



---

# **AN URBANIZING WORLD**

---

**GLOBAL REPORT ON HUMAN SETTLEMENTS  
1996**

---

**EXECUTIVE SUMMARY**

---



**UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS (Habitat)**



**AN URBANIZING WORLD**  
**GLOBAL REPORT ON HUMAN SETTLEMENTS**  
**1996**

**EXECUTIVE SUMMARY**

HS/397/96E  
ISBN-92-1-131309-0

## FOREWORD

*An Urbanizing World. Global Report on Human Settlements 1996* reviews the current state of human settlements world-wide, analyses the factors that influence their development and projects their likely conditions into the 21st Century. The Report, which is a sequel to the first edition published in 1986, provides a comprehensive assessment of major issues and trends accounting for the complex transition into a world dominated by cities and other urban areas.

While in 1975 only 37% of humanity lived in towns and cities, this rate has risen to 45% in 1995. At the start of the next millennium, every second human being is expected to live in an urban area, and this trend is likely to continue. This transition into an urbanized world has enormous implications for the world economy, for social conditions, as well as for the state of the world environment. The Report highlights the contribution of urbanization to national economic and social development. Urbanization is seen as an essential part of most nations' development towards more stable and productive economies. Well managed urbanization has the potential to lead to improvements in the living standards of a considerable proportion of the world's population.

Most countries of the developing world with high rates of urbanization in the last decade also experienced higher economic growth. In addition, an increasing number of cities have taken on significant roles in the globalization of the economy, particularly with regard to financial services, commerce, transport and telecommunication. However, in many countries, the rates of urbanization exceed the capacity of national and local governments to plan and organize this transformation. As a result, new forms of urban poverty have emerged, manifested through poor housing conditions, insecure land tenure, and homelessness. Moreover, poorly managed cities have negative impacts on environmental conditions.

The Report covers such pertinent social issues as poverty, inequality, gender, crime and violence, as well as pressing institutional concerns. It also examines important challenges such as public-private cooperation, financing of human settlements

development, land adjudication, and the changing roles of central governments, local authorities and communities. Some of the important points emerging from the analysis of human settlements conditions and trends include the following:

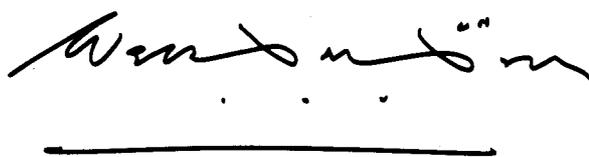
- The world has witnessed notable economic and social progress during the last decades. This is shown in, among others, higher life expectancy, lower infant mortality, higher literacy, and increased participation of disadvantaged groups. But economic and social gains are, however, unequally distributed between and among countries of the North and South.
- Social gains have lagged behind economic gains. A large proportion of the world's population remains deprived of basic services such as water supply and sanitation. The deprived population is particularly large in those countries of the South where economic progress was slow.
- Poverty is a growing problem worldwide both in the rural and urban areas and impacts negatively on human settlements. At least 600 million urban dwellers in Africa, Asia and Latin America live in "life-and-health threatening homes" and neighbourhoods because of the very poor housing and living conditions and the lack of adequate provision for sanitation, drainage, removal of garbage and health care. An increasing number of the urban poor are also homeless in both developed and developing countries, with current estimates of the homeless population being over 100 million.

The Report draws the attention of the reader to the growing numbers of urban squatter invasions and to the increasing cases of evictions and demolitions of squatter settlements affecting hundreds of thousands of people. Illegal or informal land markets for housing have encouraged slums, informal and squatter settlements. *"An Urbanizing World"* points out that there are significant problems associated with unplanned and poorly-managed urbanization, such as environmental deterioration. **Poorly managed, cities and towns contribute to unsustainable production and consumption patterns.**

They also generate unmanageable wastes which negatively impact on land and water resources as well as on the atmosphere. Sustaining healthy environments in the urbanized world of the 21st century represents a major challenge for human settlements development and management.

With increased social, economic and environmental impacts of urbanization, growing consumption levels and renewed concerns for sustainable development since the adoption of Agenda 21, the necessity for planning becomes more evident. Environmentally sound land-use planning is central to the achievement of healthy, productive and socially accountable human settlements. The challenge is not only how to direct and contain urban growths, but also how to mobilize human, financial and technical resources to ensure that social, economic and environmental needs are adequately addressed. Considering the limited effectiveness of current methods and approaches to settlements planning, new procedures have to be devised that can be adapted to each society's present conditions and future aspirations, based on new forms of partnership and good governance.

The Report points out that enabling strategies do not imply a retreat by governments from housing and infrastructure provision, but rather the assumption of new roles. One of these new roles is ensuring there is a competitive but regulated market in land, housing finance and building materials. Governments must also ensure that rules and regulations enable rather than restrain investments into housing and infrastructure. In his foreword to the 1996 Global Report on Human Settlements, the Secretary-General of the United Nations emphasizes the significance of transition towards an urbanized world for shaping the future development agenda.



---

Dr. Wally N'Dow,  
Assistant Secretary-General, UNCHS (Habitat)  
and Secretary-General,  
Second United Nations Conference  
on Human Settlements (Habitat II)

<b>FOREWORD</b>	i
<b>PART I. CONDITIONS AND TRENDS</b>	<b>1</b>
THE GLOBAL CONTEXT	1
Recent World Economic Trends; Changing Macro-Economic Conditions and Impacts on Human Settlements; Structural Reforms and Structural Adjustments; Changes in Population and in Households; What Underlies Urbanization; International Migration; The Relationship Between Economic Growth and Urbanization	5
SOCIAL CONDITIONS AND TRENDS	5
Assessing Progress; Poverty; Homelessness; Economic Decline and Structural Adjustment; Increasing Urban Violence; The Processes That Underlie Impoverishment; Household Responses to the Process of Impoverishment	9
ENVIRONMENTAL CONDITIONS AND TRENDS	9
The Costs of Poor Environment; The Urban Environment; Natural and Human Induced Hazards; Freshwater; Non-Renewable Resources; Global Environment	13
INSTITUTIONAL TRENDS AND SETTLEMENTS GOVERNANCE	13
The Governance of Settlements; Decentralization; Democratization; Local Social and Environmental Movements and NGOs; Financing Local Services Within Countries	
<b>PART II. INSIDE HUMAN SETTLEMENTS</b>	<b>18</b>
HOUSING	18
Assessing Conditions; Housing for Low-Income Groups; Rental Housing; Public Housing Stock; Owner-Occupied Housing	20
LAND AND LAND MARKETS	20
Land Markets for Housing; The Role of Government in Informal Land Markets; International Influence on City Land Markets	22
INFRASTRUCTURE AND SERVICES	22
Water Supply; Sanitation; Solid Waste Collection; Transport; Communications	
<b>PART III. RESPONSES TO CONDITIONS AND TRENDS</b>	<b>26</b>
SETTLEMENTS PLANNING AND MANAGEMENT	26
New Directions in Settlements Planning; Institutional Implications of Planning Innovations; Innovations in Land Development and Management; Management of Environmental Infrastructure; Transport Management; Tools and Methods to Support Participation; Training for Settlements Management and Development	31
HOUSING AND BASIC SERVICES	31
From Housing Supply to Enablement; How Government Policies Have Changed Since Vancouver; The Construction Sector: Challenges and Opportunities; New Partnerships	36
FINANCE FOR HOUSING, INFRASTRUCTURE AND SERVICES	36
Government Programmes For Housing Finance; NGO Programmes for Financing Housing and Basic Services; International Finance for Housing, Infrastructure and Services	40
ENVIRONMENTAL PROTECTION AND RESOURCE MANAGEMENT	40
Limitations to Current Approaches; Resource Conservation and Waste Management; Developing Local Agenda 21s; Reducing Cities' Ecological Footprint; International Innovations	
NEW DIRECTIONS FOR HUMAN SETTLEMENTS: ADDRESSING SUSTAINABLE DEVELOPMENT GOALS	44
A Rapidly Urbanizing World: Cities as Solutions; Sustainability in Human Settlements Development; The Enabling Approach and Partnerships	



# PART I

## CONDITIONS AND TRENDS

### THE GLOBAL CONTEXT

#### Recent World Economic Trends

Although in aggregate, the world economy has expanded considerably over the last two decades, it has experienced a fluctuating growth pattern. The 1980s began with the fear of a return to high inflation, following the 1979 - 1980 oil price increase. When coupled with the structural problems facing the major economies, there was a fear of recession. However, the leading economies were better prepared and were able to use firmer monetary and fiscal policies that not only contained inflation but improved their economic performance. By 1984, the average inflation level within OECD stood at around 5 per cent compared with nearly 13 per cent in 1980. However, the recovery remained weak. Average real GDP growth rates for OECD countries fell from 3-4 per cent during the 1970s to less than 2 percent in 1980 and 1981 and zero in 1982. Between 1983 and 1990, average real growth rates rose once more to between 2 to 4.5 per cent a year across the OECD countries. By the early 1990s, growth rates had fallen once more and real growth rates did not exceeded 2 per cent between 1991 and 1993.

The economic declines in East and Central Europe and in the Republics of the former USSR in the early 1990s were considerably larger. Political revolutions of 1989 brought abrupt changes in both political and economic organization. This included the collapse of existing trade patterns following the collapse of the Council for Mutual Economic Assistance (CMEA).

For most countries in the South, the period 1975-1995 has meant little growth in per capita income. Between 1980-91, annual average growth in per capita income was negative for the regions of sub-

Saharan Africa, the Middle East and North Africa, Latin America and the Caribbean. Serious debt problems were evident as global recession and rising real interest rate meant many countries could not afford to repay their foreign debts. The 1980s thus came to be known as "the lost decade" for many countries. The main exceptions are the leading Asian economies such as China and what have been termed the Dynamic Asian Economies which sustained high economic growth rates for most or all of the 1980s and early 1990s.

#### Changing Macro-Economic Conditions and Impacts on Human Settlements

For most countries in the South, the "lost decade" in terms of their economic performance also brought very inadequate investment in infrastructure, housing and services related to shelter. Planned investments in expanding city infrastructure and services were often among the first to be cut during a recession. In most countries, there was also a serious deterioration in existing infrastructure and services. The lack of investment funds was further aggravated by the prevailing debt situation. For the transition economies, there was a lull in growth associated mainly with reforms and later transition to market-based production system. The elimination of subsidies and the state withdrawal from production sectors targeted for reforms, such as housing development, has implied less investment in the built environment and in infrastructure and services, even in countries where overall economic growth has begun to improve.

Inflationary conditions also reduce business confidence with the effect that short-term projects are preferred over long-term investments which require long payback periods. Since most large infrastructure projects have high returns but long pay-back periods, there was a decline in the number of such projects. This was the case in

rapidly growing cities with great need for significant expansion in roads, public transport, water supply, sanitation, drainage and power. Construction has further been constrained by shortages of foreign currency reserves, which have also partly been negatively affected by the tightening of global credit conditions. One particular problem facing many Southern countries is the cost of importing building materials. Countries with limited export earnings have difficulties generating the needed foreign exchange. Poor terms of trade and in particular, currency devaluations, raise import costs, making it difficult to afford regular supplies. Supply is further curtailed by foreign exchange shortages and rationing. This imposes great constraints on all building and construction projects that use imported materials and rising costs for on-going projects where costs often escalate even faster due to shortages and poor deliveries.

### **Structural Reforms and Structural Adjustments**

Structural reforms have been very important in both the North and South since the 1970s, but became even more crucial in the 1980s. Structural reforms have had the same primary aim of building capacity for sustained economic development. The difference in policies used has arisen out of the differences in the economic structures of the economies and the kinds and degree of marketing distortions and rigidities that are in existence.

In the North, policies have covered four areas: taxation, financial markets, product markets, and labour markets and social policies. Reforms have sought to streamline personal income taxes, corporate taxation and consumption taxes. In both personal and corporate taxes, rates have been lowered but the bases broadened. The aim has been to improve incentives to work and for saving, while better corporate taxes are aimed at improving investment climate. Financial market reforms have involved extensive deregulation aimed at improving their efficiency, increasing flexibility, reducing distortions in savings flow to final uses, improving responses to customers, creating a more receptive environment for the adoption of new technologies, enhancing the countries' position in the international markets for financial services, and creating an enabling market for monetary policy implementation using market-oriented instruments.

The deregulation has involved allowing foreign participation and creating greater scope for competition. In product markets, a range of reforms have been designed to promote competition from both domestic and foreign sources through deregulation, reduction in protection levels and a critical review of industrial policies. In labour markets and social policies the goal has been to reduce impediments to lowering unemployment. Policies in this area have included the removal of regulatory controls in wages, job training and retraining and adjustments in social programmes.

In the South, some similar reforms, such as those in taxation and product markets, are being implemented under specific programmes introduced to address structural reforms. Structural adjustment programmes have been characterized by moves towards privatization and the adjustment of the economy towards market-oriented economic systems, reduction of the public sector, exchange rate adjustments - mainly through devaluation of national currencies - deregulation of the price system, removal of subsidies and also deregulation of the service sector and factor inputs. One of the principal policies in the structural reform programmes in both North and South has been to cut public spending and to reduce budgetary deficits. The cuts made are usually in sectors not considered as priority or core productive sectors which, in many cases, include human settlements.

Structural adjustment policies have an impact on human settlements through several channels: the national economic growth rates; the size and allocation of government expenditure; and the impacts of government policies on different sectors. The immediate impact on the economy is deflationary, reducing domestic consumption and encouraging exports and, through reduced government expenditure, encouraging private sector expansion. Housing finance was also affected by both inflation and international interest rates, which rose as debt problems set-in, and by the effect of the debt on other mechanisms employed by governments to raise funds. Mortgage interest rates based on a combination of international rates and underlying domestic inflation considerations also remained high. The result was lack of long-term fixed lending. The overall effects of reduced housing finance and demand was lower levels of lending and hence lower levels of construction,

improvement and renovation.

Human settlements development was further constrained by the effects of debt on households income and borrowing capacity. The reduction in savings as disposable income fell (or grew less quickly) had the effect of cutting down on investments in private sector housing. In countries where corporate investment in the housing sector is significant, the reduction in the availability of credit in the finance markets and reduced government grants following budgetary reductions had the effect of further reducing investments in housing and related infrastructure and services.

### **Changes in Population and in Households**

The table and figure on page 4 show the overall patterns of urban population growth, by regions, between 1975 and 2025, including the level of urbanization and the number of cities exceeding 1 million in population size. The world's total population in 1995 was estimated at 5.7 billion. The rate at which it is has been growing was essentially constant between 1975 and 1990 (at around 1.7 percent a year) and it is projected to drop to an average of around 1.5 percent a year during the 1990s. Fertility rates have declined almost everywhere in recent years. In most societies, there have been rapid changes in recent decades in the size of households and in their structure. One of the most dramatic has been the increase in the proportion of female-headed households which are now thought to comprise more than one fifth of all households worldwide - although with large variations between countries. In most societies, there is or has been an increase in the proportion of nuclear families and a fall in the average size of households. For the United States and for much of Europe, the average household size is now less than 3 persons. Another important change, recorded in many countries in the North, is a rapid increase in the proportion of single person households. In much of Europe, over a quarter of all households are one person households; in the USA, over a fifth of all households are one person households. These and other changes in the size and composition of households have important and often under-rated influences on urban changes and housing markets. They bring major changes in the number of households who need accommodation; a rapid

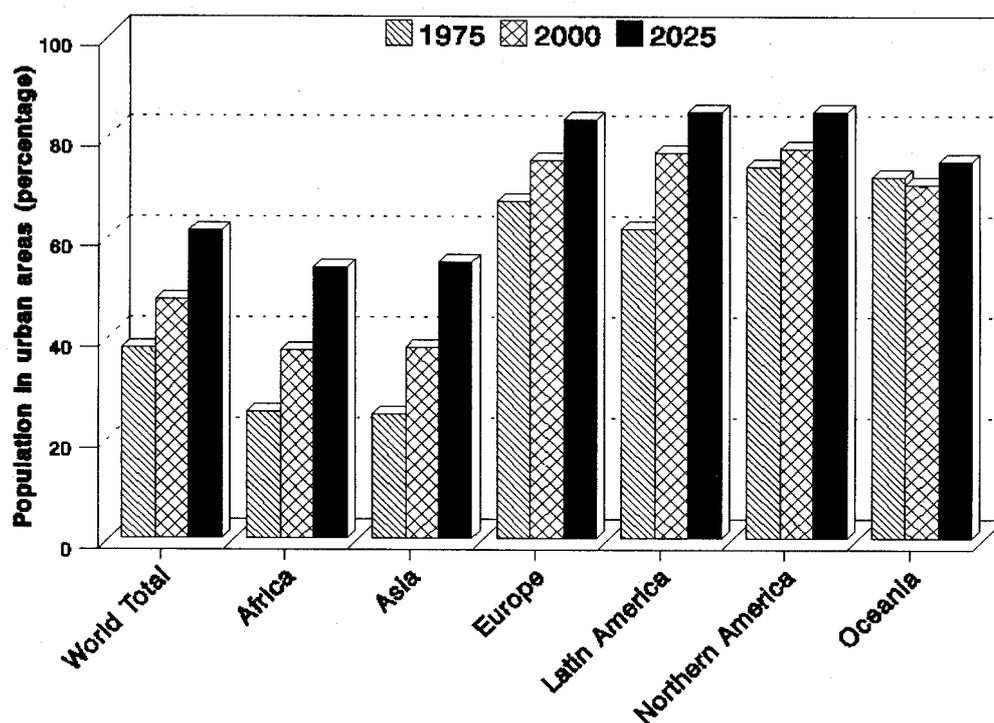
growth in the number of households can mean that housing demand rises, even as the overall population of a city falls. They also bring changes in the type of accommodation that is sought, in household income and in households' preferences as to where they want to live.

### **What Underlies Urbanization**

Recent trends in urbanization reflect economic and political changes, some long-rooted, some of more recent origin. For instance, the steady increase in the level of urbanization worldwide since 1950 reflects the fact that the size of the world's economy has grown many times since then and has also changed from one dominated by relatively closed national economies or trading blocs to one where most countries have more open economies and where production and the services it needs are increasingly integrated internationally. In 1950, most of the world's workforce worked in agriculture; by 1990, most worked in services. The period since 1950 has brought not only enormous changes in the scale and nature of economic activity but also in the size and nature of households, in the scale and distribution of incomes within and between nations and in the scale and nature of government. All, inevitably, influence settlements patterns. Perhaps the most fundamental influences on the world's settlement system in recent decades have come from the unprecedented changes in economic and political conditions.

The structural changes within the world economy have helped to reorder the relative importance of cities around the world and, for many cities, to reshape their physical form and the spatial distribution of enterprises and residents within them. Regions and cities have proved more flexible than nations in adapting to changing economic conditions - and certain key regions and cities have become successful locales of the new wave of innovation and investment. The large and increasing share of the world's economy controlled by transnational corporations has led to certain cities becoming what are often termed "global" or "world" cities.

