improvement programme, community health support schemes have been developed, in which households contribute not only for curative health services, but also for environmental services such as refuse and sewage disposal and housing improvements. Critical areas to improve the primary health care system at city level further include: improving intersectoral co-operation at neighbourhood level, improving the rewards and career development for health centre staff and officers, and improving the reporting and monitoring system.

In Bangkok, Thailand, the health policy of the Bangkok Metropolitan Administration (BMA) aims at reorienting services towards health promotion, disease prevention, and extending primary health care to underserved areas. It attempts to do this in conjunction with physical improvements in congested low-income areas through the provision of walkways and drainage schemes. This is hampered by insecurity of land tenure (which make people reluctant to improve their dwellings and surroundings), legal restrictions on physical improvements by the BMA in squatter areas, inadequate terms and conditions for health workers, conventional staff attitudes, and difficulties in intrasectoral and intersectoral co-ordination. In response, a "basic minimum needs" approach was adopted, in which planning, decision-making, and implementation are jointly carried out by the community and the government (primarily the district office and the BMA).

Source: WHO 1989, pp. 51-52 and 60-61.

Options for Municipal Action

- 7.26 Municipalities need to stimulate the provision of appropriate primary health care, particularly targeted to low-income (slum) neighbourhoods. This may take the form of direct provision of such services (clinics, doctors, nurses, primary health care workers and training, provision of medicines and information materials) by the municipality, or supporting and directing the efforts of others, including provision of services by the health department, private commercial entities, and NGO/CBOs. Training of local health volunteers may also be particularly beneficial.
- 7.27 Provision standards should be modest, with strong emphasis on trained community residents to provide preventive measures, including environmental health awareness/information campaigns in conjunction with the provision of sanitation services (such campaigns have proven particularly effective in conjunction with solid waste collection services).
- 7.28 As much as possible, primary health care should be integrated with the provision of neighbourhood infrastructure affecting public health (water supply, sanitation, including solid waste disposal, roads and footpaths, drainage, and flood prevention) in slum areas.

Effectively this would mean that primary health care would become a regular element of slum upgrading.

D. Primary Education and Vocational Training

- 7.29 Literacy and vocational training are two basic factors which enable poor children to be prepared for entry into the primary labour market. Primary education plays an crucial role in the social and economic integration of children into a city or a nation. In addition, the level of education of girls receive contributes not only to their employment potential, but also constitutes the most important implementation of family planning and health care.
- 7.30 The experience of the last decade indicates that the percentage of drop-out or illiterate youngsters originating from low income families is increasing in some countries. Where this is the case, this is largely caused by affordability problems, and exacerbated by a decrease in quality of primary education.

Home Schools in Baldia Township, Karachi, Pakistan

Home schools were established in this slum community with NGO support, basically in response to the need for community education on sanitation in support to the ongoing soakpit pilot project in the community. It was found that in order to make some headway in this area, imparting basic literacy among girls and women in the community, who had been bypassed by the formal primary educational system, was a prerequisite. Unfortunately, after these schools had been functioning for several years with UNICEF support (which was coming to an end), attempts to sustain the effort by gaining recognition and support from the Sindh provincial department of education through the Karachi Metropolitan Corporation (and hence linking the home schools to the formal government education system, which is part-provided through the local bodies) did not succeed.

Source: Bakhteari and Wegelin-Schuringa 1992, pp. 49-61.

Issues

- 7.31 In many countries the responsibility for primary education and vocational training is split between central/provincial governments, municipal government, the private sector and voluntary agencies. This is often the result not of a conscious policy decision to distribute responsibilities based on comparative advantages, but more of an accident of history. As a result, low-income areas are usually underendowed with primary education facilities, teachers and training materials.
- 7.32 This lack of public investment in the development or maintenance of schools in poor areas limits coverage and quality of primary education. Where this is compensated for by private/NGO activities, such schools often suffer from quality deficiencies and lack of government recognition.

- 7.33 In some cities, poor children are not going to school or drop out very early. Among low income families, school is no longer perceived as a means of upward social mobility and is losing its function as a vehicle for the social integration of poor families.
- 7.34 The lack of qualified teachers—aggravated by the shift to private sector schools for well-off families or from teaching to other more profitable activities further reduces the quality of primary education. This further contributes to the gap between social classes.
- 7.35 For cultural reasons girls' access to education among low income families is limited in a number of countries. Female education is often integral in mobilising other aspect of infrastructure. (See previous box.)
- 7.36 Vocational schools have limited outreach due to lack of resources to buy appropriate equipment and many children from poor urban families have no option but to get their technical background from the poor technical environment of the micro-enterprises.

Options for Municipal Action

- 7.37 Municipal investment in education should target primary schools and the quality of teachers, equipment, and environment, as these areas of concern generally fall at least in part within the orbit of statutory municipal responsibilities. As much as possible, primary education should be integrated with the provision of other services such as health services or neighbourhood infrastructure in slums.
- 7.38 The municipality could provide additional incentives to encourage children in poor neighbourhoods to attend school, such as the provision of breakfast at school, subsidies for school uniforms, and basic school material (pens, pencils, notebooks, books, etc.) Some materials from better-endowed schools could be recycled.

Parent Participation in Primary School Management

In Mali, the financial and in kind contribution of the associations of parents and of the local communities in financing construction and upgrading of classrooms and school furniture of primary schools is included in the national accounts. In Mauritania, the contribution of the villages to the national education budget reached 45% in 1990-91. In several instances, parents directly provide the salaries of the teachers, for instance in the cases of the "basic school" in Mali, the "informal school" in Chad and the "municipal school" in Central African Republic. In all three cases the role of the municipality is primarily to organise and mobilise parents to make these contributions.

Source: Lourié 1993.

- 7.39 The municipality could encourage participation of parents in the support of or management of primary schools. Some primary schools built by residents with the support of the municipality or the private sector have become cultural centres or meeting places for the families. The municipality could also encourage more effective control on school attendance (basically an important social control) as a way of reinforcing parental responsibilities.

- 7.40 The municipality could promote short courses for illiterates—children or adults, to be organised by NGOs, CBOs, and religious structures and organisations. Home-based schools for girls should be developed by NGOs and CBOs with municipal support and encouragement in those socio-cultural environments in which the formal education system does not reach girls from poor families. The municipality should promote and encourage the private (formal and informal) sector to provide vocational training.
- 7.41 Impediments to recognition of private/CBO/home (primary) schools should be removed, so that such schools will have access to regular government support for curriculum development and teaching materials and that their pupils can transfer credits to formal government schools

E. Urban Transport

- 7.42 Availability of transport has an important bearing on the question of access to employment and markets. In many cities of the developing world public transport systems are poorly developed and therefore need to be complemented by private operators, some of whom are not officially registered. Municipalities have the power to issue (in conjunction with central government) operating permits, road/routing licences, and impose operating conditions. Access to employment and markets is often a problem for the urban poor, because they typically live in informal, unplanned areas far away from job opportunities, which are often poorly serviced by roads.

