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# Sustainable Urbanisation

Achieving Agenda 21



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# Sustainable Urbanisation

Achieving Agenda 21

# Foreword

The Millennium Development Goals and the World Summit on Sustainable Development in Johannesburg provide an opportunity for the international community to focus more sharply on what we must do to achieve sustainable development. The fact that half the people of the world now live in towns and cities, and that this proportion will rise to two-thirds by the middle of this century is a major challenge.

For development to be sustainable, the implications of our rapidly growing urban areas – where increasing numbers of residents are living in poverty – need to be clearly addressed. Target 11 of the Millennium Development Goals focuses on the need to achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020. UN-HABITAT, the United Nations Agency for human settlements has, together with all Habitat Agenda Partners (national governments, local authorities, civil society, international organisations and urban practitioners), adopted the concept of ‘sustainable urbanisation’ as a common framework for jointly addressing these issues. The UK Government Department for International Development has joined with UN-HABITAT to promote this concept at Johannesburg and beyond.

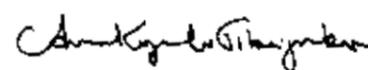
This publication is addressed to stakeholders at all levels, setting out specific promises and challenges of achieving sustainable urbanisation. It elaborates on many of the issues raised at the first World Urban Forum that was held at UN-HABITAT’s headquarters in Nairobi in April-May 2002. At that forum, the full range of Habitat Agenda Partners came together to develop the concept of ‘sustainable urbanisation’ and discuss its implementation, as a joint message for the World Summit for Sustainable Development.

Sustainable urbanisation requires lasting economic growth, resulting in reduced poverty and greater social inclusion, and taking account of the relationships between rural and urban areas. It means providing the land and infrastructure necessary to keep pace with city growth and providing the poor with access to livelihoods and essential services while, at the same time improving life in rural and smaller urban settlements. It also means ensuring that local authorities and their partners have the capacity to deal with the complex challenge of managing growing cities and towns. To achieve sustainable urbanisation and realise the potential benefits of the interdependence of rural and urban areas, it is imperative to address the potential conflicts between rapid urban growth and environmental sustainability.

It is vital that all organisations involved in international development co-operation act together to address the challenges of sustainable urbanisation, in support of national governments, local governments and their partners. This document is an important contribution to further developing the framework agreed at the World Urban Forum and providing a solid basis for co-ordinated action.



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# Summary



Today, half the world's population lives in towns and cities. Of the additional people expected between 2000 and 2015, nearly one billion will be added in urban areas compared to only about 125 million in rural. Virtually all of this growth will take place in developing countries. For sustainable urbanisation to be achieved, therefore, the scale of urbanisation must be recognised and urban development processes guided and managed in a sustainable manner. Urbanisation is associated with economic growth and development, providing vital opportunities for economic and social advancement and poverty reduction if well managed. However, it can also pose major threats to the achievement of sustainable development, in particular because of the environmental and other adverse effects of intensive resource consumption and poor management.

**Sustainable urbanisation** is a dynamic, multi-dimensional process covering environmental as well as social, economic and political-institutional sustainability. It embraces relationships between all human settlements, from small urban centres to metropolises, and between towns and cities and their surrounding rural areas. In this document, the main challenges to achieving sustainable urbanisation are identified and recent experience of promising approaches to planning and managing urban areas reviewed. These demonstrate a range of ways in which urbanisation can contribute to sustainable development.

Because the key responsibility for achieving sustainable urbanisation lies with local governments and their partners at the local level, the most critical action needed is to build local capacity to better manage urban growth and change. Many initiatives to strengthen local capacity are already under way, at both national and international levels, and the priority must be to make them more effective by increasing the synergy between them and improving coordination between the organisations involved.

The main **challenges** to the achievement of sustainable urbanisation are:

- *The potential conflicts between economic growth and environmental sustainability:* ways must be found to achieve pro-poor economic development but also to reduce the environmental impact of economic growth and urban production both on towns and cities themselves, and on the global environment.
- *Urban economic development is often threatened by changes in national and global economies.* Even when economic growth occurs, it does not necessarily benefit the poor. Ways must be found of developing urban economies that are diverse, resilient and also provide livelihood opportunities accessible to the poor.
- *Urbanisation is associated with social and political changes, which can undermine traditional social networks and result in increased inequity and exclusion.*

ways must be found of increasing equity and ensuring political and social inclusion.

- *Infrastructure is often severely deficient,* adversely affecting the natural and built environments and exacerbating poverty because of its effects on the health and living environments of the poor: ways must be found of extending infrastructure provision to keep pace with urban growth on a basis which is financially and environmentally sustainable, while ensuring access to an adequate level of services for the poor.
- *The governance capabilities of the agencies responsible for achieving sustainable urbanisation are inadequate:* ways must be found of enhancing their capacity to deal with the challenges of managing growing towns and cities, in the context of their surrounding regions.
- *Economic, environmental and governance tensions make it difficult to realise the benefits of interdependence between rural and urban areas:* ways must be found of developing and implementing economic policies, resource use and waste management strategies, and governance arrangements that recognise and enhance the complementary roles of urban and rural areas in sustainable development.

**Priorities** for effective responses to these challenges include:

- Developing an urban environment conducive to the efficient operation of enterprises of all sizes with resilience and adaptability in the face of growing global competition, by concentrating on essential infrastructure, appropriate regulation, and encouraging the development of economic linkages between urban and rural producers;
- Developing the capabilities (education, skills, health) of the urban labour force, so that residents, especially poor men and women and young people, can achieve secure livelihoods and economic enterprises can recruit suitable workforces;
- Improving the provision of basic utilities (water, sanitation, energy, waste management) to employers and residents, especially the poor, by drawing on and learning from recent experiences of public sector reform and the engagement of non-governmental actors, including households, communities, and small and large private operators;
- Reducing the environmental impact of waste generation by increasing recycling and re-use, improved solid waste management and sanitation arrangements, and measures to tackle pollution from industry and vehicles;
- Recognising the value of reserving areas of undeveloped land in peri-urban and, where appropriate, in urban areas for agricultural, ecological and recreational purposes and strengthening development regulation and support systems to identify, safeguard and productively use such areas;
- Strengthening local governments by ensuring that they

have the appropriate powers, resources and capabilities to take responsibility for a range of planning, infrastructure installation, service delivery and regulatory functions;

- Strengthening participation in and the responsiveness and accountability of local governments by empowering elected representatives, civil society organisations and residents to exercise their political rights and responsibilities, and by developing mechanisms which can complement formal democratic arrangements
- Increasing social justice and inclusion by measures to increase the security of poor people, through their access to varied livelihood opportunities, secure tenure and basic affordable services and through multi-faceted initiatives to reduce crime and violence.

The priorities identified and actions taken by the agencies responsible for the governance and management of urban centres will vary, since local circumstances and the resources available differ. In addition, the wide range of initiatives which are needed to achieve sustainable urbanisation require co-ordinated action - no single urban actor can undertake all the necessary tasks. While the primary responsibility must lie at the local and city-regional levels, with municipalities and their local partners (residents, civil society organisations and private sector operators), guidance, support, co-ordination and a degree of supervision are required from higher levels of government. In turn, the lack of capacity at both central and local government levels, especially in poorer countries, and the need to learn from international experience of efforts to achieve sustainable urbanisation, call for international development agencies and networks to provide support and facilitate the sharing of knowledge. Since many programmes and mechanisms to do this already exist, the priority is to improve their responsiveness, coverage and co-ordination in order to increase their collective effectiveness.



# 1. Sustainable Urbanisation - Achieving sustainable development



In the last few years, the proportion of the world's people living in urban areas has edged past the half-way mark, and many of those not living in towns and cities are increasingly dependent upon urban centres for their economic, social, and political progress. Inevitably, as the numbers living in urban areas continue to increase, the achievement of global sustainable development will depend on managing the processes of urban development in a sustainable manner. Well managed urban growth and development can contribute not just to economic advancement but also to reduced poverty and improved quality of life for all citizens, including the poor. However, it also poses serious challenges to the sustainable development agenda - if badly managed, the urbanisation process pollutes the environment, undermines the natural resource base, and may be associated with increased scale and depth of poverty. The economic and demographic growth of urban centres has, therefore, to take place within an environmental, social and political framework conducive to the more equitable distribution of resources, both within the present generation and between present and future generations. **Without sustainable urbanisation, sustainable development cannot be achieved.**

**Sustainable urbanisation** is a dynamic, multi-dimensional process. It embraces relationships between all

"In most nations, cities are major generators of economic activity, offering employment opportunities, education, health, and other social services. At the same time cities are the main consumers of natural resources and the main producers of pollution and waste. Furthermore, most of the world's population will soon live in cities. Urban issues are thus crucial to the environmental challenge of today."<sup>1</sup>

human settlements, from small towns to metropolises, as well as between urban centres and their surrounding rural areas. Most crucially, it includes not only environmental but also social, economic and political-institutional sustainability.

Although sustainable urbanisation is a relatively new concept, similar ideas have been the subject of international discussion and local action for some time. They are evident in the objectives of Agenda 21, and in the Habitat Agenda which was agreed at the UN Conference on Human Settlements in Istanbul in 1996.

The UNCHS Sustainable Cities Programme, for example, in 1991 defined a sustainable city as "a city where achievements in social, economic and physical development are made to last", whilst the Habitat Agenda suggests that sustainable human settlements should

"make efficient use of resources within the carrying capacity of ecosystems and take into account the precautionary principle approach, ... provid[e] all people, in particular those belonging to vulnerable and disadvantaged groups, with equal opportunities for a healthy, safe and productive life in harmony with nature and their cultural heritage and spiritual and cultural values, and ... ensure.. economic and social development and environmental protection, thereby contributing to the achievement of national sustainable development goals."<sup>2</sup>

In its breadth and detail, the Habitat Agenda definition of sustainable settlements sets out a huge challenge, particularly as many of the goals do, at times, conflict with

The Rio Declaration on Environment and Development affirms that sustainable development must equitably meet the development and environmental needs of present and future generations, eradicate poverty, improve the quality of life for all people, protect the environment and tackle environmental degradation. Agenda 21 elaborates how these principles can be achieved through, amongst

other actions, promoting sustainable human settlements development (Chapter 7). Urban areas, whether in rich or poor countries, are generally much more energy- and resource-consuming than rural areas, and hence as the world becomes predominantly urban it is clear that only by developing sustainable patterns of urbanisation can the objectives set out in Agenda 21 be achieved.<sup>3</sup>

each other, requiring negotiation, compensation and effective policy responses. However, increasing the sustainability of urban settlements in general cannot be achieved by treating them in isolation; equally, treating cities separately will make it impossible to achieve sustainable development overall<sup>4</sup>.

Sustainable urbanisation, therefore, requires all aspects of sustainability to be addressed, within the context of the opportunities and challenges posed by the massive scale of global urbanisation. The following Section of this paper looks at the scale and pattern of that urbanisation process, overall and in different parts of the world. This sets the context for Section 3, which highlights the key challenges for the achievement of sustainable urbanisation.

To move towards sustainable urbanisation, it will be necessary to learn from recent experience and to develop and operationalise new ideas and approaches to address a wide range of concerns. These are discussed in Section 4. While there are clear general principles, and increasing evidence of approaches which are successful in a variety of circumstances, priorities vary among countries and urban centres and to be appropriate these approaches will have to be tailored to local circumstances – no one model can fit all towns, cities and countries.

Moving towards more sustainable urbanisation will require the involvement and commitment of a wide range of



stakeholders: local governments, local communities and civil society, the private sector, national governments, and international agencies. The roles that actors at all levels, from the local to the international, can play in enhancing the contribution of cities and towns to sustainable development are outlined in Section 5.

The World Summit on Sustainable Development (WSSD), with its emphasis on implementation of Agenda 21, provides a timely opportunity to look more closely at the challenges and opportunities posed by urbanisation – an opportunity to broaden the ways in which we think about sustainable development and the means by which the global community seeks to achieve it.



as the numbers living in urban areas continue to increase, the achievement of global sustainable development will depend on managing the processes of urban development in a sustainable manner

Moving towards more sustainable urbanisation will require the involvement and commitment of a wide range of stakeholders

<sup>1</sup> Elander and Lidskog (2000), p. 40

<sup>2</sup> UNCHS, 1996a, IIIB

<sup>3</sup> [www.un.org/esa/sustdev/agenda21.htm](http://www.un.org/esa/sustdev/agenda21.htm).

<sup>4</sup> See also Satterthwaite, 1997

## 2. Urbanisation



### The Process of Urbanisation

Urbanisation is the process through which cities and towns develop and grow. It includes the movement of people from rural areas to urban areas as well as movements among towns and cities. It also encompasses the development of urban economies and urban social and political systems. Urbanisation viewed as a process is thus concerned not just with individual cities but with systems of cities, with linkages between urban places, and with interactions between them and the countryside.

In historical perspective, the world has become steadily more 'urban' and less 'rural'; indeed, the process we now call development is very closely correlated with urbanisation. Individual cities or groups of cities may flourish and grow, or sometimes may falter and decline; equally, individual cities change and transform themselves as urbanisation proceeds. Nonetheless, the broad picture is clear: as the world develops, the number and size of urban places will continue to grow.