# URBANIZATION TRENDS



	Urban Population (thousands)			Distribution by Region (%)		
	1975	2000	2025	1975	2000	2025
World Total	1,538,346	2,926,444	5,065,334	100.0	100.0	100.0
Africa	104,123	310,158	804,239	6.8	10.6	15.9
Asia	592,282	1,407,806	2,718,435	38.5	48.1	53.7
Europe	453,668	548,409	597,660	29.5	18.7	11.8
Latin America	196,172	401,361	600,952	12.8	13.7	11.9
Northern America	176,712	237,178	313,336	11.5	8.1	6.2
Oceania	15,389	21,532	30,712	1.0	0.7	0.6

	Level of Urbanization (% of population in urban settlements)			Number of 1,000,000+ Urban Agglomerations	
	1975	2000	2025	1975	2000
World Total	37.73	47.52	61.07	178	341
Africa	25.15	37.30	53.77	8	34
Asia	24.62	37.68	54.81	69	150
Europe	67.07	75.14	83.22	47	62
Latin America	61.32	76.61	84.67	21	47
Northern America	73.85	77.44	84.78	31	42
Oceania	71.78	70.25	74.86	2	6

## **International Migration**

Great diversity in the scale and nature of migration reflects social, economic and political changes within the region and nation. The scale of international migration has certainly increased over the last ten to fifteen years. Estimates for 1992 suggest that over 100 million people lived outside their own country. An estimate for 1990 suggested that around 15-20 million were in western Europe, around 15-20 million in North America. There are also large populations of foreigners within the countries in Asia, Africa and Latin America. Among different categories of international migrants, the growth in the number of refugees has been most dramatic - by 1994, 23 million people qualified as refugees, compared to about 2.5 million 20 years ago.

There has also been a considerable growth in international migration flows of highly qualified or skilled labour migrants, that include the professional and managerial staff transferred within the international labour markets of transnational corporations. Many of the main migration flows have well-established historical roots. A considerable part of them are also a consequence of an increasingly globalized economy. Between 25 and 30 million migrants are thought to be foreign workers, most of whom will return to their own countries. An estimate for 1991 suggested that the total value of their remittances back to their own countries was \$71 billion and if this is an accurate estimate, then it means that total remittance flows are larger than total aid flows and makes remittance flows one of the largest items in international trade.

### **The Relationship Between Economic Growth and Urbanization**

Rapid population growth in large cities has often been considered problematic because governments and international agencies fail to ensure that infrastructure and service provision keeps up with the growth in population and often fail to enforce pollution control and other regulations needed to protect the quality of life in urban areas. Although the debate about the role of cities in development and in environmental problems continues, the key role that cities have in dynamic and competitive economies was increasingly acknowledged during the 1980s and early 1990s. So too was the fact

that major cities generally have a significantly higher concentration of the nation's economic output than of its population.

One reason for this is that rising levels of urbanization are strongly associated with growing and diversifying economies - and most of the nations in the South whose economic performance over the last two decades is so envied by other nations are also the nations with the most rapid increase in their levels of urbanization. The nature of this relationship between the scale of the economy and the scale of the urban population is also illustrated by the fact that most of the world's largest cities are in the world's largest economies. Levels of urbanization for each country are likely to reflect a number of other factors including definitions used for urban areas, the nature of agriculture, physical factors such as the size and topography of the country, political factors including the relative degree of security in rural locations, and cultural preferences for types of lifestyle. In addition, government policies and state institutions are a major influence on the level of urbanization.

## **SOCIAL CONDITIONS AND TRENDS**

### **Assessing Progress**

Over the last 30-40 years, virtually all countries have achieved considerable economic and social gains. The social gains can be seen in the improvements in housing and living conditions and in the increased proportion of the world's population with access to piped water, sanitation, health care and education. They are also evident in much increased life expectancy and the reduction in the proportion of the world's population facing hunger, life-threatening deprivation and easily preventable or curable diseases. For instance, the world average for life expectancy increased from 53.2 to 65.6 years, between 1960 and 1992, the average for the South alone increased by 17 years from a base of 46.2 years in 1960. But there is a growing body of evidence showing a slowing in social progress or even a halt and decline in some countries during the 1980s. In absolute terms, the proportion of the population living below the "poverty line" increased during the 1980s. In the South, much of this is associated with economic

stagnation and/or debt crises and with structural adjustment. In several of the wealthiest countries, the slowing in social progress was associated with changes in the labour market, including a growth in long-term unemployment and with political changes that reduced expenditures on social welfare and gave a low priority to addressing such issues as structural unemployment and rising homelessness.

Differences in social progress between regions and between population groups within individual nations reflect differences in their economic and political power and per capita incomes, between those living in high quality, predominantly high income areas and those living in poor quality, predominantly low income areas. They also reflect discrimination against particular groups - for instance by caste or ethnic group or by gender, as women face discrimination in labour markets and in access to services. Average life expectancies in the poorest regions in the South can be many years less than the national average - or as much as 17-20 years less than the wealthiest regions. The same is true for cities. There are also differences in social progress between high income and low income regions in countries in the North, although the scale of the differences is much less - especially where there are effective measures to ensure that those with inadequate incomes can still obtain adequate food and access to adequate quality housing and basic services, including health care and education.

### **Poverty**

Between a fifth and a quarter of the world's population live in poverty, without adequate food, clothing and shelter. More than 90 percent of these live in the South. By 1990, at least 600 million people in the urban areas in Latin America, Asia and Africa were living in housing of such poor quality and with such inadequate provision for water, sanitation and drainage that their lives and health were under continuous threat. Recent estimates suggest that the urban population in the South will grow by more than 600 million during the 1990s and without major improvements in housing markets and in the expansion and improved provision of infrastructure and services, the number of people living in such conditions will expand very rapidly.

A study of rural poverty in 114 developing

countries found close to one billion people had incomes and consumption levels that fell below nationally defined poverty lines. Two-thirds are in Asia with just over a fifth in sub-Saharan Africa. In 42 of the poorest countries, more than two thirds of the rural population lived in poverty. Of them, 52 percent are in households with land holdings too small to provide an adequate income, 24 percent of them are landless. The proportion of rural households headed by women is also notable, especially in sub-Saharan Africa. This is not a new phenomenon but the proportion of split households may be increasing in many countries as more husbands migrate in search of work elsewhere, leaving their families behind in the rural areas and because of widowhood, divorce, separation and the disintegration of family bonds.

### **Homelessness**

The European Observatory on Homelessness has developed a fourfold classification that can be used to define the condition of homelessness and evaluate its extent: rooflessness; houselessness (i.e. living in institutions or short term 'guest' accommodation); insecure accommodation; and inferior or substandard housing. Worldwide, the number of homeless people can be estimated at anywhere from 100 million to one billion or more, depending on how homelessness is defined. The estimate of 100 million would apply to those who have no shelter at all. The estimate of 1 billion homeless people would also include those in accommodation that is very insecure or temporary, and often poor quality.

The number of people in Africa, Asia and Latin America that live in accommodation that is both insecure and substandard is much higher - for instance the hundreds of millions who live in illegal settlements that are under threat of eviction and with their shelters lacking basic services such as piped water and provision for sanitation and drainage and services such as schools and health care centres. These could be defined as homeless using the broadest definition. Millions of rural households also live in insecure and substandard dwellings - for instance plantation workers, tenant farming households or temporary or seasonal workers living in communal shacks in very poor conditions.

Homelessness is certainly not concentrated in low-income countries. Several million people are homeless in Europe and North America. Using the most conservative definition of homelessness, nearly 2.5 million people were estimated to be homeless in 1992 within the 12 countries of the European Union. In the United States, official estimates for the mid-1980s suggest between 250,000 and 350,000; the National Coalition for the Homelessness puts the figure much higher - at over 3 million, with between 60,000 and 80,000 in New York alone. In Canada, estimates for the number of homeless people based on the number using temporary night shelters and those living and sleeping outside suggest between 130,000 and 250,000.

### **Economic Decline and Structural Adjustment**

The international debt crisis forced many countries to take short term stabilization policies and longer term structural adjustment. The immediate impact of structural adjustment programmes is deflationary; reducing domestic demand to reduce inflation and encourage exports, and reducing government expenditure to encourage private sector expansion. The urban population was in a particularly difficult situation, facing severe unemployment and income loss as a result of fiscal and monetary contraction. They also experienced constraints on access to basic social services such as education and health because of contractions in public expenditure.

Most of those who lost their jobs had to compete for income sources or jobs within the "informal economy" but falling incomes and declining production within the formal sector also meant declining demand for the goods and services supplied by many informal enterprises. Those who had to find new jobs or income sources also had to compete with women, youths and children that had previously not worked or had worked only part time. Households had to send more members to seek new sources of income, however small, to avoid a drastic reduction in food consumption.

The economic crisis also revealed the limited absorption capacity of the informal economy. A distinction should be drawn between informal activities that provide a reasonable income for those working there and those activities that are really

"survival" activities that people do when no other income source is available to them. For instance, the number of people who seek some income from waste picking and the number of children working on the street as part of their household's survival strategy often rises with economic recession. The limited absorption capacity of the informal economy became evident in most nations as entry into the more lucrative informal sector activities is often controlled and as increasing numbers working in the same "survival" activities reduced returns.

### **Increasing Urban Violence**

The urban violence growth rate has varied from 3 to 5 % per year during the last two decades which largely exceeds the demographic growth. Even where crime decreased overall as in Asia, within cities of more than 100,000 inhabitants, crimes against property, organised violent criminality and drug trafficking increased considerably. Even if criminal syndicates of the mafia type play an increasingly important role, the predominant crime is not organized. Vandalism or hooliganism, often not legally persecuted, has emerged as a distorted individual behaviour opposed to good citizenship. Although often considered "petty" in the legal sense of the word, such incidents can make life very unpleasant for city dwellers and increase the impression of city degradation.

### **The Processes That Underlie Impoverishment**

The influence of changes in the labour market on poverty levels can be seen everywhere. Within the world's wealthiest countries unemployment rose to levels that were unprecedented since the Second World War. With a considerable growth in the number of long-term unemployed people in most countries, the scale and nature of welfare benefits for those who lost their jobs were cut substantially.

What taxpayers proved willing to support in benefits to the unemployed when they represented only a few percent of the workforce was rapidly revised downwards when changes in the labour market greatly increased the number of the unemployed.

Open unemployment in Latin America's urban centres was 6.8 percent in 1970 and 6.9 percent in 1980, by 1985 it had reached 11.1 percent. Figures for open unemployment do not reflect the

real scale of the problem. For instance, there are the large numbers of people who cannot afford to be unemployed since they are not covered by any social security or unemployment insurance scheme and so receive no income at all if they cannot find work - and they have no assets or savings to fall back on. These people usually take on part-time work although they want full-time work (under-employment) or they work in jobs or become self-employed within the informal economy that provides very inadequate incomes.

The impact of the 1980s crisis in Latin America can also be seen in three processes within urban employment. The first is the growth in the relative importance of informal activities and this probably represents a change in that the historic trend before the crisis was a slow decrease in the proportion of the urban labour force working in informal activities. The second is the decline in the number of secure jobs - for instance through a growth in short-term contracts work, part time jobs, employment through job agencies, home-work and greater use of casual labour. The third is the loss of social security previously achieved through labour legislation, although a large proportion of the workforce was generally outside such provision. In most countries, there was also a decline in industrial employment and a rise in the importance of tertiary activities - although the significance of this is much more in what tertiary activities grew most and the incomes they generated since the term "tertiary" covers such a wide range of jobs, from among the most productive and highest paid to among the least productive and lowest paid.

Although most case studies of impoverishment are in economies that were stagnant or in crisis, there could also be a substantial increase in poverty within growing economies, linked to changes in the labour market. This was the case in the United States. During the 1980s, many of the jobs in manufacturing that had paid relatively high wages to people with relatively little formal education disappeared and the incomes of lower-income groups declined. In many countries, there has also been a general trend towards lowering wages for many semi-skilled or unskilled jobs and the replacement of experienced industrial workers with cheaper, younger, often female labour. In general, the level of job security has deteriorated in many

countries around the world - both North and South.

Changes in the labour market underlie the growth of what has been termed the "new urban poverty" in cities in the North - the growth in homelessness and begging, high rates of unemployment and low paid insecure employment. It has also been cited as a major reason for rises in crime, drug and alcohol abuse and many other social problems.

Among low-income households, those headed by women usually face particular problems in that the women experience discrimination in labour markets or in attempts to secure support for income generating activities or household improvement. To this is added the particular difficulties faced by all single parent households in having to combine the triple role of child rearing, household maintenance and income generation. However, in many societies, cities may offer particular benefits to women. In Latin America, women find greater opportunities for work. In parts of Africa, customary law excludes women from owning rural land in their own right and the city offers a means for their independent survival after marital separation. In parts of Asia, widows or divorced women may face considerable prejudice in rural areas with urban areas offering them better possibilities for an independent livelihood.

### **Household Responses to the Process of Impoverishment**

In some cities, there is evidence of decreasing unemployment with the economic recession as increasing numbers of people work as a response to the economic crisis. Unemployment can go down, while the number of people earning incomes below the poverty line increases, because incomes have become so low. This process was evident in many Latin American nations during the 1980s where the total number of employed persons increased faster than the population of working age between 1980 and 1989. Many African cities also show how households rearrange their activities to try to cope with economic crisis and the social impacts of structural adjustment. One of the most important points is the range of impacts on households - from the drop in expenditures to changes in food intake, rises in rents, increases in cost for education, falls in income and in capacity to save and a rise in gender based conflicts. It is this multiplicity of impacts on households and their social effects that

is so difficult to understand and measure, without detailed studies. The situation of very limited possibilities of finding reasonable income-earning opportunities in the informal economy during a severe economic crisis is likely to have been common in most of the lower-income and less urbanized economies during the 1980s. It is also likely that those already working in the informal economy had to work longer hours to maintain their income.

## **ENVIRONMENTAL CONDITIONS AND TRENDS**

### **The Costs of Poor Environment**

An increasing scale of environmental problems in settlements has been seen in unexpected recurrent disease epidemics - for instance, the return to Latin America in 1991 of cholera, when it had been assumed that this health threat had been eliminated from the region in the early 20th century through improvements in water, sanitation, sewage treatment and food safety. The scare regarding an apparent outbreak of plague in the Indian city of Surat in 1994 also heightened fears of what a lack of attention to water supply, sanitation, drainage and regular collection of solid wastes can cause. Less dramatic diseases such as tuberculosis and diarrhoea continues to have a much more serious health impact. The cholera epidemic in Peru not only involved over 320,000 cases and 2,600 deaths but an estimated \$1 billion in losses from reduced agricultural and fisheries exports and tourism, less than the capital needed to radically improve water and sanitation in Peru's settlements. The cost to India as a result of the "plague scare" in terms of lost tourism revenues and the deterrence to foreign investment will also be very considerable and may outweigh the costs of greatly improving water and sanitation in cities like Surat.

Many health problems affecting poorer groups are associated with overcrowding, including household accidents, acute respiratory infections, tuberculosis and other airborne infections. In the predominantly low income residential areas in cities in the South, there is often an average of four or more persons per room. A considerable proportion of the rural population in the South live in small one or two

room shelters with an average of 2.5 or more persons per room. Infectious diseases are easily transmitted from one person to another. Their spread is often aided by low resistance among the inhabitants due to malnutrition. Poor quality indoor environments bring high levels of environmental risk. A lack of readily available drinking water, of sewage connections and of basic measures to prevent disease can result in many debilitating and easily prevented diseases being endemic among poorer households - including diarrhoeal diseases, typhoid, many intestinal parasites and food poisoning. Waterborne diseases account for more than 4 million infant and child deaths per year and hold back the physical and mental development of tens of millions more.

There is a considerable range of indoor air pollutants in the South associated with fuel combustion. In the North, where there are far fewer problems with indoor air pollution from coal or biomass fuel, among the most serious are asbestos fibres from asbestos used as insulation, various organic solvents used in building materials, wood preservatives and cleaning agents and radon gas. A recent report on Europe's environment noted that some 2 million people in the region were at risk from ionizing radiation from naturally occurring radon and its decay products; miners and residents of particular areas where radon is emitted naturally from the soil were most at risk.

Many industries have long been associated with high levels of risk for their workforce - for instance in factories extracting, processing and milling asbestos, chemical industries, cement, glass and ceramics industries, iron and steel industries, factories making rubber and plastics products, metal and non-ferrous metal industries and textile and leather industries. Some of the most common environment-related occupational diseases are silicosis, byssinosis, lead and mercury poisoning, pesticide poisoning, noise induced hearing loss and occupational skin diseases.

### **The Urban Environment**

Among the most serious city-wide environmental problems are air pollution; water pollution; solid wastes (including toxic and hazardous wastes); and noise pollution. Many cities or city-districts are also at risk from natural hazards or hazards whose

origin may be natural but where the level of risk and the number of people at risk is much increased by human actions. Most ambient air pollution in urban areas comes from the combustion of fossil fuels - in industrial processes, for heating and electricity generation, and by motor vehicles. The use of fossil fuels in each of these tends to expand with economic growth; so too does air pollution unless measures are taken to promote efficient fuel use and the use of least polluting fuels.

Although most cities have some problems with air pollution, there are enormous variations in the scale of air pollution and in the relative importance of the different pollutants. In most of the cities in the North, they have also changed over the last 20-30 years, reflecting changes in fuel use and economic structure and tighter environmental regulations. Motor vehicles have become the major source of air pollution, as the number of motor vehicles in use has risen rapidly (and so too have conditions that exacerbate motor vehicle pollution such as congestion) while heavy industry has declined and major steps have been taken to limit the use of coal or heavy oil or to control the air pollutants associated with their combustion. Thus, cities such as Tokyo, New York and London have relatively low levels of sulphur dioxide and suspended particulates but all have problems with one or more of the pollutants from motor vehicles. Motor vehicle emissions also pose a serious problem for many larger cities in the South.

An estimated 1.4 billion urban residents worldwide are exposed to annual averages for suspended particulate matter or sulphur dioxide (or both) that are higher than the minimum recommended WHO standards. The most serious problems were found in Beijing, Mexico City and Seoul where ambient levels exceeded WHO guidelines. Significant reductions in sulphur dioxide levels in the air have been recently achieved in Northern and Western European cities. However, in many cities in the North, WHO guidelines for air quality are exceeded for short periods during the year for sulphur dioxide and/or for total suspended particulates. In Eastern and Central Europe, air quality in cities has generally improved but several cities regularly exceed WHO guidelines.

Among the major cities, airborne lead concentrations were above the WHO guidelines in

Cairo, Karachi, Bangkok, Jakarta, Manila and Mexico City. In wealthy countries, airborne lead is minimized and the use of lead-free petrol promoted - while industrial emissions are kept down. However, high ambient levels of lead can also arise from industries - and this remains a problem in several Central and Eastern European cities where in certain locations, mainly around lead-emitting industries, the exposure to lead is still high.

Ozone pollution represented the most serious problems in Mexico City, Sao Paulo, Los Angeles and Tokyo. In Los Angeles, in 1988, national air quality standards for ozone were exceeded on half the days in the year; for Mexico City, they were exceeded on 70 percent of days. Ground-level ozone has recently attracted considerable attention because of the health problems with which it is associated and since it is a problem in some of the world's largest and wealthiest cities.