Favourable Conditions for Expansion of Informal Transport in Africa

Programmes of downsizing in the civil service, through anticipated retirements or negotiated resignations compensated by a severance pay, have led many “fired” civil servants to reinvest their capital in buying a vehicle. This has considerably increased informal public transport supply, facilitated by price liberalisation of second hand vehicle imports. Reduced prices of these vehicles has created opportunities for many who already have saved a small capital to start as small scale urban transport entrepreneur, particularly in the taxi and mini-bus segments.

Source: Godard 1992.

Issues

- 7.43 The costs of both formal and informal public transport are often prohibitive to the urban poor (particularly in African cities), confining their transport options to walking long distances in search of income opportunities. This has become particularly acute in countries facing economic recession. It has also led to restrictions on mobility and a premium on proximity: social and economic activities tend to be restricted to the neighbourhood within walking distance.
- 7.44 Municipalities (and central governments) usually lack resources to develop mass transport systems to adequately service urban areas, and public transport systems are often highly inefficient. Where such systems are subsidised, these subsidies more often than not accrue

to the middle class rather than to the poor, who often do not have easy access to the transport routes.

- 7.45 In some cities municipalities impose severe restrictions on the operations of private operators of minibuses and non-motorised informal means of public transport (becaks, rickshaws), which the poor can afford, and which are able to service poor neighbourhoods effectively.

Options for Municipal Action

- 7.46 The authorities in charge of transport, including municipalities, have a number of instruments at their disposal to direct public transport supply and to manage the coexistence of various forms of public transport:

- physical organisation and design of the transportation system, including road design, layout of bus stops, location of transfer stations;
- technical control of roadworthiness of vehicles;
- terms and conditions of operating licences, including mandatory routings and rates to be charged;
- terms and conditions for financing of vehicles purchase;
- acknowledgement of professional organisations of owners, drivers and driver assistants; and
- dissemination of information on users demand, supply, and transport safety.

- 7.47 The role of informal transport operators is crucial in the provision of public transport services to the cities, including the poor. In Africa, most municipalities now facilitate the operation of such informal transport systems, although there are often problems regulating such operators. Municipalities could facilitate the development and monitoring of effective informal public transport systems. The example of small-scale urban transport entrepreneurship in Africa is a prime example of micro-enterprise meeting transportation needs.

- 7.48 Municipalities may influence the effective functioning of public transport systems, by encouraging healthy competition between the public and private sectors, and retaining a measure of control over route coverage and fees charged through the judicious application of terms and conditions of operating licences. The private sector should be encouraged to be efficient and remove unnecessary harassment and penalties for operators. The local authority may also negotiate intermodal or interline arrangements to reduce the rates of a specific trip, and encourage transportation access to underserved areas.

7.49 Municipalities should support non-formal modes of transport wherever possible, and create appropriate infrastructure for bicycling and other non-motorised forms of transport. Specific types of short distance popular transport (e.g., rickshaws, becaks, motoconchos) could be encouraged and regulated after negotiations between users, operators (drivers and owners) and the municipality, both in the interest of providing safe, cheap, and convenient public transport for short distances, and in the interest of creating low-income employment.

7.50 Non-motorised transport, such as bicycles, should be considered as forming part and parcel of a long term urban transport solution, and therefore investments should be oriented towards this way of transport. Walking is a main way of transport for the urban poor, suggesting significant investments in walkways and rearrangements of public space in favour of pedestrians.

F. OTHER INFRASTRUCTURE PROVISION AND UPGRADING OF SLUMS/SQUATTER AREAS

7.51 For other municipal services and infrastructure, such as roads, drainage, and flood protection, similar lack of access by the poor and problems of standards apply. These are often more serious than for water and sanitation, because the absence of the direct cost-recovery option in principle precludes the possibility that such services can be provided in a free-standing, financially sustainable way. Instead, provision levels depend on the limited financial and institutional capability of municipal governments or specialised delivery agencies, such as development authorities, public works departments of higher levels of government, and on the priority such provision enjoys among these agencies' other development spending options.

F.1. Neighbourhood Infrastructure in Slum Areas

Issues

7.52 Upgrading of slum areas is one approach to improving the environmental conditions of the urban poor. In many countries municipalities have been the lead agencies in implementing such schemes. Slum upgrading programmes have generally comprised neighbourhood infrastructure upgrading (generally including the provision and/or upgrading of walkways, micro-drainage, neighbourhood water supply distribution, solid waste collection, and communal sanitation.) It is often complemented by legalisation of land tenure, and combined with a home improvement loan—and/or small business development loan scheme. Some of the major difficulties include:

7.53 Upgrading slum/squatter areas is a highly politicised activity requiring active mobilisation of communities and sensitisation on long term sustainability issues. Too often, upgrading is carried out as an ad-hoc and short term project activity and does not address the real problems of supply and demand for shelter and services.

7.54 Upgrading of slum areas tends to concentrate purely on physical upgrading and often fails to address social and economic issues. A more comprehensive approach to upgrading,

including social (particularly primary health care and education), and economic services is required, along with stringent co-ordination among the various agencies

- 7.55 A perceived incongruence exists between the need for cost-recovery and the need to keep solutions affordable for the urban poor. Programmes which do not have a land tenure regularisation component generally rely on indirect cost-recovery through local (mainly land/property) taxation; or associate slum upgrading programs as part of the wider urban infrastructure network. The responsibility for cost-recovery is therefore ambiguous.

Impacts of Slum Upgrading

An evaluation of slum upgrading programmes and projects in 11 cities in Africa, Asia, and Latin America suggests that a major positive impact of such programmes is the significant investments in home improvement by households themselves triggered by programme investments; this appeared to be so because the infrastructure investments were perceived to bring about higher de-facto land tenure security levels. This also tended to lead to significant increases in land values. The impact on renters appeared diverse, with upgrading in one case leading to increased supply of rental accommodation (Madras), in several cases to increases in the proportion of owner-occupiers (Karachi, Jakarta, Kingston, La Paz); however, this did not generally trigger a gentrification process and exclusion of the poor. Clearly several case-studies found it difficult to isolate project and programme impacts from general trends in the low-income shelter and land markets. Another general conclusion was that the simplest projects and programmes worked best: complex designs, whether in land tenure regularisation, income enhancing schemes, community participation, and cost recovery generally failed, primarily because such designs were insufficiently grounded in the local policy environment.

Source: Skinner et al. 1987.

Options for Municipal Action

- 7.56 Municipalities should continue to initiate and support slum upgrading schemes, as the overwhelming evidence is that such schemes have led to a moderate acceleration of the normal, organic process of low-income settlement formation and consolidation, including the provision of neighbourhood infrastructure. It is important to view upgrading as an ongoing process facilitating employment and income generating opportunities.
- 7.57 In doing so, increased co-operation with neighbourhood associations and other CBOs and NGOs will be necessary in making such schemes more demand-oriented and cost effective. Infrastructure investment priority setting and financing of investments and O&M would be done through shared responsibility with the community, instead of for the community.
- 7.58 Municipalities need to ensure adequate security of land tenure, in order to avoid eviction/displacement of low-income residents and to safeguard the sustainability of the physical investment both in households' shelter and in infrastructure.
- 7.59 Municipalities need to enhance the intrinsic cost-effectiveness of such schemes by ensuring that such neighbourhood schemes are adequately linked into major trunk infrastructure.

