From Unsustainable to Inclusive Cities

edited by

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Abbreviations

AA	Aguas Argentinas
ADB	Asian Development Bank
AECI	*Spanish Agency for International Co-operation*
AFP	Area Functioning Participatory Approach
AFVP	*French Association of Volunteers for Progress*
AGUACAR	Aguas de Cartagena
AMC	Ahmedabad Municipal Corporation
APRA	*American Popular Revolutionary Alliance*
ASEAN	Association of Southeast Asian Nations
BAPPENAS	*National Development Planning Board*
BDC	Barangay Development Council
BMR	Bangkok Metropolitan Region
BOT	Build-Operate-Transfer
CBO	community-based organization
CEPT	Centre for Environmental Planning and Technology
CESCR	United Nations Committee on Economic, Social and Cultural Rights
CMD	Calcutta Metropolitan District
CNG	compressed natural gas
CUPE	Canadian Union of Public Employees
DAC	Development Assistance Committee (OECD)
DANIDA	Danish International Development Assistance
DCC	Dar es Salaam City Council
DENR	Department of Environment and Natural Resources
DFID	Department for International Development
DPRD	*Legislative Council*
DPU	Development Planning Unit
DWUCA	Development of Women and Children in the Urban Areas
ECOSOC	United Nations Economic and Social Council
EIU	Economist Intelligence Unit
ENCO	Environmental Committee

ENDA	Environnement et Développement du Tiers-Monde
EPFL	Ecole Polytechnique Fédérale de Lausanne
EPM	Environmental Planning and Management
EU	European Union
FDI	foreign direct investment
FF	French francs
FIRE	Financial Institutions Reform and Expansion
FKLH	*Environmental Communication Forum*
FKPB	*Sustainable Development Forum*
FKS	*Surabaya Urban Forum*
FLACSO	Facultad Latinoamericana de Ciencias Sociales
FTAA	Free Trade Agreement of the Americas
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNP	gross national product
GOI	Government of India
GRET	*Group of Research for Technological Exchange*
GTZ	*German Agency for Technical Co-operation*
HCMC	Ho Chi Minh City
HCP	Healthy Cities Programme
HIC	Habitat International Coalition
HRG	Housing and Resettlement Group
HSA	Hemispheric Social Alliance
HSMI	Housing Settlement Management Institute
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICIJ	International Consortium of Investigative Journalists
ICLEI	International Council for Local Environmental Initiatives
ICPQL	Independent Commission on Population and Quality of Life
IDP	Integrated Development Planning
IFC	International Finance Corporation
IFIs	international financial institutions
HIS	Institute for Housing and Urban Development Studies
IHT	International Herald Tribune
ILO	International Labour Organization
IMF	International Monetary Fund
IMM	Intendencia Municipal de Montevideo (Montevideo municipality)

INCHRITI	International NGO Committee for Human Rights in Trade and Investment
ITS	*Surabaya Institute of Technology*
IUCN	International Union for the Conservation of Nature and Natural Resources (now known as the World Conservation Union)
IUDP	Integrated Urban Development Projects
IULA	International Union of Local Authorities
KIP	Kampung Improvement Programme
KKN	*corruption, collusion and nepotism*
LA21	Local Agenda 21
LDC	Local Development Council
LGC	Local Government Code
LGU	Local Government Unit
LIFE	Local Initiative Facility for Urban Environment
LoI	Letters of Intent
MAI	Multilateral Agreement on Investment
MEIP	Municipal Environmental Infrastructure Programme
MERCOCIUDADES	*Mercosur city network*
MERCOSUR	*Southern Cone Common Market* (Argentina, Brazil, Paraguay, Uruguay)
MFEI	Municipal Finance for Environmental Infrastructure
MIGA	Multilateral Investment Guarantee Agency
MOI	Ministry of Interior
MMT	methylcyclopentadienyl manganese tricarbonyl
MTBE	methyl tertiary butyl ether
MVA	Motor Vehicle Act
N-AERUS	Network Association of European Researchers on Urbanization in the South
NAFTA	North American Free Trade Agreement
NEDA	National Economic Development Authority
NESDP	National Economic and Social Development Plan
NGO	non-governmental organization
NICs	newly industrialized countries
NIUA	National Institute of Urban Affairs
NRC	National Research Council
NWFP	North West Frontier Province
ODA	Overseas Development Agency (now DFID)
OECD	Organisation for Economic Co-operation and Development
OED	Operations Evaluation Department (of the World Bank)
OEPP	Office of Environmental Policy and Planning

OHCHR	Office of the United Nations High Commissioner for Human Rights
ONG	*non-governmental organization*
OUP	Oxford University Press
PCs	programme co-ordinators
PCBs	polychlorinated biphenyls
PCSD	Philippine Council for Sustainable Development
PDHRE	People's Decade for Human Rights Education
PER	Plano Estrategico Rosario
PIL	public interest litigations
Plc	public limited company
PO	people's organization
PPPs	public-private partnerships
PRC	Programme Review Committee
PRSPs	Poverty Reduction Strategy Papers
PSI	Public Services International
PSIRU	Public Services International Research Unit
PUMC	Philip Utilities Management Corporation
R	rupee
RTAs	regional trade agreements
RWE	Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft
SAP	**s**tructural adjustment programme
SCP	Sustainable Cities Programme
SDC	Swiss Agency for Development and Cooperation
SDP	Sustainable Dar es Salaam Project
SEWA / MHT	Self-Employed Women's Association / Mahila Housing Trust
SJSRY	*Golden Jubilee Urban Employment Programme*
SNP	Slum Networking Project
SPARC	Society for the Promotion of Area Resource Centres
SPM	suspended particulate matter
SRS	Slum Redevelopment Scheme
SUDP	Surabaya Urban Development Project
SWM	solid waste management
TNC	transnational corporation
TRIMs	Trade-Related Investment Measures
TRIPs	Trade-Related Aspects of Intellectual Property Rights
UASU	Urban Authorities Support Unit
UCDO	Urban Community Development Office
UDHR	Universal Declaration of Human Rights
UEF	Urban Environment Forum

UK	United Kingdom
UMP	Urban Management Programme
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UN-Habitat	United Nations Human Settlements Programme
UNICEF	United Nations Children's Fund
UNRISD	United Nations Research Institute for Social Development
UNV	United Nations Volunteers
UPS	United Parcel Service of America Inc.
URB-AL	*Urban Management Programme of the European Union and Latin America*
URDI	Urban Research and Development Institute
USA	United States of America
US-AEP	United States-Asia Environmental Partnership
USAID	United States Agency for International Development
UW	United Water
WACAP	World Alliance of Cities Against Poverty
WACLAC	World Association of Cities and Local Authorities Coordination
WCED	World Commission on Environment and Development
WHO	World Health Organization
WMC	Waste Management Collection
WRI	World Resources Institute
WSTB	Water Science and Technology Board
WTO	World Trade Organization
YUVA	Youth for Unity and Voluntary Action

(Titles in italics are English translations of the original names)

Introduction

Sustainable Cities: Views of Southern Practitioners

David Westendorff

This volume brings together a series of eight papers arising from UNRISD research activities during the years 2000–2001 concerned with governance aspects of urban sustainable development in developing countries.[1] These activities included the Network Association of European Researchers on Urbanization in the South (N–AERUS) 2000 Workshop in Geneva, Cities of the South: Sustainable for Whom?, Geneva 2000 (the five-year review of the World Summit for Social Development) and Istanbul+5 (the five-year review of Habitat II).

The five core chapters of this volume are country/city case studies written from the perspective of urban development practitioners assisting in efforts to achieve dignified living and working conditions for some of the most vulnerable groups in large cities of the South. The authors were asked to reflect on actual content of sustainable development as practised in their cities and how they

[1] Three of the articles in this volume have been previously published (David, Joseph, Mahadevia) in D. Westendorff and D. Eade (eds.), 2002, *Development and Cities*, UNRISD and Oxfam, Oxford, and the May 2001 double-issue of the Oxfam journal, *Development in Practice*. The rest are new or have been substantially revised since the initial publication. Like those previously published, research for and/or revisions of the remaining five chapters in this book has been supported by a grant from the Swiss Agency for Development and Cooperation.

personally would envision sustainable development for his / her city. What efforts, official and unofficial, are being made in the name of achieving sustainable development there? What are the shortcomings of the actors and institutions that are expected to partake in realizing this goal? What steps need to be taken to move forward? The remaining articles are by researchers who have worked closely with, or studied efforts by, the international community to influence urban development in developing countries.

In the first chapter, *Adrian Atkinson* compares and contrasts the evolution of urban sustainable development initiatives in three of Asia's more rapidly urbanizing countries: Indonesia, the Philippines and Thailand. Decentralization and democratization are providing new openings as well as complicating the picture. In most cases, local and regional institutions are ill prepared to meet the new responsibilities implicit in decentralization, and central governments are reluctant to give up their power over lower level authorities. Effective democratization of decision making is also hampered by local political structures hostile to participation. In some cases, however, democracy is growing, and potentially serves as a focus for sustainable development planning and management. The author also questions the poverty alleviation powers of economic liberalization, pointing out that neoliberal policies undermine development efforts by weakening government responsibility in key areas of public concern. In addition, free-market reforms lack environmental sensitivity and encourage deep splits within communities, as income gaps grow larger. Indeed, these issues—decentralization, challenges to effective participation of low-income groups in decision making and the disappointing performance of economic liberalization to drive poverty alleviation—come up in each of the five subsequent country / city chapters.

In the first of these chapters, *Darshini Mahadevia* reviews the range of initiatives taken in India over the past decade to improve the urban environment or the conditions of life for the urban poor. These generally have not been promoted by the same groups in society and indeed their efforts have at times revealed sharp conflicts of interest between middle-class environmentalists and the urban poor. Nonetheless, efforts by the former to "green" the city, and the latter (and their intermediaries) to maintain livelihood and access to shelter by any means possible, typically get lumped together as "urban development initiatives" that, even more misleadingly, get classified as sustainable development initiatives.[2] In India, a more disparate

group of initiatives undertaken by central and local governments, civil society organizations and the judicial system are also identified by this label. For Mahadevia, the central government's lack of concern for co-ordination among the different programmes and actions makes positive synergy extremely difficult.

Among the largest and best known of India's sustainable urban development initiatives are those involving bilateral and multilateral donors/lenders. In Ahmedabad, for example, more than half the city's capital budget in the early 1990s came from World Bank loans. Other multilateral donor funded projects tended to concentrate in India's largest cities as these, in addition to need, were also more likely than small cities to be able to repay monies borrowed to finance project activities. This has tended to concentrate infrastructural improvements in a small number of large cities. In the absence of domestic investment to improve infrastructure in the smaller cities, the already large disparity between India's "metros" and its smaller underserved cities is continuing to grow. Mahadevia finds further fault with Government of India urban programmes, especially those using foreign funds, for seeing urban environmental problems almost entirely as an urban infrastructure problem. In her view, this rigid sectoral perspective prevents the government from linking poverty alleviation strategies to infrastructure development, decentralization of governance to questions of financing of urban development, and empowerment of the majority to extending basic urban services to the poor, etc. This "limited official vision" is further reflected in legislation aimed at protecting the urban environment, which tends to look for techno-managerial solutions. These have been difficult to implement, either because they might "drive away new investment" or "threaten the interest of certain low-income groups". Without dealing at length with grassroots urban initiatives or legal challenges to government policy from private citizens, Mahadevia finds citizens' efforts weak, lacking in synergy and having a "long way to go in making bottom-up urban development sustainable".

Mahadevia then argues that any effort to bring about an inclusive and synergetic approach to sustainable cities in the South

[2]Another example of conflicting interest in the name of sustainable development are large-scale urban infrastructure projects intended to improve the attractiveness of the city to foreign investors, and hence improve economic growth. Such projects may improve both environmental conditions and basic services for the wealthier sections of the city but have only rarely proven to reduce poverty or the proportion of urban residents exposed to dangerously degraded working and living conditions.

requires first dealing with the "prime development issues". In India these are provision of, and access to:

- secure housing rights;
- civic amenities, and a clean, safe and healthy living environment for all;
- adequate public health facilities, basic education, safe and sufficient drinking water and food security;
- security against violence and intimidation on the basis of social identity;
- sustainable livelihoods; and
- adequate social security programmes.

Mahadevia lists four "pillars" supporting her concept of sustainable cities: environmental initiatives must be linked to employment, poverty alleviation and social equity programmes; micro initiatives must be linked with broader strategies; political empowerment must be comprehensive and extend from the local to international levels; environmental sustainability must not only manage the environment, but also the development model to the extent that the latter does not generate unmanageable waste.

In their study of current approaches to urban environmental problems in Ho Chi Minh City (HCMC), *Sebastian Wust*, *Jean-Claude Bolay* and *Thai Thi Ngoc Du* highlight some of the paradoxes of development in Viet Nam's largest and most dynamic city. These are compounding efforts of the HCMC government to relocate a large number of households from dangerously polluted canal / riverside slums to newly constructed government housing or homes acquired independently by the affected families. In practice, the latter have tended to be at great distance from the original residence, or in more precarious locations.

The authors cite three policies driving economic and demographic growth in HCMC, which indirectly have had a major impact on the city's urban environment: first, intensification of agriculture in the late 1970s and ensuing rural-urban migration; second, adopting "*doi moi*"[3] or "structural reform" in 1986; and third, progressively by the 1990s, channelling the bulk of domestic investment into the country's two largest cities, Hanoi and HCMC.

[3] *Doi moi* translates roughly as "renewal" and was similar to the package of economic reforms adopted in China a decade earlier. The chief intent of the policy was to introduce new technology and management mechanisms into the economy through foreign investment, ease restrictions on petty production and commerce, and exploit export markets to increase domestic investment capacity.

Since 1992 HCMC's economic growth of 8 per cent per annum has fuelled sharp increases in consumption of manufactured goods, improved housing and all manner of services by a growing middle class. The overall proportion of poor in the city has dropped as well. At the same time, structural reforms such as dismantling the system of free health care, education and public services, and increasing the "informalization" of economic activity, have led to a rapid expansion in income inequality and worsening living conditions for those remaining in poverty.

The marked deterioration of urban environmental conditions during this period has further exacerbated the plight of the poor, many of whom live along the city's canals and natural watercourses. Because the government has not expanded or adequately maintained its existing technical infrastructure (for sanitation, water and waste disposal), the region's more than ample supply of fresh water has become perilously polluted. In consequence, overexploitation of subsurface sources has already begun, leading to salinization and further degradation of the phreatic layer from intrusion of surface pollution. Many canals, increasingly blocked with refuse, have become stagnant cesspools, overflowing into slum settlements when rains are heavy or tides abnormally high.

Ten per cent of the city's population live in highly precarious conditions, including 67,000 households living in "rat-holes".[4] Of these, about one third are located along canals and waterways. The government began large-scale relocation efforts for these families in 1995. The authors participated in an evaluation of one such relocation effort involving 40,000 persons, as well as a research-action project to help develop on-site upgrading of housing and infrastructure for families that were likely to be too poor to benefit from similarly designed government relocation schemes.

Their research showed that nearly a quarter of the families relocated by the government project had experienced a drop in income after their relocation. Reasons for this included: relocation taking family members too far away from their previous employment to allow them to engage in it as before, or the loss of the entire economic network existing in the previous neighbourhood. Meanwhile, for families who borrowed money to purchase new flats, housing costs for some soared by 700 per cent. After two years, one quarter of the families had sold their new apartments and moved elsewhere—typically to more precarious neighbourhoods where

[4] This is the term used by the government to designate the most insalubrious form of housing.

housing costs could be kept low as before. Another one third of the relocated families have also expressed a desire to leave their new homes, suggesting that the total number of families whose living conditions were sustainably improved could be well below one half. Among these, perhaps only a tiny fraction represented the most vulnerable families in the settlements.

To understand and demonstrate the possibilities for alternative solutions to the habitat problems of the poorest inhabitants of HCMC's precarious settlements, the researchers worked closely with members of several neighbourhoods to design means of improving—*in situ*—sanitation, refuse collection, surface drainage and access to drinking water. They relied throughout on bottom-up planning and implementation, technically appropriate expert assistance and continuous facilitation of communication among residents and between local authorities by community workers. Whether such activities will be adopted on a large scale in HCMC or elsewhere in Viet Nam remains to be seen.

Batilda Burian and *Alphonce Kyariga* describe the evolution of the Sustainable Dar es Salaam Project (SDP), the earliest and longest running component of the UN-Habitat's global Programme on Sustainable Cities (SCP). Conceived in 1990, the SCP aimed to promote the application of its Environmental Planning and Management principles and techniques—codifying UN-Habitat's understanding of state-of-the-art urban development practices—in cities of the developing world. Building on the lessons of the first five years of the SDP, the government of Tanzania decided in 1997 to extend the SCP to eight other cities in order to capitalize on the lessons learned in the SDP. The paper also offers an evaluation of some of the achievements and problems encountered during the programme's expansion.

The Environmental Planning and Management (EPM) approach in Dar es Salaam attempted to incorporate some of the city's hard-learned lessons on the weaknesses of traditional master planning in developing countries. Among these, the authors cite: optimal but unattainable design standards for services and infrastructure; an absence of detailed instructions to guide implementation of components that were feasible; control standards that could not be adhered to under existing conditions of 8 per cent annual increases in urban population growth; design by expatriates, who paid scant attention to ensuring that local planners could manage the implementation of the plan; and a dearth of local

institutions to co-ordinate management of growth or assembling the resources necessary to implement the plan.

Following the publication of the 1979 Dar es Salaam Master Plan—the third since 1949—the quality of public services continued to fall further behind the needs of the burgeoning city. By the 1990s, "disposal of waste, supply of water, development and maintenance of roads, etc., had become inaccessible for more than 90 per cent of the city residents".

The aim of the SDP was to channel the kinds of technical assistance needed to restructure planning mechanisms and processes within the municipality. The principal focus of the intended changes was to "strengthen the City Council's capacity to plan and manage its growth and development in partnership with the public, private and popular sectors parties and other interested groups on a sustainable basis". The main vehicle for carrying out joint planning in the SDP was a series of *cross-sectoral working groups* comprised of all stakeholders who could materially affect implementation of "plans" produced by the project.

Indeed, the SDP did follow many of the EPM protocols. This yielded environmental assessments, action plans, demonstration projects and even a Strategic Urban Development Plan for Dar es Salaam, all prepared with the participation of a broader spectrum of local stakeholders than any previous master plan. This was an important step forward. Nonetheless, a variety of constraints resulted in significant shortfalls when measured against early expectations. These constraints consisted of in-built institutional conflicts of interest, inadequate financing by the Tanzanian government (national and local), difficulties in finding qualified staff, rapid changes of programme personnel, and the national government's decision to revoke / undermine independent decision-making power at the municipal level. Some of these problems are replicating themselves in the provincial cities to which the SCP-Tanzania has been extended. In some cases, the absence of qualified personnel to lead the working groups has caused funding for demonstration projects to lie unused for lack of adequately designed projects.

Karina Constantino-David's intimate experience in attempting to bring decent housing and habitat to Manila's poor leads her to frame sustainable development in cities as a question of achieving "sustainable improvements in the quality of life". At the macro level, she sees this quest as under threat because of the Philippines current "parasitic" model of development—the blind pursuit of

economic growth through global competitiveness and foreign investment.

While witnessing "respectable economic growth and the proliferation of urban amenities in Metro Manila" in recent years, urban conditions have continued to deteriorate for the poor. As Secretary of Housing and Urban Development for 15 months under the Estrada administration, she was instructed to devise and implement an equitable, yet attainable, solution to the seemingly intractable environmental and housing problems of some 32,000 families living along the Pasig River and its tributaries.[5] The programme that her department designed would minimize forced evictions and return residents to their original locality in healthy affordable housing[6] but with improved environmental conditions. The plan met strong opposition from groups whose interests were threatened. Without apportioning the exact extent of blame for the failure to overcome these interests and to achieve sustainable improvements in the quality of life more generally, Constantino-David cites five distinct, but overlapping, power groups: the state, business, the dominant church, the media and international aid agencies.

She saves some of her most direct criticisms for the part of the international assistance community that influences heavily the design of programmes to alleviate poverty and improve urban living conditions. Among these, she charges international donors for tending to offer aid for projects they want to design themselves. This typically involves a design mission that is paid for with grants from the donor, but which eventually results in the recipient taking on large loans for carrying out the project. Once an agreement is completed, the donor imposes costly procedures on the recipient, for example by requiring the use of the donor's (highly paid) consultants to prepare studies and evaluations from data and analysis provided *gratis* by local officials in the course of many rounds of meetings and interviews. Donors are also found wanting for:

- attempting to apply standard solutions to local problems during the design phase when consideration of relevant aspects of local culture and history would clearly improve the chances of finding an appropriate solution;

[5] The Pasig River and its tributaries drain much of Metro Manila. The river itself is technically dead, having been used as a sewer and repository for toxic and other wastes for most of this century. Each new administration for the past 40 years has promised and failed to clean up the Pasig.

[6] Defined as being 15–30 per cent below market prices.

- imposing conditions such as structural adjustment policies as a prerequisite for loans / aid, which is inappropriate when the poor and the environment bear a disproportionate share of costs; and
- following not their own strictures concerning professional project management, but opting instead to manipulate aid projects by pulling strings in the background.

Finally, she notes that donors (official lenders) rarely suffer the consequences of their actions. The recipient government guarantees the loans, not the donor. Leaders and agencies in the recipient country face the political fallout of a failed project. The donors' staff members who negotiate questionable projects remain beyond sanction by the recipient country.

David's suggestions for bringing about more "sustainability" in Filipino cities entails: developing indicators of quality of life, in consultation with poor people, to be used in holding urban officials accountable to make improvements in defined time periods; implementing participatory processes in decision making so that policies and programmes will be informed by the special knowledge that the poor possess; applying, on a large scale, innovative housing and environmental improvement programmes that have been proven successful by diverse agencies and community organizations both in the Philippines and abroad; and allowing the poor to access the market though government interventions that offer "guarantees of and incentives for credit" and transparent subsidies.

Jaime Joseph prefers the term sustainable human development when discussing a better future for the residents of Lima's vast informal settlements. In this megacity, most families have built their own homes, and often the infrastructure needed to sustain life, even if only at subsistence levels. Repeated waves of structural adjustment in recent decades have made this a way of life for many. This fact must therefore be a premise for efforts to achieve sustainable development in the city, i.e., such efforts must take a decentralized approach, relying on grassroots organizations, their supporters in civil society, and the local authorities, weak as they may be. But, to Joseph, sustainable improvements in material and social life must also be built upon a culture of development and democracy, which, he argues, is being nurtured in Lima's "public spaces". He defines these as informal situations in which community organizations, non-governmental organizations (NGOs), and, at times, local authorities join in an ongoing debate about how to improve physical

and social conditions in specific neighbourhoods and districts. In his view, these are true participatory planning processes.

If "public spaces" are properly supported with information and debate, and decision making within these spaces is conducted ethically, then a nascent process of political development will take root and flower. For Joseph, this means that the diverse actors—including those in society's lowest stratum—will learn to recognize that different groups have legitimate needs and demands, and that by debating the importance of these they collectively will find opportunities to establish not only solidarity but a common cause. Local authorities and government agencies operating in the neighbourhoods are expected to work within this process and arrive at the common cause with the residents.

Leadership of community organizations is crucial to the healthy development of this process. However, Joseph and his colleagues in Lima, who have been running a school for community leaders, feel uncertain about how to assist leaders to prepare themselves for full and ethical participation in emerging "public spaces". The leaders themselves have reached their positions during an extended period of immense social upheaval, marked by political violence, structural adjustment, crushing poverty and a virtual collapse of confidence in both the government and political parties. What then are the personal characteristics and aspirations of leaders conditioned to stimuli of this nature? What special assistance do they need to build the confidence needed to work with others for the cause of collective improvement through ethical and democratic processes?

Even if these questions can be answered and programmes of training and acculturation can fortify the impulse to democratic behaviour among local leaders, Joseph fears the environment for positive change is sub-optimal. Economic hardship is set to continue, if not worsen again. Without having caught its breath from the hardship of the 1990s, the Peruvian economy is today further threatened by imports from a global economy that undercuts employment opportunities for the poor in Lima and the rest of the country.

Isabelle Milbert's contribution describes the evolution over the past two decades of trends affecting the formulation and delivery of international technical assistance to cities in developing countries. Until the end of the 1980s, many cities had little autonomy in planning and fewer resources with which to undertake capital investments that might make significant changes in the functioning of the city or quality of life for the majority. Real decision-making

powers concerning cities typically rested with central authorities. Resources for international co-operation almost always passed directly through the central government. Sometimes their use at the local level would not be discussed with local authorities until the donor had disbursed the funds to the national government. In the last decade, decentralization and deconcentration processes have in many countries moved decision making closer to the cities—both in the provision and disposition of international co-operation resources. At the same time, international and domestic NGOs have begun to take on important roles as implementing partners in urban projects, along with the private sector, which has always been there. With so many new actors on the scene, and overall aid resources diminishing toward the end of the 1990s, there has been a growing tendency to co-ordinate aid programmes thematically and to combine scarce resources. All the major development actors now promote partnerships involving all the actors, from donors all the way down to community-based organizations (CBOs) and including the private sector. The author posits that such approaches may serve to blur priorities and approaches when the fragmentation caused by the entry of new actors should be having the opposite effect.

The final chapter by *David Westendorff* attempts to look forward at impending threats to the kind of inclusive and democratic "sustainable cities" that David, Joseph and Mahadevia envision in response to the actual plight of the greatest number of inhabitants in their cities. More than ten years after Rio '92, living conditions continue to worsen for a growing proportion of urban dwellers around the world, even as "sustainable development" has become one of the most often repeated phrases in plans prepared for consumption by decision makers from the local to the global level. Neither market-friendly policies nor public-private partnerships, nor innovative efforts by civil society, have yet to show sustained "scale" improvements for the most vulnerable. At the same time, reform of the state—from the central government to the local—is going forward rapidly. This typically encompasses privatization of services, downsizing of the civil service and its functions, and deconcentration and decentralization of mandates without accompanying resources. Local government is becoming ever more dependent upon regressive forms of subsidies and taxation to support its own increasingly limited range of functions. This is fundamentally altering the local state's interest in, and capacity to mediate, processes affecting the "public good", not to mention its ability to plan and carry out long-term economic and social development projects. Recent cases of urban

development strategies in Chicago and Ahmedabad are used to illustrate this. Furthermore, with the vigorous lobbying by the World Bank, the United States Treasury and a host of transnational trade associations to solidify support for the General Agreement on Trade in Services (GATS) and other global free trade agreements, strict cost-recovery without redistribution / cross-subsidization in urban and social services is becoming more common, particularly following privatization. This is already having severe consequences for vulnerable urban groups who can no longer afford decent housing, sanitation, or adequate supplies of energy and clean water.

Westendorff suggests that governments, citizen groups and the private sector need to be made aware that such situations are tantamount to abuses of human rights, and should be treated as such. Without adequate information on the likely human rights impact of privatizations, global trade and investment agreements that will hasten such trends should be set aside.

To date very few cities have chosen explicitly to take human rights as a guide to urban planning and governance. Among those that do, some of the most successful examples—in terms of outcomes for vulnerable groups—are found in the MERCOSUR region of Latin America. The chapter describes recent experiences in this regard in Montevideo, Rosario and Porto Alegre. Whether these experiences and the positive trends they appear to engender can be sustained in the face of globalization remains unclear.

Because such comprehensive efforts to fulfil human rights obligations at the city level are so rare, these experiences need to be fully understood. This will entail research to verify the extent of different social outcomes among other cities in the region employing different forms of governance, and understanding the nature of the social forces that brought about alternative forms of governance in the region, the policies applied over time, and specific conjunctural conditions that have affected the efficacy of these. This research programme, developed at the United Nations Research Institute for Social Development (UNRISD), is being carried forward by a consortium of researchers and civil society groups in four MERCOSUR cities and in two Indian cities.

PART 1

CASE STUDIES

1 Promoting Environmentalism, Participation and Sustainable Human Development in Cities of Southeast Asia

Adrian Atkinson

Introduction

This chapter analyses progress in realizing sustainable development in three Southeast Asian cities. Reference to sustainable human development in the title indicates that the focus is not only on physical development, which tends to characterize environmentalist approaches to sustainable development, but also on the vital human dimension involved. The case material from Indonesia, the Philippines and Thailand provides a basis for generalization about this part of the world. While conditions and progress in the countries of the South vary widely, it is hoped that the lessons drawn here will also be useful for organizations and individuals working elsewhere.

The first section of the chapter looks at the various ways in which the term "sustainable development" is being interpreted. This includes a brief history of the concept, a discussion of various ways of understanding what it might mean, and finally a sketch of how it is being used in the context of urban planning and management, together with some of the main difficulties that arise.

The second section highlights the importance of the structural context to sustainable urban development and, in particular, looks at participatory forms of decision-making initiatives.

Sustainable development is being pursued in the context of rapid socioeconomic change and the impact of dominant ideological and political currents. The third section of the chapter brings out some salient points that are crucial for the effective implementation of sustainable urban development. The major issues here are the rapidity of urbanization in the South; a genuine change in the political climate, fostering democratization and decentralization; and the politico-economic force of liberalization. The analysis points to the impact that these (potentially contradictory) contextual conditions are having on the fortunes of sustainable development.

The case material focuses in the first instance on Southeast Asia as a whole. It then provides detail on Indonesia, the Philippines and Thailand. In recent years all three have experienced the collapse of authoritarian regimes and seen some progress in democratization and decentralization. They also all suffered from the severe economic crash of 1997. All have some experience in the formation of participatory approaches to urban environmental planning and management, but it is evident that there is still a long way to go before these become widespread or effective. As yet the concept of sustainable development remains an ill-defined and remote goal.

The conclusions of the chapter focus attention on social changes taking place in Southeast Asia—in particular the importance of a growing middle class that is bringing a new approach to politics—which hold some potential for a more coherent approach to sustainable urban development in the coming years. However, at the same time poverty remains a serious problem, one that is not being adequately addressed by the new middle classes and that is an impediment to the achievement of anything approaching sustainable *human* development. The chapter concludes with an examination of what external agencies might do to address the impediments to sustainable human development in urban areas of the South.

Interpreting Sustainable Development

This section focuses attention on the thinking behind attempts to achieve sustainable urban development, and its implementation in reality. The discussion is divided into three subsections. The first provides a brief history of the way in which the term and its conventional interpretation have entered development discourse.

The second looks at various interpretations of the concept, showing that people and agencies using the term often mean very different things, and that major misunderstandings can easily arise. The last subsection looks into the methods that are being applied in urban areas to address the problematic of sustainable development and the main challenges that these methods are encountering.

The emergence of the concept of sustainable development

It was the World Conservation Union (IUCN)—through the World Conservation Strategy of 1980—that brought the term sustainable development into development discourse. Their concerns, as a conservationist organization, were that the evident deterioration of the ecological and resource base was a consequence of conventional approaches to development. Hence their focus was on the physical environment rather than on the human side of sustainable development. This "flavour" stayed with the term until well into the 1980s.

It was, however, the report of the World Commission on Environment and Development (WCED 1987)—generally known as the Brundtland Report—that popularized the concept of sustainable development. The report highlighted the danger that the conventional development path was leading to the destruction of the environment. Resources were being depleted to the point at which development could no longer be sustained, and might even become counter-productive. The path would have to be revised in order to achieve sustainable development, which was defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987:8).

The WCED report spent little time analysing the disparities in resources available to different constituencies within and between different societies. No significant recommendations were made concerning the redistribution of these resources—through augmented aid packages—between the countries of the North and the South. The major thrust of the report was to promote more investment in the South with a view to generating economic growth suitably regulated to avoid negative impact on the environment.

The United Nations Conference on Environment and Development (UNCED), which took place in Rio de Janeiro in 1992, was an important milestone in the promotion of the idea of sustainable development. Three international agreements—on forests, climate change and biodiversity—were proposed and

Agenda 21,[1] an "agenda for sustainable development in the 21st century", was tabled. This document, signed by most of the heads of state who attended the conference, set out in 40 chapters and 600 pages an analysis of the growing—mainly environmental and resource—problems arising in the process of global development. A range of solutions to these problems, including the allocation of responsibility across a wide range of actors, was proposed.

While Agenda 21 focused on the issues of economic disparities and poverty, it promoted the same solutions of free-market economics and economic growth as the Brundtland Report. The main focus of the document was on technical issues, rather than on underlying social and political problems. Nevertheless, Agenda 21 did provide an analysis of the roles and responsibilities of all the actors from international agencies, national and local government and the private sector, as well as of a variety of civil society actors, in developing a solution to the problem of unsustainable development.

It should be noted that there were critics of the Brundtland Commission recommendations, and the general approach of Agenda 21. The discussion remained firmly within the prevailing political framework of neoliberal free trade and economic growth, without any reference to redistribution. Indeed, it would seem that the involvement of major corporate interests in financing Agenda 21 influenced this orientation (Schmidheiny 1992; Hawken 1993; Chatterjee and Finger 1994)—leading to the omission of any effective structural suggestions for a regime or framework in which to achieve sustainable development. The result is a voluntary approach to sustainable development whereby each stakeholder group is encouraged to find its own path.

In principle, heads of state attending the Rio conference were to take Agenda 21 home and use it as a blueprint for national, regional and local agendas. Most countries have by now produced some kind of response, and it is notable that relatively little has happened in terms of actual implementation (Dalal-Clayton 1997). This result is of less concern to us here than the fact that, almost entirely independent of national government responses, there was an immediate response to Agenda 21 in the form of *Local* Agenda 21 (LA21) processes. By the late 1990s, there were several thousand localities where an LA21, or a related process, was under way.

[1] Agenda 21 has been published in various versions. For a useful summary, see Keating (1993).

Local Agenda 21 is briefly defined in Chapter 28 of Agenda 21, where it is stated that local authorities should reach a consensus with stakeholder groups in the community to initiate a sustainable development planning and management process, and that local initiatives should network with one another to exchange experiences.

In fact, a series of conferences was organized by international local authority associations and others, aimed at impressing upon the UNCED conference the major role local authorities and communities could play in achieving sustainable development. Chapter 28—the shortest of all the chapters of Agenda 21—was the result.

These conferences, which preceded UNCED, produced various declarations and guidelines that indicated (in much more detail than Chapter 28) local approaches to sustainable development. In addition, an international non-governmental organization (NGO), the International Council for Local Environmental Initiatives (ICLEI), was founded—supported by the International Union of Local Authorities (IULA) and the United Nations Environment Programme (UNEP). The role of this organization, since UNCED, has been specifically to promote the spread of LA21 processes and other approaches to local sustainable development.

By the late 1980s, a number of local participatory sustainable development planning and management processes had already been initiated, particularly in northern Europe. By the mid-1990s, most European local authorities had an initiative of this kind under way (Lafferty and Eckerberg 1998). At first, however, there was little response in cities of the South. A few initiatives were supported by development assistance agencies—for example, the Dutch-sponsored "green towns" project in Kenya and the German government-supported "urban environmental training materials project" in Asia discussed below. Some projects were also initiated through town twinning arrangements between Northern and Southern municipalities—usually with the assistance of national and international municipal associations. Indeed, the transfer of local experience from North to South has been a more important force in promoting LA21-type initiatives in the South than has any initiative growing directly out of the UNCED recommendations.

As the 1990s progressed, however, and the concept of sustainable development became more broadly accepted, some local sustainable development planning and management initiatives sprang up in cities of the South—both with external support and, particularly in Latin America (Allen 1999), through efforts initiated

within the countries themselves. At the same time, a few community development projects gained an additional dimension that focused on sustainable development. But this must be seen alongside growth in urban community development projects with little or no interest in the question of sustainable development.

What is the meaning of sustainable development?

As is noted above, those promoting the concept of sustainable development in the 1980s often had an environmentalist approach to the issue. In addition, development agencies used the concept of sustainability in the narrow sense of the sustainability of their own efforts: many projects brought into existence with the support of development agencies collapsed once the agency support was removed. So, in this context, "sustainable development" meant that the initiatives started within a development project would continue after the supporting agency had left. This meaning remains in currency alongside, and is occasionally confused with, more recent interpretations.

What IUCN and the Brundtland Commission meant by "sustainable development" was motivated by the worry that non-renewable resources—such as fossil fuels and minerals—used to support the development process would, at some stage in the future, no longer be available. It was recognized that many renewable resources, such as forests and fisheries, were being overexploited to such an extent that they too might be exhausted in the foreseeable future. Furthermore, fragile ecosystems can be destroyed by developments that, although they may be productive in some way for human needs, are nevertheless depleting the overall capacity of nature to regenerate itself if needs and conditions change. In the extreme, however, the conservationist interpretation of sustainable development attempts to preserve existing ecosystems against almost any kind of development, thereby denying local resources to local people.

While the environmentalist dimension of sustainable development remains important, the term broadened during the 1990s to include discourse on economic, social and political development. Sustainable development, as a term, was adopted by agencies and organizations concerned with issues other than the Earth's atmosphere, seas, forests and ecosystems. In the case of sustainable *urban* development, the term "brown agenda" was coined to emphasize the need to deal not only with the global and rural environment (the "green agenda"), but also with the environmental

conditions in which the urban population—and particularly the urban poor—were living.

Good urban environmental management, however—even when coupled with measures to improve equity and the quality of governance—will not automatically culminate in sustainable development. There are many ways to improve the immediate living environment, some of which promise to lead to sustainable development and some of which do not. For instance, catalytic converters on cars reduce levels of local air pollution, but result in increased energy use. Conventional waste management, without recycling or waste reduction measures, may result in a cleaner environment but does nothing for sustainability.

Discussion of sustainable development now focuses attention on social and economic problems and, in particular, on the problem of urban poverty. McGranahan et al. (1996) point out that poorer cities, although most in need of immediate environmental improvements, are in fact considerably more sustainable than rich cities where the inhabitants consume resources at a much higher level. This does not, however, exempt poorer cities from considering the question of longer-term sustainability even if the most pressing problems to be addressed in LA21 processes turn out to be those of the "brown agenda" (i.e., exclusively concerned with environmental issues).

In fact, the emphasis of virtually all the bilateral and multilateral development agencies involved in urban development projects and programmes has been on brown agenda problems. The rhetoric of sustainable development is used, but there has been no substantive analysis of what this might mean in the context of urban poverty alleviation. The multilateral banks focus particular attention on "getting the financing policies right", assuming that this will solve all other problems (McGranahan et al. 1996:128). The result is that neither the green agenda nor complex issues such as local organization, accountability, allocation of responsibility and generating a general sense of ownership are paid adequate attention.

In this context, Allen (1999) refers to the "natural resources approach" to understanding sustainability as "primary sustainability", and the capacity of urban authorities and communities to manage resources (and the environment) effectively as "secondary sustainability"—the point being that, without radical changes in attitudes and management methods, primary sustainability will not be achieved and even local environmental problems will persist. As is described later in this chapter, it is a

slow and painful progression from a narrow, functionalist approach to solving local problems to one that recognizes the complexity of local intervention. The aim is a system in which local populations willingly participate in the creation of better living environments that can be demonstrated to be sustainable into the reasonably distant future.

It might be said by way of summary that sustainable development is concerned with the longer term—the durability—of development in a situation where all too many development decisions are a short-term reaction to a crisis. In this sense, sustainable development aims to introduce a little more wisdom into the development process. But it cannot afford to disregard the very real and urgent needs of the present, or imagine that it can bypass the severe impediments it finds in the inadequate management structures and the difficult political conditions encountered in the cities of the South.

Methods and application of sustainable urban development

Some explanation follows regarding the general characteristics of the local exercises in sustainable urban development that have been attempted and which is useful here. These involve the application of various planning and management methodologies, and it may be useful to set down the recommendations described in various guidelines (GTZ 1993; Bartone et al. 1994; ICLEI 1996; UNCHS / UNEP 1997 [Vol. 1]). A preliminary assessment can then be made of the degree to which the initiatives generally match up to the ideal.

- Once a consensus has been reached between all key stakeholders in a community and / or municipality to undertake a sustainable development planning and management process (this could take the form of one or more workshops or the establishment of a more permanent forum or committee), the first task is to establish the aims ("vision" and "mission") of the process.
- An investigation, using participatory methods, is carried out into the main economic, social and environmental problems faced by the community. These are then prioritized by consensus with a view to addressing them in order of importance.
- Alternative solutions to the priority issues are worked out, possibly through working groups of experts and interested stakeholder representatives.