Mexico City had the most serious problems of carbon monoxide, air quality standards being exceeded quite frequently in London, Los Angeles and several other cities. High concentrations of carbon monoxide have also been recorded along busy roads or in central areas in many other cities, although too few cities monitor carbon monoxide levels.

Many cities in the North and virtually all cities in the South cause serious water pollution. The problems of controlling such pollution are much increased where much of the urban area has no drains and has no service to collect garbage - as in most urban centres of the South. In such instances, most of the liquid wastes from households and businesses (and often from industries) and a considerable proportion of the solid wastes end up washed into nearby streams, rivers or lakes, adding greatly to water pollution. Many cities face additional problems because of a shortage of freshwater which then adds greatly to the problem of disposing of liquid wastes, especially industrial effluents and sewage.

To these problems are added those connected to toxic or hazardous wastes - the industrial and institutional wastes that are categorized as 'hazardous' or 'toxic' because of the special care needed when handling, storing, transporting and

disposing of them, to ensure they are isolated from contact with humans and the natural environment. Some of the hazardous wastes are highly inflammable - as in many solvents used in the chemical industry. Some are highly reactive - and can explode or generate toxic gases when coming into contact with water or some other chemical. Some have disease-causing agents; sewage sludge or hospital wastes often contain bacteria, viruses and cysts from parasites. Some wastes are lethal poisons - for instance cyanide and arsenic and many heavy-metal compounds; many are carcinogenic (ie cancer inducing). Only in the last 20 years has the scale of the problem of hazardous wastes and the potential risk to people's health been recognized. Many countries in the North face a large and expensive backlog of clearing up toxic or otherwise hazardous wastes that were dumped on land sites with inadequate provision for their safe storage. The very high cost of safely storing or treating these was the main reason why many attempts were made to export such wastes to the South.

Current noise levels are probably posing a serious nuisance to hundreds of millions of people, although the scale and nature of its precise health impacts are not known. The most intense, continuous and frequent exposure to high noise levels are generally within particular jobs in particular industries. Those living in particular locations in cities experience above average noise levels. Large areas of many cities have high levels of noise from aircraft landing and taking off in nearby airports; for instance, in Latin America, many major airports are in the middle of densely populated areas (the international airport of Mexico City and airports in Lima, Bogota, Quito, Guayaquil, Buenos Aires, Port-au-Prince and Santiago de Chile). Noise from major roads or highways is a major problem; in Shanghai, noise levels were reported to reach an average of 75 decibels at rush hour and 90 decibels in certain locations. In Bangkok, noise from trucks, buses, motor-cycles and motorboats often mean noise levels greater than 70 decibels in many locations. 47 percent of the urban population of Sofia is exposed to more than 70 dB(A) as are 25 percent in Budapest, 20 percent in St. Petersburg and 19 percent in Krakow. Citizen pressure for governments to control noise probably increases as the more basic environmental problems are

addressed. For instance, public opinion polls within the last ten years in the former West Germany found that between 22 and 33 percent of the population of cities with 100,000 or more inhabitants were strongly/severely annoyed by street noise.

### **Natural and Human Induced Hazards**

Many cities are located on sites that are at risk from natural hazards. Others developed on sites that were safe but as their population expanded, so did the settlement of nearby sites that are on floodplains or slopes subject to landslides. The high concentration of population in major cities can also mean very large losses of life and property in the event of a disaster. For instance, the earthquakes that hit Mexico City in September 1985 and their aftershocks are estimated to have killed at least 10,000 people, injured 50,000 and made 250,000 homeless. The October 1986 earthquake in San Salvador caused 2,000 deaths and 10,000 injuries. But what is notable in both these earthquakes is the extent to which the injuries and losses of life were concentrated among the low-income groups who either lived in the most dangerous areas (for instance on slopes subject to landslides) or in housing structures least able to stand the shocks. In most cities in the South, each year, there are less dramatic natural disasters. Earthquakes, floods, landslides or other forms of natural disaster do not kill or injure as many people, but they still damage or destroy the homes of hundreds or even thousands of people. They also get less attention since they almost always fall most heavily on low-income groups.

There are also the large-scale industrial accidents such as the release of methyl iso-cyanate in Bhopal (India) that caused the death of over 3000, with perhaps 100,000 or more seriously injured (and 200,000 people evacuated) or the explosion in Islamabad (Pakistan) in 1988 (over 100 dead, some 3,000 injured) or the 210 people killed, 1,500 injured and the vast damage to property in Guadalajara (Mexico) in 1992 as a result of explosions of gas which had accumulated in the sewers. Among the accidents involving nuclear installations and facilities, the fire at the Chernobyl nuclear power plant in the former USSR is much the most serious to date; the full health impact of this accidental release of radioactive material is not

known, although it caused 31 immediate deaths, harmed over 1,000 people and necessitated the evacuation of 115,000 people from a 30 km zone around the power-plant where the worst contamination was measured.

### **Freshwater**

One example of a scarce "renewable resource" is fresh water. Many cities around the world are facing serious shortages of fresh water, and this is even the case in cities where half the population are not adequately served with safe, sufficient supplies. Many cities have outgrown the capacity of their locality to provide adequate, sustainable water supplies. For instance, in Dakar (Senegal), water supplies have to be drawn from ever more distant sources. This is both because local groundwater supplies are fully used (and polluted) and local aquifers over-pumped, resulting in saltwater intrusion; a substantial proportion of the city's water has to be brought in from the Lac de Guiers, 200 kilometres away. Mexico City has to supplement its ground water supplies by bringing water from ever more distant river systems and pumping this water up several hundred metres to reach the Valley of Mexico where the city is located; the energy needed to pump this water represents a significant part of Mexico City's total energy consumption. Over-exploitation of underground water has also made the city sink - in some areas by up to nine metres - with serious subsidence damage for many buildings and sewage and drainage pipes.

Hundreds of urban centres in relatively arid areas have also grown beyond the point where adequate water supplies can be drawn from local or even regional sources. Examples include many of the coastal cities in Peru (including Lima), La Rioja and Catamarca in Argentina and various cities in Northern Mexico. Many urban centres in Africa's dryland areas face particularly serious problems because of a combination of rapid growth in demand for water and unusually low rainfall in recent years, with the consequent dwindling of local fresh water resources. Many other cities face problems in financing the expansion of supplies to keep up with demand. Bangkok and Jakarta are among the many major coastal cities with serious subsidence problems as a result of drawing too much water from underground aquifers; they also

face problems from saline intrusion into such ground waters. In Jakarta, many shops, houses and offices can no longer drink the water from the wells they use because of saline intrusion.

### **Non-Renewable Resources**

Per capita consumption of non-renewable resources such as metals and fossil fuels in the richest nations and cities of the world has reached unprecedented levels. In 1991, the average commercial energy consumption per capita in Africa was 12 gigajoules; in Canada, the United States, Australia and many of the richest European nations, it was between 15 and 30 times this figure with most of the more wealthy European nations and Australia having between 160 and 220 gigajoules and the United States and Canada having around 320. Among the poorer African and Asian countries, the per capita average was between 1 and 10.

This illustrates the scale of potential demand for non-renewable resources from the South. Other key factors are urban density and the pattern of land use which in turn are linked to public transport performance and level of traffic restraint. There may be sufficient non-renewable resources to ensure that 9-10 billion people on earth, late into the next century, have their needs met. But it is unlikely that the world's resources and ecosystems could sustain, without adjustments, present resource consumption patterns.

### **Global Environment**

Discussions on the impact of human activities on global life support systems centre on their contribution to atmospheric warming and to reducing the stratospheric ozone layer. In regard to global warming, there is still much uncertainty about its possible scale in the future and its likely direct and indirect effects. But atmospheric concentrations of the most important greenhouse gases are increasing. The main direct effects are higher global mean temperatures, sea level rises, changes in weather patterns (including those of rainfall and other forms of precipitation) and changes in the frequency and severity of extreme weather conditions (storms, sea surges). Sea level rises will obviously be most disruptive to settlements on coastal and estuarine areas and this is where a considerable proportion of the world's

population lives. The indirect effects of global warming will probably have as dramatic an impact on settlements as their direct effects. Increasing temperatures and changes in weather patterns will lead to changes in ecosystems that in turn impact on the livelihoods of those that exploit or rely on natural resources. One aspect of these global changes requires special mention - the need to build the capacity and readiness of societies to respond to the climate changes that global warming and its associated effects will bring.

## **INSTITUTIONAL TRENDS AND SETTLEMENTS GOVERNANCE**

### **The Governance of Settlements**

The governance of settlements has become a major issue over the last decade. Three factors have helped "local governance" emerge as a key issue in the discussion of policies for human settlements: the elaboration and implementation of decentralization policies; the introduction of or return to democratic principles of government in many countries during the 1980s and early 1990s, at both the national and local levels; and the increased importance of citizen and community pressure - including urban social movements - combined with the growth worldwide of an environmental movement that have helped to place a greater emphasis on local control and involvement in decision making.

### **Decentralization**

During the 1980s, concern grew about the inability of many governments to deliver development programmes at the local level, so that a wide debate began in many countries about the balance of power and distribution of functions between national and local governments. Decentralization policies of different kind have been or are being implemented. There is great variety in the forms that decentralization takes. Assuming that decentralization involves the delegation of authority from a higher, or more general level of the state to a lower, or more specialized unit (or area), four major variants have been identified:

► *Deconcentration*, or the transfer of functions, but

not power, from a central unit to a local administrative office. This is one of the "weakest" forms of decentralization and has become a common response by higher levels of government to deflect the blame for inadequate service provision;

► *Delegation*, which involves, in most cases, the transfer of certain powers to parastatal agencies of the central state. While the parastatals have a certain autonomy in day to day management, they are usually controlled ultimately by government;

► *Devolution*, considered by some as "real decentralization", since power and functions are actually transferred to sub-national political entities, who, in turn, have real autonomy in many important respects; and

► *Privatization*, which involves the transfer of power and responsibility for certain state functions to private groups or companies.

With so many cases of decentralization underway, and so many differences in the form that the decentralization takes, it is virtually impossible to generalize about either the reasons for any particular exercise, or the success or failure of the decentralization effort as a whole. However, a number of cogent arguments can be put forward to explain why decentralization strategies have been adopted. The first is because the demand for public services varies from place to place both in quantity and quality, so that only decentralization of the provision for these services can ensure an efficient response to this variation in demand. A second argument is based on efficiency, in that locally financed and provided services can be produced at a lower cost - and with local government also able to work more easily with local community-based or voluntary sector organizations in ways that allow significant cost reductions. While this may be counterbalanced by the argument for larger units of service provision that achieve greater efficiency than smaller units at the lower level, it is still prevalent. A third argument is based on accountability - i.e. that a decentralized institution should in principle be more accountable to its constituents, who are more likely to have easy access to service providers and a better understanding of how institutions operate if services and institutions operate at a lower level than if they operate at a national, or centralized

level. Finally, there is the argument for coordination. Many local services are interdependent, so the cost-savings from coordination can more easily be attained.

While there are good, or at least locally persuasive arguments for decentralization in the current economic climate - whether this decentralization involves privatization of services or localization of functions and responsibility - any shift of responsibility and financial power from one level of government to another level or agency brings both benefits and costs. Since arguments for central government provision of services include the presumption that they can be more equally distributed among the population as a whole, that they can be more effectively related to macroeconomic policy, and that they may benefit from higher levels of technology and information support, there can be costs when certain services are decentralized. One of these costs is the growth of disparities between local governments in terms of services provided, since some local governments have a greater ability to finance these services than others. In many large cities, there are large disparities between neighbouring municipalities - for instance between the middle and upper income suburbs and the peripheral municipalities with high concentrations of illegal and informal settlements.

Another potential disadvantage of decentralization is central government's loss of control over fiscal policy, when some local and territorial governments spend or borrow disproportionately for their own needs and so contribute to inflation or increasing the debt service costs for the country as a whole. There are also the potential disadvantages related to privatization. One is the reduced transparency and accountability of infrastructure and service provision, when what was previously a government responsibility is privatized. Here, one particular worry is with the privatization of those forms of infrastructure and services that are 'natural monopolies'; once a piped-water system or electricity distribution network or sewage and storm drainage system is built and becomes the responsibility of one company, it is virtually impossible for another company to compete by building another water, sewage or electricity distribution system. Customers cannot turn to another supplier for water, drains or electricity, if the quality is poor and/or prices are too high. A

second potential disadvantage of privatization is the loss of public assets if these are sold at below their real value. A third is the difficulty of ensuring that lower-income households and areas receive basic infrastructure and services. Privatization actually reinforces the need for competent, effective and accountable local government to act on behalf of the inhabitants in its jurisdiction to ensure that private companies maintain quality and coverage in infrastructure and service provision and do not abuse any natural monopoly position by raising prices.

### **Democratization**

The increased importance given to local governance is also related to a worldwide "wave" of democratization from the late 1970s through the early 1990s. A "democracy" implies the concurrent existence of freedoms to speak, publish, assemble and organize. It also implies the active functioning of more than one major political party in order to give voters a choice of alternative leadership groups. The causes of this worldwide trend towards greater democracy are complex. But one of its important consequences is the strengthening of a "political culture" in many countries which reinforces a closer relationship between, on the one hand, political leaders and governmental institutions, and on the other, major social and economic groups. Democratic governments are more likely to operate in response to public opinion, and - given the necessity of periodic and open elections - are less likely to take arbitrary and self-serving decisions than non-democratic governments. Thus, a movement towards regular, open municipal elections instead of the selection of mayors and councillors by higher levels of government has paralleled the overall democratic trajectory in almost all cases. This has sharpened the debate in many countries on the appropriate division of powers between local and national governments, particularly as local politicians attempt to achieve more control over their jurisdictions. Given the economic stagnation and uncertainty which has faced many regions of the world over the last ten to fifteen years, combined with the growth of urban populations, it is not a foregone conclusion that recently elected municipal governments will be able effectively to cope with their new responsibilities and challenges.

## **Local Social and Environmental Movements and NGOs**

Starting in the 1970s, the larger and the more prosperous cities in most countries in the South became the focus of an increasingly intense conflict between the public authorities and large numbers of the urban poor. The conflict centred on the fact that a large part of each city's population had incomes that were too low to be able to afford the cost of shelter in areas that were planned and provided with basic infrastructure and services. Partly as a result, so-called "squatter" or "popular" settlements developed on urban land that was unserviced, and where the land was occupied illegally - or if not illegally, at least without the approval of the urban authorities. However, the massive increase in the number of people living in the "popular" settlements was not a challenge to the system of authority; they are much more an attempt by people with limited income or assets to gain a foothold in the urban economy which could serve as a first step toward integration into the labour market and integration within the institutions of the larger society. This helps explain why there have been so few radical challenges by these people to the established political order, despite this very large and usually growing number of people who are very poorly housed and serviced.

The attempts by the urban poor to gain access to urban land and services were conceptualized - at least in Latin America - as an important component of what were called "urban social movements". A social movement was considered to reflect broad-based, often multi-class, coordinated activity at the local level; at the same time, while demands are made on the state, political parties and other specialized institutions are not the primary vehicles through which pressure is brought to bear. Informal and illegal settlements developed where the inhabitants felt confident that they could bring sufficient pressure on the authorities to let them stay - or at least to receive an alternative land site, after negotiations with the authorities. Decisions about which site to occupy and when to do so often reflected careful planning, good timing and well-informed trade-offs between the best locations and the best possibilities of being allowed to stay there and avoid eviction. And when political circumstances permitted, intense pressure was brought to bear on the public authorities either for

infrastructure and services or for legal tenure or both. In many cities, large sections of the middle-class were also active in such lobbying as they too had to develop their homes in illegal settlements, as inefficient land markets and cumbersome government regulations pushed land prices for legal plots beyond their means.

Since in most countries, national and local government agencies were either unable or unwilling to supply basic urban services to these burgeoning popular settlements - at least not at the pace and quality that the people were demanding - various patterns of community organization and self-help activities developed almost everywhere. There also developed a diverse range of NGOs who worked with them. The role and scope of community action and of NGO support for this was usually restricted and often repressed under non-democratic regimes. For instance, during the 1960s and 1970s, NGOs in Latin America occupied the narrow political space between local communities and formal institutions in the domain of social services and the promotion of local development. When many northern countries and foundations did not want to give assistance to authoritarian governments or government-dominated political parties, they were prepared to support local NGOs, which often worked with community groups. In some countries, NGOs helped to maintain political pluralism; in others, they helped keep authoritarianism at bay. But the political importance of community organization and of the NGO work associated with them increased considerably with democratic rule.

The 1985 earthquake in Mexico City, and a growing concern over urban environmental risk -- especially as a result of high levels of air pollution in the capital -- led to a diverse range of protests and popular activity in the area of human settlements. As most Latin American countries became predominantly urban, the link between protests and organizational activity to secure land and improved urban services, and demands for the reduction and control of air and water pollution in the cities became more pronounced.

The development of an environmental movement had important roots in local communities - very often as they mobilized against a new road, power plant, waste-site or some other development that they felt would threaten their environment. Well

publicized environmental disasters such as the accidental release of methyl iso-cyanate in Bhopal in 1985 or the fire and release of radioactive material from the Chernobyl nuclear power plant in 1986 or the release of oil by the Exxon Valdez in 1989 helped to create and maintain a high level of public apprehension over environmental risk.

Support for the environmental movement has been strongest in the more affluent regions of Canada and the United States. In Canada, for example, in 1973, the government listed 344 "citizens' environmental organizations". By the late 1980s, the number had risen to some 1,800, with a membership exceeding 1 million, or about 4% of Canada's total population. In the United States, a poll found that 7% of the whole population considered themselves "environmentally active", while another 55 % said they were sympathetic with the aims of the environmental movement. In 1990, 76% of Americans "called themselves environmentalists, and half contributed to environmental organizations." By 1991, it was estimated that the larger national environmental organizations had a membership of no less than 14 million individuals, or about one in every seven adults in the country! Although membership and contribution figures in the large environmental organizations were falling by the mid 1990s the environmental movement had already had a major impact on local activism. This was particularly evident in the area of solid waste management, whether the concern was toxic industrial wastes, or the siting of a refuse dumpsite at the neighbourhood level. This grassroots activism which was often focused on the municipalities that were responsible for the land-use and effluent-control regulations affecting the communities in which people lived and raised their children, was heavily influenced by the participation of women.

### **Financing Local Services Within Countries**

Local government finance is important for several reasons. First, in many countries, local government revenue represents a significant proportion of total government revenue. Although different studies give rather different answers, in one study covering 21 countries in the South, local governments accounted for between 6 and 50 percent of total government spending, with a median share of 23 percent. In eight transitional

countries, the share of subnational governments similarly ranged from 11 to 53 percent of total expenditure with an unweighted average share of 26 percent. In ten OECD countries, local expenditure ranged from 12 to 45 percent of total expenditure, with an average share of 21 percent. A second reason why local government finance is particularly important is that in most countries local governments have an important role in the provision and utilization of local public infrastructure and public services. In many countries, both North and South, hard-pressed national governments are increasingly shifting functions to local governments in the expectation that additional local resources can be mobilized to pay for them.