Integrated Planning and Programming of Urban Infrastructure: IUIDP in Indonesia

The IUIDP is a phased approach to integrated investment programming and decentralisation in which the central government supports local capacity building at the same time that it works with existing local staff in planning and implementing investment programmes. In its idealised form, the process entails the following steps:

1. meetings are held with provincial governments to review NUDS analyses and prioritise cities for attention;
2. project teams in the selected cities (local staff with technical assistance provided from the centre) review and update local master plans or develop a new "structure plan" where none is available;
3. teams then use those plans as a guide in developing a proposed local multi-year investment program (PJM) integrated across several sectors and constrained by likely resource availability during the PJM period;
4. the teams are also required to prepare a complete financing plan, based on projected resource availability during the PJM period (including a plan that covers the possible enhancement of local revenues) and on responsible local government borrowing, as well as on probable support from the central budget and/or external donors;
5. plans are also prepared for building a commensurate capacity of local government to assume increasing responsibility for infrastructure development, operation, and maintenance;
6. on the basis of the multi-year PJMs, individual cities prepare annual budget requests;
7. the programmes and budget requests so defined are reviewed at the provincial and central levels and decisions are made about the allocation of central loan and grant funds.

To date, IUIDP has been limited to functions that traditionally had been the responsibility of the Ministry of Public Works Directorates General for Human Settlements—Cipta Karya (water supply, sanitation, drainage, kampung improvement) and Roads and Highways—Bina Marga (urban roads). It was reasoned that trying to cover more functions at the start would add more complexity and threaten programme viability. Other functions could be added later after the validity of the IUIDP approach had proved itself.

IUIDP has now been implemented nation-wide under guidelines initially issued in 1985 and periodically updated since then. PJMs have been prepared for urban areas in all 27 provinces, covering 56% of the urban population by end-1993.

Efforts have been made on a continuing basis to improve the process. For example, the initial guidelines and manuals have been regularly revised based on operating experience. A new emphasis on operations and maintenance was introduced through the Performance Oriented Operations and Maintenance Management System (POMMS), which was designed and tested in eight cities. Also notable was the effort by Directorate General Bina Marga (not initially included in the original programming) to shift virtually all urban road planning into the IUIDP framework.

Source: Peterson et al. 1994.

F.2 City-Wide Integrated Municipal Services Planning, Programming, and Delivery

- 7.60 Municipal services include local roads development, electricity and water supply, drainage, sewerage/sanitation, garbage collection and disposal, and public transport. These should increasingly be planned and programmed in an integrated and participatory way, with the maximum extent of community participation possible. To do this effectively, their planning, programming and budgeting capabilities must be enhanced. Communities and NGO/CBOs must be perceived by municipalities as potential partners in the search for innovative

solutions. Such integrated planning and programming may provide for the design of infrastructure and services which are upgradable over time.

- 7.61 Provision of municipal infrastructure and services such as should be in conjunction with, and in support of, new residential land development. to maximise the benefits of infrastructure and services supply. Through infrastructure and services provision/denial the local government may guide the direction and pattern of urban growth. This provision policies must be unambiguously clear and consistent, particularly in its application to the urban poor, and supported by the regulatory framework concerned with land titling/subdivision and planning and building control.

8. SUPPORT TO MICRO-ENTERPRISES (MEs)

- 8.1 The growth of economic activities in the “informal sector” or micro-enterprises is an important component of economic development in urban areas. The informal sector will remain an important source of income and employment for the urban poor in most developing countries, primarily in the urban areas. Across developing regions, between 30-80% of the urban poor depend partially or entirely on the informal sector for their livelihood. Therefore, any strategy to alleviate poverty should focus on this heterogeneous sector. The main obstacle to support is the bias towards this informal sector among economic planners and policy makers, and the ignorance of how micro-enterprises operate. This informal sector is very diverse and covers multiple economic sectors, ranging from petty trading and domestic services to manufacturing, transport, and construction. The social groups, include craftsmen, scavengers, hawkers, daily labourers, street children, and women seeking to supplement their family incomes. Besides being survival strategies, these microenterprise activities contribute to economic development, as they constitute the backbone on which the urban economy thrives in most developing countries.

Micro-entrepreneurs Houses in Chile

In Conchali municipality (on the outskirts of Santiago) a micro-entrepreneurs house was created in 1991 with the support of several NGOs and specialised services from the local government (SERCOTEC). The main objectives of this initiative are to provide micro-entrepreneurs with:

- access to credit and financial services;
- management training;
- marketing support;
- assistance in the creation and development of a micro-entrepreneurs' municipal association.

The two major benefits of this initiative were:

- the creation of a single office for all micro-entrepreneurs in the informal sector. It is now possible to find all the services required by the informal sector under the same roof. The creation of an association would not have been possible without the support received from this initiative, which has helped to end the micro-entrepreneurs' isolation from other sectors.
- the new legislation on micro-enterprises in Chile currently under consideration has drawn very substantially on lessons learnt through the micro-entrepreneurs house in Conchali.

Source: Quiroz and Urzua 1993.

Issues

- 8.2 Often the formal financial sector is not prepared to assume the perceived costs and risks of a credit policy catering to the need of MEs. In many countries banks are also constrained to finance the informal sector by the regulatory framework. For short term credit, MEs usually have access only to money-lending services which are expensive; a minority have access to credit schemes managed by NGOs. For financing of equipment and buildings MEs often have no access to leasing and long-term credit. Due to micro-entrepreneurs' isolation they are often unable to develop a savings policy on their own or in conjunction with local communities.
- 8.3 MEs are not usually linked to formal enterprises with more sophisticated know-how; hence they are isolated and hindered in their ability to analyse and develop their "market niche". They also face administrative and legal constraints which impede their entry into some markets; in particular, the construction industry, urban services (waste disposal and recycling and popular transport), and commercial street activities.
- 8.4 The informal sector is mainly made up of workers who live on a day-to-day cash basis. Their preference is to fit into the trading sector, in which initial capital turn-around is faster than in the longer-term manufacturing and service sectors. In the case of illness or financial crisis, micro-enterprise capital, equipment or savings is usually sacrificed. Lack of economic security and job related skills impedes their movement into other productive activities.
- 8.5 In some countries/cities the predominant perception of the informal sector is negative. It is considered as a transitional situation to be eradicated as soon as possible or one which will disappear automatically with economic growth. This formal sector bias among policy makers is accompanied by ignorance of the informal sector and contributes to its marginalisation by local authorities and urban managers.

Municipal Support to Micro-Enterprises: An Example from Senegal

In the Senegalese economic context, micro-enterprises need to be given access to capital to finance their operations and the upgrading of their equipment. In order to address these needs, the municipality of Dakar established the Cellule d'Appui à l'Emploi et à la Promotion de l'Entreprise (Unit for support and promotion of employment and enterprise—CAEPE) in 1994.