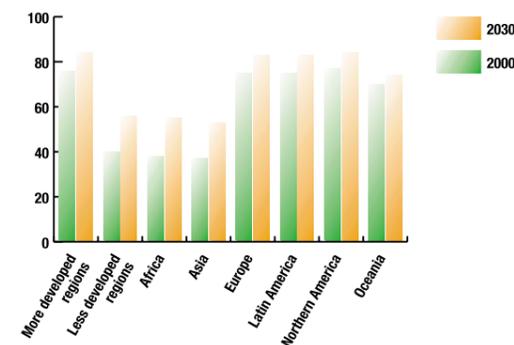
There is no easy way to define 'urban', either within a country or, especially, for comparing across countries. Urban dwellers are generally taken to be people living in areas which have populations above a certain size and/or density threshold, which varies from country to country and over time. Because demographic data are collected for administrative units, the term 'urban' does not necessarily coincide with densely settled areas dependent on economic sectors other than agriculture; the boundaries of urban settlements may exclude

large populations linked closely to the urban economy and may include people who live in villages or on farms and are primarily agriculturalists. In addition, some people do not live permanently in either an urban settlement or a village but instead migrate periodically and maintain farm-based as well as off-farm economic activities. Enumeration may also exclude people who are not official urban residents (most notably in China), and under-counting of transient or homeless urban dwellers is common in many countries.<sup>5</sup>

### An Urbanising World

Statistics on urbanisation are never precise, but the broad picture is quite clear. By the year 2000 nearly one-half of humanity (47 per cent) lived in urban areas, yet as recently as 1975 the urban share was just over one-third.<sup>6</sup> Within these global averages, however, there are major differences. The urban share of the population in more developed countries, for example, was 76 per cent in 2000 as compared to 40 per cent in less developed. In Africa and Asia the shares were 38 per cent and 37 per cent, whereas in Latin America, Northern America, Europe and Oceania the proportions were between 70 and 77 per cent.<sup>7</sup> For the world as a whole, the urban share is expected to rise to 60 per cent by the year 2030, at which time the shares for Africa and Asia are projected to reach 55 per cent and 53 per cent respectively.<sup>8</sup>

#### Projected Proportion of the Population Living in Urban Areas<sup>9</sup>



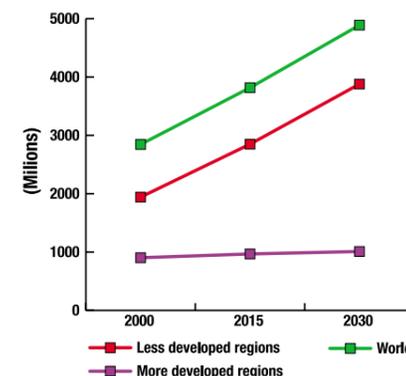
The scale of urban growth which lies behind these projected percentage changes is truly enormous. Of the additional world population expected between 2000 and 2015, about 970 million will be added in urban areas, compared to only 130 million in rural. Most (93 per cent) of the world's additional urban population will live in the towns and cities of the less developed countries. In Asia, eight times as many of the additional people will be urban rather than rural (590 million compared to 70 million), an increase of 44 per cent in the region's total urban population. Even in Africa, more than twice as many of the additional people will be urban (200 million compared to 90 million), representing an increase of 69 per cent in Africa's total urban population. In contrast, Europe will probably add only about 20 million to its urban population, an increase of 4 per cent over 15 years.<sup>10</sup>

The challenge of coping with massive urbanisation will thus be greatest for the countries least able to meet it. The less-developed countries will on average face an urban population growth rate of about 2.6 per cent per year. Some of the very poorest countries in the world are expected to face the

The enormous scale of urban expansion facing Asia and Africa is unprecedented in world history. The urban population of Africa is expected to increase by nearly 70 per cent in the period 2000 to 2015, meaning that some 200 million additional people will have to be accom-

modated in the continent's cities and towns in just 15 years. In Asia, the total urban population will increase by almost 45 per cent representing an additional 590 million people living in the region's urban areas (of which about 170 million will be in China and 150 million in India).

#### Projected Growth in the Urban Population<sup>11</sup>



fastest rates of urban population growth (Burkina Faso 5.4 per cent per annum, Ethiopia 5 per cent, Laos 4.7 per cent, Malawi 6.3 per cent, Nepal 4.9 per cent), as will many countries disrupted by conflict (Angola 4.5 per cent, Burundi 5.5 per cent).

### Patterns of Urbanisation

Urbanisation is a response to economic, social and political forces, but the specific ways in which urban settlements develop and grow, in different countries, change under the influence of new factors. Globalisation, democratisation, new information and communication technology, economic transformation, social and cultural changes – all of these are strongly influencing the pattern of urbanisation in the early 21st Century. Equally, the sheer *scale* of urban growth (nearly a *billion* new urban residents in 15 years) is changing the nature of urban settlements.

The location and size of urban centres has always responded to changes in the technology and cost of transport and communication, but the rapid technological advances of recent years are enabling cities (even in poor countries) to grow at relatively low densities ever further into the surrounding countryside. Given the scale of urban growth which needs to be accommodated, rural land is rapidly being converted into urban, a worrying trend because the areas surrounding cities are often high quality agricultural

Very large cities receive most of the media attention, but they actually contain a relatively small (although growing) share of the world's total urban population. In the developing countries, only 15 per cent of the urban population in 1990 lived

in cities of 5 million or larger; two-thirds lived in cities smaller than one million. Even by the year 2015 it is anticipated that no more than 19 per cent will be in the 5 million plus cities, with 59 per cent still living in the under one million cities.<sup>12</sup>

land or have important ecological uses. This trend is exacerbated in many middle and low income countries by the inability of tenure registration, land use planning, and development regulation systems to keep pace with the demand for land for urban use.

As cities increase in size, 'metropolitanisation' becomes a progressively more dominant mode of urbanisation. It takes different forms in different places. It may refer to a densely settled city region in which villagers commute to work in the nearby city but where many production and service activities are located in villages, while intensive agricultural activities continue in the interstices between urban settlements. It may refer to the stagnant or declining population and economic base of a core city when demographic and economic growth shifts to nearby secondary cities because diseconomies of congestion are experienced in the core, as in some of the great metropolises of Latin America. Alternatively, it may refer to the development of interlinked systems of cities, as manufacturing assembly and other activities seek out lower cost locations, as in the Hong Kong/Pearl River Delta region of China.

Changes in the organisation of economic activity, coupled with changes in transport and telecommunications and expectations of an improved quality of life, give rise to diverse pressures on the urban built environment. In the mature cities of the North, facing little aggregate growth, the need for regeneration and renewal now takes priority; changing family and social structures generate changing demands for new dwellings; and modernising economic activities seek a variety of specialised locations, often outside congested city cores. In the cities of transition economies, the priority is tackling the legacy of underused central areas, industrial dereliction, decaying infrastructure, and a deteriorating public housing stock. In the cities of developing countries, the need to accommodate rapid growth, provide essential infrastructure, deal with rapidly deteriorating physical environments, and improve shelter opportunities, especially for the poor, is urgent. Global economic changes have had particularly dramatic effects on cities and towns; even in highly developed countries, a poor minority have failed to benefit from increased prosperity, while in transition and developing countries, impoverishment and deprivation remain widespread.

Whatever the patterns of urbanisation, activities in urban settlements are inextricably linked to those in rural areas, while many people's lives straddle both urban and rural areas. For instance urban settlements provide markets for rural produce – food, industrial raw materials, construction materials, fuel etc – as well as many of the services needed by rural populations, such as financial services, farm inputs and health care. On the other hand, the extraction of resources and disposal of urban wastes can adversely affect rural areas both close to and far away from cities. These inter-linkages underlie many of the challenges to achieving sustainable urbanisation which are discussed in the next section.



Urbanisation is a response to economic, social and political forces, but the specific ways in which urban settlements develop and grow, in different countries, change under the influence of new factors

<sup>5</sup> See also UNCHS, 1996b and 2001a.

<sup>6</sup> UNDESA and UNCHS, 2001.

<sup>7</sup> UNCHS, 2001a.

<sup>8</sup> Measured or estimated urban growth is comprised of one relatively predictable component (natural increase of the urban population, which accounts for about half the urban growth in developing countries, although the increasing impact of HIV/AIDS may significantly affect this, especially in Africa), one variable but generally decreasing component (net immigration) and one unpredictable component (boundary changes, which may periodically have a dramatic effect on apparent growth rates).

<sup>9</sup> Source: UNCHS (2001a) Table A2.

<sup>10</sup> UNCHS, 2001a.

<sup>11</sup> Source: UNCHS (2001a) Table A2.

<sup>12</sup> World Bank, 2000a.

### 3. The Challenges of Sustainable Urbanisation



#### The Challenge of Economic Sustainability and Poverty Reduction

There is a strong link between urbanisation and national levels of economic and human development: urban as a share of total national population is above 70 per cent in countries with highly developed economies and in those with a high Human Development Index.<sup>13</sup> Goods and services are generally produced most efficiently in densely populated areas that provide access to a pool of labour with appropriate skills, supporting services, transport and communication links, and a critical mass of customers. These attractive qualities are associated with urban areas, with the result that, as countries develop, urban settlements account for an ever-increasing share of national income: they generate 55 per cent of GNP in low-income countries, 73 per cent in middle and 85 per cent in high-income economies.<sup>14</sup> It is this economic growth, moreover, which provides the basis on which cities can contribute to the Millennium Development Goals by building infrastructure, providing social, health and educational services, and generating income-earning opportunities for the urban poor. Conversely, in the absence of a healthy urban economy, it will not be possible to provide these things, certainly not on a sustainable basis.<sup>15</sup>

The economic functions of cities and towns are diverse, and although dynamic 'world cities' may attract the greatest publicity, the majority of the world's urban population will continue to live in other urban places. Often small and medium sized, these cities and towns will generally continue to have locally, regionally or nationally oriented economies, even though international economic influences will be substantial. For this reason attention should be focused not just on how urban areas can compete globally, but also on how they can best develop diversified and healthy economies within their national contexts.

The larger cities have important economic advantages. However, in many countries a disproportionate amount of public investment, especially in infrastructure, appears to go to the very biggest cities - particularly where these are national capitals. Public investment in roads and transport, communications facilities, sewerage and drainage, water supply, tertiary education, etc. is often heavily concentrated in larger cities. Its relative absence in small and medium sized urban centres is a brake on economic development, discouraging private investment and making urban activities in general less efficient and productive. Efforts to 'decentralise' economic activities into such settlements by administrative means are unlikely to succeed, however, unless the cities and towns offer viable economic locations, supported by investment in infrastructure

To realise the potential contribution of urbanisation to sustainable development, a number of challenges have to be tackled. Some of the most serious are identified in this section, including issues of economic sustainability and poverty reduction, environmental degradation, social injustice and exclusion, and governance failures.

Sustainable development is ultimately about people, about human societies and well-being. Human development (as in the UNDP's Human Development Report) is about expanding the choices people have to lead lives that they value, building human capabilities, realising rights, and securing social and economic well-being. People are also at the centre of the international commitment to sustainable development embodied in the Rio Declaration. Thus, sustainable development is a much broader concern than economic development.

Economies never stand still. The ability to adapt to changing economic circumstances has always been important in determining how well a country, city or region copes with the inevitability of change. However, the increasing scale, scope and complexity of connections between far-flung places and processes of economic change mean that urban settlements and the people and businesses within them are ever more subject to the pressures of change. Reliance on a narrow economic base and the lack of capacity to

adapt to changing economic circumstances make urban residents and enterprises vulnerable to these economic influences, positive and negative. The challenge is to reduce economic vulnerability by developing diverse economies and livelihoods, as well as skills which are robust and flexible. Actions which can help achieve these aims include, for example, generating and disseminating economic intelligence to improve preparedness and adopting strategies which foster adaptability at firm and city levels.

and public facilities and by financial and institutional strengthening of local governments.

Economic growth is unsatisfactory if it is accompanied by continuing or increased inequity and poverty, not least because low levels of education and health care provision or social disruptions have an adverse effect on economic development. Urban poverty is growing in scale and extent; it is characterised not only by material deprivation (low incomes and low levels of consumption) but also by squalid living conditions and lack of access to opportunities and services. One of the dilemmas is that policies designed to encourage investment and achieve economic growth do not necessarily result in economic opportunities accessible to the poor and may exacerbate poverty, even while expanding the economy overall.

For example, the organisational arrangements for improving the provision of infrastructure and services were subject to some radical rethinking in the 1990s, including commercialisation (increased cost recovery), competition, a reduced role for the public sector, and increased private sector and community participation. While confirming the important potential gains from such reforms, experience has also highlighted some of the obstacles: limited public sector capacity to regulate private provision, absence of effective

competition, reluctance to recognise the potential contribution of small and informal operators and (especially) of communities, poorly developed operational capacities in the domestic private sector, political interference and lack of transparency and accountability.<sup>17</sup> Although commercialisation of urban services to achieve improved provision and financial sustainability may be necessary for the city as a whole, providers may be uninterested in extending provision to the areas where poor people live and increased charges may make the improved services unaffordable to lower income residents. In addition, regulations that protect or favour formal sector businesses and restrict informal economic activities reduce the economic opportunities available to the poor.