Among certain broad patterns that recur in many countries, three are particularly important. The first is that local governments almost invariably have inadequate "own resources" to finance the expenditure functions with which they are charged; thus, they are dependent upon transfers from higher levels of government, resulting in "vertical imbalance." The second is that not all local governments are equal. In even the smallest and most homogeneous countries, there are big cities and small cities, heavily urbanized municipalities and rural municipalities, rich areas and poor ones. The resulting unevenness in access to local public resources gives rise to "horizontal imbalance." The third is that few countries permit local governments to levy taxes that are both economically sensible and capable of yielding enough in revenue to meet expanding local needs.

In most countries in Africa, Asia and Latin America, the absolute level of resources available to local governments is seldom adequate to provide even the most minimal level of many of the services with which they are charged. In 1991, for example, local governments in the United States spent, on average, over US\$2,000 per capita, and state and local governments combined spent about \$3,000. In contrast, in the early 1980s, although some Korean cities spent as much as US\$200 per capita, other cities such as Dhaka in Bangladesh spent less than US\$2 per capita.

However much local governments spend in different countries, the revenues under their direct control are invariably less. In the United States,

for example, only 65 percent of local expenditure was financed out of local revenue in 1989. The comparable unweighted average figure for 18 countries in West Europe, North America and Australia was 62 percent, but the range was between a low of 16 percent in the Netherlands and a high of 87 percent in Switzerland. In seven transitional countries, if shared taxes are counted as local revenues, the average (for subnational governments) was 63 percent, ranging between a low of 15 percent in the Czech Republic and a high of 95 percent in Russia. The variation found within countries in the South is similar. A study of 18 such countries found that own-source revenue provided as little as 30 percent of total local revenue in some countries but over 90 percent in others.

The variations in the size and structure of local government finance between countries at comparable income levels are striking. Even more striking are the variations between apparently comparable units within particular countries. In the United States, for example, 1991 expenditures in the lowest state were less than one-seventh of those in the highest state. In Romania in 1992, the ratio of per capita budgeted local expenditures in the lowest district (judet) was a quarter that in the highest. In Chile, in 1990, the ratio of per capita municipal revenues in the lowest "zone" was 44 percent of that in the highest while in Indonesia in 1990/91, it was only 7 percent. In the case of Chile, the variations within the metropolitan area were equally marked, with the city of Santiago receiving less than six percent of its revenues from Chile's local "equalization" fund (designed to even out the resources available to local governments to some extent), and other municipalities receiving 60 percent. Similar variations are likely to exist in other countries. Another striking feature in almost every country is the difference between big cities and other local governments. In Colombia in the late 1970s, for example, per capita tax revenues were ten times higher in the capital, Bogota, than in the many small rural municipalities. In Canada in the same period, the ratio of per capita local revenues among provinces was almost the same, with the more urbanized areas having ten times the "own-source" per capita revenues of the more rural areas. Such variation reflects two different factors in most countries: big cities are richer, and they tend to carry out a wider range of functions.

The size and pattern of local government taxation varies greatly from country to country, as illustrated in an analysis of 23 OECD countries using 1990 data. Income taxes are the most important source of local tax revenue in ten countries where local taxes account for more than 10 percent of total taxes. However, only in one of these countries (Sweden) are income taxes the sole important local tax. In contrast, there are four countries in which property taxes are the only significant local tax. Consumption taxes (often local "business" taxes of various sorts rather than conventional sales taxes) account for more than 10 percent of local tax revenue in nine countries, property taxes in 13 countries, and income taxes in 15 countries. Only a few countries have a "balanced" local revenue structure in the sense of not being dominated by just one tax. Nine OECD countries may be categorized as income-tax countries and five (all predominantly English-speaking) as property-tax countries in the sense that over 75 percent of their local tax revenue comes from property taxation.

## PART II

# INSIDE HUMAN SETTLEMENTS

## HOUSING

### Assessing Conditions

In general, perhaps not surprisingly, the recent housing studies found that the higher the per capita income of the country, the larger and better quality the housing and the higher the proportion of dwelling units that have water piped to the plot and are made of permanent building materials. However, there are large differences in housing quality between the most prosperous cities in countries with comparable levels of per capita income. There is also the fact that official statistics do not provide a complete picture on the actual state of housing conditions, for instance - in some countries of Africa, Asia and Latin America, the number of conventional dwellings constructed annually is usually between 2 and 4 units per 1,000 inhabitants - when the actual growth in the housing stock, including all illegal and informal housing, is likely to be between 15 and 30 units per 1,000 inhabitants.

In many cities in the South, illegal or informal housing is the most critical influence on the possibilities of lower income groups of owning or building their own house. The proportion of a city's population living in illegal and informal settlements is not necessarily a good measure of housing problems in that rudimentary houses or shacks in illegal or informal settlements often meet the cost, location and space needs of low-income households better than other available alternatives. Here, as in most aspects of housing supply, there are great variations in what is tolerated and the scale and nature of illegal developments are sensitive to this. In some cities, there is very little control of illegal or informal land markets, as long as these do not impinge on the more valuable sites. A further factor in housing supply (and price) is the availability of piped water, provision for sanitation

and drainage and other forms of infrastructure and services needed by housing and residential neighbourhoods. Another major influence on housing supply is the efficiency of the official legal and regulatory framework.

### Housing for Low-Income Groups

A city's housing market is the final outcome of the interaction of all the factors that influence supply and demand. Within any city, it is usually possible to detect a range of housing submarkets that have developed as the best compromise between poorer groups' needs and their inability to pay much for housing. These can be divided into "rental" and "owner-occupier" with the relative balance between the two varying greatly, from city to city and, within any city, varying over time. For instance, inner city tenements and houses developed on illegal subdivisions are two common housing submarkets - the first with mostly tenants, the second generally with a predominance of "owner occupiers", even if government has not recognized their status as such. Each sub-market for owners or tenants has its relative price - influenced by, among other things, location, size, physical conditions, and forms of tenure.

Various studies have documented the scale and range of the housing stock within cities - or in particular those used by low income groups. In Karachi it ranges from the one room dwelling built of semi-permanent material in an illegal or informal settlement (*katchi abadi*) worth around 3,750 rupees to large apartments and bungalows worth 1-2 million rupees. For the lowest-income groups, the choices are to build their own dwelling in a *katchi abadi* (in which around 37 percent of Karachi's population live) or to rent a room in an existing house there. In Dhaka, there are six major sub-markets in which the poorest two thirds of the population live: squatter settlements, refugee rehabilitation colonies and squatter resettlement camps, *bastis* (cheap rental accommodation in one

or occasionally two storey buildings), conventional inner city tenement housing, and employee housing. In San Salvador, the majority of low-income groups find accommodation in one of four kinds of housing: tenements (*mesones*), illegal subdivisions *colonias ilegales*, what were once temporary camps (*campamentos*) and squatter settlements (*tugurios*). In Tunis, the main sources of housing for low income groups are within the traditional city centre (*the medina*), a great variety of *gourbivilles* (illegal or informal settlements), illegal sub-divisions (mostly on the periphery) and social housing. A study in La Paz (Bolivia) also pointed to the range of housing sub-markets used by lower income groups, including one that was neither rental nor owner occupation but where a dwelling or space in a dwelling is temporarily lent without charging rent.

### **Rental Housing**

In all cities, there is a section of the population that has rental accommodation. This proportion may be very high, especially if there is a competitive and diverse rental market and if there are few financial advantages in owner occupation compared to renting. For instance, in many European cities, a high proportion of the population rent their accommodation and choose to do so. There are also individuals or households whose only possibility of finding accommodation is renting because their income is too low to afford the cheapest "owner occupation", even if they wanted to. It is now much rarer to find low-income households able to find cheap or free land in the larger and more prosperous cities in the South. In the North, there is always a proportion of the city population that also lacks the means to own their own home. Without a substantial shift in the distribution of wealth and income, large numbers of young families and many older and poorer families cannot afford their own home.

### **Public Housing Stock**

In many cities in the North and South, public housing represents a significant proportion of all housing - and among the largest sources of rental accommodation. 92 percent of the housing stock in Beijing was reported as public housing stock. In Hong Kong, by 1994, half the population lived in public housing. In the 1950s - public housing

programmes in West Europe were seen as ways of rapidly expanding housing and rebuilding cities damaged during the Second World War as well as providing cheap, good quality accommodation for low-income groups. In Eastern Europe and the former Soviet Union, they were also seen as a way of avoiding exploitative landlordism.

During the 1960s and early 1970s most governments in the South either launched large public housing programmes or greatly enlarged existing ones. New public housing agencies were set up during the 1970s and new housing finance institutions were also set up. Certain public housing programmes achieved a considerable scale. For instance, the National Housing Bank of Brazil set up in 1964 and closed down in 1986 had provided the core of a housing finance system that had produced around 4 million units. The scale of support for public housing programmes diminished in most countries during the late 1980s or early 1990s; the reaffirmation of the importance of market forces influenced this. In many countries in the South, recession and the cuts in public expenditures linked to debt crises and structural adjustment also had a role. The privatization of the state housing stock may be the single most distinguishing feature of the transition in East and Central European countries. There is a clear pattern across this diverse group of countries in the form of decentralization of the ownership of state housing to local authorities and the cut in national funding for public housing construction.

### **Owner-Occupied Housing**

In both the North and the South, there are large variations in the proportion of a nation's or a city's population that owns the house or apartment in which they live. In 1990 in Finland, around 64 percent of the urban housing stock was owner occupied. 60-70 percent of housing is owner occupied in the USA, Belgium and Luxembourg, 40-50 percent in Germany and the Netherlands. The proportion of the population who own their main house has increased considerably in recent years. For instance, in France, between 1963 and 1992, the proportion of households who own their main home rose from 42 to 54 percent. In the United Kingdom, it grew from around 41 percent in 1961 to just over 50 percent in 1971 to around two thirds in 1992. The proportion of home-

owners in the Russian Federation has also increased rapidly in recent years. In many cities in the South, a considerable increase in the proportion of "owner-occupiers" has been observed. Mexico City provides a good example: in 1950, three quarters of the housing stock was rental accommodation and by 1980, close to two thirds of the population were owner-occupiers. In considering cities with a high or a low proportion of housing that is owner-occupied, there are certain factors that are known in particular instances to have affected this balance. For instance, the high rate of owner occupation in most cities in the United States and the United Kingdom is certainly related to the widespread availability of housing finance and a considerable financial advantage given to owner occupiers by government policies. But the differences between cities in the proportion of people who choose to rent or become owner occupiers depend on the relative advantages and disadvantages of these forms of tenure.

## **LAND AND LAND MARKETS**

### **Land Markets for Housing**

The issue of how to ensure that urban land markets serve the economic and social needs of urban inhabitants and enterprises remains one of the most complex - perhaps the most complex - task for urban governments. The economic and social benefits from good land management are enormous; one of the main determinants of the economic success and quality of housing and living conditions in any city is the price and availability of land - for commercial and industrial use, for housing, infrastructure, public services and the various forms of public space - playgrounds, parks, public squares. The social costs of poor land management are enormous, the economic costs of poor land management are often the failure to attract productive investment, especially as many enterprises now give a higher priority to good quality infrastructure and services both for the enterprise itself and for their workforce when choosing locations.

The "solution" to the rigidities and inefficiencies of public action and administration on land and the high proportion of city populations with very limited capacity to pay for "housing" has been the

development of illegal or informal land markets. These have provided the land sites for most additions to the housing stock in most cities in the South. There is a great range in the nature of the illegality - in the occupation of the land, in the registration of ownership, in the way the land site is subdivided, in the use to which the land is put and in the nature of the building on it. At one extreme, there is illegal occupation - squatting - and at the other, fully legal occupation of the land but with one aspect of the house or the plot or the wider subdivision not meeting official standards or perhaps even meeting official standards but not having received official approval. There are also various forms of land acquisition that fall somewhere between these two extremes - for instance in countries where traditionally land is owned by the community. There are also large variations between cities and countries in such aspects as the nature of the legislation governing land ownership or use, the extent of concentration in land ownership, the extent to which international investors are active in a city's real estate market and the extent of public ownership of land.

A review of how people obtain land in different cities suggested that these be divided into three categories: administrative, non-commercial and commercial. Within non-commercial, there are settlements on the following types of land: customary land (usually with permission from the traditional authorities); government land; abandoned land (for instance after foreign settlers moved away when a nation achieved independence); and marginal land that has little commercial value. Within commercial land acquisition, there are "mini-plots" within existing settlements, mostly from the subdivision of existing plots within illegal settlements; renting land; and finally illegal subdivisions. But in any illegal or informal settlement, there are usually a considerable variety of ways through which the people currently living in the settlement acquired the site.

In many cities in the South, customary patterns of land tenure still apply to large tracts of urban land - or such patterns of tenure overlap with imported models of land legislation that were generally imposed by colonial rulers. For instance, in many urban centres in West Africa, land for a house can be obtained from its customary owner or the person

who has the right to allocate land. Illegal subdivisions are likely to emerge as an important supplier of land for housing wherever there is an effective demand for land sites for housing that official rules and procedures prevent from being fulfilled.

Many studies point to the increasing commercialization of informal land markets as city economies and populations grow. One final and obvious characteristic of increasingly commercialized land markets is the increasing concentration of the lower-income groups on a small proportion of the land area. One study in Dhaka revealed the level of inequality in the use of land; in 1987, the wealthiest two percent of the city's population used almost as much of the city's residential land as the poorest 70 percent and 2.8 million of the poorest people lived on just 7 square kilometres of land. A study in Nairobi found that one third of the population lived in illegal or informal settlements which covered less than 4 percent of the land area. This high concentration of low income groups in very small proportions of the land area does not imply that overall densities are high. Indeed, in most of the largest cities in the South, there is sufficient vacant or underutilized land within the city or metropolitan boundaries to provide good quality housing for all those currently living in overcrowded tenements or high density illegal or informal settlements.

### **The Role of Government in Informal Land Markets**

In regard to the legal land market, most governments adopted policies that have contributed to land shortages, rather than land availability. Government policies have emphasized the control and regulation of land use rather than supporting and facilitating the supply and development of land to ensure demand is met as quickly and cheaply as possible. Government land use policies have often been subsumed under some other heading - such as shelter needs or masterplanning. Governments have also failed to act on the fact that one of the most effective ways to support a city's economy and to improve housing conditions is to ensure that land with basic infrastructure is available for a great range of activities at the lowest possible price. Few governments have used their powers and investment capacities to stimulate increased

supplies. Yet stimulating increased supplies can often meet economic, social and environmental goals more effectively than controlling use.

However, as already described, a range of informal and illegal land markets have provided the means by which the cost of housing - for renting, self building or purchase - could be brought down sufficiently to become affordable by a much larger proportion of each city's population. Governments have tolerated informal land market to defuse what was potentially a huge political problem - the fact that a high and growing proportion of the population could not afford the cheapest legal house or site. But this toleration was virtually always within strict limits so most land for housing was not occupied illegally - and where it was occupied illegally, only rarely was it on valuable privately owned land. Most illegal land occupation took place on government land or land of very poor quality with limited commercial value. And over time, conventional land and housing markets developed in most illegal or informal settlements so what originally appeared to be a threat to the existing order ended up fully integrated into that order.

There are also many documented examples of government involvement in illegal or informal land markets. In some instances, this takes the form of providing tenure to those living in illegal settlements; perhaps not surprisingly, announcements regarding the provision of secure tenure for the inhabitants of particular illegal settlements often take place just before elections. There are also examples of government authorities targeting their programmes that provide land tenure and basic services to those illegal settlements that appear to be the most substantial political threat to the government in power and not doing so to other, long established illegal settlements that did not represent a centre of opposition. Providing those living in illegal settlements with secure tenure can thus be used to counteract urban popular movements that threaten the established political order.

The extent to which governments develop a major programme to provide secure tenure and basic infrastructure and services to those living in illegal settlements and the choice of settlements that get priority is likely to be influenced by the extent to

which those living in illegal settlements are organized. There are many case studies of squatter movements or popular movements in Latin America negotiating successfully with the state. At the other extreme, there are few if any organizations based in low income settlements that represent "the settlement"; for instance, a study in Bamako pointed out that people are active in organizations along ethnic and religious lines or based on being from the same area of origin and not on the basis of where they now live.

### **International Influence on City Land Markets**

Inevitably, many cities worldwide are influenced by the new international division of labour that is organized and managed on a global scale. This new mode of global production is closely related to the growing importance within the world economy of the global corporation that can internalize many specific product markets, allocate capital globally to the most profitable locales and gather, process and communicate information on a global scale to carry out its functions. The municipal authorities responsible for managing urban development in these cities are no longer doing so in isolation from global forces. The housing and land markets and demands for infrastructure are influenced by the multinational firms. This influence is evident in what have come to be called the "world cities" that have a particularly important multinational role. In addition, a growing number of cities are influenced by foreign investment in real estate. Despite the decline and even disintegration of some local and regional real estate markets, real estate markets in many cities were so thoroughly globalized during the 1980s boom that this will not be reversed.

## **INFRASTRUCTURE AND SERVICES**

### **Water Supply**

Despite considerable progress in improving or extending water supplies in the South during the International Drinking Water Supply and Sanitation Decade that began in 1980, by the end of the decade, 245 million urban dwellers and over one billion rural dwellers still had no alternative but to use water whose quality is not assured. For urban areas in the South, an assessment in 1991 suggested that around half the population had water piped into

their houses while around a quarter were supplied through less convenient means - public standpipes, yard taps, protected dug wells and boreholes/handpumps. The remaining 350 million or so urban dwellers did not have a safe, protected water supply. In rural areas, most households with "safe" water supplies depended on boreholes and handpumps or protected dug wells; these were the water sources on which over a third of the rural population in the South relied. Only ten percent had water piped into their homes with another 10 percent served by yard taps or public standpipes. The latest estimates (for 1994) suggest the number without suitable water services had increased to about 280 million for urban dwellers while the number of unserved rural dwellers had been reduced to 835 million.

The fact that official statistics are often optimistic of the extent of progress in improving water supplies during the 1980s should not detract from the considerable achievements in improving water supplies. For instance, it is clear that major progress has been made in Brazil in improving the provision of water supply (and sanitation) during the late 1970s and the 1980s. In Sao Paulo, for instance, although there is still a need to improve the quality and reliability of the water supply, especially for low income groups, the public water supply network reaches some 95 percent of all households. Similarly, in Chile, the proportion of the urban population with piped water grew from 78 percent in 1976 to 98 percent in 1987 although here too, the coverage for the lowest income groups are also particularly low.

### **Sanitation**

Official statistics for 1991 suggest that at least a third of the South's urban population and more than half its rural population have no hygienic means of disposing of excreta and an even greater number lack adequate means to dispose of waste waters. Close to 2 billion people still lacked provision for sanitation in 1991 and for most of those with provision, the simple pit latrine was still the most common method of excreta disposal. Of those that had provision for sanitation, most had a simple latrine; only some 550 million had a house connected to a public sewer with around 220 million having a septic tank system. Estimates for 1994 suggest that the number of people lacking

adequate sanitation in the South had increased considerably during the early 1990s, to 588 million in urban areas and 2.28 billion in rural areas, up from 452 million and 2.15 billion respectively in 1990. Projections to the year 2000 show that if the present rates of provision of sanitation services are maintained, the number of people without adequate sanitation will total 3.31 billion, that is more than half the world's population. This will include 846 million urban dwellers and 2.5 billion rural dwellers; most will be in Asia.