- Tasks are allocated between the local authority and other stakeholders who can provide resources or take on specific responsibilities.
- Action is taken, monitored by working groups or the forum. Where immediate action is deemed inadequate to solve the problem, new initiatives are organized.
- Following solution of the initial problems, new ones are identified and plans made to solve them.

There are variations on this procedure, but the main points—that the planning process be participatory throughout and that responsibility be shared between public, private and community interests—are common to all.

By now there has been considerable documentation of "best practice" initiatives in these procedures, and so some evaluation is possible (Gilbert et al. 1996; ICLEI 1996; UNCHS / UNEP 1997 [Vol. 2]). Here are some preliminary remarks on the discrepancy between theory and practice:

- There is no consistent procedure for ensuring that participatory processes are truly representative. At community level, effort should go into incorporating the voices of the poor, and of minorities discriminated against by local communities. In most cases, the better-off citizens and interest groups continue to dominate the process, with relatively little attention being paid to the concerns of the underprivileged. There is a danger that participation will become institutionalized in forms that continue to favour the powerful and fail to empower the "silent voices" of the poor and disadvantaged.
- In Southern cities, priority has been given to the immediate local environment, and to projects such as improving water supply and solid waste management. While these are serious problems in many cities, the broader perspective of sustainable development—although often and increasingly contained in the rhetoric—is not seriously addressed.
- In few cases have these exercises been allowed to modify the routine exercise of local government and the formal private sector. In fact, as discussed below, local government in poorer countries has not been in a position to plan or control the development of cities—and so inadequate responses to LA21 processes are representative of a more general inability to respond adequately to local developments. On the other hand, businesses keep their eye on what is, or promises to be,

profitable, and are generally interested in the potential of LA21 processes in this regard.

In fact, all these problems relate back to the failure of those who have been promoting participatory planning and management initiatives to address sustainable development in a broad structural context. This context is, however, crucial to the success of such initiatives and will become ever more important as sustainable development moves up the agenda. The next section of the chapter will provide an overview of the structural context, which should be considered by anyone concerned with developing new LA21s or similar initiatives.

The Structural Context

While sustainable urban development initiatives are attempting to establish a new approach to the way in which decisions are made, and cities planned and managed, they necessarily do so within a wider developmental context. The problems and opportunities that these initiatives face need to be looked at in structural terms. Two dimensions to this global context are particularly important: (i) urbanization; and (ii) democratization, decentralization and liberalization.

Urbanization: Understanding cities

In much of the South, the majority of the population lives in rural areas. However, urban areas are growing rapidly and within the first decade of the new millennium most of the world's population will be urban. The spread of urbanization greatly affects the approaches that need to be taken to planning and managing the sustainable development process.

While in principle LA21 processes can be applied within any community, in practice they have a definite urban orientation. Under these circumstances, it is important to focus attention on what is meant by an urban place and the ways in which this has been changing in recent years, so as to better understand the local sustainable development planning and management process in context.

Although Latin America is already as urbanized as Europe (i.e., almost fully urbanized), there are countries in Asia and Africa where the population is still living a predominantly rural life. The common presumption is that rural people in these countries will one day take up their roots and migrate to the city. Urbanization is,

however, much more complicated than this. For example, the population of cities increases significantly simply through children being born there. Where rural-urban migration is a significant factor, it is necessary to understand the complex segmentation of the process—which might include, for example, rural girls taking jobs as maids before returning to get married; young men taking industrial jobs in the agriculturally slack season; or refugee/ethnic groups that have found a particular economic niche. Trying to incorporate these groups and others, who may consider themselves to be only temporary residents, into a local planning process can be difficult when they are ostracized or otherwise hidden by better-established, more powerful groups.

Understanding the mode of urbanization and changes in urban morphology are also important to involving people in the planning process. Many towns and cities have been established for a long time and may be growing fast, slowly or not at all. Other urban areas suddenly appear—sometimes very rapidly—as a consequence of other contingencies: changing boundaries, tourist developments or the location of large industries are examples. The appearance, over a period of less than 20 years, of a whole series of new urban places in the Pearl River Delta, following the Chinese government's decision to promote inward investment from Hong Kong is an extreme, but by no means unique, example (Lo and Yeung 1995). Another significant mode of urban development is simply the growth of villages that become towns and then cities without the local population ever moving.

Furthermore, the cultural impacts of globalization, discussed further below, are leading to changes in outlook and social praxis even in remote rural areas that essentially orient the population to urban living habits. Commercial links with cities are multiplying—improved transport infrastructure and cheap bus fares are reinforcing this—facilitating the transition of rural populations to urban life. Increasingly, people possess a "home"—even when one is no more than a room in a rooming house—in each environment.

In recent years the manner of urban settlement has changed, although different dynamics prevail in different regions and specific cities need to be looked at from a local perspective. Nevertheless, until the 1950s greater numbers of the poor were generally to be found in central city tenements and informal settlements. Today most of the "urban" poor—rural migrants or older residents of informal settlements—reside in, or a little way beyond, the urban periphery. These settlements, sometimes vastly expanded "villages"

(in Latin America, *barrios* and *favelas*) are, in extreme cases, cities in their own right.

The implications of these changes in the processes of urbanization and social interaction—and of the fluidity and sheer indeterminacy of life decisions among the poor in particular—need to be taken into consideration in designing planning systems for sustainable development. What emerges is the inadequacy of the approaches taken so far to adapt to the processes framing people's lives. Instead there has generally been an assumption that things are as in the past, with residents (stakeholders) standing firm to be counted and incorporated into a planning process.

Nevertheless, established neighbourhoods of all income brackets with settled populations are potential participants in a more participatory approach to local planning and management. A major problem is the degree of segregation and isolation, particularly of the middle- and upper-class neighbourhoods. In such areas, where the environment appears to be in good condition (clean and green streets, clean water supply, etc.), but where the problem of less sustainable lifestyles (high consumption of resources) is all too evident, it is generally difficult to get citizens to participate in planning exercises. Nor are the more affluent citizens very interested in assuming any kind of equality with the poor in a decision-making process.

In practice, the process needs to use considerable ingenuity in order to draw people from all walks of life into a common planning endeavour. It is also necessary to ensure that the territory within which the planning process is being conducted is one in which sustainable development can be considered with some hope of eventually making it a reality; this points to the need for a framework for planning that takes into account both city and hinterland.

Democratization, decentralization and liberalization

A particular ideological outlook is currently influencing world economic and political life. On the one hand, democratization and decentralization are being introduced throughout the South, displacing the authoritarian and centralized regimes that predominated throughout most of the latter half of the twentieth century. At the same time, neoliberalism is being promoted, and has broad political support at the international level, as the framework for development. The following paragraphs analyse in more detail the implications for sustainable urban development initiatives of this changing structural context.

Although there has never been a time when decentralization and democracy were not seen as a "good thing" in development circles, in practice neither of the two major powers considered it in their interest to promote them during the Cold War. Indeed, the majority of countries in the South possessed highly centralized regimes—with little by way of democracy—that were sometimes directly installed and in most cases continuously supported by one or other of the two "superpowers". Some attempts were made by development agencies to support decentralization programmes but, by the early 1980s, these were deemed a general failure (Rondinelli et al. 1984).

Decentralization is a complex process that concerns redistribution of power and resources from central control to regional, municipal and community levels. In most countries of the South where decentralization processes have been initiated the difficulties of implementation have become evident. Typically, central government agencies are resistant to change and local government bodies are ill prepared to take more responsibility for local action.

Democratization—by which is generally meant the introduction of representative democracy at national and local levels—has also proved to be a difficult process to get right. Patronage systems, local mafiosi, vote buying, vote rigging and a whole range of tactics for hijacking the political process have come to light; it is clear that it will take many years for "clean" and truly representative governments to become the norm throughout the South, and for there to be systems of genuinely good governance in which government and civil society play their role fully and conscientiously. It should be noted, however, that there is evidence in many countries of the growth of more participatory forms of democracy that are a central focus of the sustainable development planning and management systems with which this chapter is concerned.

The early 1980s also saw the resurgence of neoliberal ideology, underpinned by the determination of big business to assert its interests in the political arena (Korten 1996). The basic principle of neoliberalism is to promote free enterprise and free trade; private businesses should not be restricted by governments in their pursuit of commerce, trade and profit making which, it is argued, is the true generator of wealth in society and therefore, ultimately, the alleviation of poverty.

In practice, the interpretation of the principle of free trade has neither been consistent nor even-handed (Shutt 1998). Southern

NGOs in particular are concerned that, while Southern countries are being compelled to open themselves to free trade, Northern countries maintain systems of protection. In any case, liberalization has created a very definite context within which development has been shaped in the countries and cities of the South and this needs some discussion in order to better understand the most serious difficulties faced by local initiatives in sustainable development planning and management.

Neoliberalism has been promoted in countries of the South via two routes: first through the widespread adoption of the ideology by elites within the countries, and second through the influence and pressure of the international development banks for "structural adjustment" which, it is widely admitted, have marked negative social and environmental consequences (UNRISD 1995).

In the past, governments in the South were not particularly successful in planning and directing the distribution and growth of cities. It is also true that attempts to organize the development process have not been without their problems. But, during certain periods, governments in most countries of the South have succeeded in stimulating and directing developments that have improved the economic and social conditions of their populations. Indeed, once viewed as "Southern" countries, government-directed development programmes in Japan, and more recently in Singapore, the Republic of Korea and Taiwan Province of China, have been spectacularly successful in economic terms.

Ignoring these examples and the possibilities that might exist for other societies to take another path, neoliberal rules remove, through privatization, government responsibility for key areas in the planning and direction of development. The results for most Southern countries are clear: all indications show a consistent rise in poverty and the emaciation of welfare programmes which, while never very substantial, were available in the past.

On the surface, there has been concern that the environment (and sustainable development) should not suffer as a consequence of the deregulation of the economy. Environmental ministries and / or agencies now exist in most countries, and in some even local environmental agencies have been established. These are mandated to control the impact of the development process on the environment and it is usually these agencies that have been responsible for the follow-up to UNCED. The contradiction between neoliberalism and effective environmental protection cannot, however, be avoided and the effectiveness with which environmental issues and any

meaningful interpretation of sustainable development have been sidelined in the international systems promoting free trade (the General Agreement on Tariffs and Trade–GATT and the operations of the World Trade Organization–WTO) is clear.

At the level of theory, Rees (1998) has analysed the ways in which mainstream economists discount the problematic of sustainability. Economic rationale asserts that resources which are exhausted or despoiled will always be replaced by substitutes (consideration of social and environmental impacts is not seen as relevant to economics). In practice, sustainable development is promoted as a voluntary activity, and little attempt has been made to provide structures within which the various actors can work toward the same ends. Environmental ministries and agencies remain on the margins of the development process, and their capacity to regulate environmental impacts adequately—and certainly to be proactive in indicating directions for development—is restricted by the neoliberal ideological and political context that gives precedence to economics.

There are, however, many contending theoretical tools that might be applied to counter the depredations by the free market. In the environmental sphere, attention is being focused on "common property regimes" for the sustainable management of resources (Berkes 1989). The World Bank has acknowledged the potential effectiveness of such forms of protection (Jodha 1992).

On the social side, concern is being expressed at the way in which social support networks, particularly in rural areas, are falling apart in the face of modernization, commercialization and the spread of liberal, individualistic attitudes and practices. "Social capital", which embodies these traditional forms of life support, is becoming depleted. Some individuals may be becoming economically better off, but communities as a whole are becoming less well off (losing social capital). These concepts and others, however, are not as yet recognized as anything but marginal to the development discourse. Economic growth remains the central purpose of development, with liberalism as the mechanism by which it should be pursued. Unfortunately, the critique of this paradigm, emanating from its obvious failures, remains marginalized.

It would seem that, if participatory local sustainable development planning and management initiatives are to become more effective, neoliberalism will have to be abandoned: the two approaches to development have entirely different ideological bases, orientations and institutional requirements.

Focus on Southeast Asia

The Philippines

The Philippines is urbanizing rapidly—in the late 1990s an estimated 60 per cent of the country's population lived in urban areas.[2] There are around 65 urban places classified as cities, with the greater Manila area (Metro Manila) containing almost a third of the total urban population in the early 1990s. However, rural inhabitants are not migrating to the cities in large numbers, instead erstwhile rural settlements are expanding, emerging as new urban areas. A rapid growth of towns, with a population exceeding 50,000, is currently the most significant component of urbanization.

A significant proportion of urban development is informal in nature. In the early 1990s, almost 50 per cent of the country's population lived below the official poverty line and, even in urban areas, over 40 per cent were living in poverty (UNCHS 1996). This section of the population, therefore, has few or no resources to contribute toward any general improvement in urban conditions. Although the Philippines was not hit as badly as other countries in the region by the currency collapse of July 1997, it did see a general retrenchment of living standards and a significant return of the urban poor to the countryside as a result of the regional depression.

The efficiency with which the urban areas are working and the quality of life for most of the population are sub-optimal. Attempts to redress this situation are, inevitably, the main focus of local authorities (referred to in the Philippines as "Local Government Units"—LGUs) and community efforts. The following are generally deemed to be the most serious environmental problems faced by the inhabitants of towns and cities in the Philippines.

- The municipal water supply systems, which serve only a portion of the population, with the poor having to buy water from private vendors at inflated prices; virtually all water supplies are contaminated. Totally inadequate wastewater management leads almost everywhere to the gross pollution of urban waterways, groundwater and coastal areas.
- Only 40 per cent of urban solid waste is collected—the rest being informally burned (adding to local air pollution) or dumped.
- Flooding (due to both inadequate drainage and inadequate flood protection measures) is perennial, particularly in areas occupied by the poor.

[2] Unless otherwise noted, information in this section is derived from Samol (1998) and from the author's own experience.

- Urban air pollution is chronic—most significantly from "jeepneys", which form the main means of transport for the poor.[3] It is no coincidence that, in many urban areas, respiratory ailments top the list of health problems (DENR 1997).

For the poor, however, the prime preoccupation is poverty: where the next meal is coming from. Another high-priority issue, especially for squatters, is insecurity of tenure as a consequence of both confused land right laws and squatting. In this context, it is difficult to generate broader initiatives toward participatory urban planning and management among a substantial proportion of the urban population.

The Philippines has displayed considerable concern for sustainable human development at national policy level (Meyrick 1999). As discussed further below, policies, especially in the framework of democratization, focus considerable attention on poverty alleviation. One of the most important initiatives of the central government is the Social Reform Agenda, formally adopted in 1996 by Executive Order. Within this, LGUs are directed to lead the implementation and monitoring of their local Social Reform Agenda in co-ordination with the basic sector organizations.

It should be noted that, even before UNCED, attention was given to sustainable development. Already in 1989 the conceptual framework for the Philippines Strategy for Sustainable Development was approved, and the principles of the strategy were formally integrated into the 1993–1998 Medium Term Philippine Development Plan. Following UNCED, the Philippines Council for Sustainable Development (PCSD) was established. It was chaired by the National Economic Development Authority (NEDA), operated in close partnership with the Department of Environment and Natural Resources (DENR), and included a wide range of civil society stakeholder interests. Overseen by the PCSD and following wide consultation, a national Agenda 21 was published in 1997, followed by a government memorandum directing LGUs to incorporate the principles of the Philippines Agenda 21 into their Social Reform Agenda.

However, at LGU and local community level, immediate exigencies have taken precedence over any strategic thinking about what might constitute sustainable solutions to local problems. The national and regional offices of the DENR have supported certain

[3] Newly purchased, these ubiquitous public transport vehicles possess second-hand diesel engines imported from Japan where, beyond a certain number of running hours, their pollution standards are no longer legally accepted.

campaigns in co-operation with national NGOs—for instance regarding the rehabilitation of urban rivers and moving from a solid waste disposal regime to one of "zero waste" (reduction, reuse, recycling)—but the involvement of national agencies has receded considerably in recent years with the implementation of the Local Government Code (LGC).

Following the collapse of the Marcos regime in 1986, a major effort was made to disperse power from the centre to the localities, and to provide political space for voices from within civil society. This was enshrined in the new constitution, adopted in 1987, which stipulates a greatly augmented role for LGUs. An important role is also envisaged for NGOs and people's organizations (POs).

Efforts to empower LGUs begin with the LGC, enacted in 1992 and implemented from 1994. Samol calls it "one of the most comprehensive and progressive decentralization policies in the developing world" (1998:12). Provincial governors, urban mayors and *barangay* (neighbourhood unit) captains are elected, and act in conjunction with government bodies at each level. Various other advisory councils also came into existence, the most important of which were the Local Development Councils (LDCs) and Barangay Development Councils (BDCs), to formulate local development plans with the participation of key local stakeholder groups. The LGC stipulates that at least a quarter of the total membership of these councils should comprise NGO and PO representatives.

Alongside the greatly augmented responsibilities of the LGUs has been a major reallocation of government personnel to carry out the new functions. The budget allocated to LGUs has risen from 20 to 40 per cent of government revenues. In addition to providing LGUs with the remit and resources to organize local development—and with an emphasis on addressing the needs of the poor—further legislation has been passed (the 1992 Urban Development and Housing Act). This was followed by the repeal of the anti-squatting laws (1997), which directs LGUs to address more coherently the housing problems of the poor—namely, access to land and security of tenure. More generally, the local government structures for pursuing development are already in place and, in principle, local forces can determine their own route to sustainable human development.

In part, this presumes that local government will work actively in co-operation with various civil society organizations. Among the three countries surveyed here, the Philippines has the largest proportion of the urban population engaged in NGO and PO activity

(Webster and Saeed 1992). National and local urban development NGOs have been instrumental in facilitating some exemplary local projects and national campaigns, particularly in the area of environmental improvements. In addition, most poor communities have formed POs, often with the support of NGOs, particularly church organizations. In some urban areas these have come together to form alliances to provide a united front vis-à-vis government and key local decision makers, who are in practice those who own or control the use of land.

However, across LGUs as a whole, the call of the new constitution or the LGC for more participatory governance is far from being answered. The most important local institutions that would allow civil society interests to become involved in the determination of development priorities and the allocation of the municipal budget are LDCs and BDCs. Indications are that by 1998 relatively few LDCs had actually been formed and there were very few BDCs indeed. Even where these exist, the stipulation that at least 25 per cent of the membership should comprise NGOs and POs is not being honoured. An additional problem in some cases where it *is* being honoured is that NGOs and POs come into conflict over who should be their representatives on the councils.

In general, deep-seated suspicions remain between local authority personnel and NGOs / POs. In part this may be a legacy of the past: NGOs were opposition organizations; they now have to make the transition to organizations prepared to co-operate with the authorities. Local authorities, for their part, find it difficult to see NGOs as constructive partners. Perhaps the main problem, however, lies in the continuing systems of patronage in many localities, where powerful individuals and families traditionally dominate the political scene. In these systems, tantamount to authoritarianism on a local level, there is little chance of generating any interest either in power-sharing or in more open government.

Local priorities and budget allocation, therefore, are generally still determined by governmental bodies. In practice, this has meant that additional budgets have predominantly gone to improvements in municipal infrastructure (the first priority being roads), which are of relatively little benefit to the poor. Implementation of the Land Development and Housing Act, which requires LGUs to inventory land ownership and find appropriate sites for low-income settlements, has been carried out with great reluctance, and then only under pressure from NGOs. The poor have yet to find ways of persuading LGUs to use the new powers and resources to address their needs more directly.

Meanwhile, intentions at national level to work toward sustainable development have not percolated down to the local level where, as already noted, LGUs continue to pursue conventional urban development priorities and projects. There seem to be many reasons for this, including the fact that neither national government agencies concerned with local development, nor the local authority associations (leagues) were involved in the development of the national Agenda 21 (Meyrick 1999). There is no national campaign around Agenda 21, and PCSD and DENR do not assist LGUs in interpreting and implementing it. No substantive link has been made between the LGC and Agenda 21 (or, indeed, the Social Reform Agenda) by the LGUs.

Local Agenda 21s and similar approaches to participatory local planning and management have so far reached only a handful of LGUs. On the one hand, there seem to be problems translating excellent policies at the national level into action on the ground. On the other hand, there are clear difficulties overcoming immediate crises at the local level in order to encompass the emerging problems of the future.

While NEDA's regional plans do generally consider the use of natural resources and the environment within their areas of jurisdiction, often working in close collaboration with their colleagues in the regional DENR, the major problem lies in the lack of machinery to be able to control what happens on the ground. A more proactive approach to local/regional economic development is required; LGUs, together with urban communities, could work much more closely with the regional NEDA and DENR offices to better understand the implications of sustainable development and to collaborate on the details of implementing relevant programmes and projects.

Thailand

With just over a third of its population living in urban areas, Thailand is the least urbanized, but the most industrialized, of the three countries examined here, possessing the highest per capita gross national product (GNP).[4] Urbanization, and indeed economic activity, is concentrated in and around Bangkok. The Bangkok metropolitan region (BMR) contains almost half of the urban population and if the eastern seaboard is included (an almost continuously urbanized subregion) this brings the regional

[4] Unless otherwise noted, information in this section is derived from Mitlin (1998) and the experience of the author.

population up to 80 per cent of the total urban population of the country. Outside the BMR cities are modest in size—only a handful containing populations in excess of 200,000. But urbanization is occurring rapidly and it is expected that by 2008 half of the country's population will be living in urban areas.

Although the data for the three countries is not comparable, urban poverty is probably less extensive in Thailand than in Indonesia or in the Philippines. In the mid-1990s there were just under 2,000 identified poor urban communities housing about 1.7 million people, amounting to 8 per cent of the urban population. The distribution of poor urban households is fairly even across the urban areas, with half in Bangkok, another quarter in the outlying BMR and the rest distributed in towns and cities throughout the country. Poor communities living in makeshift conditions are identifiable in most urban areas.

As a consequence of the better economic situation, the quality of life is higher than in urban areas in either Indonesia or the Philippines, but conditions are still far from ideal. While water supply is generally good (even some very rudimentary poor settlements have metered house-to-house water supply), wastewater disposal is poorly organized almost everywhere. This results in the pollution of local waterways and unfilled land, where many low-income settlements are located in very unsanitary conditions (Rattanatanya 1997). Only 42 per cent of urban solid waste is officially collected, and the dumping of significant amounts of industrial hazardous waste is an additional problem, in some parts of the BMR in particular. Air pollution is also a serious problem in certain urban locations, especially Bangkok.

Although urban poverty is relatively contained, it is not insignificant, with an estimated 15 per cent of poor households squatting—meaning that they have no legal right to any urban services and even education is provided at the discretion of the school. A few areas remain in flood-prone areas where waste accumulates and boardwalks are the only means of access, but various programmes for upgrading of basic infrastructure and introducing health programmes have improved basic environmental and health conditions notably.

The impact of currency deregulation in July 1997 was more severe in Thailand than in the Philippines, with an immediate impact on industry and consequently on employment. In fact, this was preceded by a major real estate crisis that had already severely reduced employment in the construction sector. Open unemployment

tripled between mid-1997 and mid-1998, and the number of people living below the poverty line increased from 16 to 28 per cent (Lee 1999). Measures were soon taken at the national level to initiate programmes aimed at alleviating the hardship. This included establishing a National Social Development Committee to devise and oversee augmented social programmes (already a priority in the new constitution), and collaborating with the World Bank, which instituted a Social Investment Fund aimed at channelling money directly into projects in poor settlements.

It might be expected that, with less pressure to alleviate poverty in Thailand, more energy would be spent on addressing sustainable development. This has not, however, been the case. There is wide usage of the term by government agencies, NGOs and the media, and it also featured in the Eighth National Economic and Social Development Plan (NESDP), 1995–2001, but little progress has been made toward any coherent idea of what this might mean in practice. Government agencies concerned with the environment—the Office of Environmental Policy and Planning (OEPP) in particular—have sponsored various sectoral programmes on global environmental issues, including global warming and biodiversity. They have not, however, been studied within any more comprehensive framework regarding sustainable development in the Thai context, or how to achieve it, nor has it involved local authorities or communities.

It is only very recently that a subcommittee of the National Environment Board, including experts and representatives of various government agencies and NGOs, was convened to oversee the generation of a national Agenda 21. The draft, entitled Policy and National Action Plan for Sustainable Development, was approved by the subcommittee in mid-1999. The concept of sustainable development has made virtually no headway at the local level. As is discussed below, there have been some initiatives in developing Local Agenda 21 processes, but these have been entirely oriented toward improvement in local environmental management, without a distinction between sustainable solutions and those that are questionable from a sustainability perspective.

Decentralization and democratization initiatives were revitalized following the collapse of the military regime in 1992. There was a clear popular resolve to radically reform the Thai polity, to establish once and for all a democratic regime, effective at all levels, that would not be subject to frequent reversals. The issue of decentralization was directly connected with this aspiration. Intense public debate and several years of work by the constitutional

commission led to the enactment of a new constitution in October 1997. The new constitution augmented the role of local government and strengthened the right of members of civil society to participate in government decision making.

Of course, implementation of the constitution requires concrete laws and regulations and, at the time of writing, relatively little had been done to give substance to the constitutional call for decentralization. The linchpin of local government in Thailand has always been the provinces (*changwat*). Local government is organized under the Ministry of Interior (MOI) and has far-reaching, centralized powers. Local programmes and projects are planned and executed almost entirely by central government agencies through the provinces. Although there has been some improvement since the late 1980s, when they were not only small but diminishing (Rüland 1992), local budgets remain very restricted. Since the Municipal Act of 1954, municipalities have had many responsibilities that they are supposed to carry out. But the absence of financial resources has prevented them from determining their own priorities or carrying out activities that are not directly supported by national government agencies.

The battle to achieve genuine decentralization in Thailand—as is progressing in both the Philippines and, as we shall see, Indonesia—is by no means lost, and the constitution, together with the Eighth NESDP, lends some support to those who would pursue it. But it may be some time before the provincial nexus, and with it the centralization of government budgets, is broken. This may require effective pressure from the local level. Of course—as we have seen in the case of the Philippines—powers given by central government do not of themselves empower local stakeholders without their active involvement.

Indeed, local-level mechanisms and activities promoting participatory initiatives in Thailand have developed considerably (Atkinson 1996). On the one hand, the private sector has been invited to contribute in a structured manner to the development of decision-making process at national and provincial level through Joint Public and Private Sector Consultative Committees (Laothamatas 1992). This may be interpreted negatively as allowing business interests privileged access to development decisions involving public funds, access which is denied to other civil society actors. It should be noted that it was development assistance from the United States and Japanese governments in the spirit of liberalization that allowed this arrangement to come into being.

NGOs have been somewhat slower to develop in Thailand than in the other two countries under review (Webster and Saeed 1992). Nevertheless, there have been notable successes by development NGOs focusing on the organization of poor urban communities. In addition, civic groups have been formed in many provincial cities—comprised of middle-class professionals, academics and business people—to actively promote the improvement of urban life through philanthropic work and pressure on the municipalities.

This had added up to considerable grassroots activity, especially in Bangkok. Pressure at the central level has precipitated experiments by the Bangkok Metropolitan Authority, and the institution of a national agency, the Urban Community Development Office (UCDO), for the support of community organization and self-activity. By the late 1990s almost 90 per cent of poor Bangkok communities possessed community committees[5]—designed as self-help vehicles to negotiate local government improvement programmes—whereas in the provinces less than a quarter had formed any.

Many community committees have gained support from the UCDO or other sources—including international and bilateral assistance organizations—to make improvements in the local environment. Municipalities now often possess social development offices that work with community committees—which in some cases have formed networks—to determine municipal programmes in poor areas. However, not all municipalities are responsive to working with community committees and, where communities do not organize, as is the case in many provincial towns, they are likely to lose out on the provision of services. Also, for those without land rights the institutional environment can be very hostile.

One problem is that there is no monitoring of community committees to determine whether they are representing the interests of all sections of the community: the emphasis is entirely on making small gains within the community. Interest in influencing the wider political process and the distribution of resources at the level of the district or the municipality appears scant. Certainly there is no consideration of long-term sustainable development.

One further approach aimed at improving environmental management in municipalities, initiated by a German Agency for Technical Co-operation (GTZ)-funded project in the early 1990s, eventually became an initiative to develop a comprehensive participatory municipal planning system (Atkinson and

[5] Community committees were established in Bangkok in 1978 and became national policy in 1988.

Vorratnchaiphan 1996). The initial project helped to establish multistakeholder committees and trained them in problem identification, prioritization, planning and implementation.

In November 1995, a year after the end of the project, the MOI issued a directive requiring all municipalities to form such committees and to adopt the planning process as a basis for municipal budget planning. While some steps were taken by, among others, the Municipal League of Thailand (who used the concept of Local Agenda 21, albeit with very little attention paid to sustainable development) this turned out to be entirely inadequate. By the late 1990s few municipalities had done any more than assemble a planning committee, and even these tended to bypass it in compiling the municipal budget.

As is in the Philippines, the lack of interest in opening up the political decision-making process has much to do with traditional patronage power structures, which are often loyally supported by poor communities. Some local NGOs have tried to encourage the municipalities to move toward greater participation, but on the whole there has been considerable hostility between municipalities and local NGOs. There has been little co-operation either with civic groups, comprising precisely the new middle classes that feel the need for substantial municipal reform.

The bottom line, however, is the general weakness of municipalities. Even where these accept a more participatory approach to budget planning, limited resources mean that plans cover relatively little of what gets done locally. The main decisions are still taken by national government agencies and the private sector without consultation of civil society interests. There has been talk at the national level—around a notion termed "Area Functioning Participatory Approach" (AFP)—to introduce more participatory methods of planning at all non-central levels of government in line with the general requirements of the new constitution, but so far this has not borne any tangible results.

Indonesia

Although comprising a substantial landmass of some 2 million square kilometres distributed over approximately 14,000 islands, almost two thirds of Indonesia's population is concentrated on the relatively small island of Java, together with neighbouring Bali and Madura.[6] Urbanization has been progressing in recent years at a

[6] Unless otherwise noted, information in this section is derived from Atkinson (1998a), as well as from the author's own subsequent experience.

rate of about 2.2 million new urban inhabitants a year, mostly in Java. By the late 1990s well over a third of the population was urban, and the expectation is that over half will be urban by 2005. The Javanese are traditionally a peasant culture, and about two thirds of the new urban population is of peasant origin.

Although new urbanization is distributed between growth of existing urban areas and the emergence of new towns and cities in rural areas, Indonesia distinguishes itself from the rest of the region by the preponderance of very large cities. By 1990 there were 10 metropolitan areas (seven of these in Java) with over a million people, and there are two more or less continuously urbanized corridors within Java in which almost two thirds of the urban population of the island live.

In recent years the Indonesian government has had strong and coherent urban development policies and programmes, but urban authorities have still failed to keep abreast of changing conditions on the ground, where significant areas have developed informally. In the 1960s and 1970s these developments were in both inner and outer urban areas, but more recently they have been predominantly on the urban peripheries where migrants are settling close to existing villages to form what amount in extreme cases to emergent cities of informal development.

The state of Indonesian cities is similar to that of cities in the Philippines, with high levels of poverty and a proliferation of informal developments. In spite of highly structured programmes aimed at improving urban living conditions, there remain shortfalls in the provision of services and the management of the environment (Kusbiantoro 1997). Nevertheless, over the past 25 years, an extensive programme (the Kampung Improvement Programme—KIP), financed mainly by the World Bank and the Asian Development Bank, has been organized to legalize informal settlements. This programme has provided basic infrastructure, resulting notably in the upgrading of large numbers of poor settlements throughout urban Indonesia.

The proportion of the urban population living in poverty has steadily declined since independence, with official estimates putting it at just 10 per cent in 1996. This situation was reversed by the currency collapse of July 1997. The impact was immediate and dramatic, resulting in the collapse of industry. The prices of staple foods climbed so high that the spectre of mass starvation arose. By mid-1998 government estimates put the proportion of the population subsisting below the poverty line at around 40 per cent. The International Labour Organization (1998) estimated that this would

rise to over 60 per cent by the middle of 1999, and in mid-1999 the World Bank confirmed that, in spite of superficial indications of economic recovery, poverty was indeed continuing to rise.

By mid-1998 all major international and bilateral development agencies had instituted some form of emergency assistance programme for the country (BAPPENAS/UNDP 1998) and each government agency was making its own contribution to construct a "social safety net" and other aspects of emergency relief. Under such conditions it might be difficult to focus attention on programmes aimed at achieving sustainable development in the future. On the other hand, these conditions do prompt some introspection about previous development efforts dependent on inward foreign direct investment (FDI) to develop manufacturing industry based on cheap labour under a regime of liberalization. Unfortunately, none of the emergency programmes suggest alternatives to the path already taken—with the implication that the solution is to continue past efforts but to try harder.[7]

The Indonesian government did sign Agenda 21. With external assistance and under the supervision of the Environment Ministry—and the rather restricted involvement of the wider public—a national Agenda 21 was also produced and published in time for the 1997 Rio+5 conference. This is a substantial but highly technical document produced with little success in gaining the attention of actors who might be in a position to implement its recommendations. Virtually no notice has been taken of the document by the media or by relevant government agencies (those responsible for determining the form that national development should take).

The term "sustainable development" has made some headway in popular discourse, reflected by its use in the media, but has not gained any substantive meaning. Except in a few cities (as discussed below), it is not yet considered by urban planners and authorities regarding directions that should be taken by local development programmes and projects.

Concerning political developments, it is clear that it was the economic crisis, which was accompanied by two ecological disasters (a major drought and widespread forest fires) that precipitated the collapse of the Suharto regime in May 1998. Throughout the Suharto era, government was highly centralized. Provincial governors and district heads, including urban mayors, were appointed and,

[7] One United States Agency for International Development (USAID) emergency project is entitled "Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States".

although there were elected councils, these only had an advisory function. Local government was essentially central government operating at the local level—local budgets were very small, not even adequately covering staff costs, and all development costs were covered directly from central government budgets with spending determined by central government agencies. Consequently, local programmes were uniform in design and implementation, and therefore often highly inappropriate, resulting in wastage of considerable resources.

The World Bank and the Asian Development Bank, with some involvement of other external development agencies, lent support to local "integrated urban infrastructure development programmes" throughout urban Indonesia, ostensibly designed to make investments appropriate to each city. Nevertheless, in practice local involvement was half-hearted in view of the lack of any genuine local ownership of the programmes (Atkinson 1998b), and major decisions concerning methods and standards of delivery remained with the central government or with external consultants.

After the collapse of the Suharto regime, the general public was most interested in reforms that would allow freedom of expression and open up the electoral process to new political parties—with the aim of having new national elections take place at the earliest opportunity. However, although of less public interest, legislation concerned with the decentralization of government and the associated redistribution of government funds enacted in April 1999 has the potential to be considerably more far-reaching in impact. The focus of this basic legislation is upon creating autonomous local government at the district and city levels at the expense of both central and provincial government. As in the past, elected Legislative Councils (DPRDs) are called for, but these now have a legislative function and are empowered to appoint the mayor.

Nevertheless, the umbrella legislation is open to interpretation—seen in one analysis as offering government the possibility of continuing to dictate local policies and programmes from the centre (SUDP 1999). Central government agencies may still issue regulations aimed at local government functions and, in practice, are doing so, but these are now ostensibly only advisory. Local governments, unsure of how to proceed with their newly won freedom, may simply succumb to central government "advice", thereby making it equivalent to directives. This is likely at some stage to come to the courts when the more self-confident municipalities decide that they want to do things their own way.

Municipalities will also have a substantial development budget and be in a position to determine both how it should be spent and how it should be administered. Specific legislation is being enacted on combating the corruption, collusion and nepotism in government that was so structurally embedded in the old system.[8] Reference in the legislation to accountability and, in particular, the involvement of the general public in the decision-making process is, however, sketchy. One mechanism referred to is that of "urban forums", which local governments are expected to organize periodically to promote discussion between government and the public.

The new legislation is currently being digested; so far there is little understanding of how the local bureaucracy might be reorganized to suit local needs. In future years local budgeting processes will come into operation and it will be crucial to find means of planning that will genuinely respond to local needs (previously, the budget was rigidly controlled by the central government).

Even before the collapse of authoritarianism, NGOs were tolerated in several fields, including legal rights, the environment and development issues, as long as they were not overtly political—although many of them were covertly so (Korten 1987). In the field of urban development there were many initiatives assisting informal communities to organize, although these were predominantly focused on self-help improvements with no ambition to influence the wider decision-making process regarding the direction and allocation of resources across the town or city as a whole (URDI 1999).

Many different initiatives have been developed in the spirit of debate and experimentation that has followed the fall of the Suharto regime. The paragraphs that follow focus on the case of Surabaya, Indonesia's second city located in east Java, with a population of a little under three million in a metropolitan region of almost eight million. Surabaya has some prior experience of participatory urban planning. In the 1970s a low-income settlement upgrading programme was implemented within the general framework of the KIP (encompassing two thirds of the city's population). In Surabaya,

[8] The nature of "corruption" as a system of allegiance building within government, where inadequate salaries are supplemented by payments to staff, some legal and some illegal, made by those in a position to obtain and dispose of money, is becoming well understood. In this light, structural measures may be taken to destroy the system and create a more service-oriented attitude among public servants (Manning 1999).

unlike in other Indonesian cities where measures were determined by bureaucrats and their consultants, there were genuine experiments with participatory methods of determining what should be done and how to do it (Silas 1992). These circumstances were encouraged by an enlightened mayor, working closely with the Surabaya Institute of Technology (ITS), within what is the most affluent municipality in Indonesia.[9]

In the spring of 1997, a German government-supported project was initiated in Surabaya with the intention of assisting in the development of participatory decision-making processes at community level; in the first instance this was to be little more than building on the earlier KIP experience. Four communities were selected out of an initial 12, as a result of wide consultation. Universities were commissioned to organize rapid appraisals of the communities, including a stakeholder analysis to help bring together a forum that would represent and train the main groupings within the communities. The formation of Environmental Communication Forums (FKLHs), followed by a process of training and involvement of the wider community, was organized by local NGOs. The results were twofold: (i) the production of local plans, and (ii) more aware and vocal communities able to make structured demands of the municipality.

There is always a danger that such initiatives can collapse if plans are not implemented. While the intention was that these decision-making forums would come to occupy a place in the overall budget planning for the city, this was certainly not immediately implemented. Some city departments co-operated, including the city water supply corporation. The project also succeeded in collaborating with the emergency programme of the national Public Works Department, which had to disburse large amounts of money in a short period and was happy to find local ventures into which they could channel funds. But it was clear that these predominantly self-help initiatives would die once the project ended unless there was a more coherent institutional framework within which they would have an ongoing place and function. Before the collapse of the old regime, the project was already attempting to bring together key stakeholder groups at the city level. This was in order to bring a

[9] With a new mayor, appointed in the early 1990s, the participatory approach declined. After the fall of the regime, newly vocal local NGOs accused the old programme of being interested only in self-help and local improvements, rather than empowering poor communities to make broader demands on the political system.

more formal pressure group into existence to voice the concerns of civil society—and promote local community plans—at the level of the city authorities.

With the collapse of the regime the intended forum—initially christened Sustainable Development Forum (FKPB)—immediately initiated debate around issues that should become the focus of reformed local government. Indeed, both the mode of organization of the community initiatives and the FKPB became the focus of attention of the now reform-minded central government and external assistance agencies as indicating possibilities for public participation in local government decision making. USAID immediately undertook to assist a number of other cities in east Java to establish FKPBs, albeit with close ties to government.

However, as we have seen in the cases of the Philippines and Thailand, the abandonment of authoritarianism does not guarantee reform. Of particular interest in Surabaya is the insistence of the FKPB to be independent of government. Some NGOs accuse FKPB of wanting to collude with government even before it has taken any substantive initiative to do anything in collaboration with local government. The fear of co-optation—so often the experience of NGOs in the past when they attempted to promote civil society interests—remains strong, and even private sector and university participants steer a careful path. The preferred course is to advise the newly democratic Legislative Council rather than to engage directly with the machinery of local government. On the other hand, the field is wide open for those outside of government to help define what local government is to become in the future. If, however, local government is left to its own devices, there is a real danger that entrenched interests will succeed in establishing local authoritarianism, as is evident in so many local authorities in the Philippines and Thailand.