It has sometimes been argued that size itself is important, with assertions that cities can grow 'too large', becoming economically costly, socially unsustainable, unmanageable and environmentally damaging. The evidence, however, suggests that this is not the case, certainly with respect to economic variables (productivity, efficiency, output). Indeed, the continued concentration of manufacturing and services in large cities demonstrates that the economic advantages exceed the additional costs of highly priced land, higher wage levels and increased congestion. These benefits are also perceived by individuals and households, as shown by the numerous failed attempts to curtail rural-urban migration and halt the growth of large cities. The criticism of being 'unmanageable' unfortunately applies to almost all cities and is related not to size *per se*, but to political and governance failures (see below). Similarly, economic growth can result in environmental degradation in cities of all sizes, posing the second major set of challenges to sustainable urbanisation.

"Urban poverty is growing in scale and extent, especially at the periurban rim. In ... Latin America and Europe and Central Asia, more than half the poor already live in urban areas.

By 2025 two-thirds of the poor in these regions, and a third to almost half the poor in Africa and Asia will reside cities or towns."<sup>16</sup>



Public investment in roads and transport, communications facilities, sewerage and drainage, water supply, tertiary education, etc. is often heavily concentrated in larger cities

<sup>13</sup> UNCHS, 2001a.

<sup>14</sup> World Bank, 2000a, p.126.

<sup>15</sup> It is often possible to maintain in the short run an artificially high level of public expenditure on infrastructure and services, primarily by building up unsustainable levels of debt ('stealing from the future') and/or by ruthlessly squeezing other components of the economy particularly the private sector ('killing the goose that lays the golden eggs'). Unfortunately, this cannot be sustained in the longer term, and it almost invariably leads to a crushing collapse of the public economy.

<sup>16</sup> World Bank, 2000b, p.5.

<sup>17</sup> Nickson and Franceys, 2001.



### The Environment: Impacts and Challenges

All human settlements use natural resources (food, construction materials, raw materials for industry, energy, water, air and land) which they consume, process, transport, and from which they subsequently generate waste. Urban production often has adverse environmental impacts, the full economic and social costs of which are unequally distributed and often ignored.<sup>18</sup>

The environmental conditions *within* human settlements are a central concern, particularly because of the strong links between poverty and the environment. A discussion paper prepared for the WSSD by DFID, the European Commission, the United Nations Development Programme and the World Bank identified three key poverty-environment linkages, through health, livelihoods, and vulnerability.<sup>19</sup> These linkages are clearly seen in urban areas, as the poor are most severely affected by inadequate urban environmental services, particularly a lack of sanitation, drainage, waste col-

Because towns and cities are resource users, environmental management must go beyond end-of-pipe clean-ups or improved waste disposal and embrace wider resource management concerns – how to use renewable and non-renewable resources as efficiently as possible, how to ensure that non-renewable resources are not depleted, and how to reduce the generation of waste and emissions.

lection, and adequate supplies of drinking water, and often live and work in hazardous locations.<sup>20</sup> The health impacts of such service deficiencies contribute significantly to the disease burden of the poor, particularly women and children, and the population density (and poor layout) of low-income areas, especially informal settlements and slums, exacerbates the situation, creating conditions in which infectious and parasitic diseases spread more readily.

Pollution and the generation of wastes from industry is a serious problem in most urban centres – and a grave problem in most developing countries, where rapid urbanisation is typically accompanied by rapid urban industrialisation. Heavy (polluting) industry is prevalent in many cities of the developing world, as are small-scale industries that are difficult to regulate. Growing vehicle emissions make a major and rapidly growing contribution to air pollution. Air, water and soil pollution, in turn, raise the costs of doing business, as does a high incidence of disease.

Sustainable urbanisation highlights the linkages between urban and rural areas, which have numerous environmental dimensions. The flows of water, food, raw materials, energy, etc. from non-urban to urban areas have important implications for the ecology of both the originating and the receiving areas. The disposal or impact of urban wastes (solid wastes, air and water pollution) in peri-urban and rural areas and beyond is also significant. Existing policy frameworks are often inadequate to deal with these issues because they are sectorally fragmented and do not apply to the broader regional context, encompassing both urban and rural areas.

Urban and peri-urban agriculture (UPA<sup>21</sup>), for example, is an important element in the livelihood strategies of the poor, and can also add to the sustainability of urban areas through the local provision of food and the use of treated wastewater. But UPA can also pose risks to public health and the environment, through the use of inappropriate agricultural inputs (polluted water, raw organic matter, chemical pesticides). For example, the use of untreated wastewater has as yet unknown consequences, in terms of scale and impact, for the health of urban agriculturalists and consumers, as well as for the environment. Land availability poses particular challenges to the viability of UPA, particularly in cities where the built-up area is densely settled, rapid peripheral expansion is occurring and competition for land is great. The scope for reserving land permanently for agriculture within urban areas varies. Even where local communities see agricultural production as important to their livelihood strategies, support from local governance institutions is lacking. Often inadequate land is reserved for recreation in rapidly growing urban areas, let alone for urban agriculture, despite the vital role of green space in hydrological management (absorbing rainwater runoff and flood water and re-charge of aquifers), mitigating the adverse climatic effects of urban development (by reducing the 'heat island' effect created by hard surfaces and providing windbreaks) and increasing social well-being (by



providing space for recreation and play). Unplanned urban sprawl is not only costly to service, it can also threaten the viability of peri-urban agriculture.

Finally, there are crucial international or global environmental issues which are related to the process of urbanisation. Emissions of 'greenhouse gases' which contribute to global warming are predominantly from urban sources (industry, heating, motor vehicles) and the way in which urbanisation is managed significantly affects the type and quantity of such emissions. Sewage disposal from cities is the principal source of pollution in lakes and coastal seas, yet proper treatment of sewerage is not always achieved in cities in richer countries and is seriously inadequate (or non-existent) in most cities of the developing world.

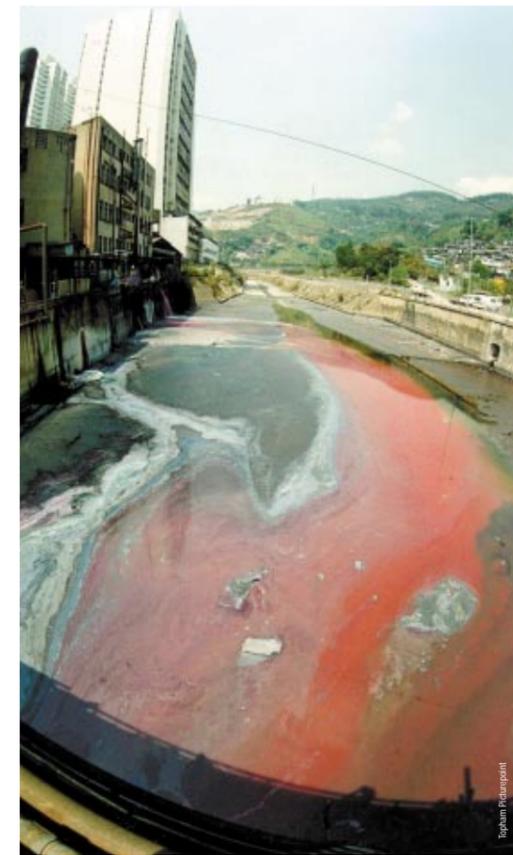
The sustainable, equitable and efficient provision of environmental goods and services is an enormous task, with ecological, social, economic and governance implications. The planning and management of environmental goods and services is often inadequate, resulting in services which are both deficient and inequitable in terms of cost and physical access. As a result, not only are infrastructure and services inadequate in many towns and cities, but also environmental degradation is worsening and the wider ecological implications of urban development are not being well handled.

### Social Dimensions: The Challenges of Injustice, Inequality and Exclusion

Whilst urban centres clearly have a major role to play in economic development, they are also characterised by rapid social changes which may have adverse consequences. Such changes are associated with the shifting composition of urban populations, but also with the lack of economic op-

portunities for all and the lack of political voice. The social dimensions of sustainable development have often, however, been less well-defined than the environmental and economic dimensions.

A study commissioned by the World Bank and DFID in preparation for the WSSD explored the meaning and impli-



Even where local communities see agricultural production as important to their livelihood strategies, support from local governance institutions is lacking.

<sup>18</sup> Gleeson and Low, 2000.

<sup>19</sup> DFID, EC, UNDP and World Bank, 2002, see also DFID, 2000a.

<sup>20</sup> DFID, 2001. Urban settlements, and especially their poorer residents, are particularly vulnerable to hazards and disasters, including hurricanes, floods and earthquakes. These are not specifically considered in this booklet but see El-Masri and Tiplle (2002), Sanderson (2000) and UNCHS (2001b).

<sup>21</sup> The UN Food and Agriculture Organisation defines urban and peri-urban agriculture (UPA) as occurring within and surrounding the boundaries of cities throughout the world and including crop and livestock production, fisheries and forestry.

Because of the presence of many households headed by women, and because of traditional social practices and discriminatory legislation, gender inequality is particularly prevalent in the urban settlements of developing countries. Although today's urban economies are dependent on their labour, women are often denied access to credit, resources, income generation and entrepreneurial opportunities. In addition, public transport is intimidating to women; basic amenities such as toilets or crèches are underprovided; women are more likely to be poor; they lack political voice; and they are under-represented in positions of political influence and managerial responsibility.

fications of *socially sustainable development*.<sup>22</sup> The authors identify four areas of social objectives and processes that are core elements of socially sustainable development:

- social justice
- solidarity
- participation, social inclusion and diversity
- security: resilience and adaptability.

In practice, *social injustice* and inequality are widespread in societies worldwide, not least in urban settlements: residents have unequal access to political power, as well as to urban land, housing and services.<sup>23</sup> In the face of the difficulties experienced by middle and low-income urban residents in obtaining plots or dwellings through the formal market or government systems, they have resorted to living in informal settlements, sometimes in unsuitable locations and always with inadequate services. *Solidarity* is used as a broader term than *social capital*, reflecting the “instru-



mental and the intrinsic value” of social institutions and relationships.<sup>24</sup> In an urban setting, traditional social networks may break down because of migration and changing lifestyles. Although new networks are formed, these do not always provide the social support residents need and some, such as gangs, may be socially disruptive and even criminal. Civil society organisations have a particularly important role to play in facilitating the maintenance and development of social networks, supporting citizens' groups and educating residents on their political rights. In some countries they are particularly well developed in urban areas, but in other countries - especially where their development is resisted by non-democratic governments - there are relatively few.

Everywhere, some groups are excluded from economic opportunities, as well as from urban politics, access to services, and supportive social networks. Such exclusion may occur along religious, ethnic or gender lines. Often policies and administrative practices do not recognise gender, age, and cultural diversity, resulting in discrimination and exclusion. Lack of political voice and non-participatory approaches to policy formulation, planning and project design exacerbate the problem.

In participatory poverty assessments in many countries, security has emerged as a critical concern for poor people. In urban areas, the issue has a number of dimensions: livelihood insecurity, tenure insecurity and the physical insecurity associated with high levels of crime and violence are particularly important. Livelihood insecurity arises from the reliance of many poor people on casual work of informal sector activities, which are also vulnerable to disruption by the actions of public sector agencies. Urban-rural links play an important role in the *strategies* people adopt to increase the security of their livelihoods.<sup>25</sup> Some of the economic dimensions of such links have been mentioned above, but their social dimensions, such as maintaining family and traditional support networks, are equally important. Remittances to rural households enable family members there to improve their life chances through education and income generation. Links to people living in urban areas may provide seasonal urban work to supplement income or subsistence from agriculture. Policies which make it difficult for families to sustain such links adversely affect the security of their livelihoods.

The security of the poor, in particular, is affected by their *health* status, which influences both their ability to work and the cost of health care. The HIV/AIDS pandemic has particular implications for sustainable urbanisation, especially in Africa. A World Urban Forum background paper identified specific urban dimensions of the pandemic, notably the loss of household income, exclusion from social and health services, and the disintegration of social cohesion (including the rising number of orphans).<sup>26</sup> Insecurity is exacerbated by *insecurity of tenure*, with respect to both land and accommodation. Many of the urban poor face the threat of eviction or struggle with a lack of clear rights, even to shelter which



they have provided for themselves. The absence of secure tenure and a high degree of homelessness amongst people with HIV/AIDS increases their vulnerability and reduces their chances of adequate care and treatment. Often, poor people are forced to build on land unsuitable for housing and vulnerable to floods or landslides, which worsens their insecurity. Finally, *crime and violence* is commonly a problem in towns and cities. Although rising levels of physical insecurity affect everyone, the urban poor and women and children are particularly vulnerable.<sup>27</sup> Neither individual threats to household security nor the relationships between them are adequately addressed by current policies and practices, in large part because of governance failures.

### The Challenge of Governance: Political-institutional Sustainability in Urban Settlements

Economically, socially and environmentally sustainable urbanisation cannot be achieved without *governance* arrangements that can help to realise the economic potential of towns and cities, achieve social justice and welfare, and reduce the environmentally damaging effects of urban growth.

The important *political* changes of the past 15 years, particularly increasing democratisation and steady, if uneven, improvements in human rights, have largely originated within, and been led from, the cities. These political developments are closely connected to economic and social changes, and are strong influences on the progress of urbanisation. Unfortunately, in most parts of the world the political and administrative structures for local government have not changed or modernised sufficiently to keep up with rapid social and economic change, and they typically lack the legislative authority, financial resources or managerial capabil-

A key message from the World Urban Forum (April-May 2002) was that the most immediate and fundamental bottlenecks to sustainable urbanisation are not the lack of technology, funding or international agreements (although these are important) but rather the lack of local planning, management and imple-

mentation capacities and sound urban governance. Considerable attention was therefore devoted to ways and means of providing support to local actors, especially local authorities and their partners, to help them improve their planning, management and governance capacities.

ities which are now required. Basically, most local governments are ill-equipped to handle urbanisation.