The problems with sanitation are growing with the size and density of settlements. In high density residential areas only sewers or toilets connected to septic tanks can ensure adequate provision for sanitation, but quite a number of places in the South have no sewers at all. Most of their inhabitants also lack connection to septic tanks. Excrement and waste water ends up in rivers, streams, canals, gullies and ditches, untreated.

### **Solid Waste Collection**

Most cities are facing mounting problems with the collection and disposal of solid wastes. In high-income countries, the problems usually centre on the difficulties and high costs of disposing of the large quantities of wastes generated by households and businesses. In lower-income countries, the problems are more to do with collection. These problems are especially serious for the inhabitants of the larger and most densely populated informal or illegal settlements or tenement districts that have no regular garbage collection service. Garbage collection problems are less extreme in most of the middle-income countries in Asia and Latin America. For instance, in Sao Paulo City, 95 percent of households have a regular garbage collection service, in Bangkok City, by 1990, 80 percent of the solid wastes generated were being collected. As countries become wealthier, the proportion of solid wastes collected and the proportion of households served with a regular collection generally rises.

The volume of waste per person also tends to rise with incomes. In low-income countries, average municipal waste levels per person per year can be as low as 100 kg; in high income countries they can be close to 1000 kg although in most wealthy European countries, they average between 300 and

500. In a recent study of five Asian cities (Karachi, Manila, Kanpur, Bangkok and Jakarta), the average for domestic solid waste was 216 kg per person per year. Residential wastes generally account for between 60 and 80 percent of total solid wastes in cities in the South - but generally rather less in the North. For instance, in the Netherlands in 1986, household waste accounted for only a fifth of total solid wastes - with construction and demolition wastes accounting for 32 percent, industrial wastes for 23 percent and wastes from streets, markets, offices and shops accounting for most of the rest. In the USA, industrial refuse is about 3 times that of municipal refuse.

### **Transport**

The last ten to fifteen years brought a continuing rise in the number of motorized road vehicles worldwide and continued growth in air traffic. For instance, road traffic in the European Union grew by 70 percent between 1970 and 1985 and is expected to increase by a further 50 percent between 1985 and 2000. The growth in automobile use and in air travel has been a major factor in growing levels of fossil fuel use and in greenhouse gas emissions. In the North, by the early 1990s, transport accounted for around 30 per cent of total energy consumption, with variation between countries. For instance, in the United States, it accounted for 37 percent while in Japan it was 27 percent and in the Netherlands 22 percent. Virtually all cities have been transformed by motorized road vehicles and the numbers of cars, trucks, buses and other forms of motorized vehicle have greatly increased in urban areas. In addition, most major cities throughout the world developed before the widespread use of automobiles and now have difficulty coping with automobile traffic.

The growth in the number of cars worldwide in recent decades has been far more rapid than the growth in the urban population. For instance, in 1950, there were around 53 million cars on the world's roads, three quarters of them in the United States; by 1990, there were more than 400 million and another 100 million trucks, buses and commercial vehicles. Around one third of these were in Europe, another third were in North America and the final third divided between the rest of the world. Although in Africa, Asia and

Latin America, the number of road vehicles per person remains far below the level in Europe and North America, certain countries in these regions have had the most rapid growth in the number of road vehicles - and a few of the wealthiest countries in these regions have levels of car ownership comparable to those of Europe. Number of passenger cars per 1000 inhabitants indicates the very large variations between some of the world's poorest countries with 1 or 2 passenger cars per 1000 inhabitants in 1985 and some of the wealthiest countries with 400 or more.

An increasing reliance on private automobile use has been built into much of the urban landscape and this is not easily changed. In many cities in the North, a significant proportion of the population now live in low-density suburbs within which no public transport can operate cost-effectively and in which at least two private cars per household are almost a necessity. Even in a small, compact country such as Denmark, each person (including children and the elderly) travel an average of 40 kilometres a day with this average projected to rise to 55 kilometres a day by the year 2010. A study in Toronto (1986) indicated that those living in the dense city core travelled on average 9.4 kilometres a day by automobile compared to 13.4 by those in less dense inner suburbs and 21.7 for those in low density outer suburbs.

A detailed study of 32 major cities in North America, Europe, Australia and Asia that looked at the extent of automobile dependence and the factors that helped explain this found that the 32 cities could be divided into five categories. Most US and Australian cities were within Categories 1 and 2 which have a high or very high automobile dependence and at most a minor role for public transport, walking and cycling. Most European cities fell into categories 3 and 4 which had moderate or low automobile dependence and an important role for public transport. However, Munich and Paris, both among the most prosperous cities in Europe, along with three of the most prosperous Asian cities (Tokyo, Singapore, Hong Kong) had a very low automobile dependence with public transport, walking and cycling more important than cars.

The relatively low levels of automobile dependence in the Asian and some of the European cities are

associated with higher population densities, a more efficient public transit system and effective demand management measures. In the Asian cities, nearly two thirds of all travelling in terms of passenger km was undertaken on public transport - for instance, in the mid 1980s, over two thirds of all motorized trips in Seoul, Bombay, Shanghai, Manila and Calcutta as well as Tokyo and Hong Kong were made by bus, rail or subway. In many cities, a high proportion of all trips on public transport are provided by informal private sector services. By the end of the 1980s, the informal sector had between 40 and 80 percent share in public transport in most capital cities of sub-Saharan Africa. It also dominates public transport in many cities in South Asia, except the large ones where institutionalized transport usually has the lead. One other common problem is the fact that revenues for most publicly owned bus, railway and metro systems do not cover the costs, so there are no revenues on which to draw to improve maintenance and the quality of the service and to invest in expanding the service.

Cities in China such as Shanghai and Tianjin have among the world's highest rates of bicycles in use, although in both, these rates may be declining, with the rapid growth in the number of automobiles and with transport plans oriented towards increasing automobile use. Most cities in the South also have a high proportion of trips made by walking. But it is not only cities in relatively low-income countries that have a high proportion of trips made by walking or bicycling. For instance, in cities in West Germany in 1989, 27 percent of trips were made by walking with 10 percent by bicycle. In many cities in Denmark, France, Sweden, Germany and the Netherlands, a high proportion of all trips are made by bicycle; in Delft (the Netherlands) where special attention has been given to encouraging bicycle use, 43 percent of trips are made by bicycle with 26 percent made by walking.

In most cities in Africa, Asia and Latin America, the growth in the supply of public transport by the formal sector is slower than population growth - and the deficit in the supply of services is further widened because the larger the city grows, the larger the average length of travel. In several sub-Saharan African cities, there has even been a major decline in the supply of public transport, despite growing populations. In others, such as Nairobi

and Abidjan, the main public transport operators increased the number of vehicle kilometres during the 1980s, but at a rate that was much slower than population growth. In India, the supply of public transport services stagnated in Bombay, did not match population growth in Bangalore and only in Madras did it increase faster than the population. There are usually too few vehicles relative to demand and a serious problem of maintenance as existing vehicles are over-used and too little attention is given to maintenance.

Transport safety has become a very serious problem, as recent estimates suggested that some 865,000 people die each year from traffic accidents and many times this number are seriously injured. More than a million people have died from traffic accidents within the European Union over the last 20 years, and more than 30 million have been injured and/or permanently handicapped. In the United States, more than 40,000 people are killed each year through road accidents and over 3 million injured. However, around three quarters of all traffic accidents now occur in the South, even though there are still many more road vehicles in the North.

## **Communications**

The world is in the midst of an "Information Revolution", in which advances in computing and telecommunications technology are transforming the way people work, learn, travel, and live. In some cases the potential for change is profound and is of policy concern. Local governments have maintained much or all of the responsibility for providing and regulating local infrastructure: streets, water, sewers, power. The telecommunications infrastructure has been a notable exception, offered largely by the private sector and regulated largely at the national and state levels of government. Beginning in the early 1980s, however, cities have progressively developed both an awareness of the importance of telecommunications as a planning tool, and a more active role in employing telecommunications-based strategies in their planning activities. However, cities are advised to "look before they leap", and to continually monitor the changing technological landscape as they explore policy and planning alternatives.

The spatial aspect of the role of telecommunications in economic development raises related issues of importance to city planners: the place of that city in a global context, and the shape of that city in a local context. At the local level, telecommunications has supported the deconcentration of urban activities. A critical question is the extent to which new growth will propagate urban sprawl even more widely, or be channelled into more efficient higher-density, balanced land-use, and infill development patterns. Public policy decisions have historically had an important impact on the viability of central business districts in particular, and on urban form in general. Governments have exercised their zoning authority to block or downsize development in the face of favourable market forces. They have also attracted development through tax breaks, provision of infrastructure, and other incentives. Today, policy choices can determine the extent to which telecommunications technology will support socially desirable urban forms.

## PART III

# RESPONSES TO CONDITIONS AND TRENDS

### SETTLEMENTS PLANNING AND MANAGEMENT

#### New Directions in Settlements Planning

Settlement planning is central to ensuring that urban development and management meets sustainable development goals - and is still widely recognised and used by both national and local governments, while serious shortcomings within many current approaches have been pointed out. The challenge of planning is not only how to contain urban growth but also how to marshal human, financial and technical resources to ensure that social, economic and environmental needs are addressed within urban growth. As a reaction to the shortcomings of traditional master planning, and recently to address the needs of sustainable development, various new processes and approaches have been adopted.

Action Planning is generally defined as an implementation-orientated process to solve problems at a local level. The action planning approach fits well with the view of planning "process" rather than "product" and with the parallel emphasis on community involvement at an early stage in the planning procedure. However, it is generally agreed that action planning should be implemented within the framework of a city-wide strategic planning approach.

Strategic planning is increasingly seen as a participatory approach to integrated urban development to achieve growth management and remedial actions at both the city-wide and local scales. The output of the process is not just a physical development plan for the city but a set of inter-related strategies for city development. The key characteristics of strategic planning are: cross-sectoral coordination and integration; financial

feasibility; agreement on comparative advantage of public and private sectors in urban development and management; enabling role of the public sector in support of the private sector; inter and intra-sectoral choice mechanisms; linkages to and from national policy issues; concern with rural-urban relationships; resolution of conflicts among participants; regular monitoring and evaluation.

At the city-wide scale the process involves multi-sectoral coordination of spatial planning, sectoral investment plans, financial resources and institutional frameworks to meet inter-sectoral city development objectives over a longer time period of say 10-15 years (strategic planning). At the local scale, the process involves coordinated processes of intensive change for a limited area over a short time period (2-5 years) - action planning. At both scales, techniques of multi-sectoral investment planning can be used to prioritise and define a capital plan.

Zoning of urban land use by ordinances and codes is the most common form of land regulation. Traditionally, zoning has often been applied rigidly, involving single or limited use of land parcels for housing, commercial, industrial, community and other activities. Recent improvements in zoning techniques used mostly in OECD countries, include: **mixed use zoning**, a technique for incorporating integrated project components within a coherent plan that stipulates the type and scale of uses, permitted densities and related items; **floating zoning**, in which a district is described in the zoning ordinances but not located on the zoning map until the need arises; and **conditional or contract zoning**, under which the city bargains with a developer for certain social benefits such as park land to be provided in return for permission to develop commercial land uses (i.e., "planning gain"). **Phased zoning** is another technique whereby a permit is required before development can occur. Such permission may be granted when adequate infrastructure to service the site is agreed

to and installed by the city government.

Geographical information systems (GIS) are gaining increasing importance as a tool for decision-making in planning. Such systems enable speedy and easy access to large volumes of data and allow the data to be manipulated in order to select, update, combine, model "what if" questions and display the information on maps and diagrams or as lists of addresses. The essence of any GIS is the ability to link together different data sets and present it clearly and concisely in a variety number of ways. GIS systems are now common in planning departments in OECD countries and are starting to be used in other countries. For instance, in Dhaka, Bangladesh, a GIS system has been installed in the city planning office as part of the reorganisation of the department and an introduction of a new typology of plans (with assistance by UNCHS).

Land market assessments can be used to support four broad activities; government planning and decision-making; the evaluation of government policies and actions (including urban planning); private sector investment and development decisions and structuring of land-based taxation systems. The availability of high capacity statistical and spreadsheet computer packages at low cost means that comprehensive data banks can be established for even large cities with only modest staff and technical resources.

### **Institutional Implications of Planning Innovations**

The powers of local government to prepare plans, regulate land use and coordinate the actions of the public and private sector in land development are often very restricted by central government. Such a situation may have been acceptable when the urban sector was rather small, but the increasing demands of rapid urban growth make such a centralised approach less and less relevant. The extent to which delegated or decentralised powers are needed depends on national and local political realities. Generally, the degree of local responsibility for tasks in plan formulation and land use regulation and the role of the private sector, community groups and organizations, and NGOs is enlarging.

In summary, the move towards strategic planning

will require stronger coordination of urban planning functions with those sectoral and financial agencies at the local level in order to deliver the integrated development approach. This "horizontal" coordination also extends to public-private sector linkages, i.e. day to day links between the planners and the private sector, both formal bodies such as land development companies, major manufacturing and service businesses, as well as community-based organisations and individuals. Mechanisms for such coordination are generally poor at present - although there are examples of cities where such coordination has been much improved. For instance, the city of Curitiba is well known for its coordinated planning and management, in particular the close coordination of transport and land use policies which have encouraged higher densities along public transport routes, reduced dependency on private automobile use and encouraged travel by bicycle and on foot.

### **Innovations in Land Development and Management**

Land development constraints are common when the functions of land survey, cadastral mapping, registration and tenure records are receiving lower priority in government funding and staffing. Typically, existing systems are based on long established practices which have failed to keep up with the growth in land transactions and subdivisions. In addition, the process of land transfer is often costly, including staff time, transfer taxes, stamp duties, etc and further complicated in cities where both modern and customary land tenure rules apply. Various countries are now introducing quicker and cheaper systems of titling, registration and tenure. Although systems are usually provided by government, there is increasing use of the private sector to speed up the process of land titling and development.

In many countries, both North and South, there are examples of new forms of public/private sector partnerships in urban land development projects. In general, the public sector's comparative advantage is in land assembly, fast track plan approval and coordination of infrastructure investment for the project, while the private sector enjoys the advantages of finance raising, marketing of floorspace and efficient relationships with building contractors. Teaming up creates mutual

benefits. The possible benefits to the public sector include: urban redevelopment of decayed neighbourhoods; increased economic activity and taxes as under-used and surplus urban land becomes developed; and financial gains from grouped ground leases and participation in cash flows from joint development projects. Another innovation is termed "infrastructure-led development" where full use is made of public investment to guide urban development but in ways that also support the private sector's role in such development.

Innovative Land Development in the context and framework of appropriate urban planning approaches can contribute to economic development in several ways, namely: through strengthening the management of urban infrastructure with particular emphasis on maintenance; through improving the city-wide regulatory framework to increase market efficiency and private sector participation; through improving the financial and technical capacity of municipal institutions; and through strengthening financial services for urban development.

Strategic planning requires, among other things, close linkages between spatial planning, financial resources and sectoral strategies. The Urban Management Programme (UNCHS/World Bank/UNDP) has analyzed techniques used in different countries for investment prioritisation and has developed the technique of Multi-Sectoral Investment Planning. This has its roots in both spatial planning and annual operating and capital budgeting traditions. Its product is a multi-year capital plan, showing what investments take place across sectors, how this investment will be financed and the repercussions of investments on the operating and maintenance budgets of public agencies. An advantage of Multi-Sectoral Investment Planning is that the process can be tailored to staff resources available and can be expanded incrementally from certain core activities/sectors. A further advantage is that many community-level projects can be integrated and prioritised at the local level and do not have to go through a city-wide planning.

### **Management of Environmental Infrastructure**

In most countries in the South, environmental infrastructure has not been managed in an

integrated manner, even where the different forms of infrastructure provision were under the same government agency, local authority, or parastatal. However, integrated management is needed as inadequate water supply leads to poor sanitation while inadequate provision for sanitation can mean a contamination of surface and groundwater resources. Similarly, the absence of a well managed solid waste collection and disposal system often leads to refuse blocking drains, causing flooding in low lying areas, and water pollution. An integrated approach is also needed to promote the conservation of water resources both in terms of quality and quantity, and the efficient and equitable allocation of scarce water resources among competing uses. In response to this and to other needs, UNCHS (Habitat) launched its Settlement Infrastructure and Environment Programme. Its main objective is to assist in formulating policy options and strategies to improve the integrated management of urban water resources at the municipal level.

In the past and to a large extent in many countries today, investment in environmental infrastructure has been financed largely from tax revenues and government borrowing. Thus, government bore all the associated risks. However public funds fall far short of the required level of investment to cover the rapidly growing demand in many urban areas, especially in the South, and the economic problems faced by most countries in Africa, Asia and Latin America has further reduced the availability of these funds. An estimated \$80 to \$120 billion needs to be invested by countries in the South to cater for the population growth between 1990 and 2000, but only about 5 to 10% of the yearly requirement (about \$2.5 billion per year) has been provided by external support agencies in the form of aid and non-concessionary loans. The need to quickly identify other means of financing investments is obvious.

Mobilizing private capital is another way to fill the funding gap. However private capital is not unlimited and environmental infrastructure has to compete with sectors which yield a higher return on investment. To date, only limited amounts of private capital have been used to finance investment in the sector. A survey published in October 1993 by *Public Works Financing* showed that of 148 private infrastructure projects funded worldwide

since the early 1980s at a total cost of over \$60 billion, only 16% of the projects were for environmental infrastructure, and none of the projects were in low income countries.

Another source of funds for sectoral investments is to generate it from the services through user charges. If tariffs are set high enough to recover operation and maintenance costs as well as the investment costs, this can generate adequate funding for future investments. While agencies like the World Bank, the African Development Bank, the Asian Development Bank, and other external support agencies are actively promoting this idea, and in some cases making it a condition for the loans or grants they provide for infrastructure, recipient governments have been slow to embrace the idea, mainly for political reasons.

One of the factors limiting the availability of private capital for environmental infrastructure is the lack of a reliable track record by the operators. There is thus a move promoted by agencies such as the World Bank to privatization or leasing the management of services to private companies with proven track records. Another option is to enter into joint management contracts with such companies with a view to improving service delivery and management, operating on sound commercial principles, and using the private company's proven track record to attract financing.

There is considerable variety in what aspects of infrastructure can become the responsibility of private enterprises, NGOs, or community based organizations. Such groups may be contracted to undertake one or more of the feasibility study, design, construction, supervision or management; or they may be contracted to provide some service like the collection of solid waste; or the management of infrastructure such as the management of water distribution and sewerage networks, which includes operation and maintenance, rehabilitation, and the systems' expansion. There is also considerable diversity in the form that a public-private partnership in infrastructure provision or maintenance takes. For the public sector to successfully involve the private sector in providing or managing environmental infrastructure, the government authorities should have the capacity to manage the process - for instance to ensure that people's needs are met with

services of appropriate quality and price. The legal framework must both support the government authorities in managing the process while at the same time not hindering decision-making by a private partner. Community participation in the decision making process not only ensures that communities are provided with what they want as opposed to what the experts think they want, but it also provides a sense of belonging and ownership and better care for the investments, and it reduces costs.