In fact, the preoccupations of the FKPB—and one might say of the local forces of reform more generally—are not yet coherently oriented toward sustainable human development. The initial priorities of the FKPB are environmental pollution, land settlement and tenure, the informal economy and the provision of public services. Work is proceeding on the first two issues, partly because there happen to be people active in these fields. While it is clear that these issues are relevant to the needs of the poor—and also to achieving more sustainable cities—in practice, the debates remain at some distance from the *prima facie* needs on either score.

The FKPB is not making common political cause with the poor: attempts to involve the interests of the poor (for example, associations

of informal traders and pedicab drivers) have not been successful and membership of the forum is, with the exception of a very active trade union representative, exclusively "new middle class", albeit with some young and active NGO people.[10] Although originally named the Sustainable Development Forum, there are too many urgent issues to be dealt with to be able to focus serious attention on sustainable development. In consequence, after one year in existence the Forum renamed itself simply the Surabaya Urban Forum (FKS) in order to be seen as more mainstream and meriting a central position in the emerging system of local government.[11]

In other towns and cities throughout Indonesia, similar experiments and experiences are unfolding spontaneously (active NGOs working with local government) or with external assistance. Indeed, the spread of assistance programmes has meant they are tripping over one another in all the major cities. It thus becomes advisable to hold regular co-ordination meetings among the various initiatives as is happening in Surabaya—although this holds a constant danger of contradictory initiatives and wastage of resources. Most of the effort (such as the massive World Bank and Asian Development Bank poverty alleviation programmes designed to channel money directly into local communities) is focused on improvements to the environment of poor communities—essentially KIP based on new participatory decision-making processes.

Much of this experience highlights the inevitable contradictions between large-scale programmes and the need to be sensitive to local contingencies. Such programmes are not always prepared to countenance the longer time span and complexities of resolving local issues. Furthermore, they have little or no interest in empowering communities to voice their needs in the wider political process.

These ostensibly participatory initiatives could potentially be very counterproductive. There is a tendency for agencies to bypass local authorities and work directly with the community. Some local authorities may attempt to use the freedoms and opportunities created by the recent decentralization laws to adopt new forms of

[10] The importance of youth as the driving force of the reform process in Indonesia at present (where much of the new middle class is tainted by association with KKN) can hardly be overstressed.

[11] The new legislation calls for convening forums as a means of communication between municipalities and other stakeholder groups. In fact the legislators already had the Surabaya experience in mind; now the members of the FKS wish to ensure that they are seen as the legitimate body to fill this role!

command-oriented government, with perfunctory measures of public consultation designed to legitimize their own activities, rather than respond to locally expressed needs. However, there are also various examples of attempts to work at the city and provincial level, as in the case of the FKS in Surabaya, to devise means to ensure that the local governments of the future are held accountable and *do* have a more positive orientation toward participation and sustainable development.

Conclusion

In the three countries analysed above, some progress is being made in the development of more participatory approaches to urban planning and management, with a focus on the needs of the poor. Less certain is whether this can in any way be seen as pursuing a consistent—or meaningful—path to sustainability.

What is evident is a strong desire among the modern, urban-based middle classes of all three countries (which include strong student movements) to create new political systems at the municipal level. The patronage relations of the past, with their corrupt practices, cronyism and nepotism, are deemed unacceptable. The struggle is to detach the "big men" and "big families" from their clientele among the poor and ignorant and to push the military out of politics and back into the barracks. There is a strong sense among this urban-based middle class, whether justified or not, of their individual worth, their business and professional abilities and, in the case of students, of their responsibility to create a new society. They feel that they and their fellow middle-class citizens understand and can deal with the modern world, are not corrupt in their practices and so have a greater right to govern. There is a clear parallel to the rise of the middle class and the sense of modern citizenry in Europe in past centuries.

While the rise of the middle classes remained repressed under the previous authoritarian regimes, it is now strongly visible, discussed in the media and evident in the organization of political parties, business, professional and civic associations, and politically oriented NGOs. Economic growth and the international context, promoting democratization and decentralization, is now favouring their rise to power. The process of taking this power and deciding how it should be channelled and used has, however, only just begun and the final outcome is by no means clear. At the same time, however,

the economic globalization that created this middle class depends upon a reserve of economically active poor and, as is so well illustrated by the 1997 economic collapse of the region, continues to maintain and even extend poverty.

Participatory urban planning and management processes, as developed up to now, have two different focuses and constituencies. On the one hand, community development initiatives are favoured by many constituencies in so far as they focus predominantly on self-help initiatives among the poor. Recognition that the poor also have some rights has progressed matters from a situation where their settlements were destroyed, via a less aggressive policy of "benign neglect", to a point where they are on the whole given basic recognition and basic services. This does not yet amount to full citizens' rights (access by the middle classes to power and resources is of a different order). In general the poor have received some benefits at little cost to the middle classes.

On the other hand, the middle classes are becoming more aware of the need to be active in creating "liveable" cities. The activities of civic groups, while of less interest to the development co-operation agencies with their strong focus on poverty alleviation, are nevertheless aiming at the same general goal of creating more participatory and accountable forms of urban planning and management. Indeed, if more coherent initiatives in the pursuit of sustainable development are to appear, then these groups should be among the carriers: poor communities can do little to pursue primary sustainability as they already live extremely frugal lives and have little or no power to determine wider policies and programmes of urban development.

This points to a two-pronged conundrum. The first is how can the two sets of urban participatory planning and management initiatives be forged into a single system that looks after the interests of all urban citizens? In Europe progress toward more egalitarian societies happened in part through the self-organization of the poor (in the form of labour unions and, in some countries, tenants' associations) and in part through the emergence of social democracies that realized that societies work better when there is less inequality, where education and a reasonable standard of living for all become a basis for greater efficiency, less social tension and eventually a greater capacity for co-operation.

The European situation, however, is not really comparable to Southeast Asia where a large percentage of the poor is not employed by industrialization, and most live in informal conditions where

mass tenancy is not an issue.[12] So a more concerted effort will be necessary on the part of the new middle classes as they consolidate their hold on political power to realize the need for more unified societies and to help to create the bases for these. Local participatory approaches to urban planning and management provide a milieu in which relevant ideas and aspirations could be developed, but more coherent and assertive civic movements are needed to endow these approaches with political force. The middle classes often lack the impetus to rethink their own lifestyle; they will need to collaborate more closely with the poor—who will also need more resources—if they are to develop coherent, truly sustainable, alternatives with which all citizens are prepared to co-operate.

The second point concerns the context of economic globalization and, more specifically, the promotion and spread of neoliberal ideology and practice. It seems strange that, in spite of the increasing evidence that liberalization worsens the situation for the poor and the local environment in the countries of the South, it continues to be widely adhered to (Forrester 1999). It may be in the interest of certain sectors of business to promote liberalization, but it seems clear that many social groups, including some in the business community, are not benefiting from liberalization. On the contrary, all indications are that the economies of the South—and not only post-July 1997 Asia—are continuing to deteriorate, and that the incidence of poverty is spreading (Shutt 1998; UNRISD 1995).

Local programmes—including the plethora of emergency programmes in Indonesia discussed above—are not going to solve the problems of the poor on their own. There are no indications that these can be solved without addressing the problems arising from the continued application of liberalization. Protection measures at national, regional and local level are necessary, as are economic mechanisms to ameliorate the social and environmental concerns arising through participatory urban planning and management initiatives.

Finally, the concept of sustainable development potentially provides a framework in which to rethink the development process in the context of the new, participatory forms of local decision making. These will have to take into account current trends in urban

[12] Many informal settlements have quite high levels of tenancy, but the landlords of relatively small-scale, makeshift housing are less vulnerable to pressure from mass movements than the large-scale tenement housing in early twentieth century European cities.

development in the countries discussed in this chapter. With the emergence of megacities, dependent on massive throughputs of resources that at some stage could become curtailed, the sudden precipitation of much greater poverty cannot be ruled out (Atkinson 1993). Perhaps this should be taken as a major task of development agencies in the coming years: to raise the level of debate concerning the sustainability of urban developments in the context of local participatory planning and management initiatives, and to devise programmes to turn things around.

This brings us to the question of what role such agencies might play to promote participatory urban sustainable development planning and management initiatives. It is difficult to provide advice here on "primary sustainability": externally assisted projects to produce national Agenda 21 documents have not been effective in the countries of the South (as shown in the examples provided above), although one cannot genuinely say that they have not been effective anywhere. The debate is still open and certainly it is at the local and subregional levels that at least some practical measures have started. In the context of local participatory urban planning and management programmes, the advice can only be to continue attempts to introduce the subject of longer-term sustainable development strategies into any initiatives. Hopefully, in time, when the urgencies of immediate problems have been mastered through effective solutions, primary sustainability will become a more important agenda issue.

Part of the problem would seem to be impacts of liberalization on local development. It seems clear that local communities and municipalities can do little or nothing to control what has been termed the "backwash effect" of global development processes (Stöhr and Taylor 1981). Agency policies that will address the impacts of liberalization more effectively, to work with national governments to develop defence mechanisms on behalf of society and the environment, are required. It should then be possible to see where national policies can be used to develop more effective local projects and programmes such as the following.

- Community development projects that bring participatory methods into the generation and execution of activities to improve the local quality of life need assistance. These should be undertaken as longer-term development programmes, operating in a flexible manner—and not in terms of one- and two-year projects—to assist in the development of local cohesion and self-confidence.

- Such programmes should move beyond self-help initiatives and be more conscious of the need to empower poor communities to participate in a more coherent and forceful way in the larger urban political process.
- These initiatives need to be systematized in such a way that all communities are capable of identifying problems, prioritizing them, planning improvements and attracting the necessary commitment from all relevant actors to solve problems.
- Participatory methods of planning and management are also needed at the municipal level—which means working with a great variety of stakeholders within civil society, as well as with municipalities. The aim must be to create transparency and accountability within a local government that is oriented to providing a public service rather than the all-too-common case of government providing a platform for the abuse of power and public resources.
- The opening-up of the municipal planning and management process should not stop at more accountable and/or efficient local government; it also needs to make common cause with community development projects and the plans they generate; these initiatives should champion the needs of the poor as well as seek to improve the workings of the municipality and the state of the city.
- Such initiatives should also focus attention on possible futures of the city, analysing unsustainable aspects of current development within the public arena, not only to obtain diverse opinions, but to gain the commitment of all in a situation that is almost bound to require substantial changes in outlooks and lifestyles.

All of these policies can be assisted by appropriate inputs from development agencies. This could be done on a national level, but would probably be more effective through engagement with individual urban communities and authorities. On the whole development agencies have focused most of their attention on rural development and/or financing sectoral projects.[13] As yet there is relatively little experience of integrated urban projects of the kind being suggested here (Atkinson and Allen 1998). But there are

[13] About 6 per cent of United Nations and bilateral donor funding goes into urban projects. Of course many other projects, including in health, education and other fields, also find their way into urban areas, but not specifically recognizing the urban context. Less than 18 per cent of World Bank funding goes into urban infrastructure (Atkinson and Allen 1998).

precedents, including urban programmes of bilateral agencies such as USAID, Swiss and German technical co-operation (and others), the World Bank Metropolitan Environmental Improvement Programme and the UN-Habitat Sustainable Cities Programme. The field is certainly wide open for agencies that are interested in gaining and then disseminating experience in this field.

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2 Sustainable Urban Development in India: An Inclusive Perspective

Darshini Mahadevia[1]

The mainstream debate on urban development addresses issues of economic growth, and the debate on sustainable cities focuses on environmental problems. Both exclude the development concerns of the poor. A new inclusive approach to sustainable cities in the South puts the perspective of poor and marginalized sectors at the centre of its vision. This chapter presents such a holistic and synergetic approach to sustainable cities in India, and describes the means by which it might be achieved.

Unravelling the Concept: Sustainable Cities in the South

People-centred development, or sustainable human development, has gained increasing acceptance over the last 10 years. It emphasizes that development should be broad-based and bottom-up, redistributive and just, empowering and environmentally sustainable; seeking to meet the needs of the present generation without compromising the ability of future generations to meet their own needs (WCED 1987). In 1992, United Nations Conference on Environment and Development's (UNCED's) Agenda 21 outlined

[1] The author is grateful to David Westendorff for his comments on the first draft.

programmes that go beyond ecological sustainability to include other dimensions of sustainable development such as equity, economic growth and popular participation. Indeed, the principles of sustainable human development and Agenda 21 are converging.

The concept of sustainable cities is derived from that of sustainable development. The world is becoming increasingly urban—and urbanization is spreading South. Historically, urbanization has coincided with, and has been accompanied by, increased consumption and ecological degradation across the globe. The ecological impact of urbanization in the South has become a major justification for a new development paradigm: that of sustainable cities. It is an amalgamation of various independent processes: the urban environmental movement, the decentralization of local governance and Agenda 21, followed by Habitat II (UNCHS 1996). Prior to Habitat II, urban environmental issues were addressed by very few international efforts, namely: the Sustainable Cities Programme (SCP) and Best Practices Awards; the Urban Management Programme (UMP); the Urban Environment Forum (UEF); the International Council for Local Environmental Initiatives (ICLEI); and the Local Initiative Facility for Urban Environment (LIFE).

The pursuit of sustainable development in cities is set against the backdrop of an increasingly globalized economy dominated by the North. Most countries of the South have had a development model, in the form of structural adjustment programmes (SAPs), imposed upon them by the multilateral funding agencies. These have had adverse impacts on social sectors (Cornia et al. 1987) and on the environment (Reed 1995). SAPs have triggered the privatization and commercialization of infrastructure, and the curtailment of state responsibility for social welfare (Stubbs and Clarke 1996; World Bank 1990; WRI et al. 1996), in both rural and urban areas.

Some have questioned the possibility of achieving sustainable development while the interests of capital dominate over those of people (Clow 1996). The same applies to sustainable cities, and this chapter will review the current debate on the subject, looking specifically at the nature of the urban crisis in India in the context of the SAP and the effectiveness of grassroots action in the country.[2] The final section presents an inclusive approach and suggests the immediate action required on the main outstanding issues in order to move toward sustainable cities in the South.

[2] India does not have a specific sustainable cities programme, and policy documents refer to this only in the context of urban environment.

"Sustainable development" and "sustainable cities" are central terms in the rhetoric of development policy. However, there is little consensus as to what has to be sustained, and how this is to be done. The World Commission on Environment and Development–WCED (1987) definition of sustainable development is considered the most comprehensive by some (Redclift 1992; Vivian 1992; Choguill 1996) and mere "environmental managerialism" by others (Clow 1996). Stren (1992) suggests that the very ambiguity of the term draws in a wide range of political and intellectual currents from across the fragmented environmental movement. Chambers (1988) interprets the concept as an ability to create and support sustainable livelihoods for the rural population of the South. This leads back to the fact that it is *un*sustainable development, which emanates from excessive consumption in the North (and from the wealthy of the South) that has eroded rural livelihoods, forcing rural inhabitants to migrate to the towns and thereby adding to the numbers of the urban poor.

Making a structural criticism of the concept of sustainable development, Clow (1996) argues that the current global system is organized around the expansion of capital, an intrinsically unsustainable endeavour. Clow holds that "environmental considerations cannot be 'tacked on' as an afterthought to a 'for profit' economy" (1996:7). Even the United Nations Development Programme's (UNDP's) concept of sustainable human development has been criticized for being "economistic", for having ideological underpinnings (as it assumes a global system where the North dominates the South) and for not having made the development process gender-sensitive (Hirway and Mahadevia 1996, 1999). Nicholls (1996) criticizes the approach for skirting the issue of existing power structures at global, national and local levels; for seeking to achieve sustainable development within structures that in themselves prevent true bottom-up, participatory, holistic and process-based development initiatives; and for ignoring the reality that self-interested development actors, who perpetuate these unequal power structures, can be found at every level.

Huckle (1996) groups these diverse definitions of sustainable development into two categories: "weak sustainability" and "strong sustainability". Weak sustainability, supported by conservative and liberal political ideologies, works toward sustainable development within the existing global structure, accepts the free-market ideology (i.e., individual property rights, minimum state regulation and intervention) and looks for techno-managerial solutions. Such

solutions suit the official development aid agencies, including the World Bank and the United Nations Centre for Human Settlements (UN-Habitat). Strong sustainable development accommodates various approaches, namely those of deep ecologists, greens, social ecologists, eco-feminists, postmodernists, political economists and others. They reject the idea that nature and social systems are at the service of economic development, arguing that this bolsters capital rather than people in the development process. Some of them see sustainable development as a political process, while others view it from a moral perspective, suggesting that self-discipline is required to achieve such development.

The concept of sustainable cities can be approached in much the same way. However, uncritical acceptance of the techno-managerial approach of various United Nations urban development programmes is widespread, even in the South. In the early 1980s, for example, UN-Habitat and the United Nations Environment Programme (UNEP) decided to prepare joint Environmental Guidelines for Settlements' Planning and Management (or EPM) for cities. In the early 1990s, this initiative was converted into the joint Sustainable Cities Programme (SCP). The SCP, launched as a vehicle for implementing Agenda 21 at the city level, works toward building capacities in urban environmental planning and management, and promoting a broad-based participatory process. The aim is to incorporate environmental management into urban development decision making and to strengthen local capacities for doing so through demonstration projects.

The way in which "sustainable cities" has been understood in the North has led to environmentally friendly cities or "ecological cities", where: (i) economic and environmental costs of urbanization and urban development are taken into account; (ii) there is self-reliance in terms of resource production and waste absorption; (iii) cities become compact and energy-efficient; and (iv) the needs and rights of all are well balanced (Haughton 1997). Proponents of this line of thinking view urban environmental issues in the South through a Northern lens and so emphasize the reduction of resource consumption, local waste absorption and the use of renewable resources, but ignore the critical issue of meeting basic human needs (Satterthwaite 1998).

Hardoy et al. (1992) hinted at numerous environmental problems in the cities of the South: as an Indian proverb from the state of Gujarat puts it "a weak cow has many bugs". Many of these problems are the result of poverty and the inability of national and

local governments to create institutions to provide sustainable solutions to poverty. They are also the result of a flawed development model, SAP conditionalities and the pressure to achieve rapid economic growth at any cost. In India, for example, the goal of increasing the rate of economic growth has resulted in the acceptance of many types of investment, some of them highly polluting. Transnational companies, such as Toyota, Ford and Mercedes, have been granted permission to produce diesel cars for the Indian market, despite the fact that these produce 10–100 times more particulate matter than do petrol engines, and will lead to more pollution in already congested cities (*Down to Earth* 1999).[3] The pursuit of economic growth also creates the need for investment in new infrastructure, which often requires privatization and commercialization of services because city governments are unable to raise revenues in other ways. The poor are often excluded from such commercial ventures.

The SCP and other techno-managerial approaches to sustainable urban development treat the concept of sustainable cities as a partnership among diverse interest groups. But, as Satterthwaite (1996) comments, the Habitat II consensus to move toward sustainable cities and sustainable human settlements is "at best an illusion", one which allowed the "international agencies to claim that they were the leaders in promoting sustainable cities, when in reality they have contributed much to the growth of cities where sustainable development goals are not met" (1996:31). Different groups gave different meaning to the term, but for cities to be genuinely sustainable, Satterthwaite argues, it is necessary to consider "the underlying economic, social and political causes of poverty or social exclusion" (ibid.:32).

The move toward a sustainable city in the South has to be based on an inclusive approach comprising four pillars:

- environmental sustainability;
- social equity;
- economic growth with redistribution; and
- the political empowerment of the disempowered.

This holistic approach incorporates the interests of the poor and the disempowered, challenging the existing systems, whether global or local, that have led to unsustainable development. An equitable system could achieve sustainable human development that is employment-generating, resource-recycling, waste-minimizing,

[3] Diesel cars are cheaper to run than petrol cars. By giving permission to increase the production of diesel cars, the government wants to increase the purchase of cars to improve growth statistics.

socially sustainable and politically just. These four dimensions have to be approached simultaneously in the process of development; at present, one dimension takes precedence over the others within a fragmented and sectoral approach to sustainable development.

In its official programmes, and those undertaken by civil society and private sector organizations, India cannot be said to illustrate anything other than a fragmented and sectoral approach to urban sustainable development. As it must work within the framework of SAPs, the official approach is extremely limited. The initiatives that are described here are those that have received reasonably wide attention from within India and abroad. This does not mean that they are necessarily the most effective efforts going on in India. Undoubtedly, there are many local efforts that remain unknown and unreported outside the communities from which they emerge. Such efforts, however, have not impeded the rapidly worsening urban crisis in India that has accompanied, if not been stimulated by, the structural adjustment programmes implemented throughout the country.

Urban Crises in India: The Context of Structural Adjustment Programmes

India has a low level of urbanization (expected to reach 33 per cent in 2001), but a large urban population in absolute terms (about 330 million in 2001). The country has three of the 20 largest cities in the world (Mumbai, Calcutta and Delhi) and 23 cities of one million-plus inhabitants, housing one third of the total urban population in 1991 (NIUA 1995). Its urban settlement pattern is concentrated in the western and southern parts of the country and there is a high incidence of urban poverty—one person in every three overall (Dubey and Gangopadhyay 1998; GOI 1997), and one person in five in the cities of over one million inhabitants (Dubey and Mahadevia 2001) lives in poverty.[4] Large cities are the focus of urban policies and programmes (Mahadevia 1999a), though poverty is concentrated in the small towns (Dubey and Gangopadhyay 1999; Dubey et al. 2000), which also have lower levels of basic services than the large cities (Kundu 1999).[5] The

[4] In India the varying estimates of poverty derive from disagreements on how to calculate the poverty line. The poverty ratios are calculated on the basis of consumer expenditure surveys. These figures are for 1993–1994, the last year such consumption expenditure surveys were available.

[5] Small towns are defined as having fewer than 50,000 inhabitants.

latter are integrated into the global system and the smaller towns into the local economy, with no continuum between the two (Kundu 1999). Urban employment has become increasingly informal since the early 1980s (Kundu 1996) as the manufacturing sector has become more capital-intensive, leading to a decline in formal, secondary sector jobs. Researchers attribute the declining rate of urbanization during the 1980s to this phenomenon (Kundu 1996; Mohan 1996). The contribution of the urban sector to the national economy increased from 29 per cent in 1951 to 55 per cent in 1991 (Suresh 2000).

In 1991, India began implementing its SAP. Urban development strategy consequently focused support on rapid economic growth in the place of balanced regional development. The Ninth Five Year Plan (GOI 1998) proposed to address existing regional inequalities by funding infrastructure development in the undeveloped regions, raising resources either from the financial institutions or from the commercial market. As the National Institute of Urban Affairs (NIUA) states:

> In the era of economic reforms, liberalization and globalization, cities and towns are emerging as centres of domestic and international investment. Within this framework, urban development policy calls for an approach that aims to optimize the productive advantages of cities and towns, while at the same time minimize or mitigate the negative impacts of urbanization (NIUA 1998:xiii).

During this time of SAP implementation, the focus has been on urban infrastructure. The India Infrastructure Report (Expert Group on Commercialization of Infrastructure Projects 1996) states that Rs. 2,803.5 billion ($74 billion) will be required in order to meet all urban infrastructure needs by 2005. In 1995, a total of only Rs. 50 billion per year was available, so a strong case could be made to privatize urban infrastructure.

Measures to enhance the attractiveness of cities to new investment have included the deregulation of urban land management. Among the most important initiatives taken in this area was the repeal in 1999 of the Urban Land Ceiling and Regulation Act of 1976, which sought to socialize urban land. Land regulations are being gradually relaxed in some cities (Mahadevia 1999b). While these measure are intended to improve the investment climate in cities, it is argued that efficient land markets are the best way to make land available to the urban poor.

Official Programmes toward the Sustainable City: Limited Vision

Chennai, Hyderabad, Banglore, Delhi and Calcutta have been directly connected with the SCP. While Chennai was the only Indian partner for the SCP activities, other cities joined the Urban Environment Forum (UEF) that was set up with the SCP as a primary partner. Some cities have received UN-Habitat Best Practice Awards and three belong to the International Union of Local Authorites (IULA). All these efforts are the initiatives of city governments as there is no national programme, only fragmented policies and programmes that come under the sustainable cities umbrella, as well as some city-level initiatives.[6]

Table 2.1 shows the official programmes and the spontaneous efforts to create sustainable cities. The former are mainly centrally designed programmes. Only a few of the local/state government environmental programmes are mentioned here, and these will be discussed below.

Table 2.1: Efforts toward sustainable cities in India

Four pillars	Official efforts	Spontaneous actions
Environmental sustainability	Legal initiatives	Legal initiatives
	Sustainable Cities Programme (SCP)	Protests for environment protection
	Infrastructure projects	Community-based efforts
	Environment management	Private sector initiatives
Social equity	Affirmative action policies	Rights movements
Economic growth with redistribution	Poverty alleviation	Community-based programmes for addressing poverty
	Housing and shelter programmes	
Political empowerment	Urban governance decentralization	NGO-led capacity-building activities

Note: The above initiatives are not all formally recognized as Sustainable Cities Programmes. They would come under the sustainable city concept if they were expanded and made inclusive.

[6] There is no national urban policy document. Urban policies can be discerned from the Five-Year Plans, annual reports of the Central Ministry of Urban Development and national-level urban policy and research institutes such as the National Institute of Urban Affairs. The Ninth Five Year Plan (GOI 1998) treats urban development under Land, Housing and Basic Services, and is concerned with the growing gap between the demand and supply of basic

Legal initiatives

The first law to address urban environmental issues in India was the Water Pollution (Prevention and Control) Act, passed in 1974. This was followed by the Air Pollution (Prevention and Control) Act of 1981 and the Environment Protection Act of 1986. In 1998, Bio-Medical Waste (Managing and Handling) Rules were introduced to deal with hospital waste.

Another recent piece of legislation is the Motor Vehicles Act (MVA) of 1998, which is being strictly implemented in large cities. It requires that vehicles obtain regular certificates to monitor levels of suspended particulate matter (SPM) and noxious gas emissions. The Act also stipulates the retirement of old vehicles (as defined by the local government) and the manufacturing of motor vehicles according to European standards. In Delhi, vehicles older than 12 years are banned, while Hyderabad has fixed the age limit at 15 years. Mumbai now insists that diesel-run taxis be converted to petrol as a condition of registration. Taxi drivers challenged the legislation, declaring they could not afford the expense of conversion, but the High Court gave them six months to do so. In Delhi, loans have been offered to enable taxi drivers to convert old engines.

The MVA is a key example of the potential conflict of interests between environmental and social needs: it sets improvement in air quality for all against employment for drivers. The retirement of such vehicles from the road can only be done in conjunction with better city planning, the development of efficient and affordable public transport systems, and job creation schemes for taxi drivers. Meanwhile, urban residents in many cities will have to continue to rely on an inefficient public transport system or an increasingly expensive paratransit.

Judging by the pollution levels in Indian cities, environmental legislation has had only limited impact. The Water Act, for instance,

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services. The National Institute of Urban Affairs (NIUA) document mentions Agenda 21 as a global action plan to "integrate environmental considerations in the development process" (NIUA 1998:131). It identifies the importance of promoting sustainable human settlement and the initiatives of local authorities. The latter is of particular interest as it calls for interaction, participation and involvement of the community and local authorities in the planning and management of the urban ecosystem. The action areas identified are environmental management, pollution control and environmental protection. The vision of urban development here states that cities and towns have to be economically efficient, socially equitable and environmentally sustainable (NIUA 1998:xiii). The focus is thus on the urban environment rather than on sustainable cities.

has only a limited effect as industrialization in some states is based on industries that cause water pollution.[7] Similarly, the MVA can only be partially effective because, while diesel vehicles are the main culprits of air-borne pollution, the government is permitting Indian and foreign companies to produce and market diesel vehicles locally.[8] So, although environmental legislation exists, it will have little impact if economic growth continues to be based on polluting activities.

Sustainable Cities Programme (SCP)

The first city in India to join the UN-Habitat / UNEP SCP was Madras (now Chennai) in 1995. The programme aims to promote local initiatives for environmental management, and to improve the ability of individuals and organizations to identify, understand and analyse environmental issues, and integrate them into sectoral programmes. This effort resulted in the preparation of the 1997 Environmental Profile, based upon city-level consultation, and the framing of Madras Vision 2000. The resulting consensus for improving the infrastructural situation was produced in collaboration with the World Bank.[9] In Hyderabad City, while the Master Plan 2011 was being designed, an Environmental Planning and Management (EPM) exercise was carried out to identify urban environmental issues for incorporation into the Plan. The Plan proposed the spread of urbanization throughout the state by decentralizing economic development. To this end, the development of small ports and improvement in the financial position of local bodies was proposed, to be funded via an Urban Finance and Infrastructure Development Corporation. Two SCPs in India have concluded that more funds should be sought for city-level infrastructure but, of the 23 metropolises, only Chennai and Hyderbad have carried out EPM exercises.

[7] In Gujarat citizens' groups have been very active in approaching the Gujarat High Court, seeking legal remedies for water pollution (Mahadevia 1999c).

[8] This is only partially effective because new vehicles, including diesel ones, arrive with new technology (Reddy 2000).

[9] In 1996, when UEF was set up, Chennai became a member and took up the Sustainable Madras Project. The critical areas identified for actions under the project were (i) cleaning of main waterways; (ii) shelter and basic services programme for the residents of squatter settlements and tenements; (iii) tackling air pollution; (iv) improving water quality and supply; (v) solid waste management; (vi) managing urban expansion in an ecologically sustainable manner; and (vii) addressing the issue of informal activities. Efforts are at an early stage and strategies are in the process of being framed. Investment figures are therefore not available.

Bangalore and Calcutta are members of the UEF due to their past efforts to take up environmental management programmes. In Bangalore, since 1984, some slums have successfully been relocated with community participation and local non-governmental organization (NGO) help. The Calcutta Metropolitan District (CMD) Environment Management Strategy and Action Plan was prepared with the help of the British Overseas Development Agency (ODA)[10] in the early 1980s. The top priority was the management of solid waste. A pilot project was begun in each of the eight participating municipalities, which entailed collection, transportation and disposal of solid waste through the active co-operation of beneficiaries and local bodies. These pilot projects were successful and the programme has been extended to other municipalities.

Infrastructure projects

Infrastructural development is considered to be key to improving the urban environment. For example, the construction of flyovers and the widening of roads are expected to ease congestion and reduce air pollution. Water supply and sanitation infrastructure are designed to reduce water pollution. These projects are usually funded by international loans; however, only large cities are able to prove that they are creditworthy and they have, therefore, been the main recipients of these loans.

The World Bank has been supporting urban infrastructure projects throughout India since the early 1970s. Cumulative credit to date totals $1,809.6 million (NIUA 1998) and, in some cities, nearly half the capital budget consists of a World Bank loan (for Ahmedabad, see Mahadevia and D'Costa 1997). Recently, the Asian Development Bank (ADB) also entered the urban arena and committed itself to support projects in Karnataka[11] and Rajasthan, give technical assistance for the Calcutta Municipal Environmental Improvement Programme (under consideration) and set up the Urban Environmental Infrastructure Fund.[12]

[10] Now the Department for International Development (DFID).

[11] The project has estimated costs of $132 million (ADB loan $85 million) and the main focus is to divert economic growth away from rapidly expanding Bangalore city to four selected towns.

[12] This is to assist the Indian government to develop urban and environmental infrastructure in order to leverage private sector and external resources for urban development and environmental improvement, and to prepare suitable projects involving public-private investment for financing under the Fund.

Some foreign agencies advocate the direct participation of the private and commercial sector. For example, the United States Agency for International Development (USAID) sponsors the following.

- The Financial Institutions Reform and Expansion (FIRE) project, which aims to increase private investment in India's long-term debt-market. This project puts emphasis on making the urban environmental infrastructure finance system commercially viable and on improving the capacity of local government to plan, operate, maintain and recover the costs for basic urban services.[13]
- The Technical Assistance and Support Project, which gives grants to organizations engaged in economic policy analysis.[14]
- The Programme for Advancement of Commercial Technology.
- Trade in Environmental Services and Technology, which would work toward addressing industrial pollution in India.
- The Centre for Technology Development (Technical Services US–AEP 1997).

The internationally funded Healthy Cities Programme (HCP), supported by WHO, was started in the 1990s to build the local capacity required for integrating environmental health concerns into all major urban policies and programmes, and to take up HCP pilot projects in the five megacities: Mumbai, Calcutta, Bangalore, Hyderabad and Chennai.[15] The estimated cost of the project is $125 million and its benefits will accrue only to these five cities.

All large cities in India are keen to take up infrastructure projects to improve the urban environment, an area on which funding agencies concentrate. Interestingly, the sums pledged or invested by various donor agencies are insignificant compared to those available from India's internal sources, or compared to the demand projected by the India Infrastructure Report (Export Group on Commercialization of Infrastructure Projects 1996). But these

[13] Under this project, USAID has pledged $125 million from the US Housing Guarantee Fund, to be channelled through the financial institutions (NIUA 1998) on condition that matching funds are raised locally.

[14] One of the programmes is support to the Centre for Environmental Planning and Technology (CEPT), an academic institution, to assist city governments in preparing their baseline reports and developing strategies for solid waste management. USAID took the opportunity arising from an Expert Committee Report prepared at the behest of the Supreme Court that gave guidelines for solid waste management in 300 cities with a population of over 100,000 in India in April 1999.

[15] The megacity scheme would make loans available from the fund set aside by central government.

international funding agencies nevertheless exert a strong influence on official programmes; for example, the FIRE project is mentioned in urban policy documents as an important option for raising resources (NIUA 1998). The urban problem is framed in such a manner that lack of finance is viewed as the major impediment to improving urban infrastructure and hence the urban environment. However, the capacity of cities to repay commercial loans, and the impact of such loans on equitable development within the cities, are not mentioned.

Increasing debt does not lead to sustainable development. Cities that borrow at commercial rates have to invest in projects that give immediate returns. Basic service projects that incorporate the interests of the poor cannot give the same returns as commercially viable infrastructure projects. Debt-ridden cities will end up diverting their funds and project-handling capabilities to deliver commercially viable projects, while the poor will continue to live in degraded environments. Since cities have just begun to borrow (mainly from international agencies), the impact of such loans remains to be seen.

Environmental management

Solid Waste Management (SWM) projects dominate among environmental management efforts in India. Some local governments have tried to elicit the support of communities, NGOs and private agencies for such projects. In both Ahmedabad and Mumbai a private company is contracted to compost part of the city waste; in Mumbai, Bangalore and Chennai, NGOs are involved in the collection and disposal of waste on behalf of the city government; in Pune the local government has encouraged housing colonies to decompose their organic waste; and in Rajkot the city government is efficiently collecting solid waste (HSMI / WMC 1996). All these projects began in the early 1990s. In Ahmedabad, the World Bank donated Rs.38 million to modernize SWM, and collection consequently increased by three to four times, though cases where the NGOs and community groups participate in composting garbage cover only a few hundred households (HSMI / WMC 1996). In Andhra Pradesh, the municipal administration has contracted out solid waste collection to the women's groups formed under the government of India's Golden Jubilee Urban Employment Programme (SJSRY) (Rao 2000). This is a holistic approach whereby local communities and government are participating to address environment and poverty issues together. Such initiatives, however, are rare.

Poverty alleviation and shelter programmes

The number and variety of poverty alleviation efforts in the urban areas of India attest to the need for more equitable development. Some of the large-scale and better known efforts are mentioned below. Among the most important is the SJSRY introduced in 1997. Slum improvement programmes are also an important aspect of alleviating poverty, and may reinforce or enhance the impacts of wage and employment programmes if properly linked.

The SJSRY comprises self-employment and wage employment components. The former consists of financial and training assistance to individuals to set up gainful self-employment ventures, and to groups of poor urban women to set up collective ventures under the Development of Women and Children in the Urban Areas component. Financial help takes the form of microcredit from designated banks. Wage employment is to be generated through the creation of public assets by local bodies. If the SJSRY succeeds in generating regular wage employment, poverty may decline; this is less likely if such employment is casual. Throughout the urban sector, poverty is highest among households supported by casual wage labour and self-employment (Dubey et al. 2000; Dubey and Mahadevia 2001). The self-employment component of SJSRY depends on the poor taking out commercial loans from the official banking system on the recommendation of local governments. This does nothing to reduce bureaucracy, which is one of the biggest barriers to poor people accessing formal credit.[16] Moreover, the eradication of poverty through self-employment implies far more than simply providing credit: it includes access to markets and reasonably priced raw materials, and favourable terms of trade for the products. The SJSRY does not address these issues and, therefore, represents a limited approach to urban poverty. Slum improvement, supported by either international development organizations or by local funding, typically includes not only housing improvements, but upgrading of water and sanitation infrastructure as well. Some programmes also provide health care and education facilities, and training for community empowerment. A number of bilateral donors have been involved in such efforts.

[16] The amount of credit extended under the programme is not known, and since the programme began recently it has yet to be evaluated. It is believed that, as with past programmes, the evaluation of the government will be from the perspective of expenditure incurred and not extent of poverty alleviation or eradication (Wadhva 1999).

One such example is the United Kingdom-supported Slum Improvement Project undertaken with the collaboration of the Indian government in seven cities. The programme started in 1983 in Hyderabad and has been extended to Visakhapatnam and Vijayawada, Indore, Calcutta, Cuttack and Cochin since 1988. These projects have been considered successful, especially in the cities of Andhra Pradesh. More recently, an ambitious project proposal from the state government of Andhra Pradesh, covering 32 towns with a population of over 100,000, was approved by the UK government. These projects entail the provision of physical infrastructure, civic amenities and social, economic and educational activities geared at improving conditions in slum areas (Banerjee 1999).

Innovative partnerships for improving the environment in slums are becoming more prominent. Two such programmes are the Slum Networking Programme (SNP) in Indore, Ahmedabad and Vadodara, and the Slum Redevelopment Scheme (SRS) in Mumbai. The SNP in Indore and Ahmedabad received the UN-Habitat's Best Practice Award.

The SNP seeks a 20 per cent contribution from beneficiary households and a 30 per cent contribution from the private sector to connect unserviced slums to the city's infrastructure network. In Indore, one critical review of the impact showed that while the achievements were celebrated in professional circles, reality on the ground was quite different (Verma 2000). In Ahmedabad, the programme showed great promise in 1997 when improvements in 15 slums began (Mahadevia and D'Costa 1997). Since then, however, it has become clear that the pace of improvement is too slow to result in significant changes in the city's more than 3,000 slum settlements. Conflicts among the contributors over amounts of payments, levels of control over the project and security of tenure after the upgrading, have all cast doubt on the long-term viability of the partnership (Tripathi 1998; Kundu 2001). The SRS of Mumbai depends on the high land prices of Mumbai for its success.

With the consent of the slum dwellers, private developers are expected to develop the slum area into a multi-storey residential building in such a way that the marketable area covers the project cost (and makes a profit) after giving free shelter to the original dwellers. The success of this scheme is, and will be, limited as the private developers may not be satisfied with low profits from the scheme. In addition, when land market prices come down—as they have recently—the scheme loses its viability. The early experience

from the city suggests that the scheme has not been a success (Singh and Das 1995:2480; Zaidi 1995).

Decentralization of urban governance

The decentralization of urban governance is a crucial national initiative, and a prerequisite for achieving most of the positive changes foreseen as an outcome of Local Agenda 21 processes. The foundation for India's decentralization efforts is the 74th Constitutional Amendment Act of 1992. The Amendment provides constitutional status to local urban bodies as the third tier of government, enables the participation of women and marginalized groups in government, ensures the existence of local political bodies and sets up a State Finance Commission to recommend guidelines for strengthening the finances of the municipalities. The 74th Amendment also provides for formation of local-level ward committees to deliberate on, and decide matters of, local concern. To date, neither central nor state government have provided the budgetary allocations or revenue generating powers needed to permit these bodies to function as an independent third tier of government.

However, although political empowerment may result in the formulation of more inclusive development strategies at the local level, the withdrawal of the state from the local scene can result in the devolution of significant responsibilities for development directly to local residents. This appears to be what is happening in city-level partnership plans that feature prominently in decentralization schemes, for example, the 20 per cent share of development costs that the SNP collects from the slum dwellers themselves. This represents a significant change from earlier slum improvement programmes. In light of the fact that the participants in the SNP are among the poorest in the city, the logic of the programme may be questioned.