Multi-party representative democracy is the most commonly adopted political system. However, while such systems increase the scope for residents to exercise political voice, there are limitations on their capacity to adequately represent all, especially the poor and marginalised, and to provide opportunities for the day-to-day practice of active citizenship. One of the challenges for political sustainability, then, is to develop more diverse and pluralistic political mechanisms as well as more effective and extensive opportunities for participation, representation and accountability.<sup>28</sup>

Political and administrative decentralisation is expected to increase the responsiveness of public sector agencies to local priorities, while enhancing their effectiveness by fostering co-operation between local government and sectoral agencies. However, democratisation, far from providing the poor with political influence, may consolidate or increase the power of local elites and the voice of middle income groups, who are not necessarily interested in either equity or poverty reduction. Also, reluctance by central government to devolve powers and resources to match responsi-

The social dimensions of sustainable development have often, however, been less well-defined than the environmental and economic dimensions.

Many of the urban poor face the threat of eviction or struggle with a lack of clear rights, even to shelter which they have provided for themselves

<sup>22</sup> Thin et al., 2002.

<sup>23</sup> Gleeson and Low, 2000; Devas et al., 2001.

<sup>24</sup> Thin et al., 2002.

<sup>25</sup> Tacoli, 2001.

<sup>26</sup> World Urban Forum, 2002.

<sup>27</sup> Vanderschueren, 2001.

<sup>28</sup> Blair, 2001.



bilities reduces the capacity of local government to operate efficiently and responsively. The challenge is to operationalise democratic decentralisation, particularly in the face of resistance by central government politicians and agencies and the lack of financial and managerial capacity at the local level.

A significant barrier to both democratic decentralisation and sustainable urbanisation lies in the general lack of planning, implementation and management capacities on the part of local governments and their partners. To be effective, reallocation of responsibilities to elected local governments (decentralisation) should be accompanied by improvements to their managerial capabilities and financial base. However, local government has commonly been neglected and marginalized by central government. Moreover, the lowly status of local government and poor pay and conditions of service have deterred qualified and experienced professionals from local government employment. Unfortunately, recent experience is not encouraging. Attempts to increase the effectiveness of government by shedding surplus labour (including ghost workers), in order to increase the share of budgets available for operational costs, improve conditions of employment (especially pay), and introduce incentives for good performance (merit-based recruitment and promotion), have been widespread, but they have made uneven and limited progress in most cases. Progress at local level has generally been even more meagre than at the centre.

In addition, central government departments resist efforts to decentralise taxation powers and other revenue sources and are reluctant to remove restrictions on borrowing by local authorities to give them more financial flexibility. Lo-

In a dramatic reversal of earlier policy, the People's Republic of China now actively promotes rural to urban migration and the growth of cities and towns, for two important reasons. First, the country has an enormous 'surplus' rural population (estimated variously from 200 to 400 million); the new pro-urbanisation policy is intended to reduce rural poverty by promoting the modernisation of rural areas and giving underemployed rural labour an opportunity to earn a better living in the more productive (urban) parts of the economy. Second, the policy is seen as vital for maintaining China's rapid national economic development, for which its cities are considered the essential engines of growth [Described by a Ministry of Construction spokesperson during the World Urban Forum, June 2002].

ally, there is often considerable opposition to pricing infrastructure and services on a more sustainable cost-recovery basis, primarily from those who benefit from the existing system: professionals with entrenched views about how to operate services, politicians who use unsustainable service provision to attract votes in the short term, public sector trade unions fearful of job losses, consumers who are not convinced that increased charges will be followed by improved services, and the poor and their supporters who are concerned that increased prices will reduce their access to services.

Furthermore, many of the environmental, social and economic problems of human settlements in developing countries derive from or are exacerbated by the lack (or ineffectiveness) of urban development planning. Efforts to implement detailed control over land use, especially through static and out-dated 'master plan' approaches, have almost universally failed, except in some wealthy countries with highly developed political-administrative systems.

Developing participatory and inclusive local politics and overcoming the capability barriers faced by local government are thus fundamental challenges of sustainable urbanisation.

### Rural-Urban Interdependence: The Challenge of Achieving Synergy

Urbanisation is viewed by some as a negative force, siphoning private and public resources from rural areas into urban, leaving the former impoverished and further fuelling out-migration; it is viewed by others as a progressive force underlying technological innovation, economic development and socio-political progress. These contrasting perceptions have influenced policy, with investment in urban and rural areas seen as mutually exclusive and competing. Increasingly, however, this polarisation is recognised as artificial and unhelpful. Urban areas are not the 'cause' of rural decline; loss of agricultural jobs has everywhere been a feature of modernisation, and utilisation of surplus rural labour in other (usually urban) activities is a prerequisite for raising rural incomes and living standards. Equally, it is clear that the concentration of human, technical and financial resources in cities has become an increasingly important asset in the more internationalised world economy of today. Most importantly, it can be seen that rural and urban areas are intimately linked and if sensibly planned and managed, could be complementary to one another.<sup>29</sup>

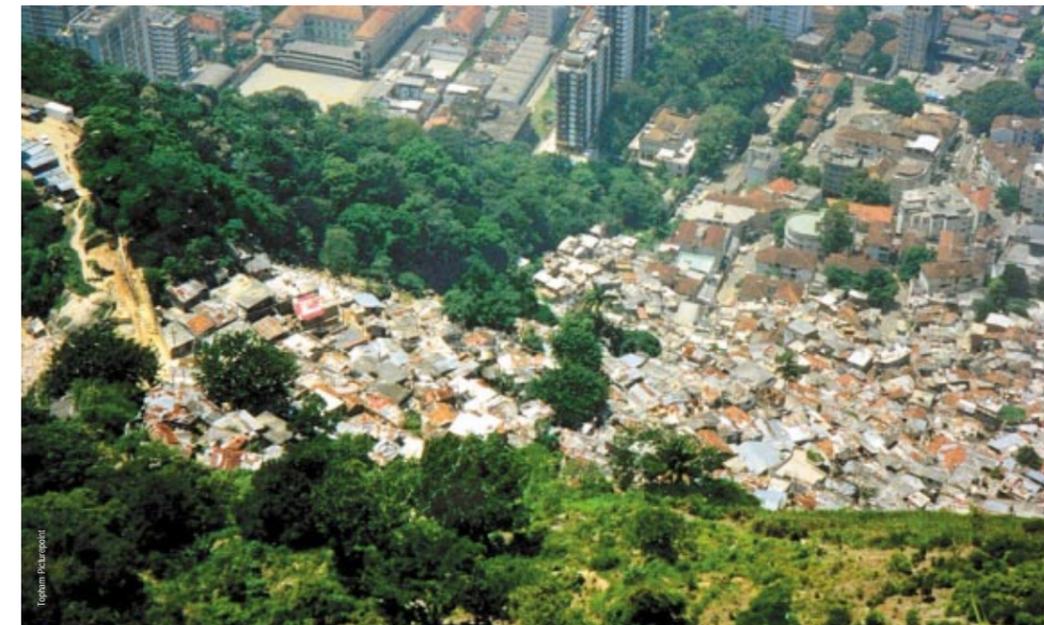
Urban markets potentially provide a powerful incentive for (and support to) increased rural production, while expanding rural markets can provide an equally powerful incentive for increased urban production of goods and services. However, past policies on pricing and marketing and under-investment in infrastructure have inhibited the realisation of this potential. For instance, subsidised food and utility prices for urban populations favoured urban production over

agriculture. In addition, price controls and/or government commodity purchasing monopolies were disincentives for increased rural productivity and reduced rural incomes, fuelling out-migration.

Economic reform policies in the 1980s and 1990s were specifically designed to eliminate such harmful distortions, although getting the right balance in policies that affect the rural-urban terms of trade continues to pose economic and political difficulties. Both under-investment in infrastructure (especially maintenance) and investment biased towards the largest cities hinder the development of trading links between urban and rural areas. Impediments limiting the ability of rural producers to get commodities (especially perishable agricultural produce) to market and of urban providers to make business and social services available to rural populations (especially the poor) undermine urban and rural economic development and poverty reduction alike. Developing and maintaining transport, electricity and telecommunications networks continues to pose challenges, especially for heavily indebted poor countries.

Finally, as discussed in an earlier section, links between rural and urban areas have important environmental dimensions. The challenge is to find ways of managing the resources needed for urban development in a sustainable way, reducing the environmental impact of urban economic and demographic growth.

"A particularly important channel through which growing urban areas contribute to national development is the synergy between rural and urban economies. 'Urban' and 'rural' do not signify closed systems within a country, but a seamless continuum of economic activities and settlements distinguished by degrees of density, dependence on agriculture or manufacturing and social organisation".<sup>30</sup>



One of the challenges for political sustainability is to develop more diverse and pluralistic political mechanisms as well as more effective and extensive opportunities for participation, representation and accountability

Both under-investment in infrastructure (especially maintenance) and investment biased towards the largest cities hinder the development of trading links between urban and rural areas

<sup>29</sup> Allen and Dávila, 2002; DFID, 2001.

<sup>30</sup> World Bank, 2000b, p.3.

## 4. Promoting and Managing Sustainable Urbanisation



The key challenge of sustainable urbanisation is to achieve the crucial contributions which urban settlements can make to economic, environmental and social sustainability at local, national and global levels. Drawing on the growing stock of experience from around the world, some of the main priorities and actions for promoting and managing sustainable urbanisation will be identified in this section, taking rural-urban interdependence into account throughout.

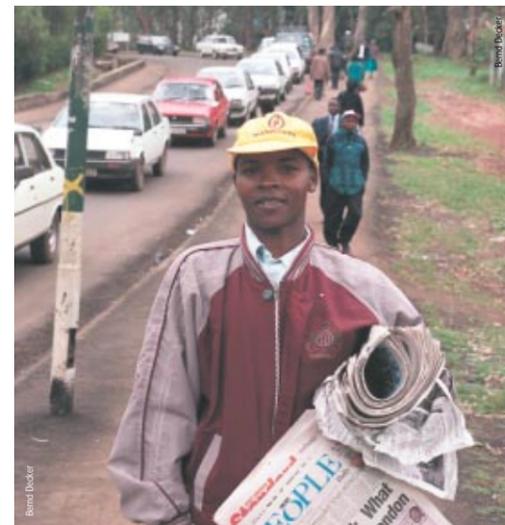
### Priorities and Actions for Economic Sustainability in Towns and Cities

Local economic development strategies in urban settlements work best when focused on developing the basic conditions needed for the efficient operation of economic enterprises, both large and small scale. These include

- reliable infrastructure and services, including water supply, waste management, transport, communications and energy supply;
- access to land or premises in appropriate locations with secure tenure;

Although the challenges of sustainable urbanisation are daunting, there is encouraging evidence that appropriate and effective responses are being worked out in cities and towns all over the world. There is a great variety of different responses, reflecting the great variety of local conditions, but many common lessons are being learned – and increasing-

ly documented. It is this growing body of knowledge and information which provides the basis for general recommendations about sustainable urbanisation. The Best Practices Programme (of UN-HABITAT) is probably the best-known general source ([www.bestpractices.org](http://www.bestpractices.org)) but many other useful compilations have been made.<sup>31</sup>



In a competitive global economy, most towns and cities are unlikely to attract large-scale international investment; in any case, reliance on a limited number of investors (do-

- financial institutions and markets capable of mobilising investment and credit;
- a healthy educated workforce with appropriate skills;
- a legal system which ensures competition, accountability and property rights;
- appropriate regulatory frameworks, which define and enforce non-discriminatory and locally appropriate minimum standards for the provision of safe and healthy workplaces and the treatment and handling of wastes and emissions.

### 1. Promoting local employment and economic development: The Tomaszow Enterprise Incubator Foundation, Poland

In common with many transition countries, Poland experienced considerable disruption in the process of economic modernisation following the end of communist rule. Unemployment in cities dependent upon older heavy industries was particularly severe, and the lack of effective training and other labour market mechanisms suited to the emerging market economy made the problems worse. The town of Tomaszow Mazowiecki was one of the more badly affected, with unemployment well above the national average.

The Tomaszow Enterprise Incubator Foundation (TEIF) was established in late 1993 to develop local solutions to the unemployment problem. It was based on a partnership approach in which training organisations, employers, local government and the unemployed worked together at all stages, from survey to planning to implementation. Beginning with a forum which developed

communication among the partners and agreed priorities, the initiative included surveys of training capacity in various organisations and firms and of the training needs of local employers, on the basis of which three data-bases were created (training organisations, employers and unemployed persons with skills). In addition, a small business incubator unit was set up to encourage and support new enterprises, providing a range of business advisory services.