As a result of governments' inability to meet existing demands, communities, households and NGOs are also becoming more involved in mobilizing funds to build their water and sanitation schemes or to operate and maintain existing ones. Women, in particular, play an important role in organizing their communities and mobilizing local resources. However these activities often do not evolve into sustainable forms of settlements development and resource management since they are carried out in a non-formal manner, reacting to immediate needs, with varying degrees of success. In the past the focus was on the design of more efficient, environmentally sound waste treatment and disposal facilities. But financial restrictions and increasing waste production have brought about a change of focus to promoting waste minimization and a reduction of pollutant load at source, waste recycling, the use of water saving devices, metering of services, and new tariff structures.

## **Transport Management**

Sophisticated traffic management systems can increase the efficiency of the use of road spaces and the number of vehicles using road systems without congestion. This is especially so in high density cities that have a low proportion of their total area devoted to roads, as is the case in many cities in Europe and in the South. Seeking to expand road systems to cope with projections of increased automobile use in high density cities also produces such disruption to the urban fabric and displaces large numbers of people. It was the scale of this disruption in cities in the North that helped generate a re-evaluation of the priority that was being given to private automobile users. For many cities in the South, the number of automobiles is growing much more rapidly than the number of people, and building the roads and highways to

cope with the automobilization is a serious challenge for each city.

The need to maintain land use efficiency is linked closely to transport. Dispersing land uses at low density creates automobile dependence. Introducing new and efficient public transit lines into rapidly growing cities can encourage the development of dense urban settlements and limit low density sprawl, especially if land use planning helps encourage such developments. Planning is an expression of any city's cultural values. All cities have some commitment to this social value. If automobile dependence is not resisted through conscious planning, it will erode or help to destroy most attempts to maintain community life in an urban setting. For all cities strong neighbourhoods need to be protected from the dispersing and disruptive aspects of the automobile, while in many cities the policy of reducing automobile dependence is part of a process to reclaim residential neighbourhoods.

Investment in transit infrastructure can help shape the city as well as ease traffic problems. There is a considerable range of technological options too, varying in price, capacity and speed and these include options such as express busways that do not require heavy investments. It is also possible to "upgrade" as demand rises and as cities grow in size and wealth - for instance as light railways or trams replace express busways. It is also possible to draw on private sector resources - for instance through city authorities providing the framework within which private bus companies bid for particular routes or areas. But this can only be achieved if public transit is part of a broader policy that discourages low density developments and unnecessary automobile use.

### **Tools and Methods to Support Participation**

Participatory methodologies are sets of tools and techniques that have been developed in order to better realise high levels of community members' involvement in development projects or to allow the inhabitants of a particular settlement to design, implement and/or evaluate their own initiatives. Participation is now commonly accepted to be an important component of successful development programmes although the term is used in many different senses. Participatory approaches are

meant to facilitate higher levels of participation in which the inhabitants of a settlement have some control over the development process. They have, in general, been initiated by development practitioners and agencies concerned that much of the decision making process is designed by and limited to professionals.

Community participation is a complex process and reservations have been expressed about the nature of participation within programmes using participatory tools and methods. Drawing on the experience of participatory approaches in rural areas, it is likely that the application of such tools and methods will not be quick if the community is to understand and accept the purpose of the external agents coming into the settlement. Many settlements are divided by political or other affiliations and these differences need to be recognised and, where possible, addressed before other collective activities can take place. Community participation may favour stronger groups in the community who can reinterpret their private interests as public concerns.

### **Training for Settlements Management and Development**

To address the scale and complex nature of housing and settlement problems, national and local capacity-building institutions will need to be strengthened in most countries. The needed capacity-building must also respond to national and local cultural contexts and changing problems and opportunities. Among the greatest challenges is to ensure that training for settlement management is in the national languages and that it trains people to be gender sensitive and understand how to involve all the key actors, (governmental, NGO, community and private enterprise). This can be done only by national and local capacity-building institutions. These institutions must also go beyond traditional concepts of class-room training to include all aspects of human resource development and institutional capacity-building. They should also support the development of national policy and help build societal awareness. But these institutions' effectiveness depends on supportive policies from national governments and on the extent to which the legal, institutional and regulatory environment supports the actions of the professionals they train.

"Building capacity to build capacity" is still new, with its coverage still limited - and the ways and means of achieving it still not fully known. The experience to date should be used to improve practice and to expand coverage to all regions. It should also emphasize the enabling approaches and close partnerships between operational settlements management institutions and capacity-building organizations, and between those organizations themselves at national and regional levels. There is also a need to scale up new approaches. For instance, the process of training trainers and advisors, and the development and dissemination of manuals and handbooks in national languages (the only way to reach all critical actors) needs to be greatly expanded. So too does the scale of training activities, especially for elected local government officials - the elected municipal or city councillors. This is especially relevant, given the introduction or return to elected local councils in so many countries and the fact that their responsibilities for settlements management have often been increased.

Another area meriting increased attention in the future is management training for staff from NGOs, community based organizations and other voluntary organizations involved in urban development. Such training should not only help these organizations to improve their own effectiveness but should also cover policy consultations, problem-solving workshops and other activities aimed at improving their collaboration with local and central governments, including the creation of a legal and regulatory framework that is supportive of their activities.

One final area that needs development which remains very weak methodologically, is the area of impact evaluations of training and of other capacity-building activities. Techniques for evaluating training programmes themselves are better developed and more frequently and systematically practised. A lack of adequate and reliable impact evaluation limits the quality of capacity-building in general, not only in settlements management and development. The development and testing of this strategic tool for managing of human resource development investments is an important and urgent task. This new interest in urban management has been most evident in the project commitments of the World Bank Group.

Many agencies have recognized the importance of technical assistance provided by the joint UNDP-World Bank-UNCHS (Habitat) Urban Management Programme.

## **HOUSING AND BASIC SERVICES**

### **From Housing Supply to Enablement**

A review of what governments have done to improve housing conditions since the first United Nations Conference on Human Settlements in 1976 came to three main conclusions. The first is that there is no evidence that housing conditions for the lower income groups in cities in the South have improved in terms of affordability, tenure, standards and access to services. The absolute number of urban residents living in inadequate shelter has certainly grown, although it is not certain that the overall proportion has. The second is that housing conditions are not deteriorating in all nations - and in many they have improved considerably. The third is that in many cities in both the North and the South, inequality in incomes and in housing conditions has increased, and with it the attendant dangers of social and political conflict. The last 10-15 years brought major changes to the ways that most governments sought to tackle housing problems. These were influenced by many factors but among the most important are changes in economic conditions (and in government responses to them), changes in the concept of what governments should do (and should not do) to improve housing conditions, and, in many countries in the South, democratic pressures. At the same time, there were changes in the concept of what governments should do to improve housing conditions, resulting in the crystallization of three distinct concepts of the role of government in housing programmes: state provision; the "enabling" approach; and the "market provision" approach, although no government's position falls entirely within one of these approaches.

The enabling approach helped to develop what might be termed a new agenda for shelter as it relied on market forces for many aspects of shelter provision, but within a framework that addressed those areas where private, unregulated markets do not work well. Thus, it used the advantages of private markets for land, building materials, finance

and finished housing in terms of cost reductions, rapid response to changing demands and a diverse range of housing available for sale or rent. However, it is not only private sector firms, but also third sector institutions such as NGOs, voluntary agencies and community organizations that are seen as more cost effective producers and providers of shelter than government bureaucracies. This new approach accepts that the privatization of some services can bring major benefits but that privatization is no longer the standard response for all services. The "enabling" approach is also associated with political reforms, especially democratization. Popular participation and decentralization now receive more official support than they used to. Civil society is also given a much greater role through NGOs, community based organizations and citizens movements. There is a more explicit and informed attempt to ensure that housing provision better matches the needs and priorities of lower-income groups.

The new approach gained strength throughout the 1980s, supported by two related, international initiatives. The first, promoted by UNCHS (Habitat), centred on the concept of the "enabling approach" that was elaborated, in 1988, in the Global Strategy for Shelter to the Year 2000. Here, the role of government was redefined to focus on managing the legal, regulatory and economic framework so that people, NGOs and private-sector actors were more able to produce housing and related services, more effectively. Scarce government resources could then be directed to areas such as capital-intensive infrastructure which the poor could not fund, and which commercial interests would not finance themselves. The second international support for a new approach to shelter policy in the 1980s and early 1990s emerged from the World Bank. Although the World Bank's approach shared and supported many of the characteristics of the "enabling approach", during the second half of the 1980s, its shelter policy developed more of a focus on economic issues, especially on "enabling housing markets to work", and paid less attention to social and political matters such as enabling poor people to gain access to housing and land. The most important elements in this new agenda included secure property rights, developing private mortgage finance, rationalizing subsidies, promoting cost-recovery in infrastructure development, reducing

shelter standards and regulatory complexity, and promoting private-sector activity in all areas. Thus, different interpretations of "enablement" mean different kinds and levels of government intervention.

### **How Government Policies Have Changed Since Vancouver**

Not surprisingly, the changes in the political orientation of many governments towards neo-liberalism during the 1980s also brought changes in the way that governments viewed their role within housing (and within social policy in general). This can be seen in Europe with the erosion of the post-war consensus on the role of the welfare state that also brought major changes in housing policies in many countries. However, the thrust of housing policies in countries in Europe and North America can be partly explained by their ideological base. Housing policies and the range of housing types and forms of tenure they influence are very different in Europe's social-democratic welfare states such as Sweden and Norway compared to liberal welfare states such as the United States and, increasingly, Britain. In social democratic welfare states, there is extensive state intervention in many areas to promote equality, which includes extensive state intervention in housing, while using market forces to keep down prices and promote diversity in types of housing and forms of housing tenure. In liberal welfare states, the market is favoured over other forms of housing provision with very limited government involvement. Most countries in the North fall between these two extremes both in their ideological base and in the form of government intervention in housing.

In the South, there was a clear retreat from government as major provider of housing during the 1980s. In some countries, this was a trend that had begun prior to the 1980s and was associated with the shift from provision to enablement. Many governments had already made significant changes in their housing policies during the 1970s - for instance in the shift away from public housing programmes and in the greater priority given to upgrading programmes. During the 1980s, there was a coincidence of several influences: a greater market orientation encouraged by many powerful governments in the North and by many multilateral and bilateral donors that was often enforced

through structural adjustment; for most nations, economic stagnation or decline that in turn limited the capacity of governments to embark on high cost shelter interventions; the introduction of or return to democratic rule, democratic pressures from the bottom up and some international donor pressure from the top down that, in combination, demanded a stronger support for community organizations, NGOs and participation and that explicitly or implicitly supported the expansion of the human rights movement to include consideration of the "right to housing"; the growing strength and influence of the movement to reduce the discrimination against women and "gender-blindness" in housing and basic service provision; increasingly less international funding available for housing projects from the international agencies that had been much the largest supporters of such projects - especially the World Bank and US AID'S Housing Guaranty Program; and the development of "the enabling approach" within the Global Strategy for Shelter to the Year 2000.

In seeking to highlight the most important innovations in housing policy in the South over the last 10-15 years, five deserve attention. The first is the development of national shelter strategies by many governments that broadly follow the guidelines of the Global Strategy for Shelter to the Year 2000. The second is the higher priority given to upgrading programmes and the development of new approaches to upgrading. The third is the increasing attention given to identifying and reducing discrimination against women and "gender-blindness" in housing and service provision. The fourth is the increasing influence of human rights movements or campaigns within housing. The fifth is the recognition by governments of the importance of rental-housing, with some initiatives to support its development.

Relatively few governments had developed national shelter strategies before the elaboration of the Global Strategy for Shelter in 1988. The Global Strategy for Shelter laid down four requirements for national strategies: the definition of clear and measurable objectives; gradual re-organization of the shelter sector (including the legal and regulatory framework and shelter production); mobilization and distribution of increased financial resources (including housing finance, rationalization of subsidies and cost-recovery); and reorganization of

production of shelter and management of land, infrastructure and the construction industry. In 1992, Agenda 21 added one further requirement to this list, namely, that national shelter strategies should include measures to promote "sustainable energy development and transport systems." Over the last few years, a number of studies have reviewed progress in developing national shelter strategies. In summary, substantial progress was made during the 1980s and early 1990s in many countries in re-defining aims and objectives to coincide with the principles of the enabling approach. In many cases there was also wide consultation with private-sector groups and NGOs and community organizations. However, most "strategies" lack a detailed plan of action, timescale, provision for ensuring resources are available to implement the actions proposed and indicators for monitoring and evaluation. They are closer to "policies" than "strategies." This is one reason why implementation has so far been disappointing. Among the lessons learnt to date is the identification of four preconditions for success: governments must take unambiguous decisions that provide for autonomy at local level; measures to foster local initiative must be accompanied by others to address barriers that stand in the way of these initiatives; governments must accept the demands of poor communities as legitimate, and respond to them; and professionals involved in human settlements development must be prepared to re-define their roles.

Upgrading programmes for inner-city tenement districts and illegal or informal settlements have become very widespread. One of the underpinnings of upgrading programmes has been the greater tolerance by governments for illegal and informal settlements. This, in turn, has often been helped by a return to democratic rule. Those living in illegal settlements have shown themselves to be politically adept at negotiating for legal tenure or basic services in return for votes. Their numbers have also increased so much that they can represent a sizeable portion of a city's voters - and they often include a sizeable part of the city's lower-middle and middle-income groups, although these tend to be in settlements developed on illegal subdivisions rather than on illegally occupied land. A greater official tolerance for illegal or informal settlements is also helped by the number of individuals and businesses who make money out of their

development. Perhaps the two most serious difficulties with upgrading programmes are how to sustain the initial impetus and how to expand them to the point where they reach most or all of those in need. Upgrading momentarily makes up for a deficiency in local government's investment and implementation capacity, but the basic institutional deficiency is not removed. Perhaps of greater significance worldwide than the large, well-known and well-documented upgrading programmes are the large number of small, largely *ad hoc* "upgrading" schemes in which the inhabitants of a low income settlement negotiate with a local government or some other public agency for tenure of the plots on which they live and for some basic infrastructure and services. The significance of these schemes lies in their numbers and in the fact that they demonstrate a much wider acceptance of this approach by city and municipal authorities. One measure of a government's commitment to "enabling policies" would be the extent to which it has moved from "upgrading projects" to institutionalizing upgrading within city and municipal authorities.

One of the most significant developments in housing during the 1980s and early 1990s was the increasing understanding of the discrimination faced by women in most if not all aspects of housing and basic services. Although this discrimination affects single women, it usually affects women-headed households more in their search for an adequate shelter and basic services for their household. There is increased awareness of possible "gender blindness" in housing and basic service programmes. Such programmes are gender blind because they do not recognize and make provision for the particular needs and priorities of women for income-earning, child-rearing and household management, and community-level action and management. Initiatives to reduce discrimination against women began in the early 1970s as a move to ensure that women's roles and contributions within development (and later natural resource management) became better understood. They then developed into a focus on "gender and development" which recognized the need to consider not just women's needs and priorities in isolation but to understand these within the broader context of the social relationship between men and women and how this relationship underpinned discrimination against women. It was also spurred

by evaluations of the social impact of structural adjustment programmes that found that their social impact was often particularly severe on women. Significant progress, however, tends to be limited, as discrimination is often deeply embedded in societal attitudes and perceptions, and in laws and institutional structures. It is also embedded in patterns of property ownership. During the 1980s and early 1990s, there was a rapid growth in the number of professionals, NGOs, coalitions and associations that are committed to ensuring a greater voice and influence for women's needs and priorities in housing and more generally in human settlements.

One significant change during the 1980s and early 1990s was the increasing influence on government actions of international and national law on people's right to housing. This was largely the result of a much greater use of international and national law by citizen groups and NGOs - which in turn helped stimulate important developments in international and national law concerning people's right to housing. Citizen groups and NGOs used the law as a defence for those facing the threat of forced eviction, as a justification for demanding adequate compensation for those already evicted - and, more generally, as a way of backing the demand that governments act to ensure people's housing needs are met. Although few governments or international agencies actively support people's right to housing, almost none will deny that the right to housing is part of human rights. Most countries with new constitutions in the last 10-12 years have included the right to housing within them or at least a formal acceptance that the state has a responsibility for ensuring people find housing. Fifty three national constitutions have some provision within them for housing rights. International conventions on housing rights have also changed dramatically in the last few years. International human rights law includes a series of clear governmental legal obligations and a broad series of individual and group entitlements to these. What is also new is the extent to which the actions of government in housing are now subject to regular scrutiny by various human rights bodies.

The importance of renting in terms of the proportion of people who rely on renting in urban areas and the fact that a large proportion of those who rent are among the lowest income groups is

now well recognized. There are examples of successful government intervention in rental housing but far less of effective policies. The general record of official support to the rental market has been disappointing. Despite the obvious (and in many cities growing) importance of renting and sharing, housing policies have been slow to respond. National shelter strategies usually identify the promotion of rental housing as an objective, but have done little to promote it. Most governments have also been slow to encourage an expansion of rental accommodation, in upgrading and serviced site programmes. Thus, in general, instead of promoting the widest possible range of housing alternatives so that people can choose from a range of options, shelter strategies still tend to promote home ownership.

### **The Construction Sector: Challenges and Opportunities**

A number of significant efforts have been made over the last 10 to 20 years in some countries (in both the North and the South) to address specific challenges in low-income shelter and infrastructure construction. In view of a number of constraints facing the large-scale cement plants in the South, particularly the underutilization of installed capacities and resource wastages, a new generation of production plants is now in operation, mainly in China and India. These produce cement of a quality identical to those produced in conventional large-scale factories, but at scales as low as 20 tons per day. The plants use small, local raw material deposits, can be brought into production rapidly, and involve a level of investment which can be afforded by local entrepreneurs. In recent years, new and innovative techniques have been developed for the production of high-quality, low-cost walling blocks made from earth using a stabilizer, such as a small amount of cement or lime, to make it strong, durable and impervious to water. Considerable research has been carried out on fibre-concrete roofing (FCR) technology (sheets and tiles) most of which has been published and disseminated. The technology is gaining considerable popularity in many countries in the South and has been demonstrated successfully in more than 70 countries. One of the greatest challenges of the construction industry is its potential to utilize wastes from agriculture and industry, as raw materials and as fuel substitutes.

Among many other opportunities, phospho-gypsum can be produced as a by-product of fertilizer manufacture; sulphur removed from chimney stacks can be used for producing sulphur blocks; and "red mud" can be used both in block production and cement. Timber wastes and agricultural wastes can be processed to form building boards. The residues from rice processing, palm-nut processing, and coconut and groundnut residues are all materials which can be used as fuels in brick-burning and lime-burning.

The construction industry, as a major consumer of the world's natural resources and a potential polluter of the environment, is being closely scrutinized by the international community and many governments. In addition to adverse environmental aspects of construction activities, health hazards associated with certain building materials are also attracting great attention in recent years.

The process of information collection and dissemination through specialized information services and data centres in the South is undergoing gradual development. However, because of a number of reasons, such as inadequate managerial skills and lack of financial resources these centres have not been able to fully satisfy the information needs of researchers and professionals in the construction sector.