Limited official vision

While local governments continue to provide basic city-level services, our discussion here has only focused on special programmes. The government of India has an important role in framing policies and programmes for sustainable cities, particularly because the very concept is multisectoral, multidepartmental and comprehensive. However, the official vision of sustainable urban development sees it as an environmental issue, linked to the development of infrastructure through independent funding (GOI 1998). This is a simplistic, reductionist approach to the sustainable development of

cities. And, in the process of gaining funding, some government programmes have been influenced by the multilateral and bilateral funding agencies.

The approach of the Indian government does not recognize the other three pillars of sustainable development, despite the fact that poverty, the disempowerment of the majority and poor basic services are serious urban problems. These problems are not regarded as being interrelated or as affecting the quality of the urban environment. That is, poverty alleviation is viewed independently of infrastructure programmes, and the decentralization of governance is not linked with financing of urban development. Most international funding agencies also approach development programmes in a sectoral manner. Given this outlook, it is easy for the funding agencies to support particular programmes without regard to their impact on other sectors. It may not be far from the truth to say that many of the multilateral and bilateral agencies have taken the opportunity provided by the term "sustainable cities" to open up new avenues for business in India in the name of improving the urban environment. We see evidence for this in the fact that Chennai and Hyderabad are demanding more financial support, and that the FIRE project has been accepted as the central government's official programme for raising commercial funds for urban infrastructure.

Legislation for improving the urban environment has either not been implemented seriously, in part for fear of driving away new investment, or threatens the interests of certain low-income groups. In legal interventions to improve the urban environment like, for example, the MVA, techno-managerial solutions have been advocated. Demands that industries shift to non-polluting technologies have led USAID to promote United States imports under its Trade in Environmental Services and Technology component.[17] Legal initiatives are only part of the solution to urban environmental problems and do not address the question of how to construct an appropriate and sustainable model of development.

Spontaneous Efforts toward Sustainability: Fragmented Efforts

While government efforts are restricted to a few sectors, living conditions are becoming intolerable, and problems of the urban poor

[17] One initiative is the signing of a treaty, to which the Confederation of Indian Industry was party, to facilitate the import of environment-friendly technology from the United States (Banerji 1995).

are not addressed. This situation is leading to spontaneous grassroots actions (see table 2.1), some of which are discussed below.

Legal initiatives

Numerous Public Interest Litigations (PILs) have been filed by individual citizens or citizens' groups seeking legal remedies for industrial pollution (Mahadevia 1999c). The relocation of 9,038 of the 100,000 industries in Delhi, ordered by the Supreme Court, is a landmark judgement in response to a PIL (Shrivastava 1995). The Ganga Action Plan to clean the River Ganga is the result of a PIL filed in the 1980s. Similar plans have since been drawn up elsewhere. In Calcutta, a fishing co-operative that has managed the wetlands that recycle the city's waste since 1961, filed and won a PIL to halt constructions that were diminishing the size of the wetlands—which also provide fish for the local population (Development Associates 1996). In addition, individual citizens have filed suits in the State High Courts and the Supreme Court of India against local urban bodies for neglecting mandatory responsibilities—such as ensuring that industrial land-use does not increase the incidence of pollution in city master plans. One outcome of such a PIL is the movement of polluting industries out of Delhi. Citizens' groups have also used PIL on the grounds that the local government is failing to stop squatters from defecating on public roads. Environmental groups in Mumbai obtained an eviction order against squatters living in Borivali National Park, in an effort to protect the ecosystem. Having recourse to the law has become a way of protecting the urban environment when government systems have failed. This is an important dimension of the urban environmental movement in India, and the examples cited here are by no means exhaustive. Some of the PILs filed by citizens' groups have also been directly or indirectly detrimental to the interests of the poor. Moreover, as we have already seen, legal initiatives often have only limited impact in terms of redressing environmental wrongs.

Grassroots protests for environment protection

Grassroots protest or resistance movements are an important means by which affected populations can make their voices heard and get their message across to policy makers. In India, there are many well-known rural environmental movements that protest against the diversion of essential resources to urban and industrial areas and the dumping of urban and industrial waste in rural areas. Other protests take the form of direct action. For instance, People for Clean

Air in Delhi asked the government to act against industrial and vehicular pollution. In Udaipur (known as the city of lakes) local citizens have organized under the Lake Protection Committee against the pollution and eutrofication caused by tourist developments on the lakefront. The Committee managed to stop a new hotel being built (Anand 1994). In Bhopal, citizens' groups and academic/research institutions joined together to protest against the pollution of Lake Shahpura. The lake, an important source of drinking water, was subsequently cleaned (Development Associates 1996). There are many similar examples throughout the country.

Community-based efforts

There is a long history of community-based efforts in India to manage the urban environment. One successful NGO experiment to manage solid waste disposal is Exnora in Chennai. This started in 1989 when citizens, concerned about deteriorating environmental conditions, drew up an action plan to collect garbage. New containers were placed in the street and an awareness-raising campaign was organized. The rag-pickers, renamed city-beautifiers, were given loans by Exnora to purchase tricycles for door-to-door garbage collection and street cleaning. They received monthly salaries from the residents, from which they repaid the loans. Today, the city has 1,500 Exnora units, each servicing 75,000 families or 450,000 people. Many Exnoras have now branched into other environmental activities, such as monitoring waterways, desilting canals, planting trees and harvesting rainwater (Chennai suffers from severe water shortages). They also run environmental education programmes in schools and public information campaigns on the environmental impacts of industrial development, upgrading slums and converting degradable waste into compost. Exnora projects are thus multisectoral and address a wide range of issues (Anand 1999).

Other cities have started similar activities. In Vadodara City in Gujarat, Baroda Citizens' Council, a local NGO, started garbage collection in 1992, engaging local unemployed young people and rag-pickers in garbage collection at a monthly salary of Rs.300 to Rs.400 ($7–10), paid for by the residents. Recyclable waste (paper, plastic, metal, etc.) is carried away by the rag-pickers and sold. Degradable waste is composted and the rest is dumped as landfill. With the support of USAID, this project has been extended to cover 20,000 households (100,000 people) (Cherail 1994). Similar experiments are being carried out in some areas of Delhi with input from local NGOs such as Vatavarn (Environment) (Malik 1998).

These efforts address environmental and employment issues simultaneously, but they are limited to a few localities in a few cities.[18]

More numerous, and more visible in India's big cities, are the NGOs involved in community development, advocacy and human rights promotion. Organizations such as the National Campaign for Housing Rights (prevention of slum demolitions and evictions), the Self-Employed Women's Association (comprehensive actions for women's development), Youth for Unity and Voluntary Action (YUVA; slum and community organization and rehabilitation programmes) or the Society for the Promotion of Area Resource Centres (SPARC; housing promotion for the poor, social programmes and security for street children), tend to take work on many different issues affecting the lives of their constituents. While these do sometimes have a direct impact on the quality of life of the urban poor, none would be considered an attempt to implement strategies based on the four pillars of sustainable development outlined earlier. This is not surprising considering the limited resources they have at their disposal, the pressing nature of many of the other tasks they must fulfil on a daily basis, and their issue- or constituency-based approach to development.

Fragmented and localized efforts

The urban environmental movements in India have three basic approaches: concrete development activities, direct protest action and protest through litigation. All of these fit well within Local Agenda 21. In the case of development activities, the stakeholders themselves participate in the development process and the NGOs act as catalysts. But these are generally localized efforts, few in number and touching only a very small fraction of the city's population; to replicate them on a larger scale remains a problem. Moreover, the macro context in which concrete development activities take place remains unfavourable to the environment and marginalized sectors of society.

Protest movements and other forms of resistance to the prevailing development paradigm are also important, but are too disconnected to be synergetic. In addition, the protest groups engaged in political action do not convert their gains into concrete development policies and programmes. Grassroots action is hampered by internal fragmentation, lack of synergy, a disconnection between protests and spontaneous development initiatives and,

[18] Private sector companies in several big cities are also taking up recycling efforts along the lines described here.

sometimes, competition among initiatives themselves. There is, therefore, a long way to go before grassroots urban development becomes sustainable.

Conclusion: An Inclusive Perspective from the South

Experience from India suggests that very little conceptual or practical research exists on sustainable cities—a term often confused with the SCP and other UN programmes. The concept of sustainable cities has not been criticized from a Southern perspective; it is viewed as purely techno-managerial in nature, with aspects such as participation and decentralized governance given lower priority than the urban environment. In India, the government has borrowed heavily in order to build urban or environmental infrastructure, originally from international aid agencies and, more recently, from the commercial sector. This creates indebtedness and, in the long run, excludes the poor from the urban development process. Some elements of the new infrastructure such as wide roads, flyovers and bridges, designed to decongest the roads and reduce air pollution, are themselves generated by the flawed development model being pursued. The government of India does not view the role of official aid agencies in this light, however, and is keen to seek funding from them.

Since the concept of sustainable cities is understood in such a limited manner, other national initiatives in India, such as poverty alleviation programmes and decentralization, are not viewed as falling within its framework. As a result, there is no synergy between these various efforts, and the lack of convergence in thinking and in action reduces their cumulative impact. (The exception is in Andhra Pradesh, where SWM and employment-generation efforts have been simultaneously addressed by the state government.)

The urban environmental movement in India is still nascent and, as we have seen, its three components—direct protests, litigation and constructive development activities (the latter usually promoted by NGOs)—are fragmented, localized and too small-scale to make a noticeable impact. Seldom do development activities address the multidimensional nature of urban development, or succeed in working at a city-wide level. Environmental and citizens' groups tend not to look at wider development issues and, therefore, their campaigns risk harming the poor. Development groups often ignore environmental issues,

while protest movements and community-based development initiatives rarely work together. Hence, the protests are not translated into policies and programmes, and the benefits of community-based development efforts are not sustainable because they fail to address the macro context.

Outstanding concerns in India

In India mainstream debates look at either urban development or at environmentally sustainable cities, and tend to overlook people-centred approaches to the subject. Urban development and economic growth are regarded as synonymous; cities are regarded as economic entities that contribute to overall economic growth. Efforts to create a clean, liveable urban environment and to reduce social inequalities are subsumed into this efficiency paradigm.

The sustainable development of cities in the South is possible only when the prime development issues, which include taking steps to protect the environment, are addressed. The issues that require immediate attention are:

- sustainable livelihoods;
- secure housing rights; and
- freedom from violence and intimidation on the basis of social identity.

Ensuring adequate provision of, and access to the following are also urgently necessary:

- public health facilities, basic education, safe and sufficient drinking water and food security;
- civic amenities in a clean, safe and healthy living environment; and
- social security programmes.

It is possible to address these concerns while protecting the environment within a favourable macro development model. The government can play a significant role in this. Some of the main requirements are (i) effective government policies to reduce inequality within cities themselves and between the rural and urban areas; (ii) democratic urban development processes that meet the needs of the disadvantaged, and in which the most disadvantaged can participate; (iii) economic growth through activities that are non-polluting and labour-intensive; (iv) a sound, participatory regulatory mechanism to check unsustainable activities; and (v) government responsibility for promoting human development.

Inclusive and synergetic approach

The approach to sustainable cities in the South has to be inclusive, placing the vision of the poor and marginalized urban sections at the centre of urban policy making. Development processes, programmes and projects need to be multidimensional and multisectoral. The term "inclusive" refers to the inclusion of all citizens and all dimensions of development—and the convergence of thinking and action on the subject. This is the only sustainable way to address the major concerns listed above, and the only way to achieve sustainable human development.

If the urban environment deteriorates, it is the poor who are most affected: development must take place in such a manner that the environment is protected. The role of the government, especially local government, is to ensure that synergies are built between development programmes and their various stakeholders—government and civil society, micro- and macro-level institutions, etc.

This is no straightforward matter, and many conflicting situations need to be addressed at once. To look at the pollution problem in isolation will not lead to a sustainable solution. For example, the improvement of urban air quality does not simply mean getting rid of polluting vehicles. It is necessary to create alternative employment for those who lose their livelihoods as a result, to develop a public transport system and to discourage the use of private vehicles.

More critical still is the cultivation of a macro development climate that is pro-people, pro-women, pro-poor and pro-environment so that achievements can be sustained. Equally important is that organizations of civil society—the protest groups, development groups and environmental groups—work together, so that each builds a holistic vision of development and does not inadvertently harm the interests of the poor.

At the beginning of this chapter, it was argued that the concept of sustainable cities rests on four pillars, all of which need to be addressed simultaneously in development processes, programmes and projects. Environmental programmes should be linked with employment, poverty alleviation and social equity programmes. Micro-level initiatives should be linked with wider strategies. Political empowerment has to be comprehensive and not only, as envisaged by the current approach to urban governance, introduced at the local level. Environmental sustainability is not just about "managing" the environment, but

also about finding a development model that does not generate unmanageable waste. This is impossible while there is such inequality between the North and the South. Inequality generates unsustainable consumption levels—too low among the poor of the South and unsustainably high among the rich of the North and South. An inclusive approach to sustainable cities in the South must address development and sustainability in a holistic manner at every level, from the global to the local.

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3 Metropolization and the Ecological Crisis: Precarious Settlements in Ho Chi Minh City, Viet Nam

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It has been established that the rapid growth of precarious settlements, the deterioration of technical infrastructure, and water pollution are interconnected. The present study aims to supply political decision makers and community leaders with the tools and information they require to confront the problems arising from the ongoing metropolization of Ho Chi Minh City (HCMC). The study's main concern is to find alternative ways of upgrading the urban environment, protecting natural resources, and contributing to the development of the most disadvantaged members of the community.

An interdisciplinary and participatory approach, based primarily on the concept of research action, was chosen to reach these objectives. It integrates the various disciplines necessary to evaluate the urban environment (environmental studies, engineering, social studies) and sought to make its results operational by involving players from the public and private sectors, and the population, at different stages of the project.

The study, which may be viewed as an observation, intervention or mediation tool, conducts its analysis at three levels:

- at the regional level, using statistical data to convey the socioeconomic, demographic and technological dynamics of urban and metropolitan development;

- at the metropolitan level, analysing the socioeconomic and environmental impact of the vast canal development projects set up by the metropolitan government; and
- at the local level, evaluating small-scale community projects for the rehabilitation of precarious settlements.

From a theoretical point of view, these objectives are largely based on the concept of sustainable development. Applied to urban development in the large metropolitan centres in the South, and in HCMC in particular, such an approach gives rise to five major considerations, which have to be adapted to the Vietnamese context.

- The dynamics of metropolization are generated by the economic and demographic interdependence of urban networks and rural areas. Resulting migrations foster the extension of urban poverty and precarious settlements.
- A deteriorated environment is generally the result of urban growth that the authorities cannot cope with or control. Water, air and soil pollution threaten the urban ecosystem and may have negative repercussions on the population's health and productivity.
- Urban environmental problems can only be resolved by concerted action between the various players. This requires setting up participatory communication and decision networks capable of integrating the economic and social aspects of environmental development.
- In an attempt to mitigate the lack of an adequate urban infrastructure, the people who live in these precarious settlements have developed certain social practices, and come up with informal and alternative urban development strategies. These ought to be integrated within the relevant official policies.
- A prudent environmental management policy is a prerequisite for sustainable urban development—but it is not enough. All who deal with urban issues in their line of work, including the authorities in charge of metropolitan development, must be trained in order to acquire the necessary competence and tools.

The study results show that although the metropolization of HCMC has had positive results for a large part of the population, it has also had a negative impact on the environment and on the poorest members of the community. The problem of precarious settlements thus combines two fundamental urban issues: widening poverty, and environmental risk resulting from a lack of infrastructure.

Although limiting the social and environmental repercussions of urban growth is bound to require sustainable urban development projects involving large-scale operations, they should also—and above all—include targeted and concerted action at the local level. These must be preceded and prepared by an interdisciplinary, participatory and educational process addressing all urban players.

The Metropolization of Ho Chi Minh City: Great Potential and Risks to Overcome

The development of HCMC must be viewed in the context of the recent evolution of other countries and metropolitan centres in Southeast Asia. In spite of their geographic, linguistic, cultural and political diversity, they share a number of characteristics.

Southeast Asian societies, often called "hydraulic" due to their mastery of water, have experienced a demographic explosion as a result of the development of intensive agriculture (Ruscio 1989). As of the middle of the twentieth century, the high population density in rural areas gave rise to an exodus to the cities and to a sharp growth of the major urban agglomerations.

In spite of the disparity between living standards in the region, economic policies implemented by the various countries tend to resemble one another. Claiming very different ideological backgrounds, the countries of Southeast Asia have gradually rallied around a common model of economic development, based on export industries. Due in part to Japan, this model was initiated as of the 1950s by the first generation of newly industrialized countries (NICs)—Hong Kong, South Korea, Taiwan Province of China, Singapore—and by the second NIC generation—Indonesia, Thailand, Malaysia—as of the 1970s. In spite of different dynamics of accumulation, this model has generated extremely high levels of economic growth since the 1970s, primarily in the largest urban centres (Richer 1999). Although its economic performance was not affected by the strong worldwide recession of the 1980s, it should be noted that this model was shaken in 1997 during the so-called Asian crisis (Maurer 1998).

The economic success of a number of Southeast Asian countries led to a gradual levelling out of their ideological differences. The Association of Southeast Asian Nations (ASEAN) has become a major focus in the region, promoting an Asian liberalism of sorts, based on joint cultural values such as order, harmony, tolerance and syncretism, but also on traditional social hierarchies and power

structures. However, these supposedly Asian values tend, above all, to extend economic freedom and promote what is sometimes described as "moneytheism", without paying too much attention to democratic constraints or the respect for human rights (Cassen 1995).

Viewed from the point of view of spatial planning, the metropolization of the region boils down to the preferential development of one or two major centres at the expense of other towns in the urban network. These dominant metropolitan centres develop a cumulative dynamic that leads to increased agglomeration, generating and stimulating economic and demographic growth (Bassand et al. 1996).

Although the Southeast Asian metropolitan centres provide a favourable ground for the production of wealth, they also give rise to exclusion and growing social inequality. A fringe of the population loses access to the resource redistribution system, and faces ever more precarious living conditions, with no other choice than to crowd the precarious settlements characterized by a lack of infrastructure and public services (Pernia 1992; Goldblum 1988).

Finally, due to the intensive exploitation of non-renewable resources, and above all to inadequate technical installations and networks, these metropolitan centres are often threatened by such severe deterioration of their urban environment, that ecosystems are no longer able to purify themselves (Pernia 1992).

Rooted in a tradition of trade, and a past shaped by a hundred years of colonialism and wars of independence, the process of metropolization of HCMC seems to have stepped up over the past 15 years. In 1986, the Vietnamese authorities decided to take the necessary steps to transform the country's socialist economy into a liberal economy with a "socialist bent". Although the reform programme called *Doi Moi* (renewal), principally aims to make the country less isolated internationally and to open it up to capitalist principles, its other objective is to improve living standards for a population weakened by years of hardship (de Vienne 1994).

This programme of controlled economic liberalization and the progressive rollback of state intervention has led to renewed economic growth, at an annual rate of often more than 8 per cent since 1992. However, since the two major metropolitan centres—HCMC and Hanoi—are the prime beneficiaries of this growth, they are subject to a massive influx of migrants from the rural regions.

Inspired both by the Chinese reform programme begun in 1979, and by the precepts of Asian liberalism, the policy of renewal has a

limited political scope, and in fact tends to reinforce the current power structure and the political and administrative establishment. Converted to the market economy, the public sector continues to be a determining element of the system, all the more since it still enjoys preferential treatment (EIU 1998).

HCMC's economic boom has highlighted certain of the regime's shortcomings, in this case the collusion between the economy and politics. The *nouveaux riches* who flaunt their wealth are mostly members of a new elite, the so-called "red capitalists". An even more dangerous phenomenon is corruption, which is infecting most sectors. Fraud, bribery and smuggling are becoming sadly commonplace (Do Thai Dong 1994; D'Monte 2000).

Faced by these problems, the population finds a certain relief in consumerism, a trend clearly visible in the evolution of household expenditure. Consumer habits are changing rapidly, with more money spent on transport, leisure and clothes. Between 1990 and 1998, the number of households that owned motor vehicles, televisions, tape recorders or other electrical appliances more than doubled. Consenting victims of the consumer society—young people—are discovering the joys of letting their hair hang down, and spending their leisure time on beer, karaoke and motorcycles (Wust 2001).

Although economic growth has improved material conditions for a considerable part of the urban population, there is no denying that the renewal policy is painful for those who are least favoured, and continues to crowd some out of the mainstream. The expansion of the informal economy, coupled with the abolition of free education, free health, and other public services, has polarized the economy. The number of poor is falling, but the living conditions of those who stay poor are deteriorating. The main indicators used to establish their profile are: low and unstable income from informal activities; inadequate education or training or none; irregular and precarious housing; lack of infrastructure and equipment; debt; and a high incidence of health problems. It is therefore not surprising that in certain cases, adapting to social change means adopting deviant forms of social behaviour, such as drugs abuse and prostitution (Bond et al. 1999; Do Thai Dong 1994).

These exclusion mechanisms, reinforced by the rural exodus, lead to the development of an unplanned urban habitat, in which the most deprived survive. These precarious settlements often spring up on the outskirts of the city, or in vacant lots in the city centre, mostly alongside canals or in other areas that are subject to flooding.

The environment too is affected by metropolization. Few investments have been made in recent years to maintain or adapt the infrastructure to metropolitan demographic growth. Obviously, the shortcomings that affect the water supply, drainage, and wastewater evacuation, but also solid waste disposal, are most alarming in these precarious areas (Bassand et al. 1996).

In view of the "miracle" of economic growth, the authorities view the poor who live in these areas as the "downside" of the urbanization process. In HCMC, the growth of precarious settlements and the deterioration of the environment are closely linked to water. Other regions of the world frequently have to contend with a water shortage, but south Viet Nam has to deal with the opposite problem. Managing this vital resource, available in excess, is Viet Nam's crucial problem.

Water and Precarious Settlements: Between Emergency Solutions and Planning

The development of precarious settlements in HCMC vividly exemplifies certain aspects of social exclusion, much like the evolution of the infrastructure and of technical services.

For several years the supply of drinking water has lagged behind the demand. Water is abundant, but the water supply system is inadequate. The water pumping and purification stations in Tan Hiep, Thu Duc and Hoc Mon produce over one million cubic metres of water, enough to meet the needs of just two thirds of the population. The situation is further aggravated by leakage, which is estimated at nearly 40 per cent. Not only are there chronic water shortages, but only a part of the population is linked to the public water supply system. The poorest have to resort to groundwater (already existing or newly drilled wells), hook up to the water supply system illegally, or buy water from vendors who sell it at a higher price due to the investments and profits they make (Bolay 2000).

In the precarious settlements on the city outskirts or in the centre of town, the water supply depends on a self-built network, and private old or newly drilled wells. The use of groundwater compensates the shortcomings of the public water supply, and HCMC is experiencing an alarming rise in the exploitation of the phreatic table. Not only does this shift the limit of saline intrusion; the aquifers are also threatened by surface pollution.

The water purification situation is hardly better. HCMC is divided into four large catchment areas, each of which has its own

drainage system. Only a portion of the waste and rainwater is collected by the sewers that cover a mere 70 per cent of the total surface of the city's districts. From these, the wastewater flows directly into the main canals of HCMC. Each day, 360,000 cubic metres of domestic wastewater, and approximately 110,000 cubic metres of heavily polluted industrial wastewater, are fed directly into the canals, with the rest collected in septic tanks and by the few industrial sewage purification stations

The self-purifying capacity of the metropolitan waterways is severely overcharged, and their level of pollution is rising dramatically. Metal and other organic pollutants content is high, and only anaerobic biological processes are possible.

Finally, the canals are growing increasingly stagnant, which reduces their drainage capacity and causes flooding in the precarious areas located in topographically unfavourable conditions. Again, the absence or poor state of repair of infrastructure networks contributes to the deterioration of the environment and of living conditions (Bassand et al. 2000).

Depressed residential areas are also caused by social and economic exclusion. Most inhabitants have informal jobs in the neighbourhood, in self-employed or salaried positions, or as day workers. Activities are highly specialized and segregated along gender lines: work in the construction and transport industries is mainly the men's domain, whereas women work principally in trade and the crafts. In view of the instability of these jobs and low pay, many workers have to take a second job to ensure a relatively steady income (Thai Thi Ngoc Du 1996).

Since their access to supply sources and commercial markets may be severely limited, certain informal workers are forced to join outsourcing networks, which link bosses to subcontractors, wholesalers to retail dealers. Some informal workers can only survive by staying "under the wings" of a firm that provides them with guaranteed raw materials and customers.

The precarious and promiscuous conditions in which the population lives also condition the form and nature of social relationships between individuals. The family is still the hub of the community, often functioning as a type of social security or mutual credit fund. Besides the enlarged family, households are bound up in mutual assistance networks that function principally among neighbours. Such neighbourly relations often assume the shape of service exchange or other, more material forms of aid.

In parallel to these horizontal relations, households enter into vertical protection networks operating according to a Mafia-like logic. To find a job or obtain an administrative favour, people look for backing by a protector, an influential person apt to defend their interests and get them what they need. These are often small entrepreneurs or local political or administrative leaders.

Generally speaking, the various social relations that the households establish in their neighbourhood aim to ensure their integration in the urban environment. They are often of paramount importance for the survival of the poorest families (Wust 2001). Obviously, the habitat also reflects the poverty of its inhabitants, and the precarious conditions under which they live. Being a shantytown variant of the shophouse,[1] this form of precarious housing usually has just one level, with direct access from the street to its principal part, in which the inhabitants both live and work. The rear part of the shophouse contains the utilities (kitchen, sanitary installations). The ground surface available per head is often less than 5 square metres (Bassand et al. 1996).

Houses are usually produced and built by the inhabitants themselves, of wood, sheet metal, haulm, or recycled building or other materials. They deteriorate rapidly, due to the inferior quality of the materials, as well as to the extreme tropical climate and the instability of the ground (Metzger 2000). Here again, living conditions deteriorate as a result of infrastructure shortage and technical services, and may lead to a health and hygiene crisis. Only a small proportion of houses is linked to the sewer system, and over half have no toilet facilities. They are regularly flooded when it rains, or even at high tide. Wastewater is not evacuated and stagnates in the streets. The situation is further aggravated by the fact that these areas rarely have a solid waste collection system.

Finally, the inhabitants usually do not dispose of any legal documents entitling them to land usage, property rights on their home, or even to reside where they do. Even though the authorities tend to be relatively tolerant, the inhabitants live in a state of permanent insecurity, and are perpetually at risk of being fined or even evicted, though this is rare (Wust 2001).

This type of precarious habitat is by no means new in HCMC, but it would seem that in recent years the phenomenon has been on

[1] Shophouses are one of the most common forms of dwelling in Southeast Asia. It is based on the logic of urban densification. By dividing the ground into a long narrow plot, it maximizes the number of people who may benefit from direct access to the street.

the rise again. Though it may be difficult to measure its importance precisely, municipal authorities have registered 67,000 households living in what the population calls *"Nha o Chuot"* (rat holes), over one third of which have been built on the banks of the city's canals. Over 10 per cent of the population appear to live under highly precarious conditions. On the other hand, these families live in such settlements as a result of the strategies they implement to survive and to become integrated in an urban environment. Although this type of housing may not always correspond to what they really want, it is perfectly well adapted to the way in which they live, and to their financial possibilities.

Cleaning up the Nhieu Loc-Thi Nghe Canal and Relocating the Population along its Banks

Having grown more aware of problems relative to the deterioration of infrastructure networks and of precarious settlements in general, the municipal authorities are currently setting up far-reaching policies to clean up and rehabilitate HCMC. The Nhieu Loc-Thi Nghe canal project is the most important. It has been under way since 1995, and aims to clean up the bed of the canal, build wastewater purification stations, and move and relocate the population that lives on its banks.

By now, almost the entire population of approximately 40,000 people has been moved and partly relocated. The cleaning-up operations are currently in full swing, and have raised a number of questions. The environmental risks arising from the use or stockpiling of the mud dredged from the canal, which contains heavy metals and a number of organic micropollutants, will have to be assessed (Phuong et al. 1998). It also appears necessary to analyse the project's hydrological repercussions. A study of the hydrological activities of a part of the canal seems to indicate that the measures taken might cause flooding in other residential areas (Bassand et al. 1996).

The "relocation" operation of the Nhieu Loc-Thi Nghe programme has been more stringently evaluated (Wust 2001). Although the programme generated some positive effects, it has had a number of perverse repercussions.

The relocation programme was based on a policy of state compensations and subsidies. Households that were moved received compensation for the loss of their old home, and were given the choice between two alternative forms of housing: state or individual.

Families have the possibility of buying a subsidized apartment in a state housing development located near the area from which they were evacuated. To facilitate this, the price of the apartments was also generously subsidized by the state. Families who received compensation that was less than the cost of the apartment are entitled to a zero interest loan, to be repaid over a period of 10 years. However, this alternative is not available to families without a residence permit[2] in HCMC, nor to those who rent housing.

The inhabitants may also find new housing themselves, and the authorities are encouraging them to settle on the outskirts of the city. Indeed, one of the priorities of settlement policy in HCMC is to reduce population density in the city centre, which in certain districts is almost 60,000 per square kilometre (Land and Housing Department 1995).

In practice however, the poorest households receive such small compensation that they have no access to state housing and have to fend for themselves. Again, the prices on the real estate and property market leave them no choice but to move to another precarious settlement, usually on the outskirts of the city. While this type of relocation makes it possible for people to find housing they can afford, it also requires them to find the resources they need to rebuild their social and economic networks. Moreover, it maintains or even aggravates housing insecurity and pushes them to settle in an insalubrious environment. They may very well see their living conditions deteriorate progressively and their housing situation grow unstable again, and in the longer run may become recurrent urban "nomads".

The situation is less critical for families re-housed in the state developments. Although over half of them incur heavy debt in order to buy their apartment, they are relatively satisfied.

Their apartments are larger than their former homes, better equipped and with better sanitary facilities. However, the typology of such collective developments fosters their residential use to the detriment of an economic one, and the inhabitants complain that their access to the public space is impaired.

One may also observe that relocation has led to a partial deterioration of family structures and mutual assistance networks. Families "restructure", and neighbourhood relationships become

[2] In 1975 the Vietnamese authorities introduced a policy of resident control, the particular aim of which was to limit migration to the towns. Those rural migrants who settle in towns without prior permission have their access to public services restricted by the authorities.

less close. For many households, learning to live in a collective housing development gives rise to conflict, usually caused by issues of hygiene or noise. Although certain families enjoy the new-found intimacy of this type of habitat, others miss the intense social life that characterizes precarious settlements.

Repercussions on household budgets are generally negative, with housing costs for these heavily indebted families ranging from an average of 4 to 30 per cent of their expenditure. After relocation, a considerable number of these informal workers find it difficult to continue their previous economic activity, not only because they have to go further to their workplace or may lose their job, but because the whole economic network may be affected. Over one third of the families experience a drop in income. Consequently, many are no longer able to pay their housing expenses, and incur new debt.

Barely two years after the re-housing operation, over one fourth of the families relocated by the state have already sold their apartment. This enables them to stabilize their shaky economic situation, and to benefit from indirect state subsidies, since the state sells these apartments at below the market price. To the extent that over one third of the families who still live in the development wish to leave, one may expect new migratory flows.

A significant proportion of the families that sell their flat move to precarious settlements on the outskirts of the city. Unhygienic and unstable though they may be, they seem best adapted to what the poorest families need to integrate socially and economically.

The Nhieu Loc-Thi Nghe Canal relocation programme has again shown how difficult it is to find a solution to the housing requirements of the poorest members of the community. Alongside the selective integration of the population re-housed through the state programme, one may observe the growing gentrification of these developments. Households that encounter financial difficulties are forced to sell their flat, and are supplanted by families that are better off. The programme not only gives rise to the exclusion and impoverishment of a part of the evacuated population, it also generates new precarious settlement areas.

Community Projects in Precarious Settlements

Community development programmes, based on the inhabitants' own evaluation of their residential environment, have been launched in HCMC with a view to assessing alternative approaches to the development of precarious settlements. The objective is to start up a

dynamic community process in which the inhabitants themselves address the problems they consider the most urgent. The objective is twofold: to deal with the most urgent issues with the means "at hand", and to prove that the population is apt to organize itself and take necessary action.

The various projects (garbage collection, environmental education, community credits, housing rehabilitation) have made it possible to set up innovative practices relative to urban organization management (participation, bottom-up approach). They have also demonstrated that local projects for the rehabilitation of precarious settlements in HCMC are both feasible and effective. Over and above developing community dynamics, however, this approach offers a new model of urban development management, based on participation and exchange between concerned players.

Projects of this type should be seen as realistic alternatives to certain large-scale urban development projects, which propose systematic re-housing instead of the rehabilitation of precarious settlements. But, such community actions have shown that an innovative approach requires a considerable effort to render both those in charge of urban development, and the population at large, more sensitive to, and aware of, what is at stake for the environment, and educate them on relevant issues (Bolay and Thai Thi Ngoc Du 1999).

These experimental actions took place in two areas: sub-district (ward) 15 in Binh Thanh district (SD15/BT) and sub-district 10 in district 8 (SD10/D8). Both are lowland neighbourhoods, surrounded by two canals. Most people there are poor and can afford neither new housing nor the rehabilitation of what housing they already have, which in fact causes precarious settlements to expand. Most houses do not have toilets. The use of public toilets on the canals is widespread, and household waste is discharged directly into the canals. The population's education level is low, and people are largely unaware of, and insensitive to, environmental protection issues.

The following principles guided the project actions.

- A participatory self-help model, with which people are already familiar through the savings and credit groups with loan rotation, was used. Instead of income generation from the current city-wide system, this project pursues new objectives: improved housing and environmental protection.
- Professional social workers and community developers assist people by showing them how to put their own potential to

work. These professionals facilitate meetings and discussions between inhabitants, in which they identify their needs and show that they are capable of introducing feasible alternatives. As a matter of fact, since the financial backing for the project from HCMC's Environmental Committee (ENCO) is very modest, there was actually no realistic alternative to this option.

- The project is launched with a small group and consolidated before expanding to include other groups. The first group's success is meant to arouse the curiosity of neighbours, who wish to be part of the project too. In this way, people's awareness is raised and they are more strongly committed to the activity they identify and develop. This approach represents the very opposite of the traditional mass communication campaigns which aim to cover all relevant issues in a programme run along top-down lines.

Some activities, exemplary of a participatory and innovative approach to local urban management, deserve a mention. The first has to do with credits for building private toilets.

City authorities set up new projects for cleaning up the canals and doing away with the present facilities on their banks since 1996. District 8 and sub-district 10 had to comply, and have started tearing down the existing public facilities. Since there is no land available on which to build public toilets, the only alternative is to build private ones.

Although most people would like to have a private toilet, most lack the funds to build one. The community worker held several meetings with the population to help them organize savings and credit groups. Public authorities contributed a modest amount to the programme, which provides households with a complementary credit to cover the cost of building toilets. The role of the community worker, in this case, is to encourage households to allocate a part of their savings to this purpose. The fact that the population has to make an effort increases its sense of responsibility.

Six months into the project, eight households had built a toilet with their own savings and the financial backing of the credit group; all the loans had been totally reimbursed. Group evaluation sessions with the community worker were held; all participants expressed their satisfaction with this improvement in their housing conditions. Their example is now being followed by neighbours who want to organize their own credit group.

The credit group meets regularly to discuss its activities relative to the toilet construction project. As a result, its members are growing

more aware of the need to protect their immediate environment, and are more convinced that they can contribute to this goal. They reported that the sewers are clogged by all kinds of waste, even human faeces, and asked the community workers to help them set up a sewer drainage system and new infrastructures. They are ready to participate in the project and pay for it. By the end of 2000 (when the project terminated), the microcredit had helped households to build 321 private toilets, with a rotating capital of just $2,500. This led to sewer drainage.

The neighbourhood group wanted to employ workers to build new sewers. It mobilized young people in the neighbourhood to clean existing sewers, and collected money from concerned households to cover the costs. Alongside the community workers, the EPFL (Federal Institute of Technology in Lausanne, Switzerland) provided on-the-spot technical assistance in hydrology. This kind of co-operation demonstrates the usefulness of working in an interdisciplinary team, and highlights the connection between the population, practitioners and technicians. During the cleaning-up campaign, the area's residents saw how hard the young people were working as a result of certain other people's irresponsible attitude toward their immediate environment. They grew more committed to protecting not only the new sewers but also their environment, and decided to equip the sewers with metal grids to prevent waste from entering.

The effect of this action was that now other neighbourhoods are asking the community worker to help them clean up their sewers, using the participatory model.

In sub-district 15, the attention focused on the need for new public facilities. Sub-district 15 lies to the northeast of HCMC, next to the Nhieu Loc-Thi Nghe canal, which runs through five central urban districts. Squatters have occupied the banks, and part of the canal itself, for many years, and have used the public toilets on the canal and discharged all kinds of waste into it. The canal is also contaminated by sewers from all over the city, and has progressively become very polluted. Since 1993, the municipal authorities have implemented a squatter clearance project.

Precarious housing in sub-district 15 / BT has been cleared since mid-1996, and the operation is due to continue. A number of toilets on the canal were destroyed in these operations. The district authorities replaced them with public toilets newly built on solid ground. However, since water was unavailable, they were still closed many months after construction. When we launched a survey of

people's opinions and needs, the residents of the area suggested that water be supplied and the toilets made operational. The hydrologists in the research team were put in charge of selecting a location for a well and drilling it. The community worker facilitated neighbourhood meetings to discuss regulations for managing the toilets, and to come to an understanding. A woman from the neighbourhood declared she would assume management, and an agreement concerning the cost of using the toilets and of the water from the well was reached. The research project contributed only technical assistance, funds for drilling the well, and a small sum to help run the operation in the initial stages.

The project ought to finance itself in the longer term. After six months, the public toilets and well are being used more and more by the population in the neighbourhood and residents no longer use the canal for these purposes.

In the same neighbourhood, a credit fund was set up to facilitate garbage collection. Garbage was simply not collected in this area in the past, since inadequate access makes it impossible for public works employees to reach squatter areas. The community worker suggested a discussion of this problem as a means of contributing to the "Do Not Litter" city campaign launched in 1995. The research project should provide people with a small credit for housing and environmental improvement. As a result of the discussion, it was agreed that this credit should be granted to households who were ready to collect garbage in the neighbourhood.

The collector got a credit for the purchase of a garbage-cart, and the residents had to agree to pay him $0.50 a month, the usual rate throughout HCMC. Six months later, the garbage collector had reimbursed the credit, and he and his family now own the cart, and thus have a livelihood.

These are just a few examples illustrating various possibilities of developing such community initiatives. Of course, a lot of questions subsist. In view of the ways in which the different levels of intervention for sustainable urban development interact, the following considerations concerning the significance of local action are essential to understanding its nature and assessing its impact on:

- the perception of environmental problems;
- the ability to view them within the larger context of urban policies; and
- the effectiveness of community initiatives for improving the living conditions of the poorest of the urban poor.

In this sense, some of the most significant conclusions to be drawn from the current project are the following.

- The local level is best suited to interdisciplinary research action. Thanks to its small scale and still extant social ties, the neighbourhood provides a space that facilitates integration between researchers, urban development professionals and inhabitants.
- Simple and specific examples, as those of small individual credit grants, enable researchers and professionals to demonstrate and document the links between public metropolitan policies (for example, financing social habitat and community infrastructure) and local action.
- For an urban approach centred on local development to be innovative, it must from the start, i.e., from the stages of problem identification and project elaboration, be based on the voluntary participation of the population; this requires a gradual educational process of the population and public authorities.
- Community development in urban areas that promotes a bottom-up approach to environmental problems often has to contend with administrative demands which tend to advocate massive, rapid and visible solutions without worrying too much about their sustainability.
- In view of the demands imposed by a participatory approach and of the time it takes to mobilize communities involved in the process, consultations between the various urban development players should be held, involving community representatives, technicians and public officials. Training is a great means of overcoming divisions.
- This method helps us define specific actions to improve the living environment. It is also an instrument with which to reinforce community competence in various areas, to empower people, to lead us from a social assistance approach to an awareness of what is at stake in urban development, and to achieve full participation by the population.
- The last, though by no means the least, important aspect of participatory implementation of local urban development projects and active rehabilitation by the population of its environment, is a financial one: a more stringent definition of priorities and intervention methods helps reduce costs, and direct monitoring by the citizens of their own investments in terms of time, energy and money helps avoid abuse.