One of the main objectives of CAEPE is to assist in the integration of young Senegalese in the national economic fabric through support to small-scale enterprises. Implementation of CAEPE's activities currently involve:

- providing potential entrepreneurs with documentation on economic activities they may target;
- performing feasibility studies for proposed projects.
- assisting potential entrepreneurs in developing economically sound projects and help them to find local financial support;
- intermediate to ensure that the neediest may obtain some minimal starting capital for setting up their micro-enterprises;
- providing basic training on enterprise management;
- assisting entrepreneurs in their day-to-day operations and monitor their performance.

CAEPE interventions cover all types of projects within municipal limits in the following sectors: agriculture, fishing, commerce and the service sector.

Source: Diop 1995.

Options for Municipal Action

8.6 Municipalities can provide a favourable environment for MEs and training and technical support This facilitating role may include:

- Developing an information base on MEs at municipal level to i) facilitate an integrated policy and ii) act as disseminator of information on credit and market facilities
- Setting up general support structures such as “micro-entrepreneurs houses”, or ME nurseries as a centre of information exchange, where the collaboration with formal sector enterprises, NGOs, and other potential support groups can be promoted, and organised.
- Zoning the location of MEs to facilitate easy market interaction, and develop economies of scale, including the efficient location of support institutions such as a small scale credit organisation. In specific circumstances, where MEs operate at the interface of rural, and urban economic activities, such zoning would also enhance rural-urban linkages.
- Further facilitating linkages with the formal sector. This could include: hosting meetings with the appropriate sectors (construction, waste disposal, informal transport) to organise exhibitions and events and disseminate information. The municipality could also arrange direct contracts with the sectors on behalf of the MEs. Incentive guarantee funds on the strength of which the formal sector may borrow for joint activities with the micro-

enterprises could be provided. (For example, in the case of street vendors, affordable credit would be provided by wholesalers to hawkers selling fruits and vegetables.)

- Supporting linkages with the formal financial sector. The municipality may provide a savings bank with a guarantee fund on the strength of which it may borrow elsewhere, and co-ordinate with NGOs' activities in credit support.

9. URBAN AGRICULTURE

9.1 Urban agriculture is an increasingly important survival strategy for the urban poor (and poor women in particular), as it provides an additional source of income and food and, for landowners, a profit-making business in urban areas. While some municipal administrations—such as the Shanghai Municipal Council—have recognised the importance of intensive food crop production within their area of jurisdiction, and have assumed responsibility for agricultural production units within the city boundaries, most municipalities in the developing world have at best not taken notice of the potential economic and social contribution of urban farmers.

Hydroponic Agriculture in Lota, Chile

Lota, a small traditional mining town has faced structural decline ever since coal mining, the economic mainstay of the town, became economically infeasible. The promotion of urban agriculture has become part of an integral plan of poverty reduction.

During the UMP/SCP supported municipal consultation on poverty chaired by the Mayor of Lota and participated in by representatives from the public and private sector, trade unions, and other stakeholders (Dec. 1994), successful past experiences (30% increase in household incomes) of hydroponic agriculture managed by a group of families supported by an NGO were presented. Based on this experience, the consultation proposed extending this practice to all interested families, setting up a local market and a marketing strategy with support from the municipality. The local NGO would procure technical assistance and manage credit granted by financial institutions supporting the informal sector. The Lota SCP co-ordinator, in association with the municipal authorities, would facilitate the co-ordination of a marketing strategy at the local and regional levels. Within the neighbourhoods, community-based organisations (CBOs) would provide technical assistance and organisation to the families involved.

Source: Audio-visual Lota SCP/UMP consultation report presented to the UN Social Summit in Copenhagen.

Issues

9.2 The main constraints for urban farmers are:

- Land use and land tenure problems: usually poor city dwellers cultivate on land they do not own and their activities are not considered when the municipality or land owners plan or (re-)define land use;

- The irrigation water issue: urban farmers sometimes use waste water that pollutes and contaminates food;
- Agricultural practices which do not suit the characteristics of the soil and do not take care of its conservation;
- Lack of technical assistance in agriculture, fruit tree development, and lack of veterinary services for small livestock raising; and
- Marketing is a common problem for small-scale producers of all crops.

Options for Municipal Action

9.3 Support actions by the municipality could include:

- Promoting increased knowledge of the economic, social, and environmental benefits and costs of urban agriculture. Economic benefits may include costs otherwise incurred by government for waste management and land maintenance;
- Redefining land use and reserving land for urban agriculture (e.g., in highways, rights-of-way or public parks, particularly in cases where the municipality finds it difficult to maintain these). In the case of some categories of hazardous land—e.g., land subject to flooding—urban agriculture should be recognised as a potential and legitimate land use;
- Facilitating access to market places for the produce of urban farmers. More specifically, municipalities may promote farmer markets where (peri-urban) farmers may sell directly to consumers;
- Promoting and/or co-ordinating technical assistance to urban farmers through co-operatives, NGOs' or other institutions regarding agricultural practices, soil conservation, proper water use, cropping patterns, small livestock breeding and access to credit; and
- Promoting innovative technologies such as hydroponic and indoor agriculture, container production, and climate enhancement (shelter from wind, plastic tunnels, use of waste peat).

10. ACCESS TO CREDIT

- 10.1 For people living in poverty, any small health problem, increase in school fees, or the expenses of a wedding or a funeral form a significant financial issue. Poor households only have a limited capacity to save and invest in housing or environmental improvements in their communities. In emergencies poor families are often forced to borrow from money lenders at high rates of interest. Although informal savings groups play an important role and are widespread, they often exclude the poorest and cannot respond adequately to social emergencies or larger credit needs of the poor.

The National Council for the Promotion and Development of Public Savings in Senegal

CONACAP, an NGO which specialises in the creation of savings accounts throughout Senegal, has initiated the establishment of a savings bank network in Dakar. The savings bank is an association of individuals who deposit their money in a common fund and borrow from the fund at low interest rates. It is a financial co-operative organised within a group whose members share a common bond through family, ethnic, professional or other ties. It is a not for profit organisation. The account holders own and control their savings, elect an Administrative Council, which has the authority to employ a manager. The institution teaches members the principles of economics, the need to save regularly and the prudent use of credit.

Source: Diop 1995.

Issues

- 10.2 Formal banking and credit systems are not accessible to the poor because of complex procedures, collateral requirements, and physical and social barriers. Informal sources of credit, such as money lenders, who are readily accessible, charge high interest rates for loans. Informal savings clubs or groups are not usually exploitative, but have a limited credit capacity because they are not linked to the large formal systems.

Options for Municipal Action

- 10.3 Municipalities can effectively facilitate expanding the poor's access to credit by encouraging and supporting commercial banks to create special purpose facilities for poor groups, such as hawkers and petty traders (market banks); and lending to women and to savings groups (Grameen Bank style). There are many examples of experiences of resource mobilisation by urban communities through savings and credit societies. The "tontines" and community banks of West Africa, especially those of Nigeria, are good examples of promising practices.
- 10.4 Municipalities may also encourage the establishment of community-based credit unions or banks and facilitate links among such groups and with the formal banking system. The municipal role should be limited to an enabling one, as municipalities have no comparative advantage to be directly engaged in credit provision.