With these mechanisms established, it was possible to continuously adjust and adapt them, as the local economy continued to change. The majority of trainees have been able to find employment and new businesses have been able to obtain the types of labour skills they require. The activities initiated by the TEIF have not solved the economic problems of Tomaszow Mazowiecki, but they have significantly eased the problems of transition, bringing direct bene-

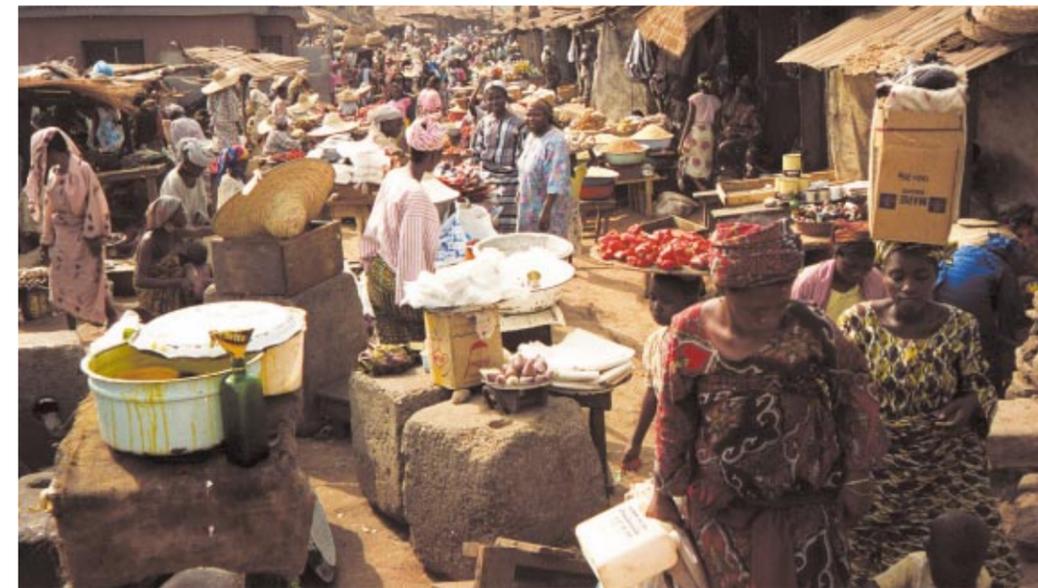
fits to the unemployed as well as helping the emerging economy grow more successfully. A key lesson from the TEIF is that a partnership approach is crucial: improved communication and information flows among training organisations, local government, employers and the unemployed allow training and redeployment strategies to respond to the real needs of the local labour market. Encouraged by the success in Tomaszow Mazowiecki, the TEIF model is being introduced in other Polish cities. Although external sources provided much of the initial funds, the local government paid 20 per cent of project costs, and as activities have matured the Foundation has begun to generate income by charging modest fees for its services, thus increasing its sustainability.

Sources: UN-HABITAT Best Practices Programme; DPU (2001) Implementing the Habitat Agenda: In Search of Urban Sustainability, p. 75.

mestic or foreign) increases vulnerability to economic shocks. Hence, local economic development strategies need to focus on developing diversified urban economies which complement the economies of their surrounding rural areas and which can recover from shocks and adapt to economic trends. Although many of the influences on economic development may be beyond the control of local, or even national, governments, a variety of actions can nevertheless be taken to foster urban economic development (see Box 1).

For urban and rural producers to respond effectively to demand for goods and services, rural and urban areas need good inter-connections, including transport and telecommunications networks, as well as essential services such as electricity and water.<sup>32</sup> The terms of trade between rural and urban areas should not favour one over the other, and although getting the right policies is difficult, governments are today much more aware of the potentially adverse effects of inappropriate policies than in the past.

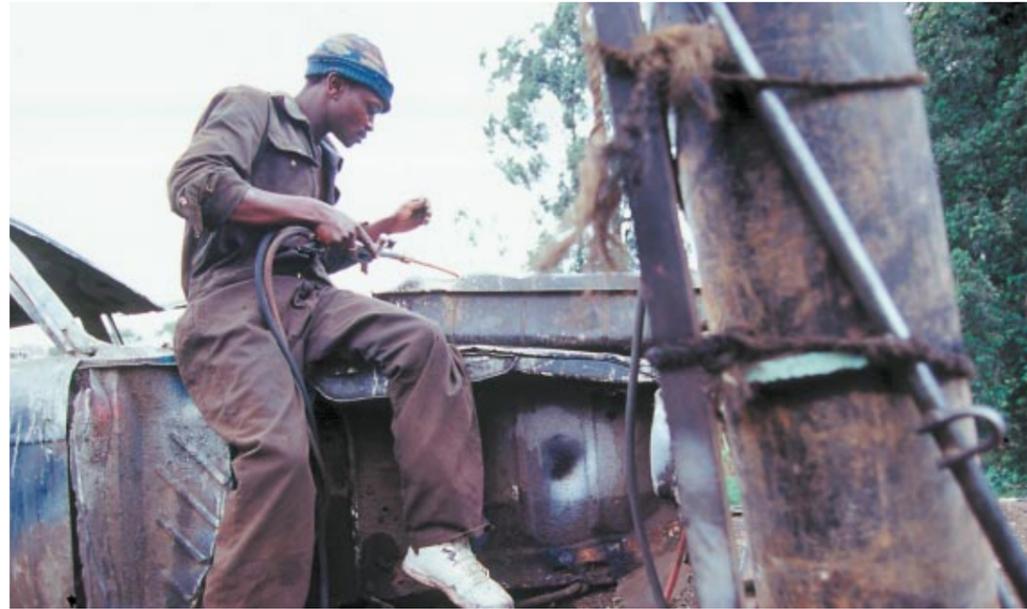
Recent experience has demonstrated that there is considerable scope for improving infrastructure and service provision through public-private partnerships, privatisation and commercialisation, selective out-sourcing, and passing over more responsibilities to local communities. If properly organised, with genuine competition, sensible market pressures, consumer sovereignty, and intelligent monitoring and oversight, then significant benefits – to urban businesses and citizens and to the public finances alike – can be gained. There is also scope for increased use of user charges, which experience has shown can be introduced even in low-income communities if they are organised and managed on a transparent and participatory basis, and if increased charges are associated with improved service quality and reliability. To realise the potential benefits of increased private sector and community participation in infrastructure provision and service delivery, however, considerable public sector capacity is needed, to develop appropriate policies and regulatory systems, to subcontract to and supervise non-governmental providers, to generate



In a competitive global economy, most towns and cities are unlikely to attract large-scale international investment

Although many of the influences on economic development may be beyond the control of local, or even national, governments, a variety of actions can nevertheless be taken to foster urban economic development

<sup>31</sup> These include Partnership for Local Action (UNCHS and CITYNET, 1997); Effective Participatory Urban Management (CITYNET, 1997); Implementing the Habitat Agenda: In Search of Urban Sustainability (DPU, 2001); The State of the World's Cities 2001 (UNCHS, 2001b); Implementing the Habitat Agenda (UNCHS, 2001c).



funds for investment and maintenance, and to ensure an appropriate balance between meeting the needs of formal and informal businesses as well as rich and poor citizens.

A healthy urban economy which generates work opportunities for the growing urban population in general, and poor people (especially women and young people) in particular, requires both positive measures of support and a cessation of public sector activities which unnecessarily constrain local businesses. This means, for example, eliminating unnecessary controls and bureaucratic procedures (which are often the source of corruption), relaxing unrealistic and locally-inappropriate building and planning standards, and removing subsidies or licences which benefit particular organisations and distort the economy. The development of financial and business services needs to be supported, especially for small-scale enterprises. Improved environmental health, improved access to education, training and

financial services, and reduction of the hazards associated with dangerous living and working conditions can together increase the health, access to livelihoods and economic security of poor people.<sup>33</sup>

Regulation is needed to reduce pollution, safeguard public health and ensure safe workplaces, but this should not be used to remove informal markets or street businesses, which have important roles in both the livelihoods of the poor and the provision of services to formal sector businesses and wage earners. Appropriate registration procedures and regulations can be developed through a consultative process, with priority in enforcement being given to significant polluters and large enterprises.

For several reasons, special attention needs to be given to supporting the urban informal sector, which is vital for a sustainable urban economy:

### 3 Urban agriculture in Havana, Cuba

In Havana, a city of around 2.2 million inhabitants, urban agriculture has taken off since 1989, when food shortages, resulting from the drastic curtailment of Soviet aid, prompted the government to support agriculture in urban, as well as rural, areas. Much of the urban agriculture is carried out by Basic Units of Production, which are small collectives owned and managed by the workers.

Urban agriculture is strongly supported by the national and provincial governments, through the urban agriculture programme, integrating: 1) access to land; 2) extension services; 3) research and technology development; 4) new supply stores for small farmers; and 5) new marketing schemes and organisation of selling points for urban producers. The Havana City Government has

prohibited the use of chemical pesticides in agriculture within the city limits, so urban agriculture is almost entirely organic.

The promotion of urban agriculture has increased the food security of urban dwellers, and has reduced the need for storage and transportation of fresh produce, reducing post-harvest loss. New employment opportunities have also been created. The government estimates that 117,000 people work (to some degree) in urban agriculture and about 26,000 are employed in related work. Allocating land for cultivation is now seen as part of the urban planning process and urban agriculture has made positive environmental contributions in terms of the provision of green space, using organic waste generated within the city, using

urban wasteland and improving water retention and air quality. The example of Havana illustrates the need for strong government support if urban agriculture is to make a positive contribution to sustainable urbanisation, as well as the need for such support to be integrated with a range of other governmental activities, including urban planning, agricultural extension, public health promotion and education.

Source: Novo, M. G. and Murphy, C. (2000) "Urban agriculture in the city of Havana: A popular response to a crisis", in Bakker, N., Dubbeling, M., Gündel, S., Sabel-Koschella, U. and de Zeeuw, H. (eds) *Growing Cities, Growing Food: Urban Agriculture on the Policy Agenda*, Deutsche Stiftung für internationale Entwicklung (DSE), Feldafing, Germany.

- it is often the source of livelihoods for the poor;
- it is vital to and closely linked with the urban formal sector through sub-contracting and provision of intermediate goods and services;
- it provides, in an appropriate way and at affordable prices, essential goods and services for the population, especially the poor; and
- it functions as an 'incubator' for small-scale enterprises.

Regulations therefore need to be carefully designed and sensibly and flexibly implemented, with recognition of the different needs and characteristics of the informal sector. Basic training in literacy and numeracy can give a powerful boost to informal businesses, as can the provision of suitably designed financial services, including micro-credit. Recognition of mixed land uses, together with regularisation of tenure, can significantly increase investment in informal sector enterprises.

### Priorities and Actions for Urban Environmental Sustainability

Sustainable urbanisation requires that non-renewable resources are sensibly used and conserved, that renewable resources are not depleted, that the energy used and waste produced per unit of output or consumption is reduced, and that the waste produced is recycled or disposed of in ways which do not damage the wider environment. Only by dealing with urbanisation within regional, national and even international planning and policy frameworks can these requirements be met.

Production for sale to urban markets is vital to rural economies, but this production can easily cause environmental damage, so sustainable management of natural capital is a key policy goal. This may imply changes both in urban consumption patterns (e.g. from firewood to electricity) and also in resource management practices (e.g. tree planting for fuel or construction timber).

Achieving a better environment for human health and well-being, which will improve the living conditions of people and decrease disparities in the quality of their lives<sup>34</sup>, depends to a large extent on the development of environmental health services. Until water supply, sanitation and solid waste management are available at a standard that provides affordable access to all urban residents, these should be the highest priority for urban managers. The provision of piped water, appropriate sanitation and solid waste collection will reduce pollution of ground and surface water both within and downstream of urban settlements. However, improved treatment and disposal of human and industrial waste does not necessarily imply the universal use of conventional waterborne sewerage systems (since these are costly in terms of both water and finance). Nor does improved treatment and disposal of solid waste necessarily imply incineration, which has controversial environmental impacts. Enormous environmental improvements can be achieved by providing improved pit latrines, shared toilet facilities or low cost sewerage systems, as well as better management of sewage settlement ponds and landfills. Improvements to service delivery also have important governance aspects and lessons from recent experiences should inform the development of future partnership arrangements.<sup>35</sup>

As industrialisation proceeds and incomes rise, reducing the generation of waste and pollution from factory production and vehicles rises up the list of priorities. 'Clean production' – minimising the generation of waste and pollution through improved operating practices and technological improvements - can be supported by:

- provision of appropriate incentives to encourage voluntary action;
- removal of subsidies which promote the over-use of resources such as coal or water, and also administrative barriers to operational improvements;
- institutionalising environmental responsibility, for example through the use of environmental management systems such as ISO14001;
- community empowerment so that citizens and NGOs

### 2 Public transport for sustainable urban development: the Demonstration Bus Line in Kunming, China

In common with other Chinese cities, Kunming has been experiencing rapid economic and physical growth since the early 1990s. This has been accompanied, however, by increasing environmental problems, especially air pollution resulting from motor vehicles. Despite an initially low rate of vehicle usage, the number of vehicles on the roads has risen very rapidly (in Kunming, the number of registered cars has doubled every 3 and a half years) and this put great strain on the transport network. Streets became chronically congested and average travel speeds dropped to 10 km/hour. This coincided with a general lowering of (previously very high) urban residential densities and a steady expansion of urban development into the surrounding countryside.