Conclusion: Toward Sustainable Metropolization of Ho Chi Minh City

The growing density and expansion of the metropolitan HCMC area have reached a critical stage. We have highlighted the positive socioeconomic effects of metropolization in Viet Nam, as well as the negative impact of this phenomenon on the urban environment, and the most deprived segments of the population. The problem of precarious settlements lies exactly at the intersection between increasing areas bedevilled by insecurity and poverty, and the environmental risks resulting from a lack of urban infrastructure and growing water pollution. Today it is absolutely necessary to reconsider the urban development of HCMC with a more attentive eye to the social and environmental constraints development brings with it. To this end, the municipal government must launch a large-scale sustainable urban project to improve living conditions for the poorest members of society, and preserve the environment, for this and future generations. The realization of this project will of course include certain major operations. In parallel, it should above all focus on targeted and co-ordinated actions at a local level.

Having implemented a number of major urban development projects over 10 years, the municipal authorities of HCMC are increasingly aware of the importance of social factors for a project's long-term success. Consequently, when it comes to improving housing conditions for the poor, political authorities increasingly agree to reduce eviction and relocation measures. This is a considerable step in the right direction. Policies on housing for low-income groups and efficient mechanisms with which to apply these policies still have to be defined, however, especially since this is an important aspect of housing strategy in HCMC. With this objective in mind, municipal authorities are currently negotiating a co-operative project with the World Bank, which aims to improve housing conditions and the infrastructure in precarious settlements. The implementation of the project will focus on participation by the population and other urban players.

To switch from a top-down approach, based on instructions and orders, to a bottom-up approach that accounts for the needs and capacities of the population and of other urban players, political decision makers will have to rethink and refocus. Even this will not ensure a successful transition, however. Urban development professionals need to be better educated. Many experiences from HCMC show clearly that training in the social sciences and social

work in general (community development workers and other practitioners) is indispensable to the successful implementation of activities at the local level, from the awareness-raising and capacity-reinforcing stages onwards.

A transdisciplinary approach, in the form of stepped-up exchange between researchers in various scientific disciplines, is also essential to understanding and evaluating the effects of metropolization. Similarly, only a concerted process between different metropolitan players (political, economic, spatial planning professionals, the population) will make it possible to set up a large-scale sustainable urban development project for HCMC. Public authorities should equitably account for the demands—both voiced and latent—of the most disadvantaged urban inhabitants. Interfaces between bottom-up and top-down socio-political dynamics must be multiplied in order to entrench local democracy as a habitual social practice. A participatory process of this kind requires, furthermore, that all urban players be made aware of, and educated about, environmental issues.

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4 Sustainable Development in an Urban Tanzanian Context

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Among many mainstream development agencies, it is generally believed and accepted that planning for more socially equitable and environmentally sound development requires broad consultative processes and citizen involvement in decision making. The Sustainable Cities Programme in Tanzania started as a demonstration project in the city of Dar es Salaam—the Sustainable Dar es Salaam Project (SDP)—and is one of the Sustainable Cities Programmes (SCP) worldwide advocating the Environmental Planning and Management (EPM) approach. Despite the SCP's expressed emphasis on broad-based stakeholder involvement rather than master planning, and bottom-up problem solving rather than top-down decision making, in attempting to localize and implement Agenda 21, there has been a mixed experience in the participatory aspects of the SDP. Political and institutional/administrative practices explain many of the reasons for this mixed experience, as discussed in this chapter. Over the past three years, the Sustainable Cities Programme in Tanzania has attempted to initiate more pragmatic efforts to promote participation in other Tanzanian municipalities. The experience in these efforts differs from one municipality to another, mainly due to variations in terms of

[1] Views expressed are those of the authors and do not necessarily reflect the official views of the programme or the government.

capabilities, resources and localities. This chapter reviews the experience of development endeavors in Tanzania in general, and through its Sustainable Cities Programme (SCP), in particular.

In assessing the sustainable urban development initiatives in Tanzania, various questions are raised. However, the authors do not attempt to answer all of them; rather, they highlight general issues for further attention.

Introduction

The Sustainable Cities Programme (SCP) is a global programme of the United Nations Centre for Human Settlements (UN-Habitat) and the United Nations Environment Programme (UNEP). It was launched worldwide in August 1990 by UN-Habitat. The SCP is the principal activity of the international community for promoting and supporting sustainable development in the cities and towns of the world. The SCP does this by assisting municipal authorities, city authorities and public, private and community sector partners to improve capacities for urban environmental planning and management.

The programme draws upon the wide experience of the United Nations in research, policy analysis and development of tools for project implementation. More significantly, the SCP builds directly upon the lessons learned by UN-Habitat through its technical co-operation projects in urban development and management in more than 100 countries.

In 1992, the United Nations Conference on Environment and Development (the Rio Conference) emphasized the importance of dealing directly with urban environmental problems and issues. Agenda 21, agreed at Rio, committed governments to take action on a broad range of human settlement topics and cited the Sustainable Cities Programme as a prime vehicle for implementing Agenda 21.

SCP works at the city level in collaboration with local partners to strengthen their capacities for Environmental Planning and Management (EPM). Each city-level project is adapted to the particular needs, priorities and circumstances of that city or municipality. SCP recognizes that cities play a vital role in social and economic development in all countries. Efficient and productive cities are essential for national economic growth and, equally, strong urban economies are essential for generating the resources needed for public and private investments in infrastructure, education and

health, improved living conditions and poverty alleviation (UN-Habitat no date).

Sustainable Cities Programme in Tanzania

The growth and development of Dar es Salaam has been guided by comprehensive plans—known as master plans—designed to cover a period of 20 years and indicating the anticipated growth direction of the city through land use zoning with development standards. The first master plan for Dar es Salaam was prepared in 1948 by a foreign firm, Gibs and Partners. In the course of the city's growth two reviews have been made, that of 1968 and the current one of 1979 (both prepared by firms from Canada).

The 1979 master plan provided the framework to manage the future growth and development of the city. However, the implementation of the development policies, programmes and projects proposed in the plan was severely limited due to the following factors:

- the plan was comprehensive in nature, resulting in optimal but unaffordable infrastructure and social service development proposals and budgetary requirements;
- the strategic focus of the plan lacked detailed preliminary infrastructure designs to operationalize the proposals;
- the plan was control-oriented with rigid standards and conditions unable to be enforced in the context of rapid urbanization;
- the implementation was also limited by the sectoral approach to development; and
- the plan was prepared by expatriates with limited national participation, which reduced local understanding and commitment to implement the proposals by the key agencies.

There were no institutional mechanisms to co-ordinate the parties involved in managing growth or to invest the necessary resources, and the plan contained no representation of the interests of partners in urban development as there was no participatory mechanism available to involve them in plan preparation and implementation.

Among the key problems characterizing city management in the 1980s and before, poor delivery of services was the most fundamental. Services, such as collection and disposal of waste, supply of water, development and maintenance of roads, etc., had become inaccessible for more than 90 per cent of the city's residents.

This contributed to the leadership crisis in the early 1990s that led to the dismissal of the city council. The government, through the Ministry of Lands and Human Settlements Development, intended to revise the Dar es Salaam Master Plan in the hope that this would lead to an improvement of city management, and made a request for technical assistance from UN-Habitat.

However, UN-Habitat observed that the urban management problems facing the city required a stakeholder-driven approach focusing especially on the interaction between environment and development, with major emphasis on cross-sectoral and interagency co-ordination. It thus proposed the application of the EPM approach advocated by SCP instead of preparing another master plan. The adoption and the application of the EPM process in Dar es Salaam began with the inception of the Sustainable Dar es Salaam Project (SDP).

Dar es Salaam, the largest urban centre in the country with an estimated population of 3 million (and a growth rate of approximately 8 per cent per annum), is one of the fastest growing cities in sub-Saharan Africa, accommodating over 240,000 additional people each year. The rapid growth of the city has not followed any co-ordinated, long-term, strategic development plan. As a consequence, the city experiences a shortage of housing, inadequate urban infrastructure and services, and a deteriorating environment. Past planning efforts, such as the 1979 master plan, did not systematically address the environmental challenges of the fast-growing urban population.

Box 4.1: Some environmental challenges in Dar es Salaam before the SDP

In 1992, less than 3 per cent of the city's 1,420 tons of solid waste generated daily was being collected, large amounts being dumped in public open spaces and on street corners, resulting in blocked drains which caused flooding and groundwater pollution. Less than 5 per cent of the city's population were served by 130 kilometres of sewers, about 1.8 million people relying upon pit latrines and septic tanks (which were rarely serviced).

These shortcomings had resulted, on the one hand, from a lack of resources and insufficient investment in infrastructure, and, on the other hand, from difficulties experienced by the City Council to effectively plan, co-ordinate, and manage the city's operation and

growth. Concurrently, deteriorating environmental conditions in and around the rapidly expanding city presented major obstacles to achieving sustained economic growth and development. The detrimental effects of this deterioration were being felt in all major economic sectors and in the living conditions of the general public, especially the urban poor.

It was against this background that the SDP was thus formulated in 1991 as the first demonstration project under the SCP, and it became fully operational in 1992. Under the SCP the modus operandi has been that of building capacity through consultations and collaboration through the EPM process.

Launching of the SDP

SDP was thus launched with the overall objective of strengthening the city council's capacity to plan and manage its growth and development, in partnership with the public, private and popular sector parties and other interested groups on a sustainable basis by:

- strengthening the local capacity of partners to jointly plan, co-ordinate and manage environment / development interactions; and
- prepare a long-term dynamic and integrated strategic development plan and investment strategy for the city.

The SDP was based upon four operational principles:

- to improve *interagency co-ordination* by defining environmental issues that cut across the sectoral domains of the institutions at different levels of government, while at the same time linking these institutions with private and community interests;
- to *prioritize* the environmental issues for project involvement at an early stage in order to *maximize* the use of the limited resources available;
- to address each priority environmental issue through *cross-sectoral working groups*, which were established with representatives from the different levels of government, the private sector and community sectors in order to involve all institutions which have a stake in plan preparation (be they resource managers or polluters) and subsequent plan implementation. The working groups draw membership from institutions, communities and organizations:
  - which are affected by the problem;
  - which create the problems; and
  - those which have the institutional responsibilities, tools and resources to manage the problems.

- to support the environmental issue working groups in preparing preliminary development strategies; followed by action plans that are sufficiently detailed with regard to physical layouts, financial programmes and institutional responsibilities that they will attract the necessary capital investments from the city council, central government and the donor community.

The different actors thus meet through the working group mechanism to negotiate pragmatic solutions, which they are willing to implement in order to co-ordinate the city's growth and development; resolve development conflicts between them and generate intervention strategies; prepare action plan proposals and agree on implementation mechanisms.

Stage one: Preparation of a city environmental profile (EP)

The city environmental profile identifies:

- the natural resources available for city development and the environmental hazards which limit its future growth;
- how city development has utilized those resources and, in turn, been affected by the hazards; and
- the setting for city environmental management, including identification of the key actors involved and main instruments available for intervention.

Stage two: Holding of a city consultation on environmental issues

During the city consultation on environmental issues, key actors are invited in order to:

- debate and define the key environmental issues that require priority attention and obtain a clear mandate for intervention;
- discuss and agree on an appropriate methodology for a partnership approach to urban management cutting across sectors, between levels of government, responding to, and integrating with, private and community-based initiatives; and
- recommend priority actions for the next stage.

Stage three: Preparing environmental development strategies

This involves the preparation of preliminary development strategies and their integration into a city-wide policy framework, as well as the preparation of detailed action plans to address the key issues identified in the consultation in order to secure the capital investment and technical assistance packages necessary to intervene.

A series of "mini-consultations" were held on each of the above prioritized issues to bring together and involve key stakeholders representing the public, private and popular sectors in order to:

- clarify and prioritize the most pressing problems;
- agree on environmental strategies of intervention;
- agree on immediate and medium-term actions by the representative institutions for each component of the strategy; and
- formulate, mobilize and launch cross-sectoral and multi-institutional working groups to prepare detailed spatial, financial and institutional action plans for each strategy component.

The issue working groups formulated action plans and demonstration projects. The action plans were (and continue to be) implemented in partnership with other public, private and popular sector institutions as demonstration or pilot projects in selected areas of the city in order to strengthen city management functions.

Demonstration projects have two strategic purposes:

- they are instrumental in demonstrating new approaches and solutions to a problem in a specific geographic area with a potential to scale up and replicate to other geographic areas in the city; and
- they enable response to issues in specific areas and thereby build credibility and support to the process.

Stage four: Preparation of a strategic urban development plan (SUDP)

This aimed to prepare a strategic urban development plan for the city of Dar es Salaam that integrates the agreed strategies of intervention and provides the co-ordinating mechanism to replicate successful demonstration projects city-wide.

Achievements in the Implementation of the SDP

Creation of partnership

SDP's main achievement is its successful creation and implementation of the *partnership and participatory approach*. Through its system of working groups, SDP has managed to bring together different interested stakeholders at a round table and discuss issues pertaining to the growth and development of the city using its principles of collaboration and participation.

It is now quite easy to call representatives (including senior executives) from various institutions to meetings by merely sending

out invitation letters (sometimes signed even by issue co-ordinators), unlike in the past when each institution maintained its status quo and its line of professionalism. This process has shown that *co-ordination* and *partnership* are essential for sustainable urban management.

Establishment and operationalization of environmental issue working groups

Initially, "core" working groups for each of the identified and prioritized environmental issues were established and elaborated under the project principles outlined above. As the process progressed, the core groups were subdivided into issue topic working groups that dealt with different aspects of the main environmental issues. These groups developed both short- and long-term strategies with the corresponding action plans for their respective environmental issues. Each working group has had considerable success in its respective environmental issue.

Furthermore, the groups have acted as think tanks for the city authorities through the generation of new ideas, together with their collection of valuable data / information either from field surveys or from their respective institutions and elsewhere. This has made the SDP an important resource and information centre in Dar es Salaam city.

Preparation of action plans

Since November 1993, more than 30 working groups have been meeting and preparing action plans from which a number of demonstration projects have evolved. Each working group came up with many action plans, some of which are yet to be implemented by the different actors.

Demonstration projects

Working groups have contributed to the alleviation of environmental problems in the city. It was through the conceived ideas of the working groups that some of the action plans were implemented as demonstration projects. Examples of action plans that have been successfully implemented include:

- privatization of solid waste management in the city;
- privatization of parking facilities in the city;
- privatization of pit emptying services;
- establishment of the central up-country bus terminal at Ubungo;
- initiation of a pilot Non-Motorized Transport (NMT) project in Ward 14 Temeke;

- improvement of some open spaces and recreational areas in the city;
- privatization of public toilets in the city;
- changing some of the streets in the city centre into a one-way street system;
- contracting cleansing of city roads / streets;
- establishing the Makumbusho and Temeke Stereo markets (intended) for small-scale traders;
- improving some of the city horticultural gardens;
- provision of infrastructure and services in Hanna Nassif, Kijitonyama and Tabata through community participation, leading to the establishment of the Community Infrastructure Programme; and
- reorganization of petty trading activities along the streets and the use of agreed "structures" for displaying / storing various goods / items for sale.

Preparation of the strategic urban development plan for the city

With support from the Urban Authorities Support Unit (UASU), the SDP has been the first among participating cities worldwide to prepare a Strategic Urban Development Plan for the city of Dar es Salaam using the EPM process and applying the Environmental Management Information System (EMIS). The SUDP is still in the process of being ratified by all the key stakeholders who participated in its preparation.

Constraints

Since Dar es Salaam was the first city in the country to adopt the EPM process, it lacked the opportunity to learn from others and thus it was bound to make some mistakes and encounter constraints / problems in the course of its operation, as discussed below.

Institutional problems

Despite being physically housed in the Dar es Salaam City Council (DCC) premises, SDP was perceived as an "external project" and was not fully integrated into the DCC as such. With hindsight, it can be argued that the initial perception among key partners, lack of initial strong ownership and commitment (due to lack of adequate awareness) and the other operational difficulties the SDP was

confronted with, impaired, at least in the beginning, progress toward full integration into the DCC. To remove the notion of "external project", it has been agreed that during the implementation of phase three of SDP and its subsequent replication, the term "programme" should be used instead.

According to the SDP Phase I Project Document, the City Director and the City Planner were the Project Director and National Project Co-ordinator, respectively. Following this arrangement, most of the SDP operations and activities were based in the City Planner's office. In the course of operation of the project, before the project (EPM) concept was clearly understood, some institutional problems arose. When the City Planner (also the Head of the Urban Planning Department) called other heads of departments in the city council to meetings, many of them did not attend, arguing that he had no right / authority to do so as he was administratively on the same horizontal level (status-wise they were at par). The same applied when the City Planner invited senior executives from other institutions outside the city council to attend meetings in the DCC pertaining to SDP activities.

To overcome the above problem, the DCC was compelled to create a new post of Deputy City Director, who was above the heads of departments and hence could command respect from them. This move smoothed the operation of the project.

Frequent high-level management changes in the city council (City Director and City Planner) is another institutional problem that contributed to the slow implementation of various action plans and integration of the EPM process. For example, between 1991 and 1996 six City Directors and five City Planners were in place at different periods.

Technical problems

According to the project document, the government (City Council) was required to contribute necessary staff to the project. But when SDP was established, the DCC could not provide the majority of the required technical staff due to a shortage of qualified manpower. It thus became inevitable to look for staff from other institutions, a move that denied the opportunity of building the capacity of the DCC staff. The recruitment process of skilled personnel from other institutions took almost a year and thus significantly delayed the full start of the project.

Financial problems

The different environmental issue working groups were able to prepare action plans and, subsequently, demonstration projects. The demonstration projects were supposed to be implemented in order to test if the proposed interventions were feasible. Most of them could not be implemented due to a lack of funds from the DCC. Some of the interventions were developed by the working group in the course of the year when the DCC had already prepared its annual budget, and hence could not be funded. This, to a great extent, frustrated and disheartened the working group members who wanted to see their action plans translated into reality on the ground.

Political problems

Dar es Salaam is the primary city of the country. As such much of the government power centres are located there. To some extent SDP achievements were being undermined due to "political interference" from different power centres of the government. In some cases proposals agreed by working groups or DCC were reverted by power centres outside the City Council before they were implemented.

Through this process different stakeholders are brought together. Composition of the stakeholders includes:

- those who are affected by the problems;
- those who create the problems; and
- those who have the institutional responsibilities, tools instruments and resources to manage the problems.

The SDP working groups have applied the following EPM steps:

- clarifying environmental issues to be addressed;
- involving those whose co-operation is required;
- setting priorities;
- negotiating issue-specific environmental management strategies;
- formulating an urban-wide environmental management strategy;
- agreeing on environmental action plans;
- initiating priority programmes and projects;
- monitoring and evaluating progress and making periodic adjustments;
- strengthening environmental planning and management capacity; and
- preparing the SUDP.

Replication of the EPM Process to Other Urban Centres

Encouraged by the achievements of the SDP in building environmental planning and management capacities and processes, the government of Tanzania was requested by the municipalities and agreed to replicate the experience in nine municipalities (Arusha, Dodoma, Iringa, Mbeya, Morogoro, Moshi, Mwanza, Tabora and Tanga); and hence the National Programme for Promoting Environmentally Sustainable Urban Development was launched in July 1997.

The objectives of the SCP-Tanzania therefore stand as follows:

- to facilitate the process of integration of SCP into the DCC and the municipalities;
- to replicate the EPM in the municipalities so as to strengthen the capacity for planning and management;
- to assist in the development of an EMIS in the DCC and the municipal councils, as a facility for data storage and management;
- to support the formulation of the SUDP in the city and municipalities;
- to work in liaison with the Strategic Urban Development Planning section of the Ministry of Lands and Human Settlement Development toward institutionalization of SCP strategic urban development planning and the EPM process.

Valuable lessons were drawn from the achievements, constraints and the mistakes committed by SDP when it was "learning by doing". Care and caution have been taken so that similar mistakes are not repeated elsewhere.

Sensitization and creation of awareness

To sensitize and create awareness among all urban authorities councillors and members of staff and stakeholders with regard to the concept / benefit and corresponding costs (in terms of finance, staff, time, etc.) of applying the EPM process has been a first step toward the successful realization of the approach. This has enabled, to a large extent, the urban authorities and other key actors, to understand, accept and commit themselves to the process and hence eliminate the element of alienation of the programme. Unlike Dar es Salaam, whose authorities never had the opportunity of being sensitized and made aware of the whole EPM process (as there was

no time to do so), this is being done in all other urban centres which are replicating the process.

Political support

It has also been important to seek political will and support of the relevant politicians and other leaders and prominent personalities within the urban authority for the sake of smooth establishment and operation of the programme. This has eliminated undue political interference and enhanced trust and recognition among the residents of the urban centre.

Budgets for EPM

Adequate financing is one of the prerequisites for the successful implementation of the EPM process. Funds are needed for local contribution to start-up donor funds (counterpart funding) and for supporting the process in terms of overhead costs, which include vehicles, equipment and office maintenance, implementation of demonstration projects and motivating the working groups which are the mainstay of the EPM process. It is thus important for the urban authorities to deliberately set aside funds (a certain percentage of the total urban authority budget) for the above-mentioned expenses.

It was against the background of this experience that the United Nations Development Programme (UNDP) agreed to establish a modest fund during phase three of the SDP for the implementation of action plans in the city and other replicating municipalities. The objective of establishing such a fund is to demonstrate the functionality / credibility of the EPM process and, at the same time, not to discourage the efforts of the working groups.

Local capacity building

In order to sustain the programme, capacities should be built within the urban authorities and other participating institutions by making sure that the right members of staff are posted / seconded to the project right from its inception, i.e., from the preparation of environmental profiles onward. However, great care should be taken when choosing the members of staff, as professionals are needed to propagate the EPM process. They should have charisma, drive and dependability, the qualities necessary to enable them to mobilize the key stakeholders and bring them together in order to address the problems confronting their urban centres.

Seconded staff should be left in the programme for long periods of time instead of changing them frequently, as such changes can make the programme unsustainable. This is due to the fact that there will always be training and retraining whenever the programme receives new members of staff and thereby loses the experience already gained by the "old" programme staff as well as institutional memory.

Moreover, in order to really build the capacities of urban authorities, most of the programme activities should, to the extent possible, be carried out by the respective members of staff instead of relying heavily on external consultancies.

Number of environmental issues to be tackled

It has been recommended that the urban centres take on board only a limited number of environmental issues, leading to a limited number of working groups. The issues could be incrementally increased depending on the progress and resource capabilities of the centres. This is due to the fact that large numbers of working groups overstretch the backstopping capacities of the participating urban centres, resulting in a lower quality of action plans.

Also, large numbers of working groups means more resources are needed by the urban areas in operationalizing and maintaining such groups.

Institutionalization

To avoid programme alienation and difficulties in integration, it is very important that programme management be located within the urban centre's administrative machinery and be under direct control of the local authority right from the inception of the programme, with external agencies only providing the necessary technical assistance.

Participation of stakeholders

Effective participation of key urban authorities staff (i.e., heads of departments, director, mayor and councillors), individuals and institutions on a continuous basis is essential for the success of the EPM process. The process functions on the principle of contributing to it, according to expertise and institutional roles and responsibilities. To ensure effective participation of the communities at the grassroots level, the programme is scaling down from the municipal/city level to ward and neighbourhood levels.

Institutionalization at the municipal level

As discussed earlier, there were institutional problems in the anchorage of the EPM process (SDP) in the city of Dar es Salaam. Thus great care was taken so as not to repeat the same mistakes while integrating the EPM process in the municipalities, bearing in mind that the EPM process does not create parallel institutions in the municipalities but respects and uses the existing municipal organizational set-up.

Detailed discussions were held with the municipal authorities in order to agree as to where the EPM process should be located / anchored in the established municipal organization. In other municipalities, the institutionalization issue was also discussed in the municipal consultation and participants were able to give their views, with the objective of making sure that the new approach was going to work effectively and not be jeopardized by the municipal administration set-up.

It has generally been agreed by the replicating municipalities that the Sustainable Municipal Programmes (under the Municipal Programme Co-ordinators—PCs) should operate from the Municipal Directors' offices, playing advisory roles to the Municipal Directors, just like the Internal Auditors and Municipal Solicitors units are. In that way, the PCs will be above the Heads of Departments in the municipal administrative ladder, hence commanding some respect to enable them to convene meetings with other municipal staff including the heads of departments.

Lack of municipal budgets for EPM processes

At the advent of the replication process, municipalities were made aware that they were responsible for the whole EPM process in their areas of jurisdiction in all aspects. Hence they were sensitized and urged to set funds from their annual budgets aside for forging the EPM process in their areas. Most municipalities have been setting aside substantial amounts of money from their budgets for the EPM process. The problem is that such *funds are not released for the intended EPM purposes*, the main reason being the inadequate collection of the envisaged revenues due to lack of expanded economic bases. When little revenue is realized, the EPM is accorded low priority compared to other activities, which are then allocated the money. This situation makes the municipalities dependent on external support, leading to a lack of sustainability of the programme.

Non-generation of quality action plans and demonstration projects from the municipalities

Working groups are the heart of the EPM process. They are the ones expected to deal squarely with the identified and prioritized issues in the municipalities. Their tasks are to critically analyse the environmental issues and come up with strategies for addressing those issues and, subsequently, generate action plans. In order to carry out these tasks, the groups *need to meet regularly under the guidance of competent issue co-ordinators.* These groups are not performing well, as most municipalities have failed to facilitate regular and scheduled meetings.

The other problem is lack of adequate training in Strategy and Action Planning on the part of the issue working group co-ordinators. The end result has been the non-generation of quality and implementable action plans, despite the availability of funds for the purpose.

For instance, working groups under the SDP were able to develop many action plans, but these could not be implemented due to lack of funds. Based on this sad experience, a budget line was created in the phase three project document with limited funds for implementing action plans and demonstration projects that would be prepared from the municipalities. In the programme budget, about $22,000 was set aside for this purpose for each municipality. Unfortunately, very few municipalities have been able to use a small portion of this facility, following the non-generation of action plans and demonstration projects. The same applies to Mwanza city that is supported by the Danish International Development Assistance (DANIDA), which availed large sums of money for implementing action plans. While the environment in these municipalities is fast deteriorating, there are a lot of unspent funds due to lack of developed action plans. *It can be concluded from this situation that the non-implementation of action plans in an urban area is not always because of lack of funds. There are other factors to be considered.*

Lack of management skills

Based on the training conducted for the programme and issue specific co-ordinators, it was realized that most of the municipal programme co-ordinators lacked even basic management skills. It was therefore found important that these people be trained on basic management skills since they deal with many different groups of stakeholders from all walks of life.

Nature of participation under city consultation

Although city consultations do bring people together to discuss issues concerning them and to set their priorities, the city consultation as a "participatory approach" fails to reach a wider community, and, specifically, the poor. For example, only 300 people out of 3 million residents in Dar es Salaam attended the city consultation in 1992, conducted in English. The limitation of this type of consultation in the participatory process has also been observed elsewhere.

At public meetings, and consultations, local planners and other outsiders sit in a platform, behind a table, maintaining their superiority. When only few people turn up, and only few of them speak up, they blame local indifference (Nelson and Wright 1995:167).

It is suggested that to bridge the gap and to ensure that all stakeholders are empowered and included in planning processes, emphasis should be shifted to the ward and neighbourhood levels.

Concluding Remarks

In line with the above and in implementing Agenda 21, the need for active community participation cannot be overemphasized. More decentralized planning by increasing popular participation in planning and management; ensuring that plans are owned by the people themselves and that people participate in identifying and prioritizing their own needs remain prerequisites for the successful implementation of any development initiative.

As far as sustainable development is concerned, the issue of poverty reduction in particular remains a predominant one, particularly in sub-Saharan Africa.

> Poverty reduction is and will remain the responsibility of each government. But reaching the goals agreed upon at the Social Summit and other world conferences requires a genuine global partnership in which the efforts of developing and transitional countries can be supported on a sustainable and consistent manner (UNDP 1998:91).

Another significant remark concerns rural-urban dynamics. The rural and urban sectors cannot be divorced from each other due to the interaction and interdependence between towns and villages, in areas such as rural-urban migration. In general the coping strategies of most of the urban poor are limited and, in most cases, individuals or households are faced with a trade-off between

allocating their minimal earnings to subsistence (food) and meeting other important expenses such as school fees or medical care.

Thus, given the existing interactions and interdependence between urban and rural communities, what is required is to build positive synergies between the two sectors. An integrated approach is therefore needed to simultaneously address ways of increasing opportunities and reducing the inequalities of the poor in both sectors. Some of the areas needing restructuring in an attempt to deal with the issue of sustainability include improvement of social and infrastructure, social services and recreational facilities, particularly in rural areas. This will not only please the youth, most of whom migrate to more urbanized areas due to boredom, but will also attract some civil servants (e.g., teachers or doctors) who refuse to be posted to work in rural areas (see Burian 1998). What is needed is to enhance options and choices for the rural poor, most of whom depend merely on one economic activity: agriculture.

Integrated Development Planning (IDP) would assist in maximizing the impact of scarce resources and limited capacity through planning development interventions in a locality, strategically and holistically. Of course many developing countries depend on donor assistance to top-up their local initiatives. However, what is recommended here is that programmes need to be supported by donors in ways that promote more cohesive, integrated approaches. This will require multi-donor support. How to guarantee the mentioned elements remains our major challenge.

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5 Unsustainable Development: The Philippine Experience

Karina Constantino-David

High rates of urbanization in the South have led to unsustainable development in the region's cities and towns. Following the development paradigm of the North, the form of development that is taking place is "parasitic", in that it excludes the poor and is inappropriate to the situations faced in the South. For countries of the South, participation in the global market has also proved disastrous. Sustainable development aims to counterpoise economic growth with environmental concerns, but it remains to be seen whether this is possible. This chapter highlights the need to be aware of a country's "carrying" and "caring" capacity, and argues that work toward sustainable development needs to start with the poor.

The experience in the Philippines epitomizes these concerns, especially as regards the high rate of urbanization in Metro Manila, where environmental problems and lack of services have led to a deterioration in the quality of life. This deterioration is the responsibility of five overlapping power groups—the state, business, the church, the media and international aid agencies. These tend to follow the Northern development paradigm, which places the South in a vulnerable position and forces Southern governments to act against their countries' best interests. A new development paradigm is desperately needed that will avoid the mistakes of the past and improve future prospects for the poor and the environment.

In 1960, less than 50 per cent of the world's 19 megacities were in developing countries. Today, more than 80 per cent of its 60 megacites are in the South. In just four decades the world's cities have grown to spectacular proportions. New cities are also developing at an alarming rate. While the presence of modern amenities marks cities, a large segment of the urban population has barely the basic necessities for survival. The urban poor, residing on the perimeters of the rich ghettos, eke out a living in the midst of affluence, scavenge from the remains of our cities' consumerist lifestyle and are systematically excluded from urban development.

We have known for decades of the spread of urbanization and its concomitant ills. But governments chose to prioritize "development" even when countries of the North were already exhibiting the negative characteristics of unplanned growth. We set our sights on emulating the patterns of more developed countries, blindly importing and transplanting images of cities from more affluent parts of the globe into what were essentially underdeveloped nations.

Parasitic Development

The problem with the concept of development is that it implies movement toward a goal. So far this movement has focused primarily on economic growth—the hope and the promise were that the benefits of growth would "trickle down" to the poor. Toward the second half of the 1980s, the concept of sustainable development was introduced. Sustainable development was meant to correct the flaws of developmental thinking by mitigating the effects of economic growth with longer-term goals. But it kept us essentially on the same development path, except that the importance of the environment we share has come to the fore.

However, even with the grudging acceptance of the need for sustainable development by governments and multilateral agencies, the realities have not changed for the masses in the South. We have a parasitic form of development that blindly assumes that human and natural resources are inexhaustible. It sacrifices the poor and the environment at the altar of the market and its promises of economic growth.

Economic growth, and consequent patterns of consumption, cannot be equated with an improvement in quality of life. In fact, while the pursuit of economic growth has produced increases in trade, investment and output in general, it has also resulted in

widening disparities and inequalities among people and nations. The transactional and utilitarian nature of the market has further disempowered large numbers of people and marginalized their environments.

The unquestioned development paradigm and the rush to compete in the global market have had disastrous results. While cities have grown, attracting foreign investment, rural areas have stagnated. Finding no way out of poverty, rural folk migrate to the cities in search of paid work. These migrants swell the ranks of the urban poor, engaging in low-paid contractual jobs, surviving through the informal economy and residing in informal settlements. The irony is that low pay is an essential prerequisite for attracting foreign investment to an underdeveloped country. Our cities develop quite literally at the expense of the poor and the environment.

The reasons for poverty are complex. The primary causes are of a political, economic, structural and social nature, abetted by a lack of political resolve and erroneous attitudes regarding public policy and the deployment of resources.

- On an individual level, people are handicapped by lack of access to resources and the opportunities to gain skills or make a decent living.
- On the societal plane, major causes are inequalities in the distribution of resources, services and power. These inequalities may be institutionalized in terms of land, capital, infrastructure, markets, credit, education, information and advisory services. The same is true for the provision of social services: education, health, clean water and sanitation. Inequality of services leaves rural areas worst off, so that it comes as no surprise that an estimated 77 per cent of the developing world's poor live in rural zones. Yet the urban poor are mired in even worse conditions (ICPQL 1996:22).

A more appropriate direction would be toward a sustainable improvement in the quality of life. This would allow us to focus on the needs of the poor and the environment in each country without compromising the ability of future generations to meet their own needs. The needs of the present must be viewed from the perspective of the poor: those who have been abused most by the current development track. The goal of sustainable improvement in the quality of life allows countries and sectors to define directions that can accommodate subjectivity and cultural diversity in an ever-ascending spiral.

The sustainable improvement in the quality of life, as proposed by the Independent Commission on Population and the Quality of Life (ICPQL 1996), requires us to respect the limits of the globe's "carrying capacity", while at the same time acting on our "caring capacity", i.e., taking responsibility for the needs of people and the environment. The antithesis of care is power and control, abuse and aggression. In taking a new path we must recognize that the continued parasitism of society on the misery of the poor and the degradation of the environment will inevitably become the basis for the breakdown of our cities.

Patterns of Parasitism in Philippine Cities

The population of the Philippines is 51 per cent urban, roughly 38 million people or 6.5 million families. The country has one of the highest rates of urban growth in the developing world, at 5.1 per cent annually over the past four decades. This has been due to a high birth rate of approximately 2.3 per cent per annum, rural-to-urban migration, and the reclassification of rural areas as urban due to their increasing population densities. It is significant to note that while rural-to-urban migration is still a major source of an increasing urban population, especially in newer cities, second- and third-generation migrants, in areas like Metro Manila, are now greater in number. Migration is testimony of the continuing poverty in the countryside that forces the poor to seek their survival in the cities.

Of the urban population, approximately 10 million live in Metro Manila, which has an annual growth rate of 3.3 per cent. This area accounts for more than 30 per cent of the gross national product, but at least 3.5 million people can be categorized as urban poor. Ten thousand families live along the Pasig River alone, 32,000 families along the major tributaries, 45,000 families beside the railroad tracks, and the rest in pockets of urban decay that range from a handful of families to slums of tens of thousands of people.

The "brown" environment has long been abused—by air, noise and water pollution, inadequate waste disposal and congestion. The carrying capacity, or the maximum sustainable load that humankind can impose on the environment before it loses its capacity to support human activity, is in peril. According to WHO / UNEP (1992), Manila is one of the most polluted cities in the world, and most of the air pollution (suspended particulate matter, carbon monoxide and lead) is a product of motorized transport emissions,

especially from diesel engines. Industries release massive amounts of sulphur dioxide into the atmosphere, and domestic and industrial waste is indiscriminately dumped into the city's waterways and streets. In addition, environmental degradation is a cause of various natural disasters that occur more and more frequently: flooding, landslides and other earth movements, and the extinction of wildlife.

Even as we strain the carrying capacity of the metropolis, the inadequacy of our own caring capacity is obvious. Metro Manila, where economic activities are centred, is home to the best of urban amenities in both the business districts and in the rich areas, but security services are booming, protecting these sectors from the assaults of those who have far less. Tertiary health care and education are concentrated in the metropolis. But the primary health services accessible to the urban poor pale in comparison to those in rural areas: there is one primary health unit for every 10,000 people in the countryside against one for every 50,000 people in the urban centres. Even though primary and secondary education may be of a slightly higher quality in cities, the 1:50 teacher to pupil ratio makes basic education unsatisfactory. At the college level, the scene is dominated by private universities, which overcharge for substandard education. The seats of government, media and the church are also situated in Metro Manila. But basic needs remain unmet.

Despite respectable economic growth and the proliferation of urban amenities, the quality of life in Metro Manila has deteriorated; adherence to the laws of globalization means that economic growth has been achieved on the backs of the poor and at the expense of the environment. Unless drastic steps are taken, this very model is likely to discourage much sought-after foreign investment. Inevitably, the general quality of life will deteriorate further, and even the few who benefit from this kind of parasitic development will end up with less than they have today.

The Actors and Factors that Make or Break Cities

No amount of dreaming can result in an alternative future as long as the major actors and factors that make or break a city remain unchanged. In the case of Metro Manila and other urban areas in the Philippines, these fall into two distinct categories: those who wield power and those who are powerless.

The five distinct but overlapping power groups referred to above—the state, business, the church, the media and international aid agencies—share responsibility for the deteriorating quality of

life in Philippine cities. The model of development that underpins their actions is economic development through global competitiveness, with foreign investment as the engine of growth. But while sustainable development, equity and pro-poor rhetoric are standard fare, there have been but minimal improvements in the lives of the urban poor—secure shelter, sanitation, potable water and pollution remain grave problems.

In the Philippines, the Joseph Estrada administration, hounded by inefficiency and corruption, doggedly pursued the same economic thrust as previous governments, despite the pro-poor campaign line that ushered it into power.[1] The poor, who overwhelmingly put their faith in President Estrada, were buoyed by initial promises. The business community and the dominant church nervously awaited clear directions on economic policy, fearful of growing cronyism and flip-flopping decisions. The news media exposés of the inadequacies of the government ranged from the banal to the sublime. Foreign agencies like the International Monetary Fund (IMF) baulked at what seemed to be a partial declaration of autonomy by some government economic managers as, for example, the insistence that interest rates be lowered.

But while charges of graft and mismanagement remained until President Estrada was removed from office, the economic direction settled back into the same development paradigm. In the Housing and Urban Development Department, which I headed for 15 months (1 July 1998 to 5 October 1999), the following radical changes in policy were undertaken:

- situating shelter within a broader national urban policy framework;
- earmarking 80 per cent of departmental budgetary allocations to housing for the poor;
- expanding options for the lowest-income households through efficient rental markets;
- strengthening co-operative housing and the Community Mortgage Programme[2];

[1] Writing of this chapter was completed prior to the campaign to impeach President Estrada.

[2] The Community Mortgage Programme is an innovative system whereby informal settlers, with the assistance of an intermediary, called an originator, negotiate with the landowner. Once an agreement has been reached between the parties, the land is mortgaged to the government, the landowner is paid in full, and the settlers are required to reimburse the government over a period of 25 years at 6 per cent interest. For a fuller description and assessment of this programme, see the article by Berner (2001).

- reforming housing finance;
- localizing and decentralizing urban and shelter policy, with an emphasis on ecological balance;
- ensuring effective participation of the poor; and
- redefining public and private sector roles to ensure a better distribution of responsibilities and risks.