### **New Partnerships**

One characteristic of many of the innovative policies and programmes described above is the partnerships that allowed a combining of resources from national government agencies, municipal authorities, the private sector, NGOs, international funding agencies, the voluntary or community sectors, and individuals/ households. There is a considerable range of public-private partnerships in housing construction, improvement, maintenance or management. There are examples of settlement improvement programmes that: relied on the active support of community organizations and on the integration of other government programmes within the same framework; or depended, for their long-term success, on agreements reached between community organizations, support NGOs and the municipal authorities; and involved partnership between community organizations, NGOS,

government agencies and international funding agencies. Within these alternative models, community participation is integral because the basis of government intervention is to identify what individuals, households and community or neighbourhood organizations are doing (or would like to do if they had the resources) and seek to support this for the achievement of better results.

## **FINANCE FOR HOUSING, INFRASTRUCTURE AND SERVICES**

### **Government Programmes For Housing Finance**

A number of innovative programmes have enabled households and communities to obtain access to land, building materials and finance for housing, and provided support for housing production processes. Some of the programmes from which many valuable lessons have been learnt include: Mutirao (the National Programme of Mutual Aid Housing) in Brazil; the Community Mortgage Programme in the Philippines; the Urban Community Development Office in Thailand; FONHAPO (National Fund for Low-income Housing) in Mexico; the Build-Together National Housing Programme in Namibia; and the Million Houses Programme in Sri Lanka.

In both their form and historical development, many of these new government housing finance initiatives show the influence of NGO experiences. In many countries, NGOs have succeeded in identifying the successful "ingredients" of credit programmes for housing and neighbourhood development, but they lack the capital to provide opportunities for low-income communities on a large scale. Governments seeking to adopt such strategies have to develop systems to make available sufficient land and financial resources. They also have to identify ways in which they can support the present housing production process of low-income households. One particular innovative aspect of such government policies is that they seek to involve many groups other than government.

Housing loan programmes generally have to provide ways by which low-income households can obtain land or obtain tenure of the land they already occupy. Significant housing investment

does not make sense unless tenure is secure and assistance in securing land is generally a first step in a process of housing consolidation. Households who take a first loan for land can rarely afford to take a second to help meet the costs of housing construction. In such circumstances, governments can make a significant contribution to a community development process either by making public land available for housing or by requiring municipalities to provide land as their contribution to the improvement programme (as encouraged by the Mutirao programme in Brazil).

When supplying infrastructure and services, experience suggests that the development process works to the advantage of low-income communities if the provision of infrastructure and services follows rather than precedes housing development. Once investments in infrastructure and services are made, the price of the land usually rises steeply, especially since the demand for land for housing with infrastructure and services considerably exceeds supply in many countries and it rapidly becomes too expensive for low-income households. Undeveloped land is considerably cheaper and acquiring land without infrastructure and services enables the increase in value arising from development to be "captured" by the low-income residents.

The governments' financial contribution to housing finance programmes is primarily the loan capital which is usually available to households or community organizations at subsidized rates. The NGO experience in housing finance has been subsidised housing finance, which reflects their primary focus on assisting the poor and their local knowledge of the communities they are supporting. On the other hand, the experience of government programmes offering subsidised finance is that such programmes are attractive to higher income groups who are often successful in "capturing" the subsidy. The issue of subsidised finance is therefore critical to the design of government programmes.

Those arguing for loan provision on economic grounds emphasise that credit markets in many countries in Africa, Asia and Latin America are inefficient and that profitable investment opportunities are foregone because credit is not available to low-income communities at interest

rates approaching those of competitive market rates. In such programmes, the emphasis is overwhelmingly on the provision of investment capital for housing and the focus of the programme is primarily financial. Subsidies may be considered unnecessary and even detrimental to the effectiveness of such programmes. They are unnecessary because the major problem is lack of credit, not the cost of credit; and they are detrimental because the subsidy is attractive to higher income groups who try to obtain funds through the programme.

The second rationale for credit provision for housing concentrates on its effectiveness in ensuring the basic needs of low-income households are met. Market based development is considered to be inadequate without a redistribution of income or assets towards low-income groups although this redistribution will bring wider economic benefits such as increased demand for goods and services. Housing credit programmes, it is argued, have proved to be an effective and efficient way of delivering subsidies because they avoid or reduce problems such as the selection of recipients and dependency. Subsidy funds are allocated more efficiently than might otherwise be the case because the households and/or communities are also spending their own funds and become involved in the allocation decisions with some sense of ownership in the project. The subsidy finance goes further because it automatically draws in additional resources. Within such a perspective, low-income housing loan programmes are seen as one component within a poverty-reduction strategy. High repayment rates have, in general, been secured in these innovative programmes. Repayment has been encouraged through a number of measures, all of which are common to effective NGO programmes. Perhaps the most universal is the requirement that a community has operated a savings programme in order to be eligible for loan financing. Other measures include requiring the community organization to take responsibility for obtaining the loan repayments.

The way in which such credit programmes interact with the housing production process is also an important element of the programme structure in the innovative schemes considered here. The programmes have been designed to promote a local development process within communities receiving

loans in order to reduce poverty and vulnerability to crises. In order to reach this objective, the programmes seek to encourage three specific elements: (a) to maximise household receipt of funds; (b) to maximise non-financial support for households; and (c) to maximise local economic multipliers.

Alternative strategies have been used to ensure that as much as possible of housing subsidies reach those in most need, instead of being intercepted by private contractors. Loans specifically directed at low-income households are one such strategy. By providing the subsidy through the loan, which is managed at the level of the household or community, the subsidy can be used in the way that is most effective to the community. Credit programmes provide an opportunity to reduce household poverty and vulnerability through developing effective community organization. A strong community organization is considered an essential element of many recent innovative government programmes. Experience suggests that there are many advantages attached to "collective credits" or community loans. Another common strategy used by innovative housing finance programmes is to ensure that funds circulate as many times as possible in the local economy through using housing production to stimulate local economic growth. In particular, the new programmes are intended to assist in increasing household incomes and therefore the capacity of these households to take on and repay loans. There are a variety of different income opportunities that are related to improved housing. For example, housing programmes can provide rooms for rent and may include space for micro-enterprise development. Further income-earning opportunities are provided through housing construction and the production of housing materials.

The Contributions of local government, NGOs and other actors have also been important. Many of the innovative government housing credit programmes have emerged from the experience of NGO staff who have been brought into government to improve low-income housing strategies and programmes. In such programmes, NGOs have been given an important role providing technical advice and assistance to communities participating in the programme. Local government is usually responsible for zoning and for applying land use

and building regulations and, in most cases, the provision of services. Many local authorities also own land and virtually all will have the main role in providing legal tenure to those living in illegal settlements. Governments have a particular responsibility in setting the broad framework within which the other actors take part. This includes making it simple for individuals or households to develop their own housing. For governments intent on changing their role from the delivery of housing to supporting households and communities developing their own housing, this requires considerable institutional change. They will usually also have to modify housing standards. Unfortunately, the large private companies have, in general, had a limited role in innovative government programmes providing credit to low-income communities.

### **NGO Programmes for Financing Housing and Basic Services**

Because of the lack of credit for housing available from either the private sector or from the government, NGOs began to experiment with housing finance programmes. NGOs who identified the need to intervene in financial markets to provide credit for housing investment have used different strategies in their relationship with formal finance institutions. Some have remained sceptical about the ability of the formal financial sector to address the needs of low-income households and have sought to establish alternative financial institutions. Others have established new financial institutions offering bridging or small-scale finance while encouraging links between the informal and formal financial sectors. Others have assisted the integration of low-income housing loans within the formal financial sector.

In many cases, NGO experiences start with very small independent revolving loan funds in which households repay funds to a capital fund which then makes the funds available to another household. Sometimes the strategy is concerned to establish alternative financial institutions. NGOs have therefore obtained donor and/or government support to establish alternative institutions that seek to combine the best of formal and informal sector finance. Another strategy is to develop a credit scheme that provides an alternative lending institution in the short term but has as the long

term objective the integration of low income groups who take part into formal sector housing finance. Yet another strategy is to facilitate the immediate integration of low income groups into the formal sector.

While there appears to be broad agreement among many NGOs and international agencies that subsidized credit should be avoided for micro-enterprise loans, there is less agreement in regard to housing finance. Most NGO housing finance programmes use fixed interest rates. In some cases, these are intentionally subsidised. Within some large NGO credit programmes, housing is treated as a special case with subsidised loans being available for housing investment but not for income-generation activities.

Many innovative credit schemes include a package of additional measures to supplement and enhance the provision of credit, including assistance in obtaining legal tenure, and training in the activities for which credit is being extended or in financial/business management. Some of the more ambitious credit schemes use group development techniques to establish a structure through which borrowing can take place. In many cases, the group also provides a guarantee of repayment.

The NGO experience in the last twenty years provided a basis for many of the innovative government programmes. The weight of experience has been in housing rather than infrastructure provision and it is this aspect that many government programmes have sought to replicate.

### **International Finance for Housing, Infrastructure and Services**

Funding for human settlements projects from development assistance agencies comes from three principal sources. The first (and much the largest) is from multilateral agencies, especially development banks with the World Bank Group being much the largest single source. The second is from the bilateral agencies of donor governments. The third is from the enormous number and range of international private voluntary organizations. Although total funding flows from these are much smaller than those from the first two sources, the priority they give to basic services

makes them significant in total funding for such services. In most international agencies, funding for human settlements lacks any coherent framework and it generally receives a low priority. Most funding falls within two broad categories: (a) funding for shelter, including shelter-related basic infrastructure and services; and (b) funding for large urban infrastructure projects and services.

In recent years, shelter projects and housing finance have attracted less than 3 per cent of the commitments of most development assistance agencies. The largest sources of donor funding for shelter have come from the World Bank Group, the Inter-American Development Bank and U.S. AID'S Housing Guaranty Programme. Overall, the proportion of funds allocated to shelter from multilateral and bilateral agencies is declining. During the period 1980 to 1993, a few donor agencies provided considerable sums to low-income housing projects in urban areas, most of them in large cities. Most went to projects that differed considerably from conventional public housing. For instance, support was provided for "slum" and "squatter" upgrading schemes and also for site and service projects, but donor agencies faced many difficulties with the latter, including those of replicability and sustainability.

More recently, the agencies involved in supporting shelter have started placing greater emphasis on funding to support housing finance - in recognition of how many countries lacked an efficient housing finance system. Within the World Bank Group there has also been a shift towards "housing policy development" that seeks to address some of the city-wide structural constraints that have limited the impact of "projects". In this shift, the aim of loans is to improve the performance of the housing sector as a whole.

The infrastructure and services associated with housing and residential areas receive a higher priority from both multilateral and bilateral agencies than housing itself or housing finance. The World Bank is much the largest donor for this group of projects both in terms of aid (through its concessional loans) and in terms of non-concessional loans. Around \$22 billion was committed to the infrastructure and services associated with shelter between 1980 and 1993, most of it to urban areas. Among the other

multilateral agencies, the Inter-American Development Bank made loan commitments of \$4.4 billion, while UNICEF disbursements to shelter related infrastructure and services totalled over \$4.5 billion during these fourteen years.

A new kind of project or programme became increasingly important in the last ten years at the World Bank and in certain other multilateral and bilateral agencies: social action programmes targeted at the poorer groups, most of them adversely affected by structural adjustment programmes. The World Bank is the single largest contributor to these funds. Total commitment exceeded \$200 million in 1991 and 1992 and exceeded \$570 million in 1993. Another important innovation in many bilateral programmes is a greater attention to the needs and priorities of women in development. In addition to immediate practical needs such as health, certain agencies also seek to better meet women's strategic needs, i.e., to lessen the discrimination against them in terms of access to employment, credit and land ownership.

Many agencies have increased the priority given to urban infrastructure and services other than that directly related to shelter. This includes commitments made to urban management and to integrated urban development projects that combine investments in different kinds of urban infrastructure and services, often in more than one city, and often including components to train local government staff and strengthen local institutions. Among the multilateral agencies, the World Bank remains much the largest source of development assistance to urban infrastructure and services, with commitments totalling close to \$27 billion between 1980 and 1993. The trend over this period has been a shift away from large infrastructure projects to support for education services and strengthening the capacity of municipal authorities in urban management and integrated urban development.

Various factors constrain a greater priority to human settlements from donor agencies. One reason is simply that recipient governments and/or development assistance agencies do not view human settlements projects as a priority or they equate "human settlements" with "urban" and choose to give a low priority to urban investments. There was certainly an "anti-urban" bias among many

development assistance agencies during the late 1970s and for much of the 1980s. Some changes can be detected in the attitude of agencies towards human settlements projects. One reason may be a better understanding of the economic role of cities (and urban systems) and the difficulty for any nation in achieving a successful economic performance without a well-functioning urban system which includes adequate provision for the infrastructure that enterprises need. Another may be an acknowledgement within agencies that "human settlements" is not a sector but the physical context within which virtually all their development investments take place and a critical determinant both of economic growth and of people's quality of life.

## **ENVIRONMENTAL PROTECTION AND RESOURCE MANAGEMENT**

### **Limitations to Current Approaches**

Innovative examples of buildings or settlements in which the level of resource use and waste generation has been greatly reduced are abundant. There are also many examples of companies and city governments that have greatly reduced resource use and wastes. What is less evident is governments prepared to develop national frameworks to promote resource conservation and waste minimization in all sectors and at all levels.

There is a growing recognition of the need to make all investment decisions by governments and the private sector respond to environmental issues. This is both in the depletion of the different kinds of environmental assets and in the environmental hazards that arise from their resource inputs and wastes. The level of environmental risk experienced by citizens is strongly associated with their income. Middle- and upper-income households can afford to live in the least polluted and best serviced areas of the city and to avoid the jobs with the highest levels of environmental risk, while low-income households often live in the most polluted areas, work in the most dangerous jobs and live in the most dangerous sites with little or no infrastructure and services.

Many unresolved questions in improving

environmental protection and resource management remain, such as how to value the different kinds of environmental assets widely used in production and consumption. There has been some progress in reducing the depletion of environmental assets in two areas: first, in limiting the right of industries to use local sinks for wastes - for instance disposing of untreated wastes in rivers, lakes or other local water bodies or in high levels of air pollution; and, second, in less wasteful use of renewable land resources (although the depletion of soil and the over-exploitation of fresh water to meet the demands of consumers and producers in rich cities may simply be switched from the city's own region to distant regions). However, there has been less progress with the use of non-renewable resources and of sinks for non-biodegradable wastes. The need is to halt or modify investment decisions which imply serious social and environmental costs either in the immediate locality or in distant ecosystems or for future generations.

### **Resource Conservation and Waste Management**

There is a great range of opportunities for resource conservation and waste reduction in the wealthier nations of both the North and the South. One of the main resource issues in the North is the transition to a much less fossil fuel intensive society. The policies that can promote such a transition include: (a) strong encouragement for improving the energy efficiency of residential, commercial, industrial and public sector buildings; (b) a range of incentives and the provision of technical advice to industries on how to improve energy efficiency; (c) a rethink of pricing and regulation for road vehicles, of pricing for fossil fuels in general, and of provision for public transport and support for increasing bicycling and walking. One of the factors constraining action by governments towards resource conservation and waste reduction is the worry about the employment costs. But there are many examples of industrial processes where resource use and pollution levels have been cut with no overall increase in costs and, in some cases, with significant cost savings. A shift to patterns of production that are far more resource conserving with wastes also minimized implies shifts in employment, including: (i) declining employment in the manufacture of automobiles and the material inputs into this process with expanding employment in public

transport equipment and systems, traffic management, air pollution control equipment for motor vehicles and reclamation and recycling of materials used in road vehicles; (ii) declining employment in the coal, oil, natural gas and electricity industries and increasing employment in energy conservation in all sectors and in the manufacture and installation of energy-efficient appliances, and also in the means to tap renewable energy sources; (iii) declining employment in mining and primary metals industries and paper and glass industries (and other industries associated with packaging production) and expanding employment in urban management systems that maximize recycling, re-use and reclamation, and promote waste minimization; (iv) declining employment in producing and selling fertilizers and biocides, but with increased employment in lower input farming, ecologically-based farming and land management, and resource efficient, high intensity crop production systems such as those based on hydroponics and permaculture. There is also an important international dimension to this, as resource conservation and waste minimization in the North implies less purchase of goods from the South. Measures must be sought to reconcile the "green trade" aspects of more sustainable patterns of production and consumption with support for more prosperous economies in the poorer Southern nations.

In most cities in the South, the potential for new employment in resource conservation (including recycling) is rather less, given that levels of resource use are so much lower and levels of recycling, reclamation and re-use often much higher. Ironically, many cities in the South, where housing and living conditions are very poor, are at the same time models of "ecological sustainability" in that levels of resource use and waste generation are low and so much waste is re-used or recycled. Unfortunately, some city authorities in the South seem set on copying Northern models for solid waste collection and management - although usually only providing garbage collection services to the middle and upper-income areas and the main commercial and industrial areas. This indicates very little commitment to recycling or waste reduction and no consideration for the current or potential role of those who make their living picking saleable items from waste. However, over the last ten years, an increasing number of city

authorities have moved from "waste management" towards "resource recognition". In some cities, there is now a recognition that the people previously regarded as "scavengers" and "pickers" are in fact recyclers and reclaimers who can be incorporated into city-wide waste management schemes in ways which benefit them and the city environment. However, some caution is needed in setting up recycling schemes, as can be seen by the number of schemes that have failed. There are also conflicts or potential conflicts between different goals. Perhaps the most important way to promote the successful integration of social and environmental goals into conventional solid waste collection and management is the careful evaluation of initiatives to date and a greater sharing of experiences.

While the initial interest in waste management centred on better ways to collect and dispose of it, there has also been a growing interest in what is termed "waste minimization". This seeks to reduce wastes at all points, from the extraction of raw materials, their use in production, in packaging and distribution and in use and disposal. Waste minimization can bring many advantages. For instance, there are many examples of industries that reduced costs or increased profits at the same time as reducing solid and liquid wastes. For a municipality, encouraging waste minimization among households and commercial enterprises can considerably reduce the costs of collecting and disposing of solid wastes. Various governments have taken measures to encourage waste minimization within industries. One is the use of "take-back" agreements through which industry has to take back the waste that it generates.

During the last 10 to 15 years, a greater use has been made of environmental impact assessments and of new accounting techniques developed by environmental economics to more fully incorporate environmental issues into decision-making. Environmental impact assessments (EIAs) are increasingly the means by which governments and development assistance agencies identify and predict the scope of the environmental consequences of a particular development project or activity. Many also seek to ascertain the social impacts of projects. The objective is to anticipate the consequences and avoid or mitigate them through amending the design or implementation of

the project or activity. Although EIAs for projects in urban areas are common in the North, most experience with such assessments in the South to date are for rural development projects and activities. However, it is now accepted that large urban development projects have major impacts on natural resources within the urban area. Within environmental economics, there is considerable debate about how to assign appropriate values to natural resources and to ecosystems within economic decision-making. However, a number of different techniques which can be used to measure environmental values are available. For example, the health related costs of water and air pollution can be estimated through days of work lost, medical expenses and lives lost. The value of clean water can be assessed by the price people are willing to pay for bottled water. And the value of clean air can also be considered through examining house price differentials.