11. ACCESS TO JUSTICE

- 11.1 Democratic societies can only exist and flourish in a setting which guarantees due process of law. Shared values are a precondition for social cohesion and the creation of a social fabric. Although generally defined as the formal judicial system, justice encompasses all regulatory frameworks existing in a society for the settlement of conflicts. Its principal agents are the judicial system and legal experts (judges, magistrates, lawyers etc.), the police, and urban managers. In addition, there are an assortment of informal practitioners and agents who, through their social standing and interactions, are called upon to resolve social conflicts. Limited access to the judicial system by the urban poor is a major challenge

facing both local and central governments in the cities of the developing world. This has led to either a substitution of formal justice by informal practices which in extreme cases are manifested by “spontaneous self-justice”, or the existence of a state of lawlessness which creates insecurity and impunity, undermining social cohesion.

The French Experience of the Decentralised “Houses of Justice” (HOJ)

At the municipal level it is an interesting model which has successfully contributed to the control of violence in the suburbs. In a quest for proximity, mediator’s offices have been installed at neighbourhood level to fight petty crime: vandalism, theft, domestic violence, etc. The houses of justice were not created to pass judgement but rather to uphold the law, combat any sentiments of impunity and ensure compensation for victims.

For example, the 20 HOJ on La Reunion Island are based on a partnership between the municipality, the judiciary and the state. The municipality takes the initiative in the establishment of the HOJ, provides the infrastructure(local), cost-shares the equipment with the state and meets the operational costs. The judiciary provides training for the mediators and monitors their activities. The state evaluates and co-ordinates the various HOJ at provincial level. Specialised NGOs provide direct assistance to the victims. The municipality also has its own council for crime prevention, which is a partnership between the main actors within the city (private sector, NGOs, CBOs, local authorities, judiciary, police). In St. Denis (the capital city) a “Municipal Observatory of crime” has been established.

The mediators who are non-professionals and work on a volunteer basis, deal with civil and criminal issues. The experience with the HOJ system after three years shows that, instead of the HOJ receiving cases sent down by the judiciary, the people increasingly present their problems and complaints directly to the mediators, indicating popular acceptance of this approach and a change in the image of justice.

This kind of justice in poor or new neighbourhoods (re)builds the social fabric in the neighbourhood and reinforces the credibility and the activities of each partner: the municipality, the judiciary, the state, and the police.

Source: Bernard Legras, “L’appareil judiciaire et la justice de proximité,” paper presented at the International Conference of La Reunion on Urban Security 4-8 (December 1995).

Issues

- 11.2 The increase in violence and lawlessness in many cities particularly affects poor neighbourhoods. In some cities and countries spontaneous self-justice has developed as a way to respond to violence. The sub-culture of violence attracts, particularly in periods of recession, young people and is linked to the growing problem of drug abuse and trafficking. Domestic violence is manifested more frequently amongst the urban poor, particularly against women and children.
- 11.3 As far as administrative justice is concerned, the urban poor are disadvantaged due to their lack of personal contact within the bureaucracy and their limited formal education. This particularly affects access to land and housing.
- 11.4 Often the urban poor who live on the most marginal land with the poorest services and greatest exposure to toxic waste and air pollution, suffer most from environmental

degradation; environmental protection norms appear not to be applicable to such communities.

Options for Municipal Action

- 11.5 The municipality can, in co-operation with the communities concerned, the judicial system and the police, give legitimacy to and institute procedures and criteria to deal with specific local cases within the communities themselves, effectively legalising and formalising existing informal practices.
- 11.6 Decentralisation (or municipalisation) of justice, with the participation of CBOs, or with the active co-operation of specially appointed judges will enhance access to justice for the poor.
- 11.7 In cities with high levels of personal and domestic violence and/or with considerable impact of the sub-culture of violence, the municipality may consider programmes to link community groups with law enforcement agencies (guided community policing), and programmes of employment generation targeting young people.
- 11.8 Better organisation at the municipal and community level to mitigate environmental problems and to obtain better protection from natural disasters will stimulate municipalities to become more aware of environmental risks and their incidence among different groups of the population, and to develop and enforce by-laws and regulations mitigating the adverse environmental effects of building and manufacturing. This can take place through an “environmental committee” or sub-committee of the municipal council, but instituting such a committee should take place in close consultation with local environmental groups.
- 11.9 Administrative justice may be enhanced by:
 - The creation of a department or a cell within the local government to address the needs of the poor. This department should have as its primary role the co-ordination with other departments and institutions.
 - The institution of an “ombudsman”, and/or of a legal advisory service by volunteer lawyers or law students.

12. SOCIAL EXCLUSION: STREET CHILDREN AND SCAVENGERS

- 12.1 Every country or city has groups that suffer social exclusion and every crisis, recession or human disaster generates new social exclusion. In this section two socially excluded groups are discussed of which the emergence is brought about by poverty and for which the municipality has a key role to play in the implementation of a sustainable and integrated approach in reducing the extent of their exclusion. For example, in Dakar, Senegal pavement dwellers are often living on humanitarian assistance provided by the municipality. However in such a case, a sustainable response should be included in some part of a housing policy or in a support policy in the informal sector. NGOs and other actors

could contribute effectively to rescue street children or alleviate the poverty of scavengers. Without municipal support, however, any such NGO assistance will remain limited.

Two Types of Street Children in West Africa

1) Children in Crisis

From their vantage position in city centres and other areas highlighting the contrast between the rich and the poor, children in crisis represent a majority of the children in especially difficult circumstances. They arouse great concern by their appearances and behaviour. Their state of homelessness is primarily caused by their families have broken up. This is why they try to recreate warmth and togetherness within their gangs. They often use drugs, the nature of which depends on the age and status of the member in the gang.

2) Beggar Children

This is a new phenomenon which is growing especially in societies where begging is accepted as part of the social and religious culture. These children can be sub-divided into two groups:

- children who beg as part of a family. These can be found in cities where they beg and sleep on the streets with their parents. Some are even loaned to handicapped persons to assist them in begging.
- children who beg to collect funds for their koranic schools (talibé, garibou, etc.) These children are specific to Islamic cultures or those that maintain the traditional koranic school practice which implies self-sponsorship. As these schools are transposed into today's money culture, children are forced to beg to help maintain the institutions. Although some school masters only seek what is required for the schools, others use this practice to enrich themselves. Some children forced to beg in this way escape this exploitation and take to life in the streets.

Source: Marjuvia 1994, pp. 595-96.

These selected examples indicate that any approach towards victims of exclusion should be based on an integrated policy: the scavengers issue is not only an economic problem related to waste disposal, nor are street children only a problem of education. Both issues involve economic, social, human (self-esteem) and cultural aspects, which have to be addressed in an integrated way.

A. Street Children

12.2 In many developing countries, the number of street children increases as the process of urbanisation proceeds. Considerable numbers of children live without the affective and material support of a family. They face a high risk of becoming drug-addicts, and are an easy prey for the sub-culture of violence. Female street children are often forced into prostitution and run the high risk of contracting AIDS and sexually related diseases.