These changes were met with angry protests from a portion of the real estate business sector whose short-term interests were threatened. First, an emphasis on housing for the poor meant less profit. The profit margin in socialized housing is small considering that the ceiling for a house and lot package stands at 180,000 pesos ($3,800). Second, the old programme involved minimal risks for developers. This is because the former Unified Home Lending Programme was designed in such a way that developers would build and market housing projects, package mortgage papers and pass this on to government which only did desk-top assessment. Developers got paid for the whole amount leaving the state with all the collection functions. Third, government-run pension funds were mandated to provide developmental loans and mortgages at below market interest rates, resulting ultimately in losses to the ordinary pension fund members. The new programme, on the other hand, was an attempt to create a more viable housing finance system that entailed a transparent subsidy programme for the poor. But for low-cost and economic housing, a policy environment was to be created with funds from the banking sector through a strengthened primary mortgage market and the setting-up of a secondary mortgage market. This meant that projects would have to undergo more professional assessment, and therefore take on the standard risks of the market. It also meant a reduction of the opportunities for corruption, because most decisions on which projects to fund would have been taken out of the hands of the bureaucracy.

While most of the top-level government decision makers, as well as foreign aid agencies, welcomed these policy shifts, they were diffident about confronting the self-interested groups. It was more comfortable for government functionaries to keep away from the fray, while foreign aid agencies refused to take a proactive stance by hiding behind the convenient policy of “non-interference”, though they were willing to voice their frustrations in private. Only a section of the World Bank took the bold step of immediately suspending negotiations for a major housing programme. Since the early 1990s the World Bank had taken a critical stance regarding past government housing policies. The radical policy revisions described

above, especially in the field of housing finance, were basically consistent with the Bank's perspectives. As such, the Housing Finance Technical Assistance grant-loan package was in the final stages of approval at the time of my resignation from the cabinet. In the final analysis, however, the political will for change gave way to the temptations of corruption and image building. Instead of pushing for policy changes, the lucrative practices of the old system, marked by bribery and other forms of graft, were re-established. Instead of viewing these policy changes as a legacy for a more sustainable housing system focused on the needs of the poor, government returned to using housing as a political tool, inaugurating projects to enhance the administration's political image even if this resulted in a further drain to government coffers.

The church, which has always stood for the rights of the downtrodden, continued with its worn-out advocacy of issues like family planning. It did not actively take up the cudgels for a reformed housing sector, perhaps because it was not equipped to keep up with the debates on the policy front. The media, on the other hand, highlighted the mud-slinging in the debate and at times heightened the fears of the poor through irresponsible reporting. Information about the changes was relegated to the inside pages of newspapers, while broadcast media often chose to adopt a sensationalist stance.

A large part of civil society—NGOs, people's organizations, academia, ideologically left-wing blocs and other voluntary organizations—were powerless in the face of these attempts to protect the *status quo* and resist the reforms. First, the micro perspective of the poor allowed them to view the changes only within the limited framework of their immediate needs. Second, NGOs could not keep up with the policy debates, especially those that were systemic rather than concrete in nature. Third, some ideological blocs could not wean themselves away from their consistent opposition to anything emanating from government. Fourth, academics did not seem to take much interest in either policy or research. Finally, there was a yawning gap between civil society demands (that were either very concrete or supremely conceptual) and the day-to-day requisites of change.

Pasig River Rehabilitation

The case of the Pasig River Rehabilitation Commission provides a concrete illustration. The Pasig River is the major waterway of Metro

Manila. It is a 27–kilometre stretch with dozens of tributaries that used to be the centre of economic, transportation and cultural activity. Today the river is dead. It is the dumping ground for domestic and industrial waste, the largest septic tank in the country. On its banks, on stilts in the river and underneath the bridges that traverse it are 10,000 informal settler families. Every administration for the past 40 years has tried to revive the river, and each has failed. The Estrada government decided to embark on an ambitious but attainable programme to resurrect the river (dredging, revetment walls, minimizing water pollution, etc.), relocate the settlers within the 10 metre easement, restore it as a viable means of alternative transportation, and create open spaces along the banks.

The determination to achieve what others had miserably failed to do meant creating a commission composed of cabinet members that would orchestrate the entire programme. Apart from government resources, the Danish International Development Assistance (DANIDA) and the Asian Development Bank (ADB) provided support. A crucial element was dealing with the settlers. Past attempts had resulted in protests, forcible and inhumane relocation to distant sites and, ultimately, the return of about 50 per cent of the people.

The commission began work in January 1999. A Housing and Resettlement Group (HRG), which I chaired, was immediately established. It included representatives from each of the affected local government units and representatives from the informal settlers and their NGO counterparts. The HRG arrived at consensus on a framework governing resettlement, re-validated a 1977 family census, agreed on uniform parameters for relocation, identified appropriate sites, scheduled each area for resettlement over a two-year period, and set up a monthly bulletin to provide accurate information to each of the communities. Among the innovations introduced were the following.

- Voluntary relocation: communities were provided with a choice of sites.
- Whole communities were brought to the sites before making their decision.
- Priority to in-city, then near-city relocation.
- To ensure transparency, the private sector was asked to submit already developed potential resettlement sites. Apart from the technical evaluations, the prospective resident had the final decision on the site.
- The settlers were given the option to submit their own resettlement plans.

- Every effort was made to ensure basic amenities and facilities—utilities, transportation, schools, health clinics and employment were present in each of the resettlement areas.
- Local Government Units (LGUs) were encouraged to keep the settlers within their boundaries or to contribute a set amount to the receiving LGUs if the settlers could not be accommodated in the city.
- A graduated lease-purchase scheme was set up, starting at less than $10 a month.

Despite what seemed like a slow start because of the participatory nature of the process, almost 2,000 families had moved into new homes of their choice within 10 months. These were medium-rise buildings along a major highway and terraced houses in the periphery of Metro Manila. Relocation was voluntary, there were no acrimonious protests, and the cost of the sites was 15 per cent to 35 per cent lower than the market value. In one site where the schools were not completely in place, relocation was limited only to those families that could be accommodated, even though 2,000 more houses were ready for occupancy.

In hindsight, we could have done better. One major problem was the funds. The processing time for the ADB meant that funds were only available by the year 2000. And yet President Estrada demanded action based on an extremely tight schedule. At the same time, some communities, wanting to ensure getting the site of their choice, proposed moving even while the schools were still being built. Within six months of my resignation, there was already restiveness in both the relocated communities and the communities still to be resettled. The new housing head has effectively disbanded the HRG. The poor no longer have access to decision makers. During our term, there were regular meetings where the highest government officials would sit in dialogue with the poor. Although the HRG still meets on occasion, it is attended by government subalterns who do not have any decision-making powers. The identified sites for the Pasig River resettlers have become areas for other communities that have been forcibly relocated, the promised facilities have not been completed, and the people no longer have a say about the sites to which they would be transferred.

Not all the problems throughout this process came from government and foreign agencies. Academia was completely absent, when it could have provided much needed assistance through research and fresh insights. Some left-wing ideological blocs attempted to derail the process by raking up all sorts of fears—that

homes would be demolished without consultation, that families would be thrown into places where there were no livelihood opportunities, that people would be forced to live in substandard housing, that they would be made to pay exorbitant rates, etc. The media aggravated the situation by prominently featuring such accusations. The participatory nature of the HRG, however, helped leaders of the urban poor and NGOs to contain disinformation because the leaders themselves were part of the decision-making body. Although it was well worth it, the process was at times tedious and repetitive due to some extreme initial demands (for example on-site relocation with free land) and a lack of understanding of the complexities of resettlement.

The Role of Foreign Aid Agencies—The Seven Deadly Sins

The noble rationale for foreign aid is altruism—the responsibility of more developed countries to assist those with less. But in reality, much foreign assistance has degenerated into expressions of power and control. The dividing line between aid and business has been blurred. It is the reproduction of old colonial relations framed within a hypocritical rhetoric of democracy and philanthropy.

Foreign aid agencies undeniably promote economic development as their highest priority. Some espouse it openly while others hide behind the platitudes of sustainable development. Countries of the South that are in desperate need of funds are thus placed in the ironic situation of having to thank lenders and donors for funds that ensure the South develops according to the paradigms of the North. This integrates them into a global order in which poor countries, like the poor within them, are powerless.

The identification of projects and programmes is largely left in the hands of the "giver", with the recipient having the illusory option to accept or reject. Countries of the South are in a double bind, with a choice over short-term gains for long-term pains, or short-term pains for long-term gains. Within democratic political systems each administration invariably chooses the former, if only for political survival. In the final analysis, it is the poor and the environment that suffer.

But beyond the basic issues of the development model that underpins foreign aid are practical realities that make the relation between givers and takers more onerous. In the 15 months I spent in government, invariably there were many occasions to deal with

various aid agencies in a number of different programmes. The negative experiences with them can be summarized into seven deadly sins, as follows.

Project pushers: The ideal relationship between aid agencies and government should be one where governments identify their priorities and approach aid agencies for support. In reality, due to budgeting and planning cycles, most projects start at the initiative of the aid agencies. For example, even before bilateral consultations with governments take place, project titles and relative budgetary allocations are already on the drawing board. The government has the choice of influencing the specifics of projects or simply rejecting the project outright. For developing countries, the former is the usual outcome. The project cycle begins with a mission or a concept paper, it then moves to technical assistance, usually by means of grants, which appear entirely altruistic. The agenda, however, is largely set by the aid agency. The technical assistance phase is generally contracted out to consultants hired and paid for by the aid agency, usually international firms. Since the technical assistance phase is usually a grant, it becomes easy to accept. But the result of the grant is a larger project that then needs a loan to fund it. By this time the country is committed to the project, and therefore to the loan that follows.

Bureaucratic straitjackets: The bureaucracy that has developed around aid is inflexible and expensive. No matter how much work has been put into consultations and project planning, foreign aid agencies require recipients to run the gauntlet of evaluations and project forms. I personally experienced an added stress to this inflexibility: at every step, there was an underlying suspicion that Philippine officials were either incompetent or cheats.

Parasitic expertise: A lot of money is spent on hiring foreign consultants who tap local expertise instead of establishing collaboration on an equal footing. And yet, much of the paperwork generated by foreign consultants is simply a re-hash of previous studies and plans. In many instances, government officials need to spend hours in briefing sessions in order to produce instant foreign experts on the Philippines, who are paid by the day more than we earn in a month.

Cultural blinders: Many foreign aid personnel and consultants regard the South as a homogeneous entity, perhaps believing in the infallibility of their expertise and the uniform nature of their subjects. Countries of the South are, therefore, forced to face an aid bureaucracy that is bereft of insight into our own uniqueness, which

is grounded in centuries of history. For example, during the Pasig River Rehabilitation Programme, the ADB insisted that the people could not afford the cost of the relocation site, based on the income survey we had conducted. We explained that the urban poor, based on previous research, generally understated their incomes, on purpose or because the informal nature of their income forced them to divulge only the minimum they receive rather than an average of fluctuating incomes. One of the consultants thought that this was easy to verify through pay slips or taxes, which were not available precisely because they were informal settlers who generated income from the informal sector.

Insensitive conditionalities: Because projects must run according to predetermined schedules and patterns, it is the poor and/or the environment that are ultimately sacrificed. Such as the structural adjustment programmes that insist on bitter pills, which compromise the quality of life of the poor, some urban projects dismiss the needs of the poor in order to meet demands of foreign funders. In one road-building project that required the relocation of hundreds of urban poor families, the donor insisted on the clearing of all settlers by a particular date, or else the funds would not be released. Because this was an infrastructure project, the donor was not concerned with the relocation of the poor. In order to meet the deadline, homes were forcibly demolished and families were relocated to a sub-human site, without basic facilities and livelihood opportunities, in time for the visit of the foreign donor.

Negative acculturation: Because most foreign aid agencies work through and with governments, these agencies have learned to work the system. Instead of insisting on professional relations, they have learned the arts of patronage and pulling strings in the background. A group of foreign consultants who were planning an urban poor programme came to see me about their mission. From the beginning of the meeting they seemed bent on simply going through the motions of consultation. As I was relatively unco-operative as well, they finally said that what they were looking for was a champion for urban development. I told them that my office was the highest policy-making body for housing and urban development. They agreed that this was so on paper, but also admitted that they had already spoken to the brother-in-law of the President because they knew that the Philippines operated more on relations such as this rather than on the formal channels as laid down by law. I was understandably incensed and dismissed them immediately. (Six hours later, they begged to see me once again, apologizing for the error of their ways.)

Direction without risk: Foreign aid agencies have the luxury of imposing projects while shielding themselves from any risks. On the financial side, loan repayments are, after all, guaranteed. On the human side, it is not they who will suffer the consequences. On the political side, foreign aid agencies hardly earn the wrath of those whose lives are negatively affected, since it is the in-country government that takes the flak. Because aid-givers have no accountability for the failures and the misery that may result from such projects, NGOs and urban poor organizations have learned to protest, not only to government but also to the aid agencies themselves. It is now standard practice to insist that donors take responsibility for their actions. Some headway has also been made to link up to civil society groups in the donor country so that they can pressure aid agencies in their own countries.

There are certainly many cases in aid programmes when these sins are avoided. I have had the benefit of working directly with people from foreign aid agencies who have undeniably had the best interests of the Philippines at heart. While there is much that can be done to reform foreign aid, however, it is still the countries of the South that must bear the burden of change.

The Challenges Ahead

A shift in our development paradigm is urgently needed. I do not refer to earth-shaking upheavals, but to resurrecting the importance of the rights of people and the environment. In our frenzy toward economic development, our macroeconomic policies and the short-term nature of political decision making have strained the carrying capacity of the earth and forgotten our caring capacity for the rights and needs of the poor. But beyond the platitudes that regularly mark our public statements, there are practical initiatives that can be introduced or strengthened.

Most governments have highly centralized systems for deciding on national policies, allocating resources and implementing programmes. Although we can all hope for national governance that is more responsive to the rights of the poor and the environment, we also know that the pressures of the dominant development paradigm are stronger at this level. Moreover, the specific realities on the ground are more distant from national agencies, despite the presence of local structures. Consistent with a bottom-up approach, and because of the growing complexity of urban life, decentralization to the local government level has the greatest potential to turn the

situation around. This requires that central government lay down the general directions, policies and regulatory framework, while local government units play a more proactive role in planning and implementation.

Here are a few actions that local governments could undertake immediately.

Minimum quality of life indicators: Social policies are the visible expressions of a caring government. We can start by creating measurable and verifiable parameters for non-negotiable minimum quality of life standards for each of our cities. Indicators must be formulated with the active participation of civil society. Indicators that are able to measure outcomes can serve as a social contract between local authorities and their constituencies because they relate to concrete action and defined accountabilities. For example, from baseline data on existing realities, quantifiable targets for the improvement of minimum quality of life indicators on housing, potable water, sanitation systems, welfare, employment, education and health can be regularly monitored. Instead of the rhetoric of promises, it is a challenge to responsible local officials to submit themselves to a regular rating based upon clear indicators of performance. But more than this, minimum quality of life indicators with a defined timetable can lay the bases for ensuring that the poor and the environment are given the highest priority in governance.

Learning from the poor: Expertise very often takes on an unconscious arrogance. Most public policy is formed without the participation of the poor. Many of our political leaders and technocrats unfortunately perceive the engagement of the poor as messy. On the other hand, civil society organizations tend to romanticize the poor, believing they have all the answers. Social policy can only be effective if decision makers draw from the wealth of knowledge and skills of the technical experts as well as from the poor. In the final analysis, a participatory process is the best guarantee for success.

Maximizing innovative initiatives: We do not need to re-invent the wheel. There are many innovative initiatives that can be strengthened and mainstreamed. The Sustainable Cities Programme of the United Nations Human Settlements Programme (UN-Habitat) and the United Nations Environment Programme (UNEP), and the City Development Strategies of the World Bank, although implemented in only a few areas, have had some positive results, especially in the area of community participation. In the Philippines, the Community Mortgage Programme, which allows informal

settlements to negotiate with landowners and purchase the land on which they live, has accomplished significant results. More than 100,000 families have benefited, with repayment rates significantly higher than the usual low-cost housing packages. Various micro-enterprise initiatives and co-operative movements in Asia have also shown that, given the opportunity, the poor can manage their own economic development. In the field of health and education, many NGO-initiated programmes are testimonies to successful alternative interventions. It is also worth emphasizing that all the successes can be traced back to the level of organization found in urban poor communities. Organizing and the accompanying increase in knowledge, attitudes, and skills of the urban poor is the base upon which poverty can most effectively be overcome.

Making the market work: In this era of globalization, it is naive to dream of poverty eradication without addressing the market. Business and finance have long been viewed as the antithesis of poverty. But, in much the same way as we have learned that we all share a finite earth, the corporate sector has also come to accept the reality that massive poverty is not good for business. The past few decades have seen a slowly emerging trend whereby more business conglomerates have moved from an almost total lack of concern, to charitable endeavours, to involvement in social issues and self-imposed quality of life standards. Governments must speed up this development by providing the atmosphere that would encourage access of the poor to the market. This can be done through enhancements like guarantees of, and incentives for, credit to the poor, as well as through transparent subsidies so the poor can afford the market.

Focusing on newly emerging cities: Although our megacities have developed into monstrosities due to lack of planning and simple neglect, we have the opportunity to avoid the same mistakes in the newer cities. Dramatic technological advances, especially in mass-transit and electronic communication systems, make it possible to create centres of governance, business and culture that need not be congested within tightly confined geographic areas. It is therefore imperative that local authorities in newly emerging cities muster the political will to anticipate the future and plan their cities beyond their terms of office.

Today those who are in a position to lead can either repeat the mistakes of the past or can help to shape a better future. I am confident that local authorities, with the effective participation of business and civil society, can make a difference for the poor and our

environment. With the assistance of multilateral institutions along with urban researchers, all it takes is the political will to go against the grain of tradition and the daring to care for the poor, the environment and the future.

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6 Sustainable Development and Democracy in the Megacities

Jaime Joseph

This chapter looks at sustainable development in the megacities of the South, focusing on Lima, the capital of Peru. Although the problems of Southern megacities are back on national and international agendas, the recent attention has been triggered by environmental concerns; strategies are not aimed at addressing poverty or the lack of basic services. Although environmental sustainability and economic development are not necessarily incompatible, sustainable development must be redefined from a Southern perspective. This chapter focuses on community-based organizations, which may offer some means of achieving a form of development that integrates social and political concerns and is, therefore, sustainable. The fragmentation of issues and groups in urban environments is identified as a main threat to genuine development. The chapter concludes that public forums are a way of combating fragmentation, and achieving a decentralized approach to development and democracy in megacities, provided these constitute an informed and educational working environment.

The first part of the chapter reflects on the theoretical framework of this topic. The megacities in the South are seen as a thorn in the side of strategies for democracy and sustainable human development. Megacities do indeed provide the worst examples of unsustainable, inhumane development. In order to be sustainable,

urban development processes must be based on an integral approach to development. That is to say, the approaches to development must comprise all the dimensions that the people themselves recognize as essential to their well-being, both as individuals and as a community. Sustainable human development should be a process in which ethical principles and cultural values guide decisions, and thinking about it must not become trapped in the dominant, neoliberal development model. Working from an integral perspective with clear ethical principles and cultural values, it is possible to construct criteria for reviewing the different policies proposed by national and international agencies, and to evaluate the extent to which they support or hinder sustainable development. This theoretical reflection is concluded with a brief discussion of the central role to be played by democratic politics in processes of sustainable development.

The second part of the chapter suggests that a major obstacle to human sustainable development is *fragmentation*: the separation of people's aspirations, capacities, needs and desires into separate and unrelated issues. Our concern is to find ways to reintegrate the actors and the issues, bringing people, especially from low-income neighbourhoods, but also from the state and private sector organizations, together to discuss these issues. This is primarily a political task, one which involves building democratic political systems and scenarios that can lead to integral, sustainable development. Moreover, a democratic approach to development in the megacities must be decentralized, and occur in the areas where most of the urban poor actually live. The chapter concludes by reviewing some initiatives in Lima that might inform strategies to promote and sustain processes of democratization and development.

Sustainability: For Whom and How?

The urban poor

In 1987 the United Nations World Commission on Environment and Development published *Our Common Future*, in which sustainable development was defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987). When this definition, couched in the terms of countries that have achieved modern social, political and economic development, is applied to the South, rather than generating meaningful dimensions of an integrated agenda, it seems out of context. The mechanisms that

should be used to "limit" development, which the term "sustainable" seems to imply, are not clear, but the steps suggested to limit resource use place the burden of responsibility on the South. This is an ethical and political problem that remains unanswered.

At the 1992 Earth Summit, 179 countries from the North and South, alarmed by the possibility that the present model of development was unsustainable, made a commitment to implement Agenda 21. Since then, 1,300 local authorities have responded by designing their own action plans for sustainable development (ICLEI 1996). For the urban poor in Southern megacities, however, "sustainability" is in many ways an alien concept. It is not easy to induce communities who are struggling to satisfy basic material needs essential to their own personal and social development to, for example, preserve rainforests or water supplies.

Environmental sustainability is one of the many issues that have originated in the North and migrated to the South. As with the others, it has been pushed up the agenda by the dictates of free-market capitalist development in the North. Without ruling out the importance of any of these issues (which include civic and employment rights, gender rights and the rights of the child), we must ask ourselves if they are merely part of an agenda being imposed on the South. It was not so long ago that the countries in the South were encouraged to move ahead on the development road the North had followed; today, this is considered inadvisable. Before blindly following the example of the North, we must make sure that sustainability is an essential component of our development process.

Sustainability can become a limiting norm and not a qualitative indicator of development, concerned, for example, more with conserving resources than with improving the quality of life, social justice and equality (Marcuse 1998). It is easy to understand that "conservation" has different meanings and different consequences when used by an affluent society as opposed to societies whose basic needs are still unsatisfied.

Could the North have achieved its own capitalist economic development if, from the outset, it had been obliged to limit use of natural resources, avoid pollution, pay just wages, provide safe and healthy working conditions, respect the rights of women and children and avoid exploiting workers from particular ethnic groups? Countries in the South, trying to move ahead on the road to development, are being asked to carry the additional burden of these major issues. This puts the Southern countries in a bind: either they must accept underdevelopment and deprive themselves of the goods

that other societies enjoy in excess, or they can continue developing as the North did—and risk contributing to the destruction of the planet. Obviously a third option must be found.

Terms of reference: A new and ethical look at development

It is now clear that the neoliberal model of economic development is creating poverty, as well as proving incapable of curbing the overexploitation of the planet and its resources. According to the *Human Development Report* (UNDP 1996), 89 countries are worse off economically today than they were a decade earlier. Therefore, poverty relief and redistribution methods are now being tacked on to the neoliberal model of global development.[1]

Grassroots organizations, in particular, have often been successful in reducing the negative effects of neoliberal development and structural adjustment programmes (Goulet 1997). But, as David Morris (1996) has stated, it is not enough "to add a dollop of humanitarianism to orthodox development policies already in existence, as seems to be what is happening currently among official donors". "Strategic adjustment with a human face" implies that rapid gross national product (GNP) growth per capita remains the basic objective, and social improvement is a by-product. If development is to enhance quality of life, it must be designed in such a way that humanitarian measures are interacting with, and even driving, the strategy for economic growth. It is not enough to add the adjective "sustainable" to what remains a market-driven model.

Ethics and development

Ethics and development is not a new topic. The discussion is at least as old as Weber, who was writing in the late 1950s, and Denis Goulet (1995) has written more recently in this field. In South America, Max-Neef was one of the most important intellectuals to make clear that economic development was not the same as human development, that *having* material goods was not the same as *being* a full human

[1] It might even be argued that the nation-state, weakened by transnational economics and globalization, has only survived because of its ability to interact with (or manipulate) the poor populations of the South, thanks to its role in administering development programmes. The "Washington consensus", which the head of the Inter-American Development Bank organized a forum to study in 1996, recognized that development measures had often been applied as if following a neoliberal bible. This forum underscored the importance of the state in providing technological support, credit, information and, above all, redistribution.

being. "Development refers to people not to objects . . . the best development process will be that which raises the quality of life of the population" (Max-Neef et al. 1986:25, author's translation).

Amartya Sen also put the development of human capacities at the centre of development strategies (Sen 1983). "If in the last analysis, we consider development as the expansion of the capacities of the population to achieve activities freely chosen and valued, then it would be entirely inappropriate to consider human beings as 'instruments' of economic development" (Sen 1999:600). Sen has also stressed that ethical principles and human values are essential for development, pointing out that even the nineteenth century political economists never said that self-interest was enough: Adam Smith, for example, asserted that sympathy, generosity and public spiritedness were also essential (Sen 1997).

Sen has gone on to argue that "capitalism could not have survived on seeking personal benefits alone" (1997:3). Values are essential to the process from the very beginning. Yet today, ethical and human concerns often enter the scene after the event, once structural adjustment has happened and the damage in terms of poverty and marginalization has been done. We do not want an approach to development and ethics that is defined by the very ideology that is the cause of the crisis itself. In this scenario, ethics and human values can only be used to give a face-lift to neoliberalism's chain of negative effects: poverty and inequality, unemployment, environmental destruction, exclusion, violence, anomie and authoritarianism. Instead, ethical principles must be used to help us break out of the ideological chains in which we have wrapped our approach to development, and replace it with new and effective sustainable approaches.

Democracy and development

"Sustainable for whom?" is a question not so much about what type or model of development is pursued, but about how development decisions are made and who makes them. The term "sustainability", like "participation", can be used to maintain the *status quo*, focusing narrowly on particular issues and covering up deep-rooted structural problems. As Marcuse writes:

> Sustainability is a treacherous [formulation of goals] for urban policy because it suggests the possibility of a conflict—free consensus on policies, whereas, in fact, vital interests do conflict: it will take more than simply better knowledge and clearer understanding to produce change (1998:104).

When sustainability is applied as a limiting principle, and participation is confined to poverty relief, the concepts can hide authoritarian control of major decisions in development, and cover up the real nature of the model itself. So, how can development—which must be "freely determined"—be upheld in a diverse and conflict-ridden urban society?

The Megacity: A Scenario for Sustainable Development

One of the most important results of the Earth Summit has been to place cities, especially the cities of the South, back on the agendas of nation-states and multilateral agencies. In the International Council for Local Environmental Initiatives (ICLEI) *Manual for Local Planning of Agenda 21*, Elizabeth Dowdeswell, then Executive Director of the United Nations Environment Programme (UNEP), observed that there are 213 cities in the South with more than one million inhabitants: "The future of cities will increasingly determine not only the destiny of the nations but also of the planet" (ICLEI 1996:iii).

It could be argued that the urban poor are getting onto the agenda through the back door (our cities are receiving increasing attention now because they are a threat to the planet); but whatever the reason, it is important to be on that agenda. The belief that everyone who lives in a megacity somehow benefits from the concentration of wealth and power found there, and so does not need priority attention, is being questioned. However, we would argue for a more positive view of the megacities, a view grounded in the potential and practices of the urban poor. If the growing demand for services is a threat to sustainability, we need an "approach entirely different for planning and providing services" (ICLEI 1996).

Some more positive approaches to Southern cities are being voiced. Maurice Strong, president of the Earth Council, writes: "Urban areas present the concentration of our worst social, economic and environmental problems, and also offer opportunities for some of the most effective solutions" (ICLEI 1996). In order to attend to social, economic and environmental problems with justice and equality, ethical values must predominate in the decision-making process. Democratic politics is the only way to ensure the needs of the poor are met in complex modern societies.

Nowhere in the South has the social and political basis for sustainable development (ethics and democratic politics) been so weakened as in the megacities. In Lima, for example, the approach

to development is being reduced to survival tactics: a scramble to provide nutrition, employment, health and security in a climate of violence and delinquency. Multilateral agencies and governments, faced with an increase in poverty, are focusing exclusively on the situation of the poor and neglecting the structural problems and the responsibilities of other actors in the globalization process. The poverty relief strategies that have received considerable funding have also tended to drag non-governmental organizations (NGOs) into emergency aid programmes, which in turn take up the time of community organizations (Roberts 2001:7).

Countries and agencies are turning away from integral development strategies to address more urgent needs that stem from poverty: food subsidies, preventive health education and treatment, small loans for activities that increase income. These programmes not only provide little medium or long-term relief, but they also do not constitute a development proposal for the community as a whole. Cultural values, especially solidarity, that have been an essential element of community-based organizations, are being eroded by emergency aid programmes, which focus on individual survival. The direct intervention of central government agencies and the overt manipulation of the poor in poverty relief programmes are undermining the basis for democratic politics. The urban poor are no longer citizens demanding economic and social rights, they are "beneficiaries" of the generosity of foreign governments and agencies.

Fragmented dreams and fragmented groups in the megacity

Fragmentation is a growing problem for human sustainable development—and for the democratic political systems that can make such development possible (Joseph 2000). Within the confines of the neoliberal model, the people's demands and aspirations for a better quality of life are now treated as separate, unrelated "issues": poverty, environmental destruction, gender inequalities, employment rights, etc.

This fragmentation of relief programmes makes it difficult to involve a range of actors in an integrated human approach to development. Often one issue neutralizes or blocks others. For example, economic growth seems to be at loggerheads with environmental concerns. The survival of small businesses, the current employment panacea, may depend on child labour, scant social benefits and extremely long working hours. Programmes devoted to building citizenship and promoting "civic participation"

or "local democracy" are often unconcerned about the nature of the decisions made.[2] Many of the campaigns for increasing the participation of women in politics do not take into consideration what the women to be elected think about development, democracy and human rights, or even about issues closely related to gender, such as reproductive rights.

The breakdown of development into discrete components is also illustrated by various approaches to fighting poverty. The original strategies in this area drew attention to the structural causes of poverty. However, as poverty grows, especially in the cities, it has become clearer—even though often not admitted—that poverty cannot be significantly reduced within the framework and criteria of the present model of economic development. Strategies have been designed to focus on pockets of extreme poverty, usually found in rural areas. Such compartmentalization has fragmented the main issues concerning the generation of poverty, and diverts our concern away from designing integral and sustainable approaches to development.

Two decades ago community organizations in the poor areas of Lima were concerned about the structural causes of poverty, and the injustices and inequalities embedded within them. These reflections came under a programme of popular education highlighting these concerns, which is now seen as a tool of radical Marxist political groups. In addition, Peruvian NGOs have been accused of being apologists for the terrorist organization Shining Path. This has resulted in self-censorship and the loss of much critical and creative work. Today, many agencies and NGOs operate in this way, avoiding discussion of the structural and ethical problems of the dominant development model.

Of even greater concern is that this fragmentation affects the social actors themselves. Each group or organization has its own specific area of interest, and this has seriously weakened urban popular organizations. By focusing on a single issue, and not trying to build common interests and goals, community-based

[2] At a recent conference in Lima, the city planner and councilman of Barcelona, Jordi Borja, described an incident that illustrates this point. Residents in a predominantly working-class neighbourhood of Barcelona organized to oppose the building of a recreation centre for elderly people. According to Borja, the local community rejected the idea of having "old people in our neighbourhood". As Borja pointed out, this is "civic participation", but participation with a clearly anti-democratic content. This anecdote serves to emphasize the importance of ensuring that our efforts to build a democratic political system are integrated into the processes of human development.

organizations (CBOs) are less likely to interact with organizations that have different, potentially conflicting, interests. This often leads to conflict and distrust. Once a wider development perspective is lost, a defeatist attitude may set in, weakening the vision and the will on which sustainable development strategies depend.

It is often said that the grassroots organizations have disappeared. This is simply not true. In fact, with structural adjustment, the number and types of such organizations have grown, especially in the cities. New organizations have sprung up to face problems that previously had been solved privately, by individuals or in the family, such as food, health and employment. In addition, new organizations have formed to cover responsibilities that the downsized state is unable or unwilling to face, such as environment, security and even criminal justice.

However, grassroots organizations have lost much of their capacity to relate to and co-ordinate with different sectors. Previously, such co-ordination took place at a political level (urban popular confederations worked with trade unions and peasant movements) and CBOs were thus involved with political parties and political campaigns. With the weakening of political parties and the virtual breakdown of democratic political systems, CBOs no longer work together in the same way. They have lost the common ground upon which proposals based on common interests and common values can be built. They have also lost their power to influence public opinion and political decisions.

NGOs have also been partly responsible for this fragmentation of issues and actors. NGOs working with communities have sought more professional expertise, becoming highly specialized in different problem areas. This necessary specialization is often reinforced by the demands of international agencies for concrete indicators—usually meaning quantitative indicators—to measure results in each specific problem area. This strategy has often been effective in responding to specific and basic human needs of the urban poor in a context of increasing poverty, reduced resources and the retreat of the state from its social obligations. However, the cost of this efficiency has been a lessening ability to link strategies and actors, and a reluctance to go beyond the short-term goals.

It is, therefore, imperative that sustainable development processes find ways for different social actors, working on different problems, to interact effectively. The strategies that we design in this endeavour must guarantee that ethical principles and values drive all stages of the development process—from planning to execution

and evaluation. This is a complex enterprise fraught with serious ethical, social and political challenges.

NGOs must address several problems raised by the sustainable development process. The basic question is: Sustainable development for whom? In other words, is it possible to build a common basis for human development when dealing with the world's diverse cultures, ethnic groups and religions? The dominance of neoliberal ideology risks imposing ethical principles, values and norms on people in the name of the "common good". It might be argued that increasing respect for individual freedoms seems to be leading to chaos, violence and anomie. This has allowed authoritarian or fundamentalist regimes to make headway in imposing their own ethical systems where the neoliberal model has not been fully successful.

In practice, it is not easy to establish a global strategy for development and democracy. Increasing poverty, and a growing gap between rich and poor, has helped encourage a cynical, individualistic stance throughout society. The poor, especially those living in the megacities, have absorbed much of the neoliberal discourse. Strategies designed to integrate participatory democracy into local development programmes are hampered by this.

The poor are well aware of the tremendous disadvantages they face and know that it is impossible for them to compete in a market, which is *free* or *liberal* only in name. An essential difference between the world of the urban poor 20 years ago and their world today is that political and social organizations were then on the rise, involved in building cities, and believing they could change the world. Today, much of this vital force has been lost and there is a growing feeling of the sheer impossibility of improving the situation through one's own efforts.

Poverty and exclusion, limited democracy and authoritarianism, as well as social, cultural and ethical fragmentation are the central problems we must address in order to move ahead toward sustainable human development. But in what scenario can such issues be discussed? How can a systematic process of human development be made to work in an adverse economic and political context? And in particular, what scenario will allow people who are immersed in poverty and excluded from most forms of power, in an increasingly unequal and unjust social system, to become vigorous social and political actors? We are faced with a triple task: to bolster the grassroots organizations that are the point of departure for any human development process; to place ethical, human values at the centre of the development process; and to build a democratic

political system which can make these principles effective. Our search takes us to the Southern megacity.

Megacities of the South

The "megacity" has several different definitions. From a European perspective, Peter Hall (1998) defines it as an urban agglomeration of over 10 million inhabitants. In this case, 50 of the world's 60 megacities are to be found today in developing countries. (In 1960, only nine of the 19 megacities were in developing countries.) It can be argued, however, that although the number of inhabitants is an important factor in the definition, it is neither the only one, nor the most important. The megacity might instead be defined by its impact on society, development and the state.

There is an important difference between most of the megacities in Southern countries and the Western megacity. In the South, a different type of megacity has started to appear, which is more an *urban agglomeration* than a *city*. These agglomerations do not integrate the urban population, but are instead a physical expression of exclusion and disintegration. Although such disintegrated and segregated cities are more common in poor countries, there are growing indications that the megacities in the North could face a similar scenario.

Some analysts go further, and feel that we are witnessing the death of the city.[3] Lima, the capital of Peru, is an example of a megacity in the process of disintegration. It is a megacity not in terms of numbers, but because it represents a large proportion of Peru's population, as well as its economic and political power. It has over 7 million inhabitants, representing one third of Peru's total population and 44 per cent of its urban population. The economic and political power concentrated there increased over the 10 years of Fujimori's authoritarian regime. However, unlike the modern megacities in the North, the urban centre of Lima fails to provide facilities for all of its own population, or to provide links to other regions of Peru. This is an important factor in explaining why Peruvian movements for decentralization are so opposed to the megacity, and to Lima in particular.

[3] As defined by Jordi Borja: "[The city is] a physical, political and cultural complex . . . a centre of population and activity, a social and functional mixture, the seat of government and civic participation, and a place to call home. The city means encounter, exchange, culture and commerce. The city, although composed of these mutable elements, constructs a fixed identity from the people that flow through it" (Borja 1997:2, author's translation).

CBOs and sustainable development

The question of sustainable human development is particularly complex in the context of a disintegrating urban agglomeration like Lima. For the last 20 years—a period of political, social and economic crisis in most countries of the South—the Peruvian NGO Centro Alternativa focused its strategies on the low-income urban CBOs. Lima's urban poor have organized and found solutions—even if at survival level—to their basic material needs. In a real sense, the inhabitants of Lima's *barriadas* (poor neighbourhoods) have built their city.

However, the situation in the megacities of the South has changed, which has had an impact on the urban organizations of low-income groups. These changes led the United Nations Research Institute for Social Development (UNRISD) and the United Nations Volunteers (UNV) to initiate a study of the situation of the CBOs in the megacities. The purpose was to evaluate CBOs' potential for participating with local governments in sustainable development processes. That study (Joseph 1999) confirmed that working with the urban CBOs, building on the strengths of the people and their organizations, enabled the fine-tuning of strategies for moving toward sustainable development in Lima, despite the increasing number of obstacles on the path. Work is currently continuing on refining a decentralized approach to development and government in the megacity.

It is only possible to summarize the positive aspects of the urban organizations here. In general, these organizations have demonstrated great creativity in solving their basic material needs. This was the case from the very beginning of the urban expansion around metropolitan Lima in the early 1950s, in what are now known as the "cones"—the peripheral urban settlements that extend along the river valleys that cut through Lima in the north (Chillon River), centre (Rimac River) and south (Lurin River). Each river valley is in the heart of the cones, which are separated from each other by the Andean foothills. The urban squatters organized every stage of the development of their habitat: invasion, urban design, basic services and legalization. There has been much praise, and rightly so, of the solidarity and co-operation which made this achievement possible. Women began to play a central role in community life and, later, in political life; women's organizations were the starting place for addressing gender issues in a comprehensive manner.

The following decades (1960–1980) were also vibrant in both the social and political arenas. The workers' movements grew in

number and strength due to industrial expansion and the support initially given by the military dictatorship to labour unions between 1968 and 1975. The peasant movement experienced a similar growth in strength when the land takeovers of the *haciendas* (large landholdings) were followed by the agrarian reform. The organizations in the urban periphery were also federated in Lima and at a national level. All of these social movements were representative of growing political activity, especially on the part of left parties such as the various Marxist groups and the American Popular Revolutionary Alliance (APRA) party. The popular organizations were part of a movement that, it seemed, would lead to a more just model of human development.

From 1980, the political situation changed radically. For the purposes of this discussion, we will highlight structural adjustment, which was actually implemented in Peru from 1975, the beginning of the second phase of the military government. The Fujimori government, installed in 1990, applied the mandates of the "Washington consensus" without "anaesthesia". This meant a tremendous reduction in the purchasing power of the poorer urban families, and subsequent job losses in factories and public institutions. The loss of jobs also meant the loss of social benefits, especially health care.

The urban poor responded to the new situation with the same strategies and mechanisms that they had used to build their habitat: courage, creativity, organization, solidarity and a sense of justice and dignity. However, a broader look at what has taken place, especially in the last two decades, shows that not only have the grassroots urban organizations become less influential, the worker and peasant movements have also been greatly weakened. This is due partly to the structural adjustments which have made labour laws "more flexible" in order to cut production costs and reduce government spending. Any union leader who becomes a bother can be quickly thrown into the growing ranks of the unemployed. The peasant movement has been hit hard by the break-up of community lands, the lack of technical and financial aid, and the individual struggle for survival within an ideological context of neoliberalism and a strictly market-driven agricultural strategy.

In addition, CBOs do not have the backing of the market-driven mass media. The fact that hundreds of thousands of urban poor defy adverse conditions and are not only surviving, but becoming involved in alternative development processes, is not considered newsworthy. The media, moreover, is essentially a barometer of what

is happening in society. In terms of politics, for instance, it seems that the best way to be elected in Peru is to be the best clown. In the recent parliamentary elections, candidates have had to jump off cliffs in hang-gliders, dress up as Batman and basically use all possible means to get press coverage. The issues of substance were pushed off the media agenda.