In most cities the response to increasing vehicle numbers and consequent traffic problems has been to undertake massive road-building explicitly to accommodate pri-

ority cars. In Kunming, a quite different approach has recently been adopted, on a pilot basis but with considerable success. A 15-km bus line (exclusive lanes in the centre of existing streets) was constructed (together with bus shelters and platforms and pedestrian walkways) to run from the city centre to the airport and the site of a horticultural exposition. The bus line began operations in April 1999 with a capacity of 6,000 persons per hour in each direction. Despite the relatively small scale of the bus line, it has had a significant impact: the speed of buses has increased by 68 per cent in the corridor, car numbers have dropped; and emissions and noise have decreased. The bus line has widespread public support (80 per cent approval, according to the local press) and locally it is widely acknowledged to have shown the feasibility and desirability of a policy focussed on improvements in public transport. In undertaking this initiative, Kunming has benefited from a long-term

(since 1982) city partnership with Zurich, Switzerland. The creation of the bus line was preceded by many years of careful study and discussion, which gradually re-oriented priorities in the city by showing how new strategies could lead to a more sustainable process of urban development. A particular achievement was moving toward strategic integration of transport planning with urban planning – and of both with environmental planning – together with mobilisation of political and community support. Thus, the demonstration bus line is not a one-off intervention, but a first step toward a dynamic and effective public transport system which is closely coordinated with urban development plans and programmes.

Sources: UN-HABITAT Best Practices Database; DPU (2001) *Implementing the Habitat Agenda: In Search of Urban Sustainability*, p. 42-3

Appropriate registration procedures and regulations can be developed through a consultative process, with priority in enforcement being given to significant polluters and large enterprises

Until water supply, sanitation and solid waste management are available to all urban residents, these should be the highest priority for urban managers

<sup>33</sup> Rakodi with Lloyd-Jones, 2002.

<sup>34</sup> UNCHS, 1996a, IV.C.

<sup>35</sup> See, for example, Bartone, 2001; Nickson and Franceys, 2001.

#### 4 Improved security for the poor through regularisation of tenure: Visakhapatnam, India

Access to security of tenure for the urban poor through formal registration and the mass provision of individual property titles is often not possible. In many cases, incremental regularisation of tenure in informal settlements is the only realistic option, starting with protection from eviction. India offers promising examples of different forms of tenure, which provide secure rights to homeowners in informal settlements.

In Visakhapatnam, a port and industrial city in the state of Andhra Pradesh with a population of over a million, 240,000 people live in 251 officially designated slums, over half of which are on state or municipal government land, including squatter settlements along roads, railways and city drains, inner city slums, peripheral villages and illegal subdivisions. During the last twenty years, an integrated

and intersectoral approach to informal settlements has been implemented, including tenure regularisation, house improvements, infrastructure installation and other health, education and training programmes. Tenure regularisation is achieved by the issue of *pattas*. Those occupying state government land for more than five years are eligible: poor families are given freehold *pattas* without any charges, while others have to pay the market price. *Pattas* are given in the name of women, they can be inherited but not sold and they can be mortgaged for obtaining housing loans. Squatters on municipal land are issued with possession slips which may later be replaced with *pattas* issued by the state government revenue department. Some slums on unsuitable land have been relocated (occupants are first issued with identity cards to signify their eligibility for plots in relocation

sites) but increasingly land shortages are leading to regularisation even on these sites. Slums on private or central government land are more problematic – acquisition of the former faces long drawn out legal wrangles and sometimes land sharing has been negotiated instead; housing owners on central government land continue to have insecure tenure. Nevertheless, basic infrastructure had been provided to over 90 per cent of slum dwellers and, by 1989, 58 per cent had been granted some form of *patta*, greatly increasing their security.

Sources: Banerjee, B. (2002) "Security of tenure in Indian cities" and "Security of tenure of irregular settlements in Visakhapatnam" in Durand-Lasserve, A. and Royston, L. (eds) *Holding Their Ground: Secure Land Tenure for the Urban Poor in Developing Countries*, Earthscan, London, p. 37-58 and 86-97.

can more effectively demand action by elected officials and industry;

- regular and accurate monitoring of pollution and effective enforcement of regulations; and
- allocation of suitable sites for industrial development, to minimise the damaging impact of poorly located industry on public health and the environment.

Thus, a mix of managerial, technological, community, and governance actions are required to improve the sustainability of industry in urban areas. Many of these require action at national and international as well as local levels.



Dealing with particulates, lead and other dangerous pollutants in cities is a central part of the so-called 'brown agenda'

Recent experience has shown that air pollution caused by increasing vehicle numbers, the use of inappropriate fuels, and poor vehicle maintenance can be reduced dramatically in a relatively short time. Effective measures include:

- the promotion of public transport (see Box 2);
- removal of subsidies for the use of private vehicles (including fuel subsidies and free parking) and the use of taxes to ensure that vehicle users pay the full economic and social costs of their use;
- shifting from diesel and leaded petrol to lead-free petrol, compressed natural gas, liquid petroleum gas or electrically powered vehicles; and
- introduction and enforcement of emissions testing

Dealing with particulates, lead and other dangerous pollutants in cities is a central part of the so-called 'brown agenda'. However, reduction in sulphur dioxide and carbon monoxide emissions is also relevant to the 'green agenda' concern for global environmental threats (ozone depletion and global warming).<sup>36</sup>

The demands placed by growing urban populations on food supply can be met by intensification of production. Although this may itself have adverse environmental consequences in rural areas, which will not be considered here, it also generates opportunities for improved livelihoods and creates potential for mitigating the adverse environmental impacts of waste generation. For urban and peri-urban agriculture to contribute to urban food supply and the livelihoods of the poor, and to safely use urban wastewater and organic solid waste, support is needed from public sector institutions (see Box 3). Firstly, land for green space, including agricultural production, needs to be safeguarded through more effective planning and land administration systems (see below). Secondly, more research is needed into the health effects of irrigation with untreated wastewater, accompanied by improvements to sanitation and waste treatment to remove the most dangerous pathogens. Thirdly, solid waste management practices should emphasise recycling and re-use and, in this context, the composting of biodegradable waste and its sale to cultivators.

Many aspects of environmental sustainability, it is clear, cannot be dealt with within urban areas – they reflect rural-urban linkages and can only be successfully tackled through governance arrangements which encourage co-operation between local governments and provide for policy formulation and action on a city-regional scale.

#### Social Sustainability: Towards Social Justice and Inclusion

The social aspects of urbanisation and economic development must be addressed as part of the sustainable urbanisation agenda. The Habitat Agenda incorporates relevant principles, including the promotion of:

- equal access to and fair and equitable provision of services;
- social integration by prohibiting discrimination and offering opportunities and physical space to encourage positive interaction;
- gender and disability sensitive planning and management; and
- the prevention, reduction and elimination of violence and crime.

Social justice recognises the need for a rights-based approach, which demands equal access to 'equal quality' urban services, with the needs and rights of vulnerable groups appropriately addressed.<sup>37</sup> Access to services is closely linked to access to land, sites for economic activities and shelter, as recognised by UN-HABITAT's Global Campaign on Secure Tenure. In addition to reforms to the formal land administration system to ensure that the supply of land matches demand and to make it easier for low-income residents to access land through the formal system, measures to improve security of tenure in informal settlements are needed. Regularisation (which does not necessarily imply the issue of individual title) is crucial both to ensure security



and to encourage the provision of improved infrastructure and services (see Box 4). Some settlements are inappropriately located for regularisation (for example in valley bottoms or on steep slopes) and in these cases alternative sites are needed, with sensitively handled relocation arrangements.

Civil society organisations have an important role to play in fostering social inclusion: providing social support, developing the capacity of citizens (especially poor women and men) to exercise political voice, strengthening the capacity of citizens' representatives to fulfil their roles and responsibilities in the political arena and supporting community organisation.<sup>38</sup> Planning, management and service provision needs to be sensitive to diversity and socially inclusive - the Habitat Agenda highlights the need for gender and disability sensitive planning and management, and the need to recognise the rights and needs of young people.

Efforts to address the problems of urban crime and violence require a multi-faceted and multi-stakeholder approach, incorporating social concerns of exclusion and discrimination

Efforts to address the problems of urban crime and violence require a multi-faceted and multi-stakeholder approach

#### 5 Improving security through partnership: The Safer Cities Programme, Dar es Salaam, Tanzania

Dar es Salaam is in many ways typical of large, fast-growing cities in Africa: along with physical development and environmental problems, there has been a rise in crime and increased feelings of increased insecurity, felt especially by women. The traditional police-based approaches to crime prevention, however, have been unable to stem the rise in crime or to deal effectively with the increasingly critical security issues.

One response, supported since 1997 through the Safer Cities Programme (of UN-HABITAT), is based on the understanding that a wide range of partners must be involved: central and local government departments, police, NGOs, religious and training institutions, CBOs, the media, women's groups, neighbourhood watch groups, ward and sub-ward leaders, and individual communities. An early initiative was in Manzeze Ward and focused on safety for women. It began with a Safety

Audit, which is a process that brings partners (men and women) together to examine and discuss the physical features of an area as these affect crime and feelings of insecurity: narrow streets, dark and unlit areas, open spaces, unfinished buildings, bars and clubs, etc. A variety of incremental measures were recommended which together could significantly upgrade security in the area.

Actions to be taken at the municipal level included improving accessibility and circulation by demolishing buildings which have blocked roads and paths; providing street-lighting at critical points; and introducing some restrictions on bars and night-clubs. Actions at the local level included better lighting at houses, opening up additional pathways, training and strengthening local security groups, and persuading owners of unfinished buildings to complete them. As an additional step, it was agreed that local tribunals

led by traditional leaders should be established at the ward level with powers to deal with petty crimes. In addition to these specific actions, it was clear that the process itself had greatly increased people's awareness of crime and security – and especially of the factors which influence it at the local community level.

As a result of these actions Manzeze Ward has experienced a notable decrease in crime and, especially, a reduction in the sense of insecurity felt by local people, especially women. Initiatives are under way in other wards of Dar es Salaam, and other Tanzanian cities have sought assistance to develop similar Safer Cities initiatives.

Sources: UN-HABITAT Best Practices Programme; DPU (2001) *Implementing the Habitat Agenda: in Search of Urban Sustainability*, p. 65.

<sup>36</sup> McGranahan and Satterthwaite, 2000.

<sup>37</sup> See also DFID, 2000b

<sup>38</sup> Goetz and Gaventa, 2001.



and infrastructural issues of land use planning and street lighting, in addition to law and order elements, embracing co-operation with the police and accessible justice.<sup>39</sup> Given the increasing priority accorded to these issues by urban citizens, it is clear that sustainable urbanisation must take them into account. A UN-HABITAT initiative, the Safer Cities Programme, launched in 1996, seeks to directly address the issue of rising crime and violence in urban centres. The main objectives of the programme are to build capacities at city level, among the full range of stakeholders, to adequately address urban insecurity and to contribute to the establishment of a culture of prevention (see Box 5).

### Good Governance for Sustainable Urbanisation

Over the last few years, the UN-HABITAT-led Campaign for Good Urban Governance has built on the Habitat Agenda to arrive at a widely accepted set of principles or norms against which decision-making and organisational arrangements can be judged.

These are:

- sustainability in all dimensions of urban development;

- subsidiarity of authority and resources to the most appropriate level;
- equity of access to decision-making processes and the basic necessities of urban life;
- efficiency in the delivery of public services and in promoting local economic development;
- transparency and accountability of decision-makers and all stakeholders;
- civic engagement and citizenship; and
- security of individuals and their living environment.

Directly elected local government with responsibility for a reasonably comprehensive set of urban management tasks – and empowered with legal authority and financial resources – is likely to constitute the core of the political, organisational and financial arrangements needed for good urban governance. But recent experience has demonstrated that such basic arrangements should also be accompanied by:<sup>40</sup>

- establishment of lower-level representative government structures, especially in large cities and metropolitan areas, to increase responsiveness and bring government closer to residents at the neighbourhood

### 6 Successful mobilisation of community resources for local infrastructure improvement: the work of the PLUS programme in Pakistan.

In the cities of Pakistan some 35 to 40 per cent of the population live in Katchi Abadis or similar low-income and under-serviced housing areas, many of which occupy marginal and unsafe lands and most of which are characterised by poor site layout, inadequate access, and high building density. Often they developed without legal ownership or permission, some as 'squatters' and others in areas where land title is disputed or unclear. Most of the households have low incomes (\$40-\$50 per month), typically with only one income earner for a household of 7 or 8 persons. Most households (more than 80 per cent) own their own houses, but because of unclear title and/or the absence of suitable financial institutions these assets cannot readily be used as collateral for loans.

The larger cities of Pakistan rely extensively upon piped water-borne sewerage systems, which include not only commercial zones and high-income residential areas but also lower income areas, at least where there are pri-

mary and secondary lines nearby. However, the public authorities find themselves unable to make adequate progress in extending the sewerage network into the growing poorer neighbourhoods. As a result, only about half of the households in such areas are served by underground sewerage (or any other form of collection); it is therefore common to see waste water from houses draining directly into the streets and lanes to collect in foetid pools in low-lying areas throughout the community, with all the predictable public health consequences.