Street Children: The Mexico City Experience

The city has several tens of thousand street children. Several NGOs and private groups supported by the municipality have assumed the responsibility of caring for these children. Support activities comprise the following:

A regular survey is carried out to identify their numbers, meeting places, geographical and social origins and their behavioural patterns. Rescue centres offer meals and work to children who come in from the street. Other opportunities include technical training and drug-counselling. Theatre, sports, and training-by-doing are used in an atmosphere of individual and group responsibility to rehabilitate street children. Workshops are funded entirely by the sales proceed of products made by the young craftsmen. The municipality, in collaboration with several NGOs, has built a bakery for ex-street children, the majority of whom have been recruited by the navy.

Source: Documentation presented by the City of Mexico at the Mayors Conference on Children in the City of Mexico, June 1993.

Issues

- 12.3 Poor children are often forced to work in the streets, initially in order to contribute to their family's income. After having worked on the street they frequently leave their families, as a result of poor treatment, violence, abuse, or because their families break up. They then become street children. The rising number of AIDS and civil strife victims in some regions exacerbates this process, generating more orphans, and increased vulnerability among children. Street children, and particularly abandoned street children often become drug-addicts, and many female street children are forced into prostitution.
- 12.4 In order to "clean-up" their cities, municipalities and governments repress street children and sometimes forcibly move their rescue centres to the periphery of the cities, which defeats the purpose of these institutions.
- 12.5 Municipalities and governments sometimes ignore the magnitude of the issue, and seem unaware of the practices and the methodological approaches which have been developed by UNICEF, NGOs, and church organisations.

Options for Municipal Action

- 12.6 The municipality, in co-ordination with NGOs, church groups, and institutions managing rescue centres, should design policies of reintegration, including appropriate locations for rescue or day care centres , support existing ones, and establish networking and training centres.
- 12.7 The municipality could design and implement a regular survey of street children to keep track of numbers, origin, places of meeting , and types of "work" (as in the Mexico City example; see box above). Tested methodologies for this kind of survey have been successfully implemented in various cities with UNICEF and NGOs, and support networks.
- 12.8 Agreements of the "Mayors for Children" Conference should be reviewed and implemented, and a campaign on Children's' Rights developed to stimulate exchange of

information and experience among networks. In the long run the objective is to develop social policies which protect street children. by put into practice the Child Rights Convention. The spectrum of possible measures in this regard are: improving social, educational, and health services and housing for children, enforcing laws dealing with child labour, promoting programmes to eliminate malnutrition, enhancing the protection of children against all forms of abuse, and extending services for children of working mothers.

B. Scavengers

- 12.9 Waste disposal systems generate significant employment opportunities for the informal sector, particularly for scavengers and their families. Collaboration between the formal and informal sector may lead to recycling activities where private companies contract scavengers and micro-enterprises of small garbage pickers to collect specific items (paper, glass, iron, plastic, organic waste). To operationalise effective and efficient informal sector involvement in garbage collection and recycling, a change in the way municipalities approach this issue will be required, through the establishment of formal collaboration arrangements—instead of conflict—between formal and informal sectors. However, to develop such solutions requires a process of capacity-building among the scavengers, garbage pickers, and the informal sector involved in waste disposal.

Issues

- 12.10 A major issue is the marginalisation which goes with the scavengers' social status, implicitly created and assumed by themselves. In some societies scavengers consider themselves to be a "sub-human" social category. This is primarily a family problem: scavengers' families work day and night (the children going with their parents at night, often sitting and sleeping within the cart, covered and protected by "classified garbage"). Among scavengers' children, the precarious and familiar working conditions and the early experience of filth identified with family activity and status often leads to deviant behaviour and low, if any, levels of education. This situation affects each family member from childhood and makes them, particularly women and children, more vulnerable.
- 12.11 Depending on the extent of separation of toxic waste from domestic solid waste before this is finally disposed, scavengers will be subject to high risk exposure to hazardous waste like toxic industrial and hospital waste.
- 12.12 Scavengers' working conditions and status lead to poor self-perception and self-confidence, in addition to lack of social security and low education and cultural levels. This leads to extreme individualism and makes any social association nearly impossible. As a group, scavengers are not necessarily the economically poorest, their marginal existence and lack of social cohesion inhibit their ability to save. To improve their standard of living, they need organisation in matters of storage, provision of equipment, information, and access to credit to develop small enterprises of recycling activities.

Options for Municipal Action

The municipality has a dual role as facilitator and as a direct source of employment contracts.

- 12.13 The municipality may promote and support initiatives of NGOs or private institutions who work with scavengers and focus on their cultural and economic integration. This could include the provision of a “scavengers’ houses” where they can have meetings, stay and rest between workshifts, particularly at night, and where their children can stay at night when their parents work. The “scavengers’ houses” could also provide kindergarten and primary school facilities.
- 12.14 The municipality may recognise scavengers’ associations as partners and negotiate specific contracts for waste evacuation with them. In the interest of safer solid waste disposal, the separation of toxic industrial and hospital waste from domestic waste could be enforced. This would not only reduce scavengers’ health risks, but also facilitate the recycling of selected waste materials by scavengers. The municipality could organise a campaign to improve scavengers’ access to such selected waste (e.g., cardboard, paper, glass, and various types of plastics) and intermediate between enterprises using the recycled material and the scavengers.
- 12.15 The municipality could help scavengers to establish elements of a form of social security system by negotiating agreements for access to medical services with clinics, pharmacies, and doctors. It could also help enforce basic hygiene standards for scavengers and negotiate rules related to such standards as a condition for obtaining or renewing a contract.

13. DEVELOPMENT OF MUNICIPAL POVERTY REDUCTION ACTION PLANS: INITIAL EXPERIENCE WITH THE CONSULTATIVE PROCESS ADOPTED BY UMP

- 13.1 Experience gained from initial UMP-supported interventions (assessments and city consultations) on municipal urban poverty reduction options in the municipalities of Cebu (Philippines), Sukkur (Pakistan), Dakar (Senegal), Lota (Chile), and El Alto (Bolivia), as well as from the preparation phase in other African cities, suggests that these interventions should be designed as a consultative process. The initial outcomes of the city consultations held indicate that the development of this process must acknowledge local needs and decision making culture, must be organised in a participatory way, and followed-up with the support of a critical mass of involved actors. The experience gained from the initial interventions has also helped to firm up the specific steps to be taken in this consultative process. These are described below. As experience with this approach matures, more detailed guidance documents may be developed.

A. The Need for a Local Poverty Profile

- 13.2 The poverty situation obviously varies from city to city, but the development and review of a poverty overview and assessment study (a local poverty profile) as prepared for the above city consultations has proven to be a decisive condition for a successful approach.