Another important factor is the virtual collapse of the political parties that, in previous decades, helped organize low-income movements, bringing them together under political platforms. Moreover, what is most alarming, and most pertinent for promoting sustainable and human development, is that the people themselves have become more and more uninterested in democratic politics. They do not expect the democratic political system to contribute to the solution of their immediate material needs and, even less, to help them move ahead on the road to development. The people's support for authoritarian government was not surprising: The Peruvian people chose to turn their backs on politics, to "exit" the democratic process (Hirschman 1982), delegating their political rights and responsibilities to others in order to get on with their individual struggle for survival (O'Donnell 1992).

The approach to sustainable development, therefore, has to go far beyond the simple conservation of natural resources. The conservation of the planet does not depend wholly on limiting the use of natural resources, especially in countries where basic material needs are still unsatisfied. Rather it depends upon adopting a new, ethical approach to development, in which the economic dimensions and material aspects are seen as means to a high quality of life. We need to build a political system that makes such development possible. We have come to understand that, in complex modern societies built on individual freedoms, ethics can only be brought into development through democratic politics.

A stable structure for sustainability

Even if we were to limit the scope of "sustainable" to the environmental aspects, it is obvious that without a democratic political system in place, concerns about our planet and its limited resources will remain ineffective. Achieving a stable basis on which to build sustainable *human* development is an even more complex challenge, and must be seen as a social, political and economic process. It is particularly important to include education in this scenario. The different aspects to be taken into account may be summarized as follows.

The social level

People and their communities are the point of departure (and return) in the development process. In the areas where the urban poor live, sustainable development must be based upon the ethical mandate to provide the basic human conditions that give each person a just opportunity to develop his or her full potential. Programmes for poverty relief and attention to basic human needs should be seen as part of an integral development process. This includes programmes designed to improve environmental conditions in urban areas.

Synergetic strategies are needed to unite problems, solutions and actors rather than reinforcing the fragmentation of society. While most programmes proposed for addressing these problems call for participatory methods, very few seem to take into account the fact that political and social systems have themselves become weakened and fragmented. A strategy, adequate in a country with a stable and institutionalized social and political system, is inadequate for the chaotic realities found in many of the megacities of the South.

Integral development

Redistribution, poverty relief and environmental programmes must be part of an integral developmental strategy, which includes all dimensions of human development and focuses on the quality of life and opportunities development provides. However, material economic development is still a priority, and concern for creating an integral approach to development must not risk promoting oversimplified solutions. Any strategy that proposes to link poverty relief and environmental programmes to integral development processes must create the necessary conditions for sustainable economic growth: the productive capacity that provides quality products *and* employment; market conditions that link local producers to local consumers; financial systems that sustain such an economic system; and legislation that protects the system.

An example of the misguided approach to development that is currently in vogue is the expectation that small or micro-enterprises will offer economic solutions for the urban poor. Evidence from the last 20 years shows that the informal sector's small businesses, which are multiplying in the megacity, usually add up to little more than a means of survival, with little or no chance of further development. Larger enterprises have better growth prospects, but their markets are limited and increasingly invaded by cheap imports. Judging by the purchasing power of the inhabitants of the Northern Cone of Lima, for example, there is a possible market for economic growth. This area has a population of nearly two million. That means two

million pairs of shoes, socks, trousers, etc. It also represents a market for furniture, building materials, medicine, services such as education and recreation, nutrition—the list is very long. It is not unrealistic to estimate that local producers could satisfy up to 80 per cent of these demands. However, a monopolistic and transnational production system, the concentration of commerce in a few shopping malls, a financial system that siphons out the savings of the poor, and a free-market policy that offers no protection for emerging enterprises all conspire against local production.

The political level

Democratic politics is essential for sustainable development. All strategies and programmes must be evaluated in relation to their effectiveness in building a democratic, institutionalized political system. This is another complex area, but one which we cannot afford to ignore. Our strategies here must address three basic aspects. The first is rethinking and reforming the state. There is no justification for imposing on all countries a "one-size-fits-all model". Moreover, the state needs to do more than level the playing field. It must strengthen the players, give them the equipment they need and, especially while they are still young, protect them from other oversized players who invade the pitch.

To be sustainable, our political systems require professional political actors, both individuals and political parties. Many analysts have placed the blame for the political debacle in Peru exclusively on the political parties, both right and left. The voters seem to share this assessment and continue to punish the parties and their leaders. However, after 10 years of "independent" government[4] we are becoming aware that without professional political actors, the aspirations and proposals of the people cannot be translated into viable political proposals. Independent rule has meant domination and manipulation and, most alarming, the collapse of people's wish to participate in politics. It is almost certain that in the wake of Peru's electoral process, which was questioned throughout the world, there will be a swing back to party politics. The question is how this process will take place, and what kind of political parties will result.

A third and central aspect concerning the political dimension of sustainable development is building a solid civil society and encouraging citizens to take a positive approach to political participation. Much effort and many resources have been dedicated

[4] President Alberto Fujimori served for a decade without the backing of any traditional Peruvian political parties.

to "civil society" programmes, although many of them have been dominated by neoliberal ideology. Teaching people their civil rights and explaining the constitution and laws is essential. However, these programmes are hampered by the fact that people are often unwilling to participate in, and consolidate, the existing democratic political systems. The classic liberal model of democratic politics and institutions cannot, and should not, be imposed upon societies regardless of different historical realities.

Moreover, there are contradictions inherent in the democratic process. Surveys in Peru have always shown that the people, including the poor, prefer democracy to authoritarian governments. This makes it difficult to explain why an authoritarian president, who repeatedly transgressed constitutional boundaries, maintained a 47 per cent approval rating until his last days in office. Among the poorer groups, whom he manipulated most shamelessly, he held an even higher approval rating. If democratic politics are to be practically defended by the people, we need to revamp our strategies, work on different levels and scenarios and, most of all, low-income urban organizations must contribute to a new political elite. This is a matter of promoting processes that link democracy and development, rather than imposing a model scenario on a real situation. No doubt the resulting political system that will evolve from these processes will look much like the other existing democratic regimes as to norms and institutions. The difference will be that the resulting democratic regime will be a product of the people themselves and the processes they are involved in. Therefore they will be identified with the democratic system.

A strategy for sustainable human development must keep these issues at the forefront of the agenda. Our choices are limited, as are our resources. NGOs in Peru have some impact on the national level through networks and even in some government agencies, despite government efforts to close off official possibilities for partnership. However, actors and processes at the sub-national level must be at the centre of the plans. In the megacities this means decentralized strategies and, in the case of metropolitan Lima, we are designing and implementing development strategies for the cones. This means developing the particular resources that each cone has to offer to the rest of the city or country. For example, the Northern Cone offers parks, beaches and recreational areas, archaeological sites, fishing, shoe manufacturing and carpentry. As for government, legal proposals have been drawn up which will give municipal officials in each cone the resources and legislative powers needed to promote

development in their areas. As initiatives like these coalesce, we believe public spaces are emerging, in which a new popular political force will find innovative ways of linking democracy and development.

Public Spaces: A Decentralized Approach to Development and Democracy in the Megacity

Public spaces could present an answer to the structural problems facing sustainable urban development. In the UNRISD and UNV study (Joseph 1999), the evolution of *concertación,* occurring in the low-income neighbourhoods, is becoming something of a buzzword in Peru. According to the *Local Agenda 21-Peru*:

> The concept of concertación is difficult to translate. It goes beyond consultation and brings the different stakeholders around the table so that solutions can be negotiated and responsibilities assigned. This includes conflicting interests where these exist (Miranda and Hordijk 1998:71).

Concertación includes elements of debate, discussion and consultation. In a process of *concertación*, different—often conflicting—actors and interest groups sit at the planning table, analyse problems, design solutions and, where possible, participate in putting these plans into practice. According to Romeo Grompone, *concertación* refers to "the integration of different actors in a system of negotiation and in the construction of public agendas". This situation requires that each of the participants be recognized as a legitimate social and political actor (Grompone 1999:217). In this scenario, the actors and institutions involved must be open to making compromises and concessions.

Concertación therefore constructs a public space in which organizations of varying natures, with different and often opposing interests, learn to recognize the others at the table as social players with equally legitimate rights. The aim is to build common interest, and to incorporate ethical values and cultural principles into the development planning process, which is essential if development is to be truly sustainable.

This experience may plant the seeds for a new democratic system instrumental in achieving sustainable development, based on the following positive aspects.

- *Concertación* creates favourable conditions for discussing development and for broadening the interests of grassroots organizations. It allows concrete demands and needs to be

linked in synergetic strategies, and enables people to look beyond the short-term to medium- and long-term planning. This process leads to a more integral focus on development.

- Through exchange and discussion in the planning processes, the social actors become aware of their abilities, needs and interests, and they learn to express and defend these in dialogue with others. This process of self-awareness helps the participants to recognize the legitimacy of others' interests, which is essential for building a shared solution.
- In such an environment it should be possible to discuss openly ethical principles and values, and to incorporate these into the planning process. In turn this will broaden and strengthen a basis for trust and solidarity. It is becoming evident that "post-material" values can be important factors and may be incorporated into development planning, even when the actors are faced with crucial material deficits.
- A new understanding of, and new relations with, public agencies and local governments can be established, thus overcoming the relationship of non-co-operation that tends to predominate.

These are the reasons for advocating a strategy that strengthens urban grassroots actors, CBOs and local government, and consolidates public spaces for *concertación*. Before going further, however, a word of caution is required. Grompone and Mejia (1995) warn of the danger of reading too much into these experiences. In Peru, and many other Southern countries, participatory planning processes have drawn a lot of attention and raised considerable expectations. This is especially true in the cases in which local municipal governments, often under the technical direction of NGOs, are behind planning processes. These partnerships have often been quite successful in implementing concrete and immediate measures, such as urban infrastructure, solid-waste handling and nutrition programmes. But they do not necessarily take us farther down the road to stable democratic systems.

While it is important, therefore, to highlight success and to take a positive attitude to progress, especially in the context of poverty, violence and exclusion, in many cases these experiences are presented as ready-made solutions that gloss over deep-rooted structural problems. This over-exaggeration, often used for election or fund-raising purposes, can have long-term negative effects. While identifying the strengths of these initiatives, therefore, their serious limitations should not be overlooked.

Political culture and development

There follows a look at the social actors in urban development themselves, especially the community leaders or the grassroots urban elite. Direct work with the urban CBOs in these scenarios and on-going research on "political culture for development" has provided some preliminary findings. These findings provide topics and themes for those interested in understanding better the urban grassroots actors and their role in the progression toward sustainable development.

They are organized into three categories: (i) individual and community; (ii) the vision of development; and (iii) the vision of politics. These categories are not new, and all of them have been the subjects of many research projects. What is new is the effort made to understand the links between the different pairs of categories. This is proving helpful, both for designing better promotion strategies, and for building indicators to evaluate progress.

Individual and community

Through focus groups, interviews and direct observation, attempts have been made to determine the values to which the community *leaders* subscribe, and their capacity to use this value system as a basis for argument and discussion, as well as for making decisions. This is known to be closely related to the values expressed within the community.

What is often found is that an individual leader with a high degree of self-esteem, and a clear awareness of his or her own potential and needs, is better able to relate to other individuals within the same organization or in other organizations participating in the public spaces. We are also finding that in individuals and communities where there is a high degree of self-esteem, more importance is given to ethical principles and cultural values. There is also a broader understanding of what is meant by development. Finally, there is a greater willingness to participate in processes of *concertación* and in political scenarios in general.

The converse also appears to be true. When leaders and community have low self-esteem, they tend to build vertical relations, and use authoritarian methods. In such situations, the values of solidarity and confidence are usually restricted to primary relations: with family or persons from the same place, ethnic background and religion. However, we are finding that these same values do not come into play in more complex scenarios and communities, such as the public spaces and the processes of *concertación,* to plan long-term development strategies.

It is, therefore, important in planning our work and programmes with urban communities to include measures that aim to strengthen individuals in the community. Likewise, we should include, in our evaluation, indicators that measure progress or regression in this category.

The vision of development

The second category is to identify the scope and content of this vision among community members. The study tries to capture the way the leaders define their needs, abilities and interests, and their practical approach to development. We want to ascertain whether the individual and organizational actors share an integral vision of development, and if that vision is discussed and elaborated with the participation of all the members, or imposed by leaders and external parties. It is also important to know to what extent the actors appreciate the role of community action in achieving personal and community development.

We are finding that if the actors are simply aware of what they *lack* and do not consciously express their own interests and rights, they usually do not arrive at an integral strategy for development. Likewise, where there is a low level of awareness of interests and rights, solidarity and confidence are rarely extended outside the individual's immediate circle—except in emergency situations, for example, in the face of a natural disaster or sickness.

These findings are already helping us to redesign our forms and methods of intervention, both in poverty relief work and in promoting sustainable development. NGOs and other bodies that intervene in the urban problem areas can have an important influence on the vision of development that results from their work. For example, in planning strategies our objective in different programmes with the urban poor must be not only to achieve the concrete results in poverty relief, environmental protection or defence of human rights. We must try to include these programmes in a more integral perspective of development. This integration can be practical, involving synergetic interventions, which link problems, actors, solutions and cultures. Participating actors should identify themselves with their cone, and understand better the common interests and structural objectives shared by other actors in the same scenario. And all must agree that the satisfaction of basic human necessities is an essential condition and starting point for participating in, and sustaining, processes of human development.

The vision of politics

The third category of ideas encompasses the task of strengthening democracy with the construction of public spaces. Findings indicate that the more integral and human the approach to development, the more willing the people are to participate in democratic procedures. Research also shows, however, that community leaders tend to relegate development on the macro or national level to external actors: central government, private enterprises and foreign investors. More understanding is needed of the factors and practices that can better motivate social leaders to participate in participatory planning processes. The best possibilities for rebuilding democratic processes and institutions are found in the emerging public spaces, not only in the megacity, but on the sub-national level in all regions throughout the country.

The more positive the vision of development, the stronger the will to participate in the emerging new forms of democratic politics. Social organizations, therefore, should view democracy as a process that incorporates dialogue, tolerance of other viewpoints and co-operation. It is only through this democratic process that a representative system—a "common good"—can be established without the imposition of any particular set of values, or coercion by any powerful interest group.

Conclusion

The approach we are proposing is based on the vital interrelationships between the individual, the community, politics and development. Although these are certainly not the only aspects to be considered, any attempt that does not place the social and political actors at the centre of strategies for sustainable development in megacities of the South is doomed to fail. We would insist, therefore, that these issues become part of a common North-South agenda. More research is needed on the social and political actors participating in urban public spaces. Such research ought to be linked to existing work on promoting sustainable development and good governance within a decentralized strategy.

Finally, we would do a great disservice to urban community leaders if we were to motivate them to participate in the complex processes of democratization and development without also offering them the opportunities for the kind of education these processes demand. It is not enough to simply train people in techniques for addressing certain issues. They also need the theoretical tools that

will allow them to understand the wider context of sustainable development practices and planning. Providing the educational opportunities, training and information community leaders require is a task that, if shared, may well pave the way for success in the future.

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PART 2

INTERNATIONAL TRENDS AND ACTORS AFFECTING SUSTAINABILITY

7

Alliances in International Co-operation: A Change of Paradigm in Urban Governance?

Isabelle Milbert

In the course of the last 10 years, new decision makers and organizations have multiplied on the urban development scene: local authorities, private firms, public agencies, representatives of different state bodies, consultants and local action groups (Le Galès 1995). In developing countries a multiplicity of exogenous institutions such as NGOs and co-operation agencies have also turned their priorities toward cities (Milbert and Peat 2000). International co-operation agencies have tried simultaneously to utilize and encourage this diversity of actors, and to co-ordinate them, whether horizontally, at the local level, or vertically, through establishing links between this local project level and the policy level (national or international). One of the means to achieve this purpose has been to try and build official alliances, including, on the one hand, representatives of the civil society and, on the other hand, other co-operation agencies. We shall first try to describe this consensus, and then analyse the case of the Cities Alliance and the Urban Management Programme, which are the most elaborate attempts at building and structuring partnership in the urban sector.

A Better Recognition of the Different Stakeholders in the 1990s

Experiences from the recent past

Ten years ago, before an urban project would start, a state-to-state agreement would have been sufficient and the regional and municipal level would have been consulted only formally and quite late in the process. In the case of India, for instance, quite a few integrated urban projects, initiated in the 1980s, were negotiated directly between the Prime Minister's Office and the World Bank representatives posted in Washington, DC. The Ministry of Urban Affairs would bring technical support. The most powerful members of parliament and some ministers, the most influential inside the Congress Party, would have their say about the localization of the project. For instance, the Municipal Corporation of Kanpur, with 2 million urban dwellers, was hardly consulted when a $40 million project was decided on and launched in the early 1980s. At that time, the municipal corporation had been under direct administration by the state for 14 years, and no local elections took place there during the 1980s. The project itself had been hastily prepared, upon request from the city planning authorities, by two professors of the nearby Indian Institute of Technology, who were never again to be consulted after they had completed the draft. Their proposal had actually been used as a "lure" at a moment the Indian government needed a "local" input into the process, and what was eventually developed by the World Bank in Kanpur did not take the local proposal into account, but conformed strictly to the usual pattern of integrated urban development projects (IUDP).

The neglect of municipalities as responsible actors was not only a characteristic feature of external assistance agencies, but also of international non-governmental organizations (NGOs) and foreigners in general: in the North West Frontier Province (NWFP) of Pakistan in the mid-1990s, many foreign NGOs active in big cities like Peshawar or in intermediate towns such as Mingora would not think of establishing any link with local authorities, not even paying a courtesy visit to the town authorities before installing themselves, sometimes in the immediate vicinity of the municipality.

New partnerships with city governments in the 1990s

These cases are unlikely to be seen again in most developing countries where decentralization has taken place. In India, for instance, the refusal of the installation of an Enron multinational power generating

utility by the Maharashtra state authorities came as a shock and has set a limit to what the central government was able to impose on local authorities. Although it appears to be slow, there is a progressive shift of responsibilities between the state, the region and the municipality. Today a co-operation agency is bound to negotiate and establish a close partnership at these three levels before a project can be launched. Quite a few external assistance agencies insist on a prerequisite of participatory / democratic process at the local level. Yet, although municipalities are increasingly recognized as partners, few agencies directly allocate funds to them. One could imagine, in the medium term, that equilibrium will be reached between strengthened municipalities, states and external assistance agencies, and that even civil society and local governments will be able to determine their own objectives and priorities and channel them up toward funding partners.

The turning point of this evolution was certainly the Habitat Summit, where local democratic governments have been recognized as full-fledged partners, the best adapted for action efficiency and for responding to the needs of the population. Since Habitat II, development agencies and programmes of support aligned with them have insisted on partnership between a multiplicity of social groups, which were previously working separately: municipal officers, politicians, business people and community organizations. Examples of these include the Cities Alliance or the City Consultations of the Urban Management Programme. In these, all programmes and projects must be specifically approved by the central government and the municipality, and both must mobilize complementary funding. Other donors, public institutions and the private sector adopt a participatory approach and have to demonstrate potential for large-scale applications through partnership.

We know that there are many such initiatives. The UN-Habitat Best Practices Programme has done a lot to make them better known. In the field of research, quite a few programmes contributed to a better understanding of the negotiation process (Le Galès 1995). Environmental Development Action in the Third World (ENDA) in Senegal, Morocco and Colombia,[1] the Fondation Leopold Mayer pour le Progrès de l'Homme, or the United Nations Research Institute for Social Development (UNRISD) in Geneva,[2] all demonstrated, together

[1] See Milbert and Peat (2000).
[2] The UNRISD project Urban Governance: Social Integration at the Grassroots; The Urban or "Pavement" Dimension, followed by the project on Volunteer Action and Local Democracy: A Partnership for a Better Urban Future (www.unrisd.org).

with many other institutions, the crucial role of NGOs, community-based organizations (CBOs) and voluntary groups in working with vulnerable urban population and negotiating with local city managers and politicians. The Urban Management Programme (UMP) City Consultations have translated into action this new type of collaboration, and the Cities Alliance now also aims at doing so (see below).

Decentralized co-operation

Since 1985 decentralized co-operation has been officially encouraged in several countries, particularly in Canada, France, Germany, Italy, Portugal, Spain, Switzerland and the United Kingdom. Its main characteristics are: long-term partnerships between Northern and Southern local authorities; recognition of local authorities as key players; specific forms of intervention; and an emphasis on technical exchanges and training (Schep Gerrit 1995:23). Yet, although decentralized co-operation has become a strongly promoted mode of intervention in several European countries, particularly when it takes the form of technical co-operation between cities, it still represents a tiny proportion of official development assistance, and it is often restricted to technical assistance and training. In fact, a very small proportion of projects are being implemented directly by Northern local governments and, in many cases, it seems that decentralized co-operation has to be understood as a mutual training process.

Although these financial transfers between sub-national levels involve small sums, their symbolic and developmental importance is larger than it seems. There is an important involvement of civil society, North and South, in this process. Our point of view is that decentralized co-operation opens a positive perspective for a large part of the population to understand the objectives of Southern countries' development. The French example is interesting in this respect. Although the sums involved are tiny (200 million FF in contrast with 45 billion FF of total public aid to development), it has created a dynamic involving a majority of municipalities, departments and regions (Bouloudani 1998:21). The best example is no doubt Spain, where decentralized co-operation has become a high-profile component of bilateral aid. Although a recent phenomenon, decentralized co-operation is now an established activity of most local and regional governments. Since the mid-1990s, civil society (including schools, churches, local associations) acting in a very co-ordinated and unified way, has successfully pressed

Spain to contribute 0.7 per cent of its budget to co-operation with the South. For instance, the municipality of Madrid had a budget of 2.1 billion pesetas for development aid in 1997. Among 86 projects, a dozen of them relate specifically to urban development, and focus on women, youth, micro-enterprises and health management (Ayuntamiento de Madrid 1998). These decentralized initiatives give a lot of responsiblities to local Spanish NGOs. Yet, they are not at all inserted in an overall technical or development co-operation framework which could have been set by the AECI,[3] the Spanish Agency for International Co-operation. The result is a number of very positive micro projects, but little funded and short term, since they hardly ever last more than two years, and quite often overlapping, whether in Southern countries or in Spain itself, where funding comes from so many sub-national institutions that until today nobody has been able to draw a clear and complete picture of it.

The great majority of donor agencies have launched specific programmes to strengthen and empower the very actors they want as partners, which is recognition that they appreciate this level of intervention, but that doubts remain concerning these actors' capacity and competence. Can external assistance agencies recognize fully the maturity of municipal actors as counterparts, while launching programmes aiming at transforming them? For instance, there are now so many programmes offered by them for training municipal administrators, councillors and technicians, that the usefulness of these activities is no longer obvious to the beneficiaries themselves. These seminars have even acquired local nicknames: for instance, in Latin America, as *seminarios de engordo*, or in French-speaking Africa, as *séminaires d'engrossissement*.[4]

It would be naive to believe that this recognition of the presence of local governments on the international scene is purely altruistic. First of all there are the financial components of the deal. Quite a few representatives of international institutions have seen these new partners as a possible source of funding, especially in times of drastic restrictions of their budgets. These new partners could very easily be called in for complementing decreasing national contributions. This explains why it was recalled, during Habitat II, that the acceptance of private and local actors in the international arena would have to be complemented with a rise in their own commitments and responsibilities (see IUED 1998:70).

[3] Agencia Española de Cooperación Internacional.
[4] Literally "fattening seminars".

Second, the political and ideological aspects of co-operation in the field of decentralization are never absent. For instance, in Indonesia, the Municipal Finance for Environment Infrastructure Programme of the United States Agency for International Development (USAID) has vigorously promoted privatization, and has been instrumental in the development of a group of new financing options for environmental infrastructure. These include Build-Operate-Transfer (BOT) privatization mechanisms, creation of a municipal bond market, and private operator contracts. Another example is the decentralization aid policy led by the French Ministry of Co-operation in quite a few French-speaking African States. Among those most influenced by the French model of public policy, decentralization and local government organization are Senegal, Mali, Benin, Côte d'Ivoire and Central African Republic (French Ministry of Development Co-operation 1997). This strategic and political component of bilateral aid might diminish in coming years, if co-operation alliances continue to take shape and lead to a greater proportion of bilateral funds being channelled toward multilateral co-operation. One cannot tell, at the moment, if this will support or hinder the quality of local partnerships. While these "money baskets" take shape, they undoubtedly contribute to untying aid, but also to dissemination of responsibilities, and they have one unmentioned rationale: pooling assets enables agencies to diminish funding while keeping apparently the same volume of projects.

A better recognition of the role of NGOs and other intermediaries

In the past, whether in Canada, France, Japan, Switzerland or other countries, the subcontracting of projects to Northern NGOs appears to have been hampered by the fact that these organizations were showing little interest in urban issues. However, co-operation agencies have increasingly been relying on local NGOs, and action groups within the local community, to carry out projects in the cities.

In the 1990s, NGOs, whether Northern or Southern, were increasingly recognized as full-fledged partners, even by agencies which had been hesitant to delegate to them the management of projects they were financing. Today, NGOs are considered as either disseminators, representatives of civil society in the North and South, or tools capable of bridging the gap between communities, state authorities and donor agencies. The case of France is interesting in this regard. French co-operation rarely called on NGOs, whether French or from the South, either to participate in policy building or

to conceive, implement or manage a project. The type of partner sought at the local level came preferably from the public or parastatal sector. The conception of projects would be entrusted to a body of well-trained consultants and private engineering firms. As far as implementation was concerned, French co-operation relied primarily on a large number of French technical specialists, many of them young (Milbert 1992). This state of affairs is now changing. From 1991 onwards, more funds were allocated to French NGOs. The Group of Research for Technological Exchange (GRET), which monitored the Programme Solidarité Habitat, and the French Association of Volunteers for Progress (AFVP) are two examples of such organizations that were established at that time to manage small projects associating French and Southern NGOs. During the summer of 2000, by means of a tender managed by the GRET, the French Ministry of Foreign Affairs launched a Sustainable Waste Management and Urban Sanitation Programme aimed at mobilizing NGOs and research centres around action-research.

This recognition goes for both Northern and Southern NGOs: the majority of external assistance agencies now channel aid to projects involving these institutions, which are considered to be partners worthy of trust, in touch with urban realities, recognized by the communities and capable of working with neighbourhood action groups. A growing share of total funds is therefore funnelled through them and their presence and partnership has most often become a prerequisite for funding authorization, especially by Scandinavian countries. For instance, in 1997, direct allocations to NGOs accounted for nearly 10 per cent of Finnish official development asisstance, while 47 per cent was channelled through multilateral agencies. But this concerned mainly minor funding for small-scale projects carried out by indigenous NGOs. All the same, in 1997 total Danish spending on bilateral NGO assistance amounted to $130.1 million, which is equivalent to about 12.9 per cent of total Danish bilateral assistance. Only a small proportion of these sums, however, is directed toward urban interventions, contrary to the case of UK NGOs, for instance.

Although nobody can deny the importance of the work carried out by NGOs and local action groups, some criticisms have been formulated. According to a number of interviews carried out in international agencies as well as in NGOs, agencies and national authorities are now faced with the difficult task of selecting NGOs. One counts them by hundreds in some regions of India or Brazil, for example, not to mention in war-torn regions such as Kosovo. For

instance, the Swiss Agency for Development and Cooperation (SDC), at the local level in New Delhi, works directly or indirectly with more than 200 NGOs.[5] Voluntary agencies themselves admit now that the best and worst of them, "facilitators and predators", may be competing for the privilege of managing funds and projects. Empowering local action groups is a long-term task, which may give rise to the same trend undergone by NGOs—one tinged with high hopes, excellent achievements and, sometimes, disillusions.

Yet, one should not forget that even in large cities where officials are elected democratically, like New Delhi or Mumbai, where NGOs have been flourishing, the large majority of the slum population has to live with no aid or NGO support, and without access to any network except that of the slumlords.

Involving the private sector

The private sector has always been involved at all levels of urban co-operation. For the majority of external assistance agencies, financing instruments, including local financial mechanisms, are developed in order to engage the private sector in the urban investment process. This is unavoidable if one intends to address the scale of problems met in Third World cities. The fact that private actors remain so weak in many developing countries, or uninterested by a number of urban sectors, such as low-cost housing, certainly remains at the core of the urban crisis.

A few bilateral agencies in Australia, Italy and Japan have explicitly chosen to favour private partners to link their urban projects with the promotion of the private sector, and work with private enterprises in both the donor and beneficiary countries. In the past few years, some countries such as Italy and the United States have attached great importance to privatization goals and private partnerships, whereas others (France) have preferred to negotiate and join forces with public or semi-public partners. For instance, USAID officially seeks to involve the private sector more substantially, and facilitates loans from the US private sector for middle-class housing and urban facilities in low- or middle-income countries, such as Egypt, Indonesia, Jordan, Morocco, South Africa or Zimbabwe. It works to create the policy and market conditions that will facilitate private sector engagement in environmental and shelter improvement programmes overseas, particularly for water, wastewater, solid waste, transportation and shelter programmes.

[5] Interview carried out in April 1997, New Delhi.

Over the past few years, in quite a few projects, NGOs have lost leadership or have been complemented by consultants and/or engineering companies, for the management and monitoring of projects (see the urban sector projects of the SDC in Viet Nam, for example). Yet, in the same period, there has also been growing ambiguity, with a number of consulting firms presenting themselves as NGOs, as in Pakistan, for instance. Regarding consultancies, one notes a growing tendency toward internationalisation, through calls for tenders in the international market. Today, as a result, several years of systematic subcontracting from co-operation agencies, the number of consultants has multiplied. Competition among them is already fierce, and growing more so as the market grows and becomes more internationalized.

Co-ordination between the co-operation agencies

While the number of projects in Southern cities multiplied, co-ordination between external assistance agencies on urban issues has greatly improved in recent years. Let us recall that very few donors had the opportunity to meet on a regular basis and to discuss urban issues before the end of the 1980s. Today several informal and formal meeting arenas do enable a large group of agencies to regularly debate their internal strategies and possible difficulties, and to discuss achievements. This leads to mutual recognition, better interaction and higher quality of work. These meetings take place under the auspices of the Development Assistance Committee (DAC)/OECD, the European Union, the Programme Review Committee of the Urban Management Programme, UN-Habitat, the UNDP and the World Bank. The latest initiatives are the Cities Alliance and the World Association of Cities and Local Authorities Coordination (WACLAC), which organized three meetings in 2000. Networking and co-ordination opportunities were projected to be even more numerous in 2001, during the preparation phase of Istanbul+5. Networking between donors has thus become an essential component of urban co-ordinators' work inside each agency.

What started out as an effort to better understand the strategies at a policy level is now slowly becoming more of a collaboration on the conception of projects and on their implementation in the field. The urban sector representatives of each agency have certainly gained a better knowledge of each other's work, a sense of solidarity and new working methods. Also they speak a common language and share common goals and ideas, while their field of competence,

that is, the urban sector, is often quite marginal inside their own agency. Yet, whose agenda is going to be pushed forward through co-ordination remains an open question. So far, the World Bank and UN-Habitat may have been the main beneficiaries, since they are obviously placed at the centre of the financial and information network.

The willingness of agencies to pool their assets has grown over the years. Many joint projects currently under way are much more than just co-funding arrangements: they also use a wide range of complementary tools and methods. There are also cases where good communication on projects enables smaller agencies to test technical or managerial innovations in the field, and later on to collaborate with one or several donors with large investment capacities, when the moment comes for scaling the projects up. These interagency collaborations are certainly time-consuming, and they have a cost since they make project management heavier. However, in these projects, agencies hold common objectives; they make it possible to combine large investment and social innovation, and governance is at the forefront of project implementation. Future assessments will confirm if this has led to a greater achievement of the objectives and to the satisfaction of the "beneficiary" communities. What is clear, however, is that urban projects that have improved the cityscape and urban livelihoods have been managed on the one hand by a well-structured, dedicated and competent team at the national level, and, on the other hand, financed by co-ordinated aid.

A very good example of this is the environmental rehabilitation of Indonesian *kampungs*. The World Bank funded the first project, in Jakarta, in the late 1970s. The Kampung Improvement Programme (KIP) aimed at introducing low-cost environment infrastructure improvements into these informal, unplanned and underserviced neighbourhoods called *kampungs*. The whole process was closely co-ordinated and monitored by the powerful Indonesian officials who imposed a clear and competent vision of Indonesian urban development and designed the strategy of the Ministry of Works and Housing. In the early 1980s, the project was extended to 100 cities and towns of Indonesia, with the support of the Asian Development Bank. This programme has had significant impact on low-income urban households and it has been very positively assessed (it received the first Aga Khan Award). A multiplicity of bilateral agencies have been involved in the process during the last 15 years, including Japan on infrastructure and middle-class housing, the

Netherlands on urban environment, France on engineering and decentralization, and Switzerland in Jojakarta and Surabaya. USAID has also been involved through its Municipal Finance for Environmental Infrastructure (MFEI), which aims to strengthen the municipal finance system and to bring in innovative funding methods in order to finance environmental infrastructure.

The willingness of agencies to pool their assets together has grown over the years, and has resulted in a better co-ordination. This is perfectly understandable on the grounds of efficiency and transparency, but this move has not always been devoid of hidden agendas, internal fights, fierce competition and afterthoughts. And it is certain that quite a few opportunities for promising collaboration are still missed. Many agencies fear that working in alliance is not always a "win-win" process, but that there might be some losers on the way. They consider that this co-ordination effort delays the already slow project pipeline, and that in the meantime action is not taken in the cities themselves. In some cases, some of the "beneficiary" authorities may wish to maintain competition between donors and / or a bilateral relationship with each individual foreign agency. In the South, projects conceived in isolation, overlap, lack of mutual information and misunderstanding of possible synergies are still very common, even when representatives of the concerned bilateral agencies work hand in hand at the highest level. This may be explained by the weight of vertical hierarchy inside the co-operation agencies, and by individualistic strategies.

A good example of this became evident when the Bolivian ministry in charge of decentralization policies held a meeting with all external assistance agencies involved in decentralization policies and projects. He noted that it was extremely difficult to co-ordinate the scattered actions of 10 agencies working on identical decentralization components, and four of them in the same municipalities. It seems that the agency representatives were rather unhappy, not with the fact that their projects were overlapping but with the fact that the ministry was pointing to this as a practice to be avoided. The attempt made at the ministerial level to better link actions together, geographically and thematically, was not considered very welcome. In such a context, only a very confrontational, steady and strong-minded national institution can manage and impose co-ordination between foreign agencies. Even among European agency representatives, there exist numerous examples where a project, which had been jointly defined and carefully elaborated in common, is eventually publicized, published

or implemented as a single agency's action, if this serves individual or institutional purposes.

Institutionalizing Alliances

Many joint projects now under way are much more than just co-funding arrangements and employ a wide range of methods and tools in a complementary fashion. A good example of this is the Programme Review Committee of the Urban Management Programme: while the meetings are limited to the critical donor agencies and managers of the UMP, they provide effective guidance and monitoring to the programme and enable direct involvement and participation of the co-operation agencies, thus facilitating further interactions and joint projects.

The Cities Alliance

The Cities Alliance, which was launched in May 1999 on the initiative of the World Bank and UN-Habitat, might also exemplify this approach. It was launched at the conclusion of the International Mayors Summit, and it aims at raising development capital and committing its resources to two strategic priorities: facilitating city initiatives to undertake development strategies based on a wide consensus, and raising the upgrading of low-income settlements to city-wide and even nation-wide scope. This action is intended as a coalition of donors and their partners in development. Among potential donors are not only the World Bank and UN-Habitat, but also regional development banks, United Nations agencies and bilateral bodies. Associations of cities and mayors (such as the International Union of Local Authorities–IULA and Metropolis), NGOs (such as the Society for the Promotion of Area Resource Centres–SPARC from India, or Homeless International) and representatives of the main economic and social stakeholders have a special place among development partners.

The role of the Cities Alliance is not to finance urban projects or to take the place of donors: its funding could be considered weak by many standards, since it aims at mobilizing $40 million over a three-year period.[6] Its main purpose is to foster a collective assistance

[6] In June 2000, the Cities Alliance had mobilized 11.4 million dollars, 7 million of which came from nine bilateral donors: Canada, France, Germany, Italy, Japan, the Netherlands, Norway, Sweden and the United Kingdom. The remainder was from the World Bank (3 million) and UN-Habitat (1.4 million) (Amiot 2000:2).

strategy at the request of cities in the South, and to capitalize on the experience of its partners. This regrouping process has other objectives. The first objective of the Cities Alliance is to aid in devising urban development strategies for local development stakeholders, i.e., official bodies (representatives of local governments, local authorities, etc.) and civil society. The main idea is to help partners in the South to define an overall development framework for the city (and its hinterland) through a participatory, operational approach. The anticipated result is a government supported action programme which is financed by the municipality, supported by the government and proposed to donors where necessary (Amiot 2000:2). The second objective is to strengthen World Bank / United Nations collaboration, as well as bilateral / multilateral partnership, as appears in the report of the meeting of the Consultative Group in Montreal in June 2000.[7]

The Urban Management Programme

The Urban Management Programme is a global programme set up and funded by a consortium of development assistance agencies. During its different phases, its donors have included UNDP, UN-Habitat and the World Bank on the multilateral side, and Germany, the Netherlands, Switzerland, Sweden, and the United Kingdom on the bilateral side. The UMP is managed by a Programme Review Committee (PRC), consisting of representatives of UNDP and UN-Habitat, the four regional co-ordinators, the global programme co-ordinator and the bilateral donors who are major contributors to the programme. The PRC plays a key role in reviewing the progress of programme activities and discussing results that the programme has achieved with respect to its objectives and performance criteria.

The major purpose of the programme is to advise local and national governments on ways to improve their management of urban development. In the third phase, this is done, mainly, by helping countries and cities organize consultations involving those who have a stake in implementing new urban management approaches, and by introducing new urban management policies and techniques into the consultation process.

The programme is built around the concept of applied experience. Urban management knowledge and expertise accumulated during the first two phases of the programme were drawn from experience and made available to local actors. During

[7] See www.cities-alliance.org.

phase one, the primary impact of UMP was at the global level. UMP worked to synthesize lessons learned, disseminate research outputs and design technical co-operation programmes that support national and regional capacity-building activities. In this phase the linkage between researchers, agencies and national actors was well established through the very wide dissemination of a number of high quality publications. During phase two, UMP was decentralized, in order to build capacity "at both the country and regional levels and facilitate national and municipal dialogue on policy and programmes options based on a participatory structure that draws on that strengths of developing country experts and expedites the dissemination of that expertise at the local, national, regional and global levels" (Ludwig and Milbert 1999).

During phase three, an extensive work plan of activities was developed in each of the four "programme regions" (Latin America, Africa, Middle East and Asia). During this phase, a variety of primarily local programme activities were identified and brought into the process. Phase three emphasizes activities at the city level rather than at the regional and country levels (as in phase two). It revolves around the expressed interest of a city. City-level activities require substantive back-up from locally based institutions (NGOs, research, training or management institutions). In this phase, more than 100 city consultations have been initiated, and most of these will continue through the action plan and implementation stages.

The UMP focuses on the three most difficult issues that local authorities have to face in a totally integrated manner: urban poverty, urban environment and urban governance. While tackling them, the UMP benefits from the fact that knowledge and recognition of the importance of these issues is increasing.

The principal instruments to carry out the present mandate of the UMP are city consultations, regional networks of urban management experts and regional centres of excellence.

The city consultation process in the UMP is quite different from the traditional process of delivering technical assistance through expert consultancies. In most urban management environments in developing countries, there is a need to re-orient or redesign the existing institutional structure and organizational relationships in order to create and utilize new policies and urban management tools. The city consultation process seeks to develop and express principles and achieve stated goals, involving individuals and organizations in the redesign of the system and their roles in it. The funding is

usually very small, below $100,000, sometimes accompanied (or more often followed) by co-funding. One essential aspect of the city consultations is that the key stakeholders and the municipality own the process and the proposals. The proposed plan of action, such as, for example, a participatory budget, emerges from a process that has involved all the people and institutions needed to carry out the plan of action. They have been party to the discussions and should feel that their concerns and suggestions have been taken into account.