The PLUS Programme (of UNDP) works in three cities (Faisalabad, Multan and Gujranwala) to facilitate social mobilisation within poor communities, helping local people to organise themselves for self-help initiatives aimed (principally) at local sewerage provision. The programme also supports implementation of the work in an appropriate but low-cost manner, by providing technical assistance directly or through suitably-experi-

enced NGOs and by training of local masons and workmen. These interventions are based on 100 per cent community financing raised by lane-level action (often led by women) and are thus not dependent on external funding. In its first year of operation (2001-2002), working on a pilot basis, the PLUS initiative helped low-income communities connect to the city systems by completing 20,250 feet of tertiary (9-inch) and 3,820 feet of secondary (12-inch) sewers. This directly benefited 2,220 households, who themselves raised over \$32,250 to pay for the works. This success demonstrates that the poor can and will pay for local improvements which they consider to be priorities, provided that the work is properly and expeditiously completed – and at a price considered reasonable. Experience in the PLUS programme also showed that tertiary and secondary piped sewerage links could be built, to proper technical standards, through community initiatives at a cost one-half or even one-third of that for direct provision by the official agency.

### 7 Community development funds – promoting community organisation and supporting quality of life improvements

Community development funds are designed to provide financial resources to low-income communities, operating on a local level and in partnership with local residents and their organisations. These funds respond to the need to make resources available through locally based organisations which can respond rapidly, support community organisations directly, and fund a large and diverse range of initiatives, including those requiring very small grants or loans. Most have sought to strengthen community-local government partnerships and some have sought to set new standards of transparency and accountability, especially where past experience has left a legacy of distrust between local government and low income residents. They provide subsidised or unsubsidised loans, grants (which usually require counterpart contributions) or a combination. Local development funds are now operating in a number of countries in Asia, Africa and Latin America and their experience shows that they can:

- reduce the time and cost for community organisations to obtain resources
- respond flexibly to demands from low income communities, including short term responses to crises and demands from diverse groups
- support innovative approaches, the development of community capacity to articulate needs and priorities and manage funds, and institutional changes (especially in the relationships between communities and public agencies)
- avoid swamping community initiatives with too much funding, by making maximum use of low income groups' capac-

- ity to save and pay
- develop revolving fund arrangements and provide a means of leveraging additional local funds.

The Urban Community Development Office in Thailand, recently integrated into a new organisation responsible for rural as well as urban areas (the Community Organisations Development Institute), is one of the largest and most successful. It was established in 1992 as a 'special project' under the National Housing Authority with an independent board and advisory committee which included representatives of the urban poor through their community savings and credit organisations and federations.

From its initial government grant, the UCDO provided credit to community savings groups to encourage people in poor communities to work together, learn how to manage their own funds and link with other communities. Loans are made for housing, income generating activities, and revolving funds. As the savings groups grew in numbers and strength, they began to link with each other and the UCDO increasingly lends to networks which work out their own systems for on-lending to their members. The availability of this loan fund has helped to boost the communal savings of 100,000 households in 852 savings groups and strengthened the capacity of community organisations to tackle other problems. An average interest rate of 7 per cent is charged, about half of which provides sufficient resources to cover the UCDO's operating costs and development support work to strengthen

community networks. Small grants are also made for community environmental improvements. By 2000, over half of Thailand's 2,000 urban poor communities were UCDO members, linked together into 120 networks and engaged in a wide range of activities.

Experience shows that local funds work best where there are representative and inclusive community-based organisations formed by urban poor groups and local governments that are sympathetic and have the capacity to be supportive. However, where these conditions do not exist, they can still work well if care is taken to develop appropriate institutional arrangements and support is provided to developing the capacity of poor groups.

Sources:

Wattanasiratham, P. Bamrungsakulsawat, O. and Muller, L. (1997) "Effective participatory urban management in Thailand: a case study of the UCDO" in CityNet (ed) *Effective Participatory Urban Management*, CityNet, Yokohama, p.175-88.  
Boonyabancha, S. (1999) "The urban community environmental activities project, Thailand", *Environment and Urbanization*, 11, 1, p.101-15.  
Satterthwaite, D. (2002) "Local funds and their potential to allow donor agencies to support community development and poverty reduction in urban areas: Workshop report", *Environment and Urbanization*, 14, 1, p.179-88.  
Asian Coalition for Housing Rights (2002) "Special issue: Community Funds", *Housing by People in Asia*, No. 14, February

- and community levels;
- mechanisms and channels, alongside the formal structure of elected local government, to provide for participatory decision making and improved accountability, with particular attention to the empowerment of disadvantaged or socially excluded groups (women, minorities);
- constructive engagement with regional and national governments to balance the legitimate roles of central government in achieving national development objectives and monitoring the performance of sub-national governments with the need of municipal governments for local autonomy and sufficient financial resources to address local needs and interests in ways determined locally; and
- predictable central-local fiscal transfers designed to fit national policy objectives while providing incentives to local revenue generation and supporting local responses to local priorities; because predictability is as important as volume for planning purposes, basic central-local fiscal transfers should be based on explicit policy aims translated into financial terms through an agreed formula.

Mobilisation of local resources – whether municipal, community and household, private sector, or other – was emphasised in the World Urban Forum as a vital element in



making greater progress toward sustainable urbanisation, although external resources will often continue to be needed. The ability of poor communities to generate resources to improve local infrastructure and the potential role private operators can play have both been demonstrated in several innovative programmes (see Box 6).

Over the last few years, the UN-HABITAT-led Campaign for Good Urban Governance has built on the Habitat Agenda to arrive at a widely accepted set of principles or norms against which decision-making and organisational arrangements can be judged

<sup>39</sup> Vanderschueren, 2001

<sup>40</sup> Devas et al, 2001.



Adapting and up-scaling a community/private/own-resources approach could significantly accelerate the provision of adequate water and sanitation in poor communities. Related initiatives such as community contracting and Community Development Funds have also proved effective. Community contracting mobilises local resources, builds local skills and capacities, empowers local communities, and generates local jobs and income. Community Development Funds are intermediary financial institutions which

make loan and grant funding accessible to groups of poor people (see Box 7).<sup>41</sup>

However, progress toward good governance will be difficult to achieve unless public agencies have the appropriate capabilities. Serious attention must therefore be given to improving the policy making and operational capacity of local governments. Experience shows that dynamic local leadership, strong political backing, legal and organisational re-

### 8 Ilo, Peru: good urban governance in action

Ilo is an industrial city with a population of 70,000, located more than 1000 Km south of Lima. Over the last 15 years much progress has been made in improving urban conditions in the city as a whole and for poor residents in particular. Progress includes much improved provision for water, sanitation and electricity, good management of solid and liquid waste, tree planting and street paving, and, by advance acquisition of an urban expansion area, an adequate supply of land for housing development. A large number of public works projects, including a pier and seafont walkway, as well as community level improvements, have been financed and executed through partnerships between the municipal government and approximately 300 community-level management committees.

A series of mayors since the early 1980s have given priority to formulating a consistent series of development plans to provide a basis for urban management and investment: a land development plan in 1983, an environmental rehabilitation plan in 1987, a comprehensive development plan in 1992, and a tourism development plan in 1996. They have also retained the same management team for six consecutive elected terms of office, which has promoted organisational learning, consolidation of experience and effective institution building. The

mayors' approach to urban management has been based on the unifying potential of a vision, translated into a series of short term actions to tackle environmental problems; an emphasis on process and adaptation; and *concertación* as a way of working. The vision is neither the dream of a few nor a blueprint – instead, it is built and adapted through processes of municipal government-civil society dialogue and incremental implementation. *Concertación* implies collaborative decision making and implementation, as a means of building trust between the municipal government, residents and other local actors. It is seen at its most effective in the relations between the community management committees, two long-established NGOs and the municipal government, formalised in agreements on the responsibilities of the partners in each project. Even with the most difficult local actor, the giant Empresa Southern copper refinery and smelter which dominates the city's economy and emits massive air pollution, and with which the municipality is often forced to resort to confrontational tactics, efforts have been made to develop collaboration based on small joint projects.

The lack of progress in reducing air pollution is largely outside municipal government control: Southern has until 2006 to comply with

national government requirements for emission reduction, and is using current economic difficulties as an excuse to postpone earlier action. The municipality has been limited to establishing its own air quality monitoring system to strengthen its negotiations with the company and is currently implementing measures to increase residents' awareness of the health risks linked to air pollution, encourage them to take precautionary action during high pollution episodes, and improve health care for children at risk.

Nevertheless, overall the result of good urban governance over the last two decades has been a virtuous circle of increased trust between residents and the municipal government, mutual commitment to common and consistent aims, political stability, and growing management and implementation capacity based on mobilising resources from many local actors other than the municipal government.

Sources:

Follegatti, J.L.L. (1999) "Ilo – a city in transformation", *Environment and Urbanization*, 11, 2, p.181-202.  
Boon, R.G.J., Alexaki, A. and Becerra, E.H. (2001) "The Ilo Clean Air Project: a local response to industrial pollution control in Peru", *Environment and Urbanization*, 13, 2, p.215-32.

### 9 Strategic development planning in Coimbatore, Tamil Nadu, India

Changes in national and state government constitutional and legislative provisions have enabled the City of Coimbatore, an industrial city of 1.1 million people, to address fundamental problems of local governance arising from fragmented responsibilities for urban development and weak institutional capacity.

The Coimbatore City Corporate Plan, devised in the late 1980s, was the first major attempt by an Indian municipality to develop a strategic vision and goals, development of an investment strategy, and identification of a set of performance indicators. Designed to overcome the two major challenges of unplanned and uncoordinated urban sprawl and unclear and overlapping responsibilities for administrative functions and service delivery, the plan integrated earlier sectoral plans for water supply, sewerage, drainage, and traffic and transportation. The core values that emerged from the stakeholder consultations (protecting and improving the quality of the city environment, community participation, enhancing the

region's prosperity, providing basic services to all sections of society and alleviating poverty) guided the Corporate Plan and are the basis for the performance indicators which are being used to monitor changes brought about by its implementation.

The City Corporation sees an efficient urban form as instrumental in aiding economic growth and protecting sensitive resources. To balance urban development and environmental protection, it has adopted a number of growth management strategies:

- protecting priority resources by restricting development in specific areas, providing incentives to development elsewhere and general improvements to environmental management
- using infrastructure investment and its regulatory powers to encourage and guide private investment in urban development
- increasing revenue generated locally by tax reform and improved administration
- improving transparency, accountability and performance by decentralisation of service delivery to local area offices
- developing land in municipal ownership

strategically to guide development and raise capital funds for infrastructure investment

An investment strategy based on agreed priorities and close working relationships between the City Corporation and a range of other organisations and groups, including state agencies, NGOs and citizen groups, is in the process of implementation.

Strategic development planning is a key tool in improving urban management. However, without the 1992 constitutional changes and subsequent state enabling legislation which gave the City Corporation overall responsibility, appropriate powers and increased financial resources for managing the city, it would have been unable to adopt a leading role in strategic planning, improve coordination of service delivery or increase local financial and administrative capacity.

Source: Kumar, R. (2001) "The Coimbatore City Corporate Plan: A case study of strategic management", in Freire, M. and Stren, R. (eds) *The Challenge of Urban Government: Policies and Practices*, World Bank Institute, Washington DC, p. 73-9.

form, sound financial management and an ability to attract suitably skilled staff are needed (see Box 8). Given the scale of this task, attention must be given to securing local ownership and support for change, as well as to sequencing changes in ways that deliver benefits to residents and enterprises as a basis for building momentum and legitimacy for further reforms.

To support these reform and re-building efforts, and to help local governments and local stakeholders build up the capabilities required for sustainable urbanisation, more emphasis must be given to capacity-development initiatives directed at the full range of local actors: local authorities, NGOs, communities, private sector, etc. Diverse and active forms of experience sharing, information exchange, and mutual learning are called for, including city-to-city and community-to-community co-operation, as well as access to and use of information on existing initiatives and experiences.<sup>42</sup>

The challenge of integrating urban and rural development, in terms of physical-spatial, economic, social, and environmental aspects, calls for a pro-active, creative, and flexible approach to planning and managing sustainable urbanisation. Strategic planning mechanisms and skills need to be developed to meet this challenge. Planning at the regional (sub-national) scale is a valuable tool for helping to ensure a balance in urban and rural development and cope with the absorption of rural-urban migrants while maintaining a good quality of life in both urban and rural areas.<sup>43</sup>

The limited political and regulatory capabilities of most cities should be focused on strategic planning. A strategic

urban development plan worked out in co-operation with the main local actors in the development process can be an effective way to influence urban physical growth even in the absence of effective control powers (see Box 9). It should contain strategies for accommodating and (where possible) guiding growth, for instance by carefully planned and sequenced provision of trunk infrastructure (water, roads, drainage and sanitation). Transport infrastructure has a central role in guiding new development in ways that minimise environmental damage, encourage renewal, and support economic activity. Transport and communication networks link cities and towns to each other and to their surrounding regions and influence the efficiency and environmental impact of their internal arrangements. Long and medium term development strategies should, therefore, be linked to transport investment decisions, guiding the overall direction of future urban development, influencing its pattern and density, and minimising its environmental impact. To achieve these aims, the instruments of land administration and infrastructure investment need to be backed up by other actions, for example, pricing policies which favour public over private transport. Strategic reservation of land, for instance to allow for future roads and infrastructure, or to preserve ecologically important zones (flood plains, ground water recharge areas), can have important benefits.

The actions and priorities identified in this section depend on a wide range of actors for their realisation. The final section will therefore examine the roles and responsibilities which actors at all levels, from local to global, will need to fulfil for sustainable urbanisation to be achieved, and will discuss how they can work together for this purpose.