- 13.3 This is so, firstly, because many aspects of poverty in the city are usually not well known, and often these gaps are ignored. Even where a poverty reduction programme is ongoing (as for example in Cebu), not all potential action elements are equally well covered, and in some cases political instinct and charisma has replaced—often successfully—pertinent knowledge of the situation. The poverty assessment helps to fill such gaps and to highlight the main issues and their relative importance.
- 13.4 Usually poverty is seen as an umbrella concept covering heterogeneous realities. The common indicators most often used are national indicators (poverty lines, social indicators, access to housing and services/infrastructure, etc.) utilised by decision makers at macroeconomic level. Increasingly, however, poverty indicators are also used in a desegregated way, e.g., at city, community, and household levels. (See Moser et al. 1995 for a review of urban poverty indicators and of possible techniques to use such indicators for a rapid assessment of urban poverty at these levels.) The poverty assessment, as it has been utilised in the above UMP consultations, comprises both the collection and analysis of existing data on poverty within the city, as well as an overview of policies and programmes (if any) addressing the issue. The first dimension is complemented by an assessment of the way the poor are identified in the city and how they perceive their own situation. Finally, the assessment includes an identification of the main gaps/deficiencies regarding municipal or state policies, as well as of the attempts made by the poor or their organisations to overcome their situation.
- 13.5 The poverty profile aspect of the assessment based on existing data has proven to be a relatively straightforward task for an expert familiar with the local situation. The quality of the overview has varied, but as long as the basic data (for a useful checklist see Moser, et al. 1995, p. viii) have been synthetically and comprehensively reviewed, this will not substantially affect the result of the consultative workshop or subsequent follow-up activities. The development of a “contextual” approach to the situation of the poor has proven more difficult. A perception of the demand and potential of quite heterogeneous groups of poor people is essential. The demand for urban services, for instance, varies from city to city according to people’s demographic characteristics, habits, inputs, market, distances, quality of services, labour market, climate or topography.

The Poverty Assessment in Sukkur, Pakistan: A Contextualised Description of the Urban Poor in the City

The poor (defined as households with monthly incomes of less than Rs 2,000) constitute about 65% of the total population of Sukkur. Most of them live in *katchi abadis* (informal settlements). *Katchi abadis* are situated on state land, along railway lines in the southern part of the city, on the edges of large ponds, on river and canal embankments, and on the periphery of the city. People living in these *katchi abadis* have no formal access to land, the housing market or basic civic services, except for water and electricity. The poor can be divided in 4 groups as follows:

Group I: This group consists of communities living in planned areas or the *pakka abadis* of Sukkur as opposed to *katchi abadis*. This group comprises 20% of the poor.

Group II: This group consists of people living in the older *katchi abadis* (over 20 years old). These are ethnically homogenous settlements. There are separate *abadis* of Mohajirs, Sindhis, and Punjabis. Forty percent of the urban poor live in such *abadis*.

The above 2 groups comprise the richer segment of the poor, and there is no real difference in income levels of the two. However, group I living in the planned areas has better access to water supply, sewers, education, and health services. In addition, as they do not live in *katchi abadis*, they are considered more respectable and socially superior.

Group III: This group comprises 25% of the urban poor. They live in new *katchi abadis* which are ethnically mixed. As the Mohajirs are moving to Karachi, two types of social groups are increasingly dominant in the city. One is the unskilled and uneducated-educated Sindhi speaking group of people who are unable to find a source of livelihood in the rural areas. The second is a group of enterprising Punjabis who are traders or work as artisans. Both groups are generally economically and socially upward mobile. With the passage of time, conditions in their settlement improve as they consolidate themselves.

Group IV: Comprises a marginalised group of poor urban residents. They comprise 15% of the city's poor and include:

- nearly 10,000 fishermen called the Mohanas settled along the river bank in the Old City. They are one of the oldest ethnic groups in Sindh. This group has traditionally been considered low caste. Their children do not go to school, and they have no social or economic mobility. Most of them are in debt to middlemen who pay for their boats and nets. As such they are almost bonded labour to the money lenders and contractors who finance their productive activity;
- there are between 1,000 to 1,500 scavengers in the city. They work for contractors and are paid by the volume and nature of the solid waste they collect and sort out. Metal, plastic, paper, and cardboard collected and sorted from the city dumping grounds are sent to the Punjab for recycling. The middlemen are Punjabis. The scavengers are Pathans from the north of Pakistan and Afghan refugees. They are semi-nomadic and live in tents. The middlemen also receive recyclable solid waste from a small group of 60 to 70 junk dealers who collect it from peoples homes. The majority of these dealers are Pathans and Mohajirs and a few Sindhis.

Source: Siddiqui and Hasan 1994a.

- 13.6 For instance, the assessment of a scavenger group cannot only be a summary of the usual indicators (income, family size, education, health, etc.), but must also include an analysis of their relationships/conflicts with municipal waste disposal workers, the perceptions local residents have of the group, their working place (dumping site, street etc.), their organisation, their access to storage, and their access to health and urban services. Likewise, the position of the informal sector in the city depends on very specific local factors: local credit access, specific local market, number of micro-entrepreneurs, the level of organisation, and (type of) linkages with the local formal sector.

- 13.7 The apparent needs of the poor do not necessarily comprise their highest priority. For instance it is commonly accepted by the informal entrepreneurs and analysts of the informal sector that access to credit is the most important need. However as the Latin American experience shows, in urban areas access to credit appears to be only one of the needs and not the most important: management skills and marketing experience are often more relevant requirements. The poverty assessment may verify such priorities in the city-specific context.
- 13.8 Another important reason for carrying out a poverty assessment is that, if sensitively done, it could be the first phase in the process of reaching consensus among the main stakeholders on a programme of action. This implies that the main findings, at the end of the assessment, need to be cross-checked with representatives of the most active local organisations.

Consensus-Building in Lota, Chile, through the Poverty Assessment

One of the main findings of the assessment in Lota was the identification of low self-esteem of the local community, which expressed itself in a common political practice of transferring the responsibility of the city's crisis and poverty exclusively to external actors(government, trade unions, and other entities). This was recognised and accepted by the representatives of the most active organisations during meetings at the end of the poverty assessment, with the team in charge of it. The consensus reached facilitated a constructive orientation of the workshop.

Source: Summary report on UMP-supported poverty workshop, 1995.

- 13.9 The poverty assessment is not necessarily a one-off exercise. Specific issues identified during the ensuing consultative workshop could be further analysed in depth, particularly if they relate to practical solutions. For instance, based on the recommendations of the Dakar consultation, further studies have been initiated to identify the beneficiaries of the municipal "humanitarian assistance" and to recommend solutions for reform of this unsustainable municipal practice. Also, based on the workshop's recommendations, an additional study has been carried out on possible municipal support mechanisms for micro-enterprises.
- 13.10 However several important aspects should be carefully considered:
- The poverty assessment should not pre-judge the selection of priorities during the subsequent consultative meeting(s) and the assessment, therefore, should at most present alternative action options.
 - The poverty assessment should unambiguously assess the political willingness and the institutional capacity of the municipality to implement a poverty reduction programme. A request to UMP or another agency to assist in developing such a programme does not necessarily mean that the municipality has the capacity to carry this out. For instance, if a UMP intervention would have the impact to significantly expand the scope of on-going activities supported by the municipality, this carries a significant risk of non-performance. Similarly, a successful ongoing project addressing environmental issues,

infrastructure development or other problems does not mean that the municipality is automatically prepared to also face poverty issues.