### **Developing Local Agenda 21s**

Chapter 28 of Agenda 21, entitled "Local Authorities Initiatives in Support of Agenda 21" states succinctly why local governments have a very important role in implementation. So many of the problems addressed by Agenda 21 have their roots in local activities. As the level of governance closest to the people, local authorities play a vital role in educating, mobilizing and responding to the public to promote sustainable development. The chapter also lists four objectives, the most important of which is that by 1996, most local authorities in each country should have undertaken a consultative process with their populations and achieved a consensus on a local Agenda 21.

Local Agenda 21 processes will differ from city to city since they reflect the different local contexts in which they are working. Some countries have initiated national programmes of support, including Australia, the Netherlands, the UK and Finland. In the UK, such initiatives have several purposes: (a) to promote local consultative processes on sustainable development; (b) to disseminate guidance for local authorities on how to move towards sustainability at a local level and on how to develop models of community consultation, participation and local consensus; and (c) to involve and facilitate the full participation of all relevant sectors and major groups in the local Agenda 21

process at a national level. Certain local authorities in the South have also developed local Agenda 21s. For instance, each of the municipalities which make up the Bogotá metropolitan area in Colombia are developing their own local environmental agendas.

To date, there has been no comprehensive assessment of local agenda 21 processes. An obvious constraint on local Agenda 21s is their national context. Lack of resources and technical capacity within most local authorities in the South and the fact that local governments are often restricted by central government both in respect of raising finance and in other activities will impede local implementation.

### **Reducing Cities' Ecological Footprint**

As earlier noted, the "ecological footprint" of wealthy cities draws on the ecological productivity of an area many times that of the city itself. There are obvious measures which permit a reduction in any city's ecological footprint. Most are linked to one of the following: (a) increasing biomass production within the city or its immediate surrounds (e.g. crops, fish, trees); (b) reduced waste or increased use of "waste" as an input into production (e.g. organic waste used for compost; waste water used for urban agriculture; improved performance on reclamation and recycling of materials); and (c) increased efficiency in the use of resources imported into the city (e.g. fresh water, fossil fuels and other mineral resources). Two aspects which deserve further attention are urban agriculture and urban forestry.

In many cities in both the North and the South, a considerable proportion of the fruits and vegetables and certain other crops consumed in the city are produced within metropolitan boundaries or just outside them, and many city dwellers in the South depend on income from the sale of such produce. In spite of this, the importance of urban agriculture has rarely been fully grasped by city authorities or by researchers. Urban agriculture can combine environmental goals such as reducing the ecological footprint of cities and utilizing city wastes with broader economic and social goals. It can generate or support many jobs and contribute significantly to the food or fuel needed by poorer groups. Urban agriculture can also contribute to various other environmental benefits. It can make use of the

city's organic wastes (through composting it) and in so doing, reduce considerably the volume of waste which has to be disposed of. It can reduce water pollution when crop production is integrated with waste water disposal; this also has the advantage of limiting urban agriculture's demand for fresh water. Urban agriculture can further make use of land not easily used for any other purpose - for instance land directly under electricity transmission lines. It can also make use of vacant land-sites, until these are to be developed.

The serious economic and ecological costs to the regions in which cities are located which can arise from urban demand for rural resources, urban pollution and unplanned and uncontrolled city expansion have already been noted. Many are best addressed by action within the city - for instance the damage to forests, soils and water resources arising from city-generated pollution is generally best addressed through pollution control and waste reduction within the city. Most of the other problems - the loss of agricultural land, the destruction of natural landscapes and public open spaces and the ecological costs inherent in any unplanned low density urban sprawl - need a system of public control over land use changes. This has to balance economic, social and ecological goals and resolve potential conflicts between them. It must also be flexible enough to respond to different kinds of settlements and differing local needs and priorities. It must also reconcile the different aims and objectives of different local government units and of the populations they represent.

The loss of agricultural land from urban expansion can usually be avoided or minimised if local government guides the physical expansion and ensures that vacant or under-utilised land within the urbanised area is fully used. In most cities in the South, there is sufficient vacant land left undeveloped or only partially developed within the urbanised area to accommodate a very considerable increase in residential and commercial development with no expansion in the urbanised area. It is possible to promote higher densities and mix homes, workplaces and retail and leisure activities around public transport nodes. Provision for urban agriculture and for parks, playgrounds and other forms of open space can be integrated with the protection of watersheds and agricultural land.

New urban developments on the city periphery can promote high energy efficiency in all buildings and energy supplies. Fossil fuel use in transport can be kept down by ensuring that these relatively dense new developments on the urban periphery are centred around public transport nodes where mixed developments are encouraged and the use of private automobiles discouraged. The main difficulties in achieving such measures is in implementation. Solutions imply coordinated action between city authorities and the public authorities who have jurisdiction over the areas around a city unless there is a metropolitan authority which has jurisdiction over both.

### **International Innovations**

Various international innovations have emerged in recent years, for instance the work of the Urban Management Programme in developing a framework for environmental planning and management and the work of the OECD Development Assistance Committee in development of environmental impact assessment procedures. Increasing attention is also being given by various international donor agencies to environmental issues in their funding programmes. Three other examples should be noted. The first is the Sustainable Cities programme, a joint initiative of UNCHS (Habitat) and UNEP to provide municipal authorities and their partners in the public, private and community sectors with an improved capacity for environmental planning and management. The second is the Metropolitan Environmental Improvement Programme, a UNDP funded programme executed by the World Bank. It aims to develop and implement an environmental management strategy in five Asian cities. This includes support for strengthening the capacity of pollution control and environmental protection agencies, especially in working with powerful economic planning and sectoral agencies at the local and national levels. There are also numerous international agencies or networks that promote environmental planning and management or broader sustainable development goals.

## **NEW DIRECTIONS FOR HUMAN SETTLEMENTS: ADDRESSING SUSTAINABLE DEVELOPMENT GOALS**

Over the last two and a half decades, the focus of human settlements policies has shifted from housing the urban poor through a combination of informal settlements upgrading and sites and services schemes, to the "Enabling Approach" and the related idea of "Partnerships", both of which were at the core of the Global Strategy for Shelter to the Year 2000 adopted by the international community in 1988. The latest shift in policy focus has been towards the concept of "Sustainable Development", which was the central theme and message of the United Nations Conference on Environment and Development (UNCED) and Agenda 21 adopted in Rio Janeiro in 1992. These shifts in policy focus have been against the background of rapid urbanization. The main challenge now is how to manage the development of human settlements in a rapidly urbanizing world, in such a way as to satisfy the socio-economic and environmental objectives of sustainable development, overcome the limitations of past human settlement policies and satisfy the growing demand for democratic governance at all levels of society.

### **A Rapidly Urbanizing World: Cities as Solutions**

Cities have long been blamed for many human failings. They are often blamed for the inadequacies of the government institutions located there, for the inequalities in income that the contrasts between their richest and poorest districts make visible, for environmental degradation, and for corroding the social fabric. Within the current concern for "sustainable development", cities are often cited as the main "problem." Yet this Global Report, in surveying the evidence, found little substance to these criticisms, which forget the central role that cities and urban systems have in stronger and more stable economies, that in turn have underpinned great improvements in living standards for a considerable portion of the world's population over the last few decades.

The tendency to consider "rapid urbanization" as a problem forgets the close association between

urbanization and economic growth. While it is true that many cities have grown very rapidly, this is largely a reflection of the rate at which their economies grew. In general, the higher the level of urbanization in a country, the lower the level of absolute poverty. The most urbanized nations are also generally those with the highest life expectancies. Those who live in or move to cities generally have smaller families than those living elsewhere and the countries with the largest increase in their level of urbanization over the last 20-30 years are also generally those with the largest falls in population growth rates.

It is not cities that are responsible for most resource use, waste, pollution and greenhouse gas emissions - but particular industries and commercial and industrial enterprises (or corporations) and middle and upper income groups with high consumption lifestyles. Cities have the potential to combine safe and healthy living conditions and culturally rich and enjoyable lifestyles with remarkably low levels of energy consumption, resource-use and wastes. The fact that cities concentrate production and population gives them some obvious advantages over rural settlements or dispersed populations. The first advantage is that high densities mean much lower costs per household and per enterprise for the provision of services, including emergency ones. The second advantage that cities provide is the concentration of production and consumption, which means a greater range and possibility for efficient use of resources - through the reclamation of materials from waste streams and its reuse or recycling. The third advantage is that a much higher population concentration in cities means a reduced demand for land relative to population. The fourth advantage of cities in climates where homes and businesses need to be heated for parts of the year is that the concentration of production and residential areas means a considerable potential for reducing fossil fuel use. The fifth advantage of cities is that they represent a much greater potential for limiting the use of motor vehicles - including greatly reducing the fossil fuels they need and the air pollution and high levels of resource consumption that their use implies.

Cities are also among societies' most precious cultural artifacts. They are the places in which the "social economy" has developed most - and where

it must prosper, not only for the benefits it brings to each street or neighbourhood but also for the economic and social costs it saves the wider society.

Perhaps the single most important - and difficult - aspect of urban development is developing the institutional structure to manage it in ways that ensure that the advantages noted above are utilized - and also done in ways that are accountable to urban populations. Making full use of the potential that cities have to offer requires "good governance". The evidence of the 1980s and early 1990s is that "good governance" can bring major economic and social gains, and much less environmental degradation. "Good governance" can also be assessed in the extent to which city, regional and national governments ensure that people within their boundaries have safe, sufficient water supplies, provision for sanitation, education and health care. A successful city is one where the many different goals of its inhabitants and enterprises are met, without passing on costs to other people (including future generations) or to their regions. But in the absence of "good governance", cities tend to be centres of pollution and waste, and can be unhealthy and dangerous places in which to live and work.

### **Sustainability in Human Settlements Development**

Sustainable development brings together two strands of thought about managing human activity. The first concentrates on development, including a concern for equity, while the second looks to achieving development without damaging the planet's life support systems or jeopardizing the interests of future generations. Within the context of human settlements, a commitment to sustainable development means adding additional goals to those that are the traditional concerns of urban authorities. Meeting human needs has long been a central responsibility of city and municipal authorities. Their objectives generally include a desire for greater prosperity, better social conditions (and fewer social problems) and (more recently) better environmental standards within their jurisdiction. These have long been important concerns for urban citizens. A concern for "sustainable development" retains these conventional concerns but with two more added.

The first is a concern for the impact of city-based production and consumption on the needs of all people, not just those within their jurisdiction. The second is an understanding of the finite nature of many resources (or ecosystems from which they are drawn) and of the capacities of ecosystems in the wider regional, national and international context to absorb or break down wastes.

In the long term, no city can remain prosperous if the aggregate impact of all cities' production and their inhabitants' consumption draws on global resources at unsustainable rates and deposits wastes in global sinks at levels that undermine health and disrupt the functioning of ecosystems. Adding a concern for "ecological sustainability" to existing development concerns means setting limits on the rights of city enterprises or consumers to use scarce resources and to generate non-biodegradable wastes. This has many implications for citizens, businesses and city authorities. Perhaps the most important for cities in the North and the wealthier countries in the South is how to delink high standards of living/quality of life from high levels of resource use and waste generation.

While the economic dimensions of "sustainable development" are increasingly well-understood and strongly woven into the current literature on sustainability, the social dimension is less well-formed, although just as crucial. Social equity, social justice, social integration and social stability are of fundamental importance to a well-functioning urban society. Their absence leads not only to social tension and unrest, but also to civil wars, violent ethnic conflicts and other human-made disasters.

In the final analysis, and taking into account both the development and environment components of sustainable development, the main criteria for judging sustainable development in human settlements should be: (a) the quality of life of the inhabitants, including existing levels of social exclusion and integration and socio-political stability; (b) the scale of non-renewable resource use, including the extent to which waste recycling or re-use reduces it; (c) the scale and nature of renewable resource use (including provisions to ensure sustainable levels of demand on, for instance, freshwater resources and consideration of the settlement's wider ecological footprint); and (d)

the scale and nature of non-reusable wastes generated by production and consumption activities and the means by which these are disposed of, including the extent to which the wastes impact on human health, natural systems and amenity.

### **The Enabling Approach and Partnerships**

The "enabling framework" gives government a central role in setting the framework for urban development but a lesser role in providing the investment. This framework encourages and supports the multiplicity of large and small initiatives, investments and expenditures by individuals, households, communities, businesses and voluntary organizations. The concept of enablement is based on the understanding that most human investments, activities and choices, all of which influence the achievement of development goals and the extent of environmental impacts, take place outside "government". Most are beyond the control of governments, even where governments seek some regulation. The 1980s brought a growing realization that inappropriate government controls and regulations discourage and distort the scale and vitality of individual, family and community investments and activities, all of which are essential for healthy and prosperous cities. But there is also recognition that, without controls and regulations that are scrupulously enforced, individuals, communities and enterprises can impose their externalities on others. Preventing this is one of the main tasks of governance. One of the key issues, and challenge for city governance, is then - what kind of "enabling" institution is needed that best complements the efforts of individuals, households, communities and voluntary organizations and ensures more coherence between them all so they all contribute towards city-wide improvements.

Good governance also means coping with conflicting goals and the competing claims of different interests. Further, city authorities must look to encourage local innovation. In addition, the principle of subsidiarity remains important as responsibilities, tasks and control over resources are decentralized to the lowest level where their implementation will be effective. Governance extends beyond governments. It includes the strengthening of institutions for collective decision-making and the resolution of conflicts. It implies

new alliances and partnerships. Good governance develops a framework that succeeds in encouraging and supporting innovation and partnerships at household, community, city and regional levels. The achievement of sustainable development goals within a city will need an enormous range of household or community projects whose individual impact may be small but whose collective impact is significant. Institutions and partnerships between the different actors - NGOs, community organizations, business and commercial enterprises, professional organizations or associations, national and local government - are needed to achieve sustainable development across all sectors and geographic scales and promote beneficial inter-project linkages.

The activities of certain groups are particularly influential to urban development: citizen groups and community-based organizations; non governmental organizations (NGOs); city government; commercial and industrial enterprises; and international aid/development assistance agencies. Citizen groups come under many names and are also known as grassroots groups, community based organizations, self-help groups and base-level organizations. All represent some form of primary organization by residents or workers in a city (often formed by relatively poor households) to better their opportunities or fight against some hazard. Such groups are usually formed around a residential community or workplace.

Non-governmental organizations (NGOs) exist in many forms and with many differences in the scale and type of their work. In most countries, there are dozens of NGOs involved in urban projects; in many, there are hundreds. NGOs vary in scale from large, well-organised institutions working in many locations to small ones operating in one neighbourhood with a tiny budget and perhaps one (part-time) paid staff member. Some are based only on voluntary, unpaid work. They vary in orientation from those working in participatory ways with low-income groups and their community organisations developing innovative approaches to development problems to those with very traditional, top-down "welfarist" approaches. NGOs carry out many different kinds of activities which include emergency relief; technical or financial support to improve income generating/expenditure-saving capacity; support for self-help

and grassroots democracy; and lobbying and advocacy for political changes to improve the macro-level conditions that have resulted in local and national poverty (for example, debt and environmental degradation). The scope of their goals varies from those seeking to influence change within one particular urban neighbourhood to those who seek to change the policies of governments and international agencies. In regard to cities, three roles have been identified for NGOs: (a) Enablers (i.e. community developers, organisers or consultants) alongside community-based organisations; (b) Mediators between the people and the authorities which control access to resources, goods and services; and (c) Advisors to state institutions on policy changes to increase local access to resources and greater freedom to use them in locally-determined ways.

Given the diversity of cities both in terms of their size and population growth rates and in their economic, social, political, cultural and ecological underpinnings, it is difficult to consider "sustainable development" and cities in general terms. Much of the action to achieve sustainable development has to be formulated and implemented locally by city governments, since centralized decision-making structures have great difficulty in developing and implementing plans that respond appropriately to such diversity. It is the city government which has to: (a) Promote more sustainable patterns of resource use and waste minimization among consumers and producers; (b) Ensure a good match between demand and supply for land for all the different land-uses that are part of any city while using its planning and regulatory system to promote resource conserving buildings and settlement patterns; (c) Invest in needed infrastructure and services (or plan and coordinate their provision by other agencies/enterprises) again within a resource conserving framework; (d) Work with local businesses to enhance the locality's attraction for new productive investment; and (e) Encourage and develop local partnerships to help achieve the above and other sustainable development goals within the city.

Governments at both national and local levels must develop the conditions to support and sustain economic prosperity but, in most instances, they are dependent on private sector commercial and industrial enterprises to respond to these

opportunities. With the collapse of communist governments in Eastern Europe and the former Soviet Union and the privatization of many government agencies and responsibilities in most countries, investment opportunities are increasingly in the domain of the private sector. The private sector has a clear interest in the economic aspects of sustainable development and in the provision of infrastructure and services, but a more ambiguous position in regard to equity - both within contemporary society and inter-generationally.

Most commercial and industrial enterprises have some direct interest in ecological sustainability as a depleted and degraded environment is likely to raise production costs and increase risks. But the main area of action on the environment among the private sector is in reducing adverse health and environmental impacts within their own facilities and in their immediate surrounds. In addition, despite recession in much of the North, there is a new vigour to the debate about business and the environment and many business leaders no longer dismiss environmental movements and are even happy to discuss such concepts as 'full cost accounting and inter-generational equity'. Within an appropriate government framework of incentive and regulation, it is possible to conceive of commercial and industrial sectors greatly decreasing the scale of polluting emissions and toxic and hazardous wastes and minimizing environmental hazards in the workplace.

It is difficult for any city or municipal authority to act in isolation. National governments have the key role in linking local and global ecological sustainability. Internationally, they have the responsibility for reaching agreements to limit each nation's call on the world's environmental capital. Nationally, they are responsible for providing the framework to ensure local actions can meet development goals without compromising local and global sustainability. It is also the task of national government to consider the social and environmental impacts of their macro-economic and sectoral policies which may contribute to the very problems their sustainable development policies are seeking to avoid. The achievement of urban development goals that also seek to promote ecological sustainability requires both incentives and regulations.

National governments in both North and South are unlikely to set the incentives and regulations needed to promote sustainable development outside their national boundaries without international agreements. This, of course, requires the full participation of the international community. One of the key international issues for the next few decades will be how to resolve the pursuit of increased wealth by individual nations (most of whose members have strong preferences for minimal constraints on their consumption levels) within a global recognition of the material limits of the biosphere. There are also international factors far beyond the competence and capacity of national and municipal governments that influence the quality of city environments. The very poor

environmental conditions evident in most Southern cities are an expression of the very difficult circumstances in which most Southern countries find themselves. Stagnant economies and heavy debt burdens do not provide a suitable economic base from which to develop good governance. Many Southern economies have no alternative but to increase the exploitation of their natural resources to earn the foreign exchange to meet debt repayments. In the discussions about new "enabling frameworks" that the City Summit promotes, what must not be forgotten is the "enabling framework" needed at international level that is far more supportive of economic stability and greater prosperity for the lower-income nations.