<sup>42</sup> City-to-city co-operation is a rapidly growing activity which has great potential for mutual learning and capacity reinforcement. See the report circulated at the World Urban Forum (UN-HABITAT and UTO/FMCU, 2002).

<sup>43</sup> Vulnerability to disasters can best be reduced at both community and city levels by improving preparedness and taking preventive measures to reduce risks, based on hazard and vulnerability assessments. Risk assessment and disaster preparedness planning forms part of the strategic development planning process. Post-disaster mitigation and reconstruction are also likely to be needed (see El-Masri and Tiplle, 2002; Sanderson, 2000 and UNCHS, 2001b, p.76-7).

## 5. Working together for Sustainable Urbanisation



To achieve sustainable urbanisation action is needed at all levels - local, national and international - and by a wide range of stakeholders from government and civil society, working in partnership with each other.

### Action at the Local Level: Urban Government and Civil Society

Local government has a crucial role and responsibility in addressing the sustainable urbanisation agenda. As the sphere of government closest to the people, local governments can best understand and reflect local needs and priorities, broker multi-stakeholder partnerships and participation, and monitor local trends and emerging issues. They also have a critical role to play in raising awareness of the challenges of urbanisation for sustainable development and of how local actions can improve quality of life as well as contribute to the global environmental agenda.

Local Agendas 21, collaborative approaches to development and environmental planning, have been pivotal in promoting awareness and implementing broad-based participatory planning processes in many urban centres. They typically involve the local community, civil society organisations and the private sector in prioritising areas of action and in mobilising both public and private resources for improving the local environment. These Local Agenda 21 initiatives remain largely isolated, however, and there is a need to more systematically share lessons learned and to link them with broader policy.

Sustainable urbanisation also requires that stakeholders look beyond municipal and city boundaries. Critical concerns related to land, water, energy, transport, the promotion of local economic development and waste management require concerted rather than competing approaches to decision making and resource allocation. A regional approach to strategic urban planning is thus required, necessitating the involvement of stakeholders beyond the administrative boundaries of local government. Such an approach typically includes inter-municipal collaboration as well as the harmonisation of conflicting policies and differing development priorities.

Local government can play an important role in facilitating economic development, although sustainable urbanisation requires that the social and environmental implications are appropriately dealt with (as part of local government's regulatory responsibilities). To play this role effectively, local government needs to work closely with the private sector (formal and informal) and with civil society organisations, for example to develop partnerships to deliver improved infrastructure and services which support business as well as benefit the local community. Experience shows that with appropriately designed partnerships, both objectives can be met: a more enabling business environment can also be socially inclusive, benefiting the poor.

To effectively meet the demands of sustainable urbanisation, local governments will require increased technical, administrative and financial capacity. This will involve the

### 10 The 'right to the city' in Brazil's City Statute

A groundbreaking development took place in Brazil in 2001 with the enactment of Federal Law no. 10.257, the 'City Statute', which explicitly recognises the 'right to the city' as a collective human right. It empowers municipal authorities to address critical urban, social and environmental problems directly affecting the living conditions of the 82 per cent of Brazilians who live in cities. It is an example

of how the principles and values of good urban governance and social inclusion can be incorporated in national legislation.

The City Statute requires municipalities to formulate territorial and land use policies which balance the interests of landowners with the social, cultural and environmental interests of other groups, and of the city as a whole.

Municipalities are also required to integrate urban environmental planning, legislation and management with broad-based participatory decision-making, thus legitimising the role of civil society. In addition, the City Statute provides the authority and legal instruments necessary for local government to regularise land tenure as a key strategy for reducing urban poverty and improving social inclusion.

development and strengthening of a wide range of competencies and skills, as well as a radical shift in attitude, from considering the urban poor as part of the problem to their inclusion in forging solutions, requiring training and human resource development. New approaches will be required as well, for instance participatory planning and decision-making to increase transparency and accountability, and the development of partnerships between municipalities and other local actors. To ensure that local authorities have adequate financial capacity, greater political and managerial powers need to be decentralised from the national to the local level, accompanied by administrative and taxation reforms. Achieving these capabilities will require sustained effort from local government itself, but will also require considerable support from higher levels of government and from international partners.

Sustainable urbanisation also requires that local civil society becomes an informed, empowered and active participant in local governance and urban development. Experience strongly suggests that when NGOs, local communities, CBOs, households and individuals are involved in a meaningful way, the results are positive. One crucial lesson from extensive experience in small-scale interventions is that people, including very poor people, are both able and willing to contribute their own resources when they are properly involved in the process and when they have confidence in a directly beneficial outcome.

### National Level: A Supportive and Enabling Role

Local action for sustainable urbanisation requires a supportive and enabling policy and legislative framework. At the policy level, sustainable urbanisation concerns need to be mainstreamed throughout national ministries and agencies and should form an integral part of national strategies on poverty reduction, economic development, environmental protection and service delivery. Specific urbanisation policies and urban-regional development strategies will typically be required to deal with the challenges of rapid urban growth. On the legislative front, sustainable urbanisation will require, in most instances, a revision of the mandate of local governments, not only as service providers but also as promoters of local economic development, custodians of the local environment, brokers of public-private partnerships and defenders of social justice (see Box 10). Revision and updating of legislation on urban planning, building

standards, infrastructure provision and environmental regulation may well be necessary, to give local governments the authority and discretion required for the new demands.

To effectively promote sustainable urbanisation, national governments will thus need to undertake a variety of specific reforms and tasks, such as:

- Decentralisation and the empowerment of local authorities to enable them to engage in broad-based participatory planning, develop partnerships and combine public resources with those of the private and community sectors to improve local economic development opportunities and living environments; decentralisation necessarily implies fiscal and administrative reforms that provide local governments with a fair and predictable share of public resources and the flexibility required to respond to local priorities and needs.
- Reviewing and harmonising national policies and institutional frameworks to eliminate often-unintended conflicts that distort or inhibit environmentally sound urbanisation; typical examples include conflicting policies governing the use of natural resources such as water and land, and competing or overlapping jurisdictions and mandates for dealing with infrastructure, energy and transportation.
- Mobilising national (and international) resources for major urban and environmental infrastructure investment;
- Actively supporting and implementing training, education and other capacity building efforts to mainstream sustainable urbanisation concepts, methods and approaches, including participation in relevant international efforts, such as UN-HABITAT's Global Campaigns on Urban Governance and Secure Tenure.

Throughout, the general role of national government in support of sustainable urbanisation should be as facilitator, enabler and supervisor. National and sub-national spheres of government should retain their roles and direct responsibilities in areas that fall largely outside the capacity of local spheres of government. These typically include the planning, financing and provision of large-scale facilities and trunk infrastructure.<sup>44</sup>

Other organisations with important potential roles in supporting local government include national associations of local authorities. They can often play a valuable role as intermediaries in policy dialogues and in promoting horizontal

<sup>44</sup> The allocation between national, sub-national and local governments of these roles and responsibilities, which are important for sustainable urbanisation, will vary considerably among countries. For instance, what is appropriate in very large and populous countries will be quite different from what is suitable for small countries. Similarly, in countries with highly-developed administrative and managerial capacities, the allocation of roles and responsibilities may be rather different from that in countries with less well-developed capacities.



In most countries there are associations of local governments, and they are increasingly taking an active role in different aspects of urban development. For example, the League of Cities of the Philippines (LCP) has played a significant role in extending country-wide the City Development Strategy (CDS) initiatives supported by the Cities Alliance. Acting as a mediator and communication network, the LCP has implemented regional 'experience sharing

workshops' to expand awareness and understanding among cities in the various regions of the Philippines, especially to assist in mutual learning and the application of lessons from cities with early experience of preparing a CDS to later ones. The LCP also played a role in the UNDP/UN-HABITAT sponsored Local-EPM (Environmental Planning and Management) Project, which began in three cities and then expanded (assisted by the LCP) into additional cities.

infrastructure and basic services, such as those funded by multilateral or bilateral lending and donor institutions, have proven in many instances to be effective means of both breaking the vicious circle of urban poverty and enhancing the fiscal base of local government. Their effectiveness can be enhanced by training and institutional capacity-building efforts. Similarly, demonstration projects which are usually grant funded have also proven their worth in terms of developing new tools and approaches for addressing the challenges of sustainable urbanisation.<sup>45</sup> They typically include a focus on participatory planning and decision-making, human resources development and the facilitation of policy analysis and development.

While there has been a recent increase in the amount of official development assistance to urban development issues, sustainable urbanisation remains marginal in terms of both the resources involved and mainstreaming within development assistance policy. This is attributable partly to the nature of international assistance, which tends to focus on sector-specific issues such as water and sanitation, health and education, or economic development, and partly to the long-lasting and prevailing anti-urban bias on the part of donor and international agencies alike. There remains, therefore, a considerable challenge: to convince the international community to properly recognise the crucial importance of urbanisation, to accept that a concerted approach is needed to strengthen all spheres of government, in particular local authorities, and to forge policy responses and actions that will help achieve both sustainable urbanisation and poverty reduction.<sup>46</sup>

Additional resources notwithstanding, there is considerable room for improvement in harmonising approaches to capacity building and for active partnerships between organisations (such as the Cities Alliance programme based at the

The Best Practices, Policies and Local Leadership Programme is comprised of a global network of policy and leadership development institutions and organisations dedicated to the sharing and exchange of lessons learned from experience. It focuses on four key capacity building components, namely (i) awareness building through awards and recognition systems (ii) information exchange and networking through databases, e-mail lists, newsletters and an Intranet (iii) peer-to-peer learning through ad hoc conferences and seminars and the development and dissemination of case studies and casebooks, and (iv) analysis of the policy and

capacity-building implications of experience for scaling-up and transferring local practices. Its partners include national agencies, educational and training institutions, local authorities and their regional and international associations, and grass roots organisations. In the Asia and Pacific region, for example, CityNet provides its member municipalities and NGOs with services to support city-to-city co-operation. Using the Best Practices database, CityNet facilitates the matching of supply with demand for expertise and experience for the purposes of organising staff exchanges, study tours and thematic conferences and seminars.<sup>48</sup>

support to capacity building for sustainable urbanisation, including exchange of information, joint programming of interventions, greater flexibility in implementation, etc;

- greater responsiveness to local needs (a more demand-led and less supply-driven approach) and willingness to engage on a long-term basis with local partners;<sup>47</sup>
- mainstreaming of tested and proven tools in support of sustainable urbanisation, such as participatory decision-making, Local Agendas 21, the Sustainable Cities Programme/Environmental Planning and Management process, and metropolitan or regional strategic planning.

UN-HABITAT and other organisations play an important role in the dissemination of information and experience, and in brokering effective responses to demand. These efforts have yet to be supported by reliable funding sources or a mechanism to enhance the collective efficiency of external support agencies with respect to capacity and awareness building. The recent World Urban Forum constituted a first effort in international dialogue to promote the sustainable urbanisation agenda; it brought together associations of local authorities, civil society organisations including those directly representing the urban poor, external support agencies and others, to pool their knowledge and experience and to chart new joint approaches to sustainable urbanisation.

Agenda 21 commits its signatories to the achievement of sustainable development, as elaborated in subsequent global agreements such as the Habitat Agenda. As has been argued in this publication, it is clear from the scale of urbanisation and the challenges it poses that for Agenda 21 to be implemented, it is essential that the urban dimensions of its key concerns must be addressed. In disseminating, learning from and acting upon successful attempts to address these critical concerns, local, national and international organisations must work together in a coalition for sustainable urbanisation.

World Bank). Recent studies initiated by UNDP and UN-HABITAT have shown that there are a myriad of international and regional support programmes but few mechanisms for identifying potential synergies, complementarities and gaps. For example, a survey of city-to-city co-operation and peer-learning, which analysed existing modalities and entry points for intervention, revealed major gaps in terms of support for south-south transfers and co-ordinated responses to demand. These studies point to the following needs and priorities:

- systematic documentation and wide dissemination of lessons learned from experience in urban-regional development and management;
- systematic documentation and dissemination of examples of good urban policies and enabling national legislation, particularly in the areas of urban poverty reduction, gender equality and social inclusion, urban environmental planning and management, and decentralisation and the empowerment of local authorities;
- mechanisms for better co-ordination of international



and vertical exchanges of expertise and experience between and among various agencies and local governments. Specific areas of action include networking and access to information; training and continuing education; national round tables; and other forms of experience exchange and mutual learning.

## International Support

The ultimate responsibility for achieving more sustainable urbanisation depends on actions at the local, sub-national and national levels. There are, nonetheless, important roles for international organisations, including multilateral and bilateral development agencies, United Nations agencies, regional and international associations of local governments, professional associations, international support networks, umbrella NGOs and others.

Financial support remains critical to many developing countries in providing the start-up capital or initial impetus for increasing urban development capacity. Capital investments designed to facilitate access by the urban poor to land, in-

<sup>47</sup> There is a strong feeling in aid recipient countries that external support is supply-led, following priorities aimed at domestic politics in the donor countries and reflecting what is currently fashionable. This often makes aid policy subject to frequent changes, which undercuts the need for consistency and a long-term commitment; it also makes it difficult to approach the development task as a genuine partnership. Ironically, most donor programmes are urging their developing country counterparts to shift away from supply-led approaches and adopt demand-led ones.

<sup>48</sup> CityNet, 1998

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