- UMP has been requested to assist in facilitating poverty consultations at city level in several African countries which are in the aftermath of civil war. The post-war situation always generates a difficult reconstruction process which invariably involves local authorities. Such circumstances provide specific opportunities to rebuild governance and social integration in the cities concerned. However, interventions in such cases run the risk of mixing up emergency actions with development programmes. UMP interventions aim at structural development and not emergency remedial action. The natural tendency for local authorities in a post-war situation is to pursue emergency actions in view of the urgency of the situation. In such cases the poverty assessment should clarify the distinction between such actions. For example, with regard to informal sector support, the actual inflation rate, market distortions, and lack of financial services in an immediate post civil war situation limit the prospects for direct governmental support in the development of this sector. Capacity building of specialised NGOs may therefore be a more appropriate intervention in such post-war cases.

B. Consultative Workshops

- 13.11 The poverty assessment should lead to a carefully prepared consultative workshop. Participants of the workshop should represent the broad spectrum of stakeholders: city authorities, local private organisations, political leaders, NGOs, and representatives of other government agencies involved in urban services delivery, employment generation and/or in poverty reduction.
- 13.12 The initial UMP consultations suggest that the workshop agenda is most usefully divided in four parts:
- poverty assessment presentation
 - one or two panels discussing the main topics
 - working groups
 - conclusion
- 13.13 A team of facilitators is particularly needed in the working groups which comprise participants from different cultural backgrounds and social levels. Reaching a consensus in the working groups is essential and saves time in the implementation of follow-up activities. The workshop is meant to provide a mandate to the municipality to develop and co-ordinate with the other local stakeholders a number of priority actions on which agreement has been reached. The workshop should establish working groups for the follow-up period with clear responsibilities.
- 13.14 From the initial consultations held, it appears that low-cost or no-cost actions clearly are the high priorities for immediate actions. Successful examples include hydroponic agriculture, expansion and improvement of working conditions for residual coal miners through small-

scale infrastructure, and self-help construction These projects could easily be supported by NGOs, requiring only agreement and co-ordination between the municipality, CBOs, and NGOs.

- 13.15 Additional workshops provide an opportunity for evaluation, and if needed, for a reorientation when follow-up activities are implemented. This also enables local authorities to disseminate their experience. These workshops are likely to deal with more specific subjects than the initial one and would be meetings of stakeholders and experts in the selected priority activities. The frequency of such evaluative workshops is usually established before activities are implemented.

C. Follow-up Activities

- 13.16 The initial UMP experience suggests that the initial consultative workshop normally leads to three types of proposals: the first comprising the improvement of on-going activities or the implementation of projects self-financed by the municipality or local actors. The UBSP in Cebu or small projects such as hydroponic cultivation in Lota are typical examples.
- 13.17 The second category comprises new projects for which additional funding is required. In such case UMP may assist in defining a strategy of fund raising with the local partners, as indicated from the results of the Dakar and Lota consultations. Fund raising, which could take between six months to one year, is also part of the process of capacity building for the city authorities and for the team which backstops the activities.
- 13.18 The third category of proposals typically relates to a situation in which some funds are already committed for the proposed actions. This allows for immediate follow-up and gives time to find complementary funds (if needed) for developing broader-based activities.

All three types of activities contribute to capacity building at local government level.

D. The Need for a Local Support Team

- 13.19 Irrespective of the financial resources available, the support of a local team is needed to ensure the continuity of the initiative. Considering the limited UMP resources, it may only be possible to create a UMP team specifically for the initiative. In most cases it will be more practical to draw on the support of an existing project such as the SCP in Lota or Dakar, and the UBSP in Cebu.
- 13.20 If no project appropriate to the consultative UMP approach exists, and funds are not immediately available, the municipality could provide some support or an agreement with an NGO. Without potential permanent local support there is little rationale for UMP interventions.

E. The Need for a Monitoring System

13.21 Initial UMP interventions (a good example is shown by the experience in Cebu—see box below-) have highlighted the need for a poverty reduction focused monitoring system for municipal actions. Available urban poverty research outputs have suggested some broad performance indicators which can be used for a model monitoring system. (See Moser et al. 1995.) Generally, these are indicators similar to those used in the poverty assessment study. However, a practical problem is posed by the fact that where municipal leadership is genuinely concerned with reducing poverty, it generally looks for two dimensions of monitoring, which are not covered directly by the broad indicators used at the assessment stage, i.e., a) specific indicators measuring the effectiveness of the specific agreed-upon programmes, and b) mechanisms to improve co-ordination between the range of municipal programmes, with a focus to enhance their poverty reduction impact.

Priority for a Monitoring System in Cebu, Philippines

The poverty assessment in Cebu identified the lack of a monitoring system and lack of co-ordination for data collection between the main (specialised) municipal departments and NGOs. This meant that the poverty reduction activities carried out by the municipality were only based on a political approach, assuming the active presence of a NGO in a neighbourhood as an indicator of poverty (which happened to be accurate in case of Cebu). It also implicitly assumes that the projects and programmes developed by some NGOs (sometimes with the support of international agencies) specialised in poverty issues are successful and replicable (which is only partially true). Without having had benefit of the poverty assessment, these structural issues would not have been clarified in time, and would only have become clear when the Mayor's charisma would no longer be there to keep the programme going. This was recognised in the city consultation, which confirmed the development of a monitoring system as a high priority action item.

Source: UMP consultation on poverty reduction in Cebu, Summary and conclusions, 1995, unpublished.

13.22 Tentatively, a monitoring system could include yardsticks related to the beneficiaries of the intervention, to the city authorities and to the city residents at large. Some initial suggestions are the following:

Regarding the beneficiaries:

- sectoral indicators related to the selected area(s) of intervention (income, health, housing etc.);
- qualitative indicators of the change in their overall poverty situation (how is their overall poverty situation affected by reducing one aspect of poverty?);
- assessment of the perception of improvement by the beneficiaries;
- assessment of the urban poor beneficiaries self-esteem.

Regarding the city authorities:

- evaluation of their state of knowledge of the urban poor and of their ability to design instruments to assess the poverty situation;
- assessment of their capacity to mobilise funds within the city for poverty reduction;
- assessment of their capacity to facilitate the local private sector, NGOs or government initiatives addressing the urban poor;
- assessment of their capacity to mobilise the urban poor in poverty reduction activities.

Regarding the city:

- qualitative assessment of the integration of the beneficiaries within the city;
- assessment of the capacity to generate a social consensus in the city among stakeholders with differing interests;
- assessment of the existing organisations of the urban poor to build their own persuasive capacity to influence public action;
- *change in the perception and behaviour towards the urban poor among local residents.*

Clearly, this is an area in which much further conceptual work needs to be done, and tailored to specific needs, as articulated by the city consultations. In time to come this may well turn out to be one of the most demanding areas for follow up, both in terms of resource requirements, but also in terms of intellectual challenge to the UMP and its local partners in urban poverty reduction.

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