UMP supports regional networks of experts to assist with city consultations and ensure effective technical co-operation, sharing of experience and ideas between different levels of government, exchange of information between the country, regional and global levels and the development of region-specific research. Because of the broad definition of the network and the fact that much of the urban management expertise may be quite specialized, subgroups within the networks are sometimes formed along the lines of specific topics, such as urban safety, solid waste management or bio-medical solid waste management.

During phase three, regional co-ordinators moved into a host institution in each region, each of them being considered as a potential or existing regional centre of excellence in urban management. This arrangement aims at providing more effective development, transfer and exchange of substantive knowledge, and at preparing for the next phase, where the host institution would effectively take charge of the programme.

Each regional programme has developed in the context of the varied traditions of NGOs and research involvement, and, most important, with very different levels of decentralization and urban governance.

In the Arab States, for instance, the UMP brought to the region an entirely new conception of governance and participation at the local level, a series of questions to be openly discussed, innovative methods and a trans-boundary attitude that had seldom (or never) existed in cities of the region. Such is the case, for example, with the issues of gender in institutional management in the Palestinian territories, upgrading of informal settlements in Damascus, decentralization in Yemen or municipal poverty alleviation action plans in Tunisia.

In Latin America and in Asia, the UMP helps cities develop a synergetic approach to city development by encouraging and combining energies that had long been dispersed. All activities undertaken benefit local governments and reinforce their institutional

position and local democracy, and have an impact, at least in the mid-term, on the living conditions of the urban poor.

In Africa, the regional office and its partners work very closely with municipal governments. The city consultations in Africa attract a broad range of participants from the community, and a number of activities directed toward the poor have been funded from the action plans: microcredit, lending books to primary school students, training programmes for environmental health officers, training programmes for city officials to improve their planning skills, and a municipal information system.

The UMP has introduced a flexible and demand-driven approach in cities. It has proven, despite being internationally managed, to be quite respectful of cultural diversity (for example, consultations in Ecuador on cities with large indigenous populations). It also manages to fit inside the local demands for partnership, participation and local democracy. At the end of 2000, 90 city consultations were under way in 90 countries; 45 action plans were being implemented. Partnerships had been established with 19 regional institutions, not including those stemming from integration in many urban networks (research, local authorities, NGOs, gender issues). The UMP has made achievements by bringing together actors at the international and local level to apply a common set of methods (participatory governance) and tools in a network fashion.

Conclusion

By examining the documents on urban development assistance, one can see that building partnerships has become a fundamental component of the strategies adopted in the 1990s by external assistance agencies. Every one of them proclaims that local governments, NGOs and private groups should be partners in urban development and work hand in hand with all stakeholders. This unanimity is so wide that it blurs priorities and original approaches, while one could have imagined that the fragmentation of urban actors would on the contrary polarize a diversity of strategies inside these institutions.

Yet, at the local level one can question the centrality of governmental actors in the future. One can imagine that local politics, policies and polity will depend more and more, on the one hand, on the way decision making is fragmented locally and, on the other hand, on the way local actors are linked to international networks.

This change of paradigm in local governance might create a great diversity in political life, in urban dynamics and in the way services and decision channels are organized.

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8 Sustainable Development for Urban Poor: Applying a Human Rights Approach to the Problem

David Westendorff[1]

Introduction

Despite the plethora of programmes, charters and international accords promulgated since the 1992 Earth Summit to promote sustainable development, living conditions for the low-income majority in cities of the developing countries have continued to deteriorate. Essential services—housing, clean water, sanitation and energy—remain out of reach for so many, while luxury communities, smart buildings and super-highways for cars and information increasingly cater to the wants of the well-to-do from Argentina to Zimbabwe.

At the same time, national governments and international agencies are reducing transfers and aid that could allow cities in the developing world to build themselves in socially sustainable (inclusive) ways. Instead, the message national and local governments are receiving from international agencies, development banks and chambers of commerce is to rely principally on private finance to establish, rebuild or extend needed infrastructure, services and affordable housing. The pendulum has swung to the opposite

[1] I would like to thank Solon Barraclough, Edmundo Werna, Rio Hada, Miloon Kothari, Krisha Ghimire and Dinesh Mehta for their helpful comments on this chapter. The remaining mistakes are my own.

extreme of the earlier perception that the national and local state should have a crucial role in establishment and management of infrastructure and essential services.

Ample examples from around the world demonstrate that state provisioning has often failed to meet the needs of both the poor and non-poor, and continues to fail in too many cases today. For many, this is sufficient evidence that the private sector can do better and will do better if it is given an appropriate policy environment, generally understood as "letting market forces guide investment decisions and price setting". With the growing role of the private sector in urban finance, or in many cases in advance of such changes, local governments are abdicating to the private sector not only service provisioning but also the role of planner and arbiter of the public good.[2] The poor are not usually brought into this kind of planning process. If they are given any role at all, it is usually later when a service market has been established. At that point, the poor pay some or all of the costs of the services they elect to receive, often having built the second-tier infrastructure through which services such as water, sanitation and energy are delivered. Still the poor pay higher unit prices for services of lower quality than those received by better-off segments of society.

More rarely, but in a growing number and array of situations, a different kind of participation for poor people has evolved—as stakeholders represented in public forums where citizens debate and negotiate development strategies for their cities along with government agencies, multinational enterprises, multilateral development banks and civil society organizations. In theory, such democratic practices allow citizens' voices to be heard and their needs to be better served. Unfortunately the evidence available suggests that such processes have yet to empower low-income groups to shift urban development processes in their favour. A necessary, but perhaps insufficient, condition for such empowerment would be the transfer of adequate financial resources, information, skills and access to a broad range of decision-making processes internal to the city that together would allow low-income groups to articulate their demands and cause them to be fully implemented.

[2] The evidence that both the responses of local governments to these trends and local outcomes have varied greatly within and across nations suggests that negative impacts of globalization on vulnerable groups can be mitigated and minimized. These trends and their changes over the past decade are described and analysed in depth in the United Nations Programme for Human Settlements (UN-Habitat) global reports (UN-Habitat 1996, 2001).

This chapter reviews a range of existing and proposed cases of public-private partnerships (PPPs) in urban development and management that have emerged over the past decade. The details of these vary from city to city and country to country. But, because they are largely responding to the tendencies of economic globalization, their organization and objectives share important similarities. Among the tendencies driving these partnerships are:

- privatization and deregulation;
- the homogenization of concepts of governance in a way that primarily promotes and supports privately organized economic activity; and
- the growing infrastructure of global and regional trade and investment agreements that make such partnerships hard for governments to resist, even if it is only because they represent to a restive middle- and low-income population a politically more acceptable alternative to immediate outright privatization.

This chapter begins to sketch out the way these tendencies of economic globalization condition access adequate housing for low-income communities, and asks whether inherent in them are the necessary conditions for improving access to housing as private sector provisioning becomes more prevalent. The working neoliberal hypothesis is that private sector provisioning is more efficient, provides a better product, responds better to demand and supplies its own finance. Whether it could be beneficial to the weakest sections of society has generally not been crucial in arguments for or against private provisioning. Some examples reviewed for this study suggest that the capacity of low-income and marginalized groups to influence private sector action is buttressed by a competent and adequately resourced local state along with civil society institutions pushing strenuously to motivate the private sector to achieve social goals. While some success is being achieved in this regard, it appears that local authorities' application of human rights principles and methods are important factors in their approach to governance.

Documented examples of how this occurs are rare, and so much remains to be understood about how local governments and communities achieve the necessary conditions of strong public-spirited leadership by both civil society and government agencies. Taking into account the weakened state of so many urban and national authorities in developing countries following a decade or more of structural adjustment programmes, it would appear that preconditions such as these will be difficult to achieve without national governments and international agencies making far greater

efforts to foster stronger, more responsive local governments and civil societies. Or, at the very least, national and supranational agencies need to find ways of minimizing the damage done to local authorities, civil society and communities themselves by unrestrained global market forces. This appears to be an emerging lesson from a small number of cities in developing countries that developed vibrant practices of local democracy.

Meanwhile, until local governments and civil societies are adequately empowered, certain processes of privatization, deregulation, and economic integration affecting the supply of "adequate housing" should be implemented only if monitoring mechanisms are in place to reflect the full range of their social costs and benefits. In the meantime, the crucial task of identifying and implementing mechanisms for monitoring the distribution and application of the benefits of these processes in urban areas needs to be undertaken. To be effective, such monitoring mechanisms need to be anchored in the language and spirit of human rights charters and covenants promulgated by the United Nations at both local and national levels.

Evidence supporting these arguments is contained in the five sections following this introduction. The first of these highlights the aspects of globalization and human rights at the centre of the debate. The subsequent sections then discuss the following issues.

- How market forces in an unregulated and rapidly globalizing economy might further exacerbate the discrimination and segregation of marginalized and vulnerable groups in terms of access to adequate housing. The growing importance of international finance in local economies is a crucial factor in this process.
- There are concerns that international agreements hastening the integration of national and local economies into the international economy should not be implemented prior to the existence of regulatory institutions that protect vulnerable and marginalized groups (including women) from the negative impacts of such agreements on the fulfilment of the right to adequate housing.
- Incipient examples of institutions and practices at the local level appear to soften the negative impacts of international economic integration. These experiences show such marked differences from neoliberal approaches to decision making and social provisioning that state parties to human rights instruments could be found in breach of their obligations for

not attempting to give related measures a higher priority over the most questionable neoliberal approaches in policy making.

- A prospective research agenda for collecting and analysing information that will help clarify in different localities around the world the kinds of policies and institutional set-ups that provide the necessary and sufficient conditions to ensure that the right to adequate housing is progressively realized.

This chapter is an updated and abridged version of a background paper submitted to the United Nations Special Rapporteur on the Right to Adequate Housing in January 2002 (Westendorff 2002). The research and data on which the paper's conclusions are based come from a variety of sources. Among these were discussions at a meeting of international experts organized by the Habitat International Coalition in New Delhi in November 2001. This meeting reviewed findings of recent studies on: access to affordable housing; the design and implementation of large-scale urban upgrading schemes; and the privatization of public services in cities in different parts of the world during rapid integration into the global economy. Among these were detailed studies by independent researchers as well as case studies compiled within a research project on urban governance carried out at the United Nations Research Institute for Social Development (UNRISD) between 1995 and 2001.[3] On the basis of the review, the participants outlined a research methodology for cataloguing the characteristics of existing alternative urban management practices in different geopolitical settings as a first step toward testing the effectiveness of the different management/governance practices in protecting, promoting and fulfilling the right to adequate housing.[4] Following the New Delhi meeting, the author travelled to Montevideo, Buenos Aires and Rosario to meet public officials, researchers and civil society groups to collect additional documentary information on the cities and to get interviewees' impressions on crucial aspects of governance in each city and the proposed research agenda. Secondary and "grey" sources form an important part of the review of privatization of water and sanitation services.

[3] One of the case studies reviewed in detail at the November 2001 meeting was on affordable housing in the city of Chicago, commissioned for the UNRISD project Volunteer Action and Local Democracy: A Partnership for a Better Urban Future. This and other studies from the UNRISD project will be cited at appropriate points in the text.

[4] Housing Rights and Globalization: Research Methodology Workshop, India International Centre, New Delhi, 24–25 November 2001.

Between Globalization and the Right to Housing: Privatization and Deregulation

At the international scale, the discourse on human rights, on the one hand, and privatization and deregulation, on the other hand, have emerged as crucial elements in recent debates over globalization. In practice, far more progress has been made on privatizing and deregulating economic activity than in ensuring the observance of human rights.[5] In this section, several crucial terms are clarified, and then it is argued that they are becoming inextricably linked.

The definitions of "globalization" and the "right to housing" have been evolving for some time. The variety of interpretations of these will not be reviewed here. Rather, only certain aspects pertinent to the discussion of the relationship between the right to adequate housing and globalization will be offered.

Globalization is, among other things, a process of increasing interaction and interchange of persons and resources across national boundaries. It is not a new phenomenon, but appears to have quickened remarkably over the last five decades, as the pace of scientific and technological change shrunk the importance of distance and borders in economic, social and political life. Economic activity generates the most far-reaching influence among the differing facets of globalization. This is manifest in the growing impact of foreign trade, investment, borrowing and technology on domestic economies.

As will be discussed in greater detail below, "neoliberal globalization" has both economic and ideological ramifications, both of which affect the realization of the right to adequate housing.[6]

[5] A sense for the direction and scale of these trends can be seen in two recent studies, one on privatization and the other on the right to water (see Megginson and Netter 2001; WHO 2003). Megginson and Netter (pp. 326–327), quoting Privatization International, show that annual revenues globally from sales of state-owned enterprises more than quadrupled during 1988–1997, reaching a cumulative total of $1.0 trillion by mid-1999. In contrast, the World Health Organization (WHO 2003:21) reports that some "600 million people in cities and 1 billion in rural areas live in poor quality housing. The number of people without access to improved water sources in 2000 was a staggering 1.1 billion globally. The number of urban dwellers without access to these services reached 157 million, which represents an increase of 44 million over the comparable figure in 1990. The situation with global sanitation is much worse, with almost three times as many people denied even minimal sanitation facilities".

[6] "Neoliberal globalization" is a term often adopted by civil society organizations critical of the form of economic globalization promoted through the policy package known first, in the early 1990s, as the "Washington consensus" and presently, since about 2000, as the "post-Washington consensus". Assorted critics from the centre and left claim the difference between the two versions of

Simply stated, neoliberal globalization seeks an idealized form of economic openness, in which resources flow between buyer and seller, across or within borders, unhindered by government interference (regulation or taxation). In such a world, the value of all assets is determined by relative scarcity globally. World Bank and International Monetary Fund (IMF) stabilization and structural adjustment programmes (SAPs), initially intended to help developing countries recover economic health through growth, have typically increased the degree of openness of local economies. Despite their poor record of success in improving both growth and social conditions, such programmes have coalesced into the template of preference for the development policies and strategies international organizations and treasury departments of industrialized countries urged on developed countries in the 1990s.[7]

Since the completion of the 1994 Uruguay Round of trade talks, the aspects of SAPs that promote economic openness have become the heart of the global free trade agenda. While organizations such as the World Bank and IMF, and individual donor countries, have continued to press for open trade and investment environments on a bilateral basis, the World Trade Organization (WTO), the Organisation for Economic Co-operation and Development (OECD) and regional trade groupings have sought to generalize or "globalize" economic openness through agreements that bind all countries, globally or within a specific region, to follow the same rules.[8] These include proposed agreements of the WTO on trade in services, investment,

the consensus is only in the "soothing vocabulary" in which the newer version is "dressed" (Riddell 2002:190).

[7] In poor countries, "overall per capita economic growth rates have steadily and consistently declined" (Rowden 2001:5).

[8] Rowden (2001:11) argues that "structural adjustment programs and other liberalization reforms as conditions on loans by the IMF and World Bank have, and continue to be, a major method of supporting WTO trade liberalization objectives. . . . For example, between 1981 and 1994 (the end of the Uruguay Round), the World Bank made 238 loans that supported liberalization of trade or foreign exchange policy to 75 different countries. Between 1995–1999, 54 other World Bank adjustment operations (65 per cent of all adjustment operations) have supported trade policy and exchange rate reforms (IBRD 1999)." In "the last 5 years (1997–2001), 36 countries have agreed to comply with bringing their trade regime in line with WTO accession requirements, or have committed to accelerating implementation of WTO rules, as stated commitments in their official IMF loan documents. In most cases, these countries have made these commitments in their formal IMF Letters of Intent (LoI) and Poverty Reduction Strategy Papers (PRSPs) required for receiving structural adjustment loans and debt-relief. In some cases, such as Azerbaijan in 1997, conformity with WTO rules was an actual condition of IMF lending".

intellectual property rights, among others. The North American Free Trade Agreement (NAFTA), the Free Trade Agreement of the Americas (FTAA) and the failed Multilateral Agreement on Investment (MAI) are all recent examples of agreements intended to remove governments from active roles in their national economies, in favour of private enterprises operating in an increasingly unregulated market. Taken together, the global free trade agenda, if adopted in its most radical form, will markedly alter the roles, incentives and capacities of national and sub-national authorities to implement policies intended to improve and protect the living conditions of their vulnerable citizens. Some of these concerns will be discussed in detail below.

The Right to Housing: In 1948 the Universal Declaration of Human Rights (UDHR) explicitly recognized the importance of housing, stating that: "Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control" (Article 25.1). Since then, the right has been repeatedly recognized in a wide range of international instruments, national constitutions and normative principles and work-plans of United Nations bodies.[9] However, mechanisms at the international level to enforce the fulfilment of this right do not yet exist. Those seeking redress for failure to observe this right must refer themselves to very uneven and incomplete legal frameworks of the country in which they reside.

Moving from the recognition of the right to adequate housing in international covenants to its full implementation in specific national and sub-national settings has been far more difficult, and remains the major challenge to the human rights system. A crucial intermediate step in this process has been the clarification of the concept of adequate housing. Much work has been done on this as well, especially over the past decade under the guidance of, or in collaboration with, the United Nations Committee on Economic, Social and Cultural Rights (CESCR). This work counted significantly on the many civil society organizations around the world seeking to promote dignified living conditions for their fellow citizens.

[9] For a listing of international agencies and UN processes recognizing the right to adequate housing, see the United Nations Economic and Social Council, Commission on Human Rights (ECOSOC 2001:4–16).

Over time, the concept of the right to housing has been interpreted in a progressively broad and holistic way, and in relation to other components of the right to an adequate standard of living. For example, during recent deliberations on the right to the highest attainable standard of health, the CESCR interpreted the right to health as "an inclusive right extending not only to timely and appropriate health care but also to the underlying determinants of health, such as access to safe and potable water and adequate sanitation, and adequate supply of safe food, nutrition and housing, healthy occupational and environmental conditions" (ECOSOC 2001:para. 28). Similarly, the CESCR has adopted this holistic conception of housing, pointing out that the absence of clean water, sanitation and adequate supplies of energy renders shelter unhealthy for habitation.[10] For this reason, it is necessary to look not only at the impacts of globalization on the supply and distribution of shelter, but also on essential services that make shelter habitable.[11]

Monitoring the impact of privatization and deregulation on the realization of the right to adequate housing has yet to be attempted in any formal, systematic way. It is an issue that human rights organizations are beginning to take up, and for which they have proposed a general set of principles for guiding the formulation and implementation of international agreements affecting the nature, pace and outcomes of agreements promoting international economic integration. The general approach draws upon the same set of obligations the state takes on when it ratifies the CESCR.

One such set of principles provides the starting point for developing both planning and monitoring schemes that explicitly link states' human rights responsibilities and their accession to international economic agreements (see box 8.1). These human rights "responsibilities" are founded on each country's ratification of the international charters, treaties and covenants to which they are signatories. While effective means of enforcing these responsibilities internationally have yet to be devised, being a signatory of these instruments does imply a legal obligation on the part of the state, both to observe human rights law and to assist other countries to do the same. This obligation can open signatories to moral suasion by other signatories (states) and/or the actions of international and domestic civil society organizations, eventually leading to the

[10] Smets (2002) shows how this broad definition is already operational in some European states' legal and administrative frameworks.
[11] In December 2002, the CESCR formally recognized water as a precondition to the realization of other human rights.

establishment of social and legal institutions giving substance to the status of rights heretofore acknowledged largely in the breach.

For example, the first of the International NGO Committee for Human Rights in Trade and Investment's (INCHRITI) principles, the primacy of human rights, suggests that, because all human beings have a right to a dignified standard of living, governments should evaluate agreements affecting their international economic interactions in light of their likely consequences on the fulfilment of citizens' rights. Economic growth, which may or may not be a by-product of such activity, is an incomplete and lower-order concern than that of the realization of human rights.

Similarly, the second principle of non-retrogression obliges the country not to enter into agreements or make policy changes that are likely to worsen the country's performance in fulfilling human rights in either the short or long run. Principle three, the right to an effective remedy in an appropriate forum, implies that the assessment of the impacts of international trade and investment agreements on human rights must be made by a body with special competence. Such a body would be competent to evaluate the social consequences of those agreements, judge whether those impacts constitute a breach of the country's human rights obligations and identify appropriate remedies.

The fourth principle, the right of participation, requires that persons and groups that will be materially affected by treaties, multilateral agreements and accords with international development agencies and banks must be represented fully in the planning and implementation of such agreements, and have adequate power to ensure that their human rights are not infringed upon. The final principle is a call to remove women's unequal burden in shouldering the social impacts of recent international trade, investment and financial agreements.

The concerns taken up in the INCHRITI principles are those of governance, and have application at the international, national and local levels. In spirit, these principles imply that those who so far have been most negatively affected by decisions on international trade, investment and finance must be given the opportunity to influence future decisions, either directly or through democratic political processes in which government can be made to protect and promote their interests effectively. To the extent that increasing privatization and deregulation of urban finance is not antithetical to these pressures, the impact of economic globalization on the urban poor may become neutral or beneficial. On the other hand, under

conditions of largely unregulated economic globalization, current trends indicate that the further the locus of decision making is from the urban poor, the less likely is their chance of realizing their right to adequate housing.

While the author is unaware of any cities that have adopted these principles as a guide to economic integration, several with significant political and economic influence in the southern cone of South America have adopted participatory decision-making mechanisms and an ethos of human rights as crucial elements of local governance. Together these cities are moving toward a good approximation to a rights-based approach to development in which government is accountable, seeks to empower citizens, facilitates their full participation in decision making, practises non-discrimination / attends to vulnerable groups and expressly links its action to rights.[12]

Various aspects of these experiences are reviewed in the penultimate section of this chapter. Beforehand, the next three sections discuss the impacts of the internationalization of urban finance on the supply of affordable housing and the ability of the poor to access it, some of the emerging risks that urban low-income groups face as multinational corporations become more involved in the provision of urban water and sanitation services and, finally, the role and impact of international organizations in promoting trade and investment agreements and treaties that facilitate the "premature" acquisition of these public services by multinational organizations. The word "premature" is used advisedly. In the few developed countries where the private sector organizes large sections of water and sanitation services—most notably in France and the United Kingdom—government and civil society are competent and pro-active monitors of these services; access to water is already treated as a "quasi-right" in that it is difficult to deny service even in the case of long-term failure to pay and, in the case of denial of service, other means of accessing life-line service have been put in place. In many of the developing countries where multinational water companies are seeking to expand their business, neither government nor civil society are sufficiently developed to monitor or exercise the influence needed to protect the rights of society's vulnerable groups.

[12] The interpretation of a rights-based approach to development is taken from the Web site of the Office of the United Nations High Commissioner for Human Rights (OHCHR) on the same topic (www.unhchr.ch / development / approaches-04.html).

Box 8.1: INCHRITI's principles

INCHRITI is a coalition of civil society organizations from five continents established in 1998 to correct the absence of the recognition and advancement of human rights within the broad international framework of trade, investment and finance. INCHRITI's work is guided by five basic principles.

- *The Primacy of Human Rights:* The promotion and protection of human rights must be accepted as the fundamental framework for, and primary objective of, all multilateral and bilateral investment, trade and financial agreements.
- *Non-retrogression:* All states have a duty to respect, protect, ensure and fulfil human rights obligations. "Rollback" and "standstill" requirements in investment, trade and financial agreements that derogate from, or limit, states' human rights obligations are inconsistent with the requirement that economic, social and cultural rights be realized progressively, as explicitly stated in the Covenant on Economic, Social and Cultural Rights.
- *The Right to an Effective Remedy in an Appropriate Forum:* Trade, investment and financial regulations that allow for the adjudication of human rights issues by trade or investment panels are in violation of Article 8 of the UDHR. Article 8 affords an effective remedy by a competent tribunal. National or international bodies charged specifically with the duty of human rights adjudication must be responsible for the effectuation of national and international human rights legislation and standards.
- *Rights of Participation and Recourse for Affected Individuals and Groups:* Human rights cannot be effectively realized without the participation of affected populations in the planning and implementation of trade, investment and financial agreements. There must be transparency, accountability and redress for human rights violations that are the result of bilateral and multilateral agreements.
- *Special Recognition of Women's Human Rights:* The human rights of women must be given special attention and protection in trade and investment treaties as women are disproportionately affected by international and bilateral trade, investment and financial agreements.

Source: www.inchriti.org.

Financing Urban Housing and Service Provision in Globalizing Cities

Despite the general recognition of the deepening inequality associated with neoliberal globalization, its direct impacts on access to land and housing are complex and varied. Globalization affects countries—and regions within countries—differently, depending on a range of factors such as the level of integration of the local economy into the international economy; the national and local policy context and degree of decentralization of power; the influence of different institutions in each country and locality; and demographic characteristics. The form of provisioning, including the mix of different kinds of access to land and/or housing arrangements existing before the implementation of neoliberal economic reforms, also condition the impacts on changes linked to the international economy.

For developing countries, macroeconomic changes linked to economic liberalization can have important direct and indirect impacts on cities by reducing the resources available to be spent on housing and essential services. This may result from the following.

- *Small or even negative returns to trade liberalization by the (developing) country:* This can happen when developed country markets remain effectively closed to the exports of the developing country, commodity prices fall relative to the prices of imported goods, or revenue from import duties fall drastically.
- *Financial volatility:* The deregulation of capital flows subjects the developing country's currency to the possibility of sharp swings in its exchange rates. Increasingly, the only tool countries have to protect the value of their currency is to raise the interest on domestic savings accounts. But this pushes up the rates for all kinds of loans, including mortgages. Such hikes can be disastrous for home-buyers.
- *Austerity programmes:* Structural adjustment programmes, whether imposed formally by the IMF, the World Bank or other international financial institutions, or adopted willingly by the developing country, are primarily designed to reduce public spending. Such reductions have tended to hit social programmes hardest.

At the meso level,[13] two trends associated with liberalization are also having an important impact on access to housing and services.

- *Public sector reform through privatization and decentralization:*[14] Decentralization of service delivery and public administration can have marked benefits when adequate resources are transferred into the hands of responsible and capable actors, including civil society groups, at the local level. When resources are inadequate for the responsibilities transferred, the gap forces local authorities to find ways to finance at least some part of their own budgets. The long-term consequences of these processes have yet to be fully studied, but they appear to be increasing the level of risk to which vulnerable groups are subjected.
- *Speculation:* Liberalization often initiates a process of revaluing land in cities. New and more profitable uses are expected to occupy prime locations, thereby beginning a process of bidding up land prices in those areas. Competition for control of these spaces can be intense, and often forces low-income residents out because they can no longer afford rents in the area. Such competition may also lead to unnecessary loss of housing when speculators time their bets incorrectly and acquire land that cannot readily realize its expected value.[15]

These trends are discussed in more detail below.

Two classic forms of state provisioning for low-income or vulnerable groups in the latter half of the twentieth century were the welfare state model of developed countries in which "public" or "social" housing was made available via state agencies, rent control schemes or various forms of state subsidies. Another, more prevalent approach by governments in developing countries has been to leave low-income groups to construct their own modest shelter on public land.[16] Sometimes urban services were provided prior to settlement, but, in most cases, at a later time.

[13] Between macro and micro levels, often applied to decision-making or economic processes at the municipal / metropolitan level.

[14] Public sector reform can entail many more processes than simple privatization and decentralization. However, the programmes promoted by international financial institutions often conflate the process to essentially taking spending responsibility out of the hands of the central state, and passing it temporarily to lower level agencies before ultimately privatizing the delivery of services formerly denoted as "public".

[15] Examples of this are readily evident in rapidly liberalizing Asian cities such as Bangkok, Shanghai and Mumbai in the 1990s.

[16] From the 1950s to the 1970s, governments in a number of developing areas

Today, state intervention in urban land and housing markets for vulnerable groups in both the developed and developing countries is increasingly being challenged by growing competition for central spaces in cities. Other factors being equal, how lower-income groups are faring in this competition depends to a large extent on the level of commitment of local authorities to seek the larger public good. As is increasingly seen, facilitating economic growth in individual cities can take higher priority, often with deleterious affects. Where a city lies between these two poles of action, and its capacity to implement the tasks it has set for itself, appear to be determining factors in where and under what conditions low-income people are to live.[17]

In the largest cities—which are usually among the most dynamic economically—finance for local development is now often sought from abroad in the form of export revenues, foreign direct investment (FDI), external borrowing (whether from banks, international bond markets, international organizations and bilateral donors, etc.) and decentralized co-operation.[18] At the same time, the financing of urban social services and infrastructure has been broadly affected by the progressive liberalization and structural adjustment of many national economies. This has been re-enforced by efforts to reform the state via decentralization, privatization and new public management practices. The intent has typically been to reduce the burden on the fiscal and managerial capacity of the central state, and to fill the growing gap between official development assistance and the overall need for development finance by developing countries and economies in transition. These trends are acutely felt by local authorities, which, as noted above, are reflected in decreasing central-local transfers.

—Brazil, Colombia, Egypt, Hong Kong, India, Singapore—built significant amounts of public housing in their major cities. Even with subsidies, these were often too expensive for low-income families. And by the 1980s, much of the stock of public housing had been sold off (UNCHS 1996:218–220).

[17] This section generalizes about trends and situations known to be occurring in many large cities around the world. The reader may refer to the UN-Habitat global reports (UN-Habitat 1996, 2001), as well as the current urban strategy papers of the World Bank, the Inter-American Development Bank (IADB) and the Asian Development Bank (ADB) for trends in policy prescription. Short passages in this chapter, one each on Chicago and Ahmedabad, are excerpted from lengthy studies reflecting the evolution of the forces and the consequences of applying polices driven primarily by market forces.

[18] Decentralized co-operation is a term used for aid that is channelled directly to sub-national entities from the donor. The donors themselves may also be sub-national entities.

These changes have encouraged a privatization of urban development finance. As such, funds from domestic sources, or from abroad, will more often take the form of a loan, or the promise by the grant recipient to borrow much larger sums in the future. As is well known, the large majority of all loans must be repaid in full with a competitive rate of interest. Investments undertaken with such borrowings—whether in a factory or a hospital—must therefore produce a viable rate of return in order for the loans to be repaid. In a context where a large portion of the population lives in abject poverty, many groups cannot absorb the costs of providing a market rate of return to the investor for services provided through market mechanisms. Unless some costs are subsidized for these groups, they are likely to be excluded from receiving the services they need.

Furthermore, when obtaining development finance from international sources, cities often surrender a degree of fiscal and decision-making autonomy. They, like countries, must accept conditions imposed by the lenders or the market. For example, when a city floats a bond in international capital markets, the rate of interest paid to the bond holders is affected by the rating of the bond—which is set based on the rating agency's estimation of the likelihood of full repayment as scheduled. If repayment is less than sure, the cost of borrowing will be higher because the city will have to pay investors a risk premium. The higher the interest rate, the more profit-seeking the city will have to be in its use of the money borrowed.

Many cities in developing countries are new to running social services and infrastructure provision as profit-making ventures. Typically, they rely on their lenders, bond-rating agencies and their consultants to help them plan their investment projects.[19] As noted earlier, rates of return and healthy cash flows for making repayments

[19] Joseph Berardino, head of the then global accounting firm, Andersen Plc, stated: "To my knowledge, there was nothing that we 've found that was illegal. . . . This is a company whose business model failed. . . . The accounting reflects the results of business activities" (Stevenson and Gerth 2002). The precipitous collapse of the Enron Corporation suggests that such experts are far from fallible in their assessments of accounting accuracy or the risk and rewards in business ventures on which they advise. Their claims to expertise in proposing new business models to municipalities in developing countries — and especially models that should not further jeopardize the well-being of vulnerable groups —must, therefore, be taken circumspectly. Concise explanations of how the Enron "business model" had worked can be found in Glassman (2001) and Cohen (2002). Enron's water-trading subsidiary, which attempted to implement trades using the principles and techniques developed by the parent company for energy trading, lost $1.0 billion before collapsing in 2001.

will take a much higher priority in project design than will poverty alleviation, improvement in health and living conditions, etc. (Kundu 2001).

As a condition for obtaining external finance, some cities have found themselves guaranteeing repayment from their general revenues in case a project fails to generate enough revenue to make repayments. This means that the foreign lender, in case of default, has the first call on the city's revenue, regardless of the source. It is thus quite possible that a city may borrow money to develop a new sewer system, ostensibly to better serve all the city's residents. The sewer will first be extended to areas that can pay the full price for the new services, typically the better-off areas. However, if lower-income areas fail to pay the same price for its services, the project may become unable to pay for itself. The city will then be obliged to tap into other sources of revenue, from local taxes, for example, in order to meet its repayment obligations. If the money taken from the city's general revenue was to have been used to support other social services for the poor, then the poor are doubly worse off for having enjoyed neither the benefits of the sewer nor the services that would have been supported from the general revenue.

Privatization has other facets as well. Social services subcontracted to non-governmental organizations (NGOs) or private enterprises are also subject to market forces. Cost recovery often determines where services are offered and the prices demanded for them. But parceling out service delivery may fragment the overall social service delivery network, leaving some areas poorly covered or not at all, and with less oversight than before. Indeed the coverage and quality of service delivery in this context may be worse than other options, as a fragmented, privatized delivery network diffuses the community's capacity to demand proper services from the government (Clayton et al. 2000).

Recent attempts to shift housing provision to a liberalized market have yet to prove themselves as viable alternatives for the urban poor. These mechanisms typically rest on low-income groups bargaining for "development rights" in return for agreeing to temporary or permanent resettlement. Large-scale commercial complexes and / or upscale market residential developments are then built on the land where low-income groups were housed (legally or illegally). The "development right" for which the residents trade is a low-cost apartment located somewhere in the vicinity of their old residence, subsidized by the proceeds from the commercial development. If the land market remains strong throughout the

clearing, construction and operation of a redevelopment project, low-income groups may be able to afford the lodgings offered to them as part of the redevelopment deal. However, because of the speculative nature of real estate transactions in many large cities, these have proven unreliable mechanisms for providing adequate streams of affordable housing to the poor, whether in Mumbai or Chicago, São Paulo or London.[20] However, even in cases where housing is initially delivered through such mechanisms, sustainability of tenure remains uncertain. The underlying value of the location after improvement raises property taxes to levels which, in the absence of a sufficient income increase for the low-income household, may force a renter out or an owner to sell his/her property and move into another peripheral or degraded settlement.

In both Ahmedabad and Chicago,[21] the pressures of gentrification have been strengthened by urban development processes and are clearly leading to further social and spatial segregation that exacerbates the vulnerability of their weakest groups. In the case of the former, the structural adjustment process that has been gathering steam for the last four decades, accelerated in the 1990s, resulting in a sea-change in the ideology and practice of local government (Kundu and Mahadevia 2002).

The authors of the Chicago study argue that the recent integration of housing finance into global financial markets combines with the growing influences of speculation in urban land markets to determine what gets built for whom in the city (Ranney and Wright 2001). Thus, in the past decade, the city government has stopped building public housing and reduced or stopped maintenance on the existing stock (because funding disappeared); has emphasized the role of private developers in planning and developing new housing and commercial properties (because their projects attract private capital); and has shifted public subsidies to upscale urban redevelopment projects in the hope of improving the city's tax base (because the city has no better source of revenue and it is these projects that generate the highest increases in the tax base).

This would not be such a serious problem if during the 1990s the strong growth in the Chicago economy had been distributed more equitably. But industrial restructuring in the 1980s had a major

[20] YUVA 1997; Rolnik and Cruz de Oliveira 1998; Ranney and Wright 2001; Whitfield 2000; Desai 2001; Van Etten 2001.

[21] Case studies on both cities were presented at the Habitat International Coalition (HIC) Meeting in New Delhi in November 2001. (See footnote 4.)

impact on the city's political economy. During the decade, the city lost 150,000 manufacturing jobs, some 60 per cent transferred abroad by transnational corporations (TNCs). This had a crushing impact on local unions and working conditions. By the early 1990s, when strong employment growth returned to the city and the state of Illinois, it was channeled through temporary employment agencies. Indeed, temporary employment was to become the fastest growing sector in the state's economy. But the work on offer to "temps" paid 25 per cent less for the same work in a permanent position, offered minimal benefits and subjected employees to more frequent spells of unemployment. Many temps found themselves working multiple jobs to make ends meet. Competition for better paying jobs—those that paid a living wage in Chicago—became intense: more than 200 applicants for each opening. For jobs paying the official poverty wage rate there were seven workers for each available job.[22] In neither case did these salaries afford decent housing in the centre city.

The problem became further exacerbated when new federal public welfare "reform" laws began placing more people into the low end of the labour market. Persons and families on welfare were, and continue to be, given a limited time to get jobs or lose all benefits. Surveys conducted of Illinois welfare recipients who were forced off of the welfare rolls as of January 1999 as part of welfare "reform" reveal that 64 per cent were living on incomes below the federal poverty level and one third were living in "extreme poverty", which is only half of the poverty level.

The housing impacts have been disastrous for low-income residents. On the one hand, the increasing upward redistribution of income fuels the demand for up-market housing, leading to the demolition of less expensive housing. On the other, declining incomes for workers and the absence of public support for low-income housing is eliminating other sources of affordable housing in the centre city. Considering the evidence before them, the authors of the Chicago study concluded that the prevailing economic pressures and market-driven practices of urban finance all but ruled out the possibility for the local authority to work in partnership with community organizations to sustain and improve inner city neighbourhoods where low-income people could live.

[22] Chicago research has estimated living wages by calculating a minimal family budget for a single parent with two children —the situation of the average person on public assistance. The living wage was estimated to be $27,415, or roughly $14 per hour. The official "poverty level wage" is $11,522, or $5.75 per hour.

Ahmedabad, like Chicago, underwent industrial restructuring in the 1980s and 1990s, losing roughly 67,000 of its 120,000 organized sector textile jobs, some to competition from elsewhere in India and others to China. But, also like Chicago, Ahmedabad managed to make up its employment loss with less well-paid and protected jobs, many in gemstone processing, casual labour and self-employment. In 1996, these new jobs were paying one third of what workers had earned in the mills.

Unlike Chicago, even before the loss of mill employment, some 40 per cent of Ahmedabad's population of 3.2 million was living in slums without access to basic amenities. By then, the Ahmedabad Municipal Corporation (AMC) was moving rapidly away from its earlier stance as a welfare provider—albeit a deficient one in many respects—and toward becoming a "growth machine". It would raise capital from private sources to improve its investment environment, tighten its social expenditures and organize public-private partnerships that would take responsibility for reducing poverty and upgrading slums. Slum upgrading was to involve community participation—defined as a financial contribution toward defraying the total costs of the upgrading. As a result, demands on the AMC's budget would be negligible. Although the slum upgrading component of the plan was based upon "best practices" first tested elsewhere in India, the ethos and many of the components of the programmes adopted found their strongest proponents among bilateral and multilateral donors and private investment houses. These same institutions were the ones championing the AMC to transform itself from a provider of housing and services to an enabler of market provisioning.

So far, Ahmedabad's slum upgrading programme—the Slum Networking Project (SNP)—has failed to live up to its promise to improve basic services on a large scale. Nor has it proven itself market-friendly. One of the principal reasons is that the project's biggest private sector backer withdrew its support for the SNP after its own financial situation took a hard turn for the worse. But other important obstacles have emerged during efforts to upgrade Ahmedabad's slums and, without addressing these comprehensively, it is still not clear that the process could be carried out successfully. Long-term tenure for most slum residents is far from guaranteed. The burden of organizing microcredit, employment and income-generating schemes for 250,000 households has fallen to two NGOs; this is simply not feasible. The AMC has no firm implementation plan for the SNP; site selection for upgrading is *ad*

hoc. Legislation favourable to SNP implementation has been repealed or unimplemented. Communal politics (Hindu-Muslim) continue unabated, with periodic flare-ups of violence.[23]

Both the Chicago and Ahmedabad cases of upgrading may be compared with three relatively successful and sustainable efforts, albeit on a much smaller scale, in the United States. Key factors in their success, largely absent in the larger cities, included:

- strong, representative and democratic community organizations that depended upon constant and thorough community organizing to guide the plans for upgrading; this resulted in high levels of motivation, participation and consistent pressure on the government to support community initiatives;
- control over the disposition of land—both through regulation of use and, at times, ownership;
- active collaboration (and conflict) with local authorities; and access to, and support from, higher level authorities; and
- the availability of public resources for use by the community either through direct grants or control of tax increment funding.[24]

Questions of scale may remain the crucial factor in explaining better outcomes in the smaller cities. The larger the population of low-income residents who will benefit from upgrading, the larger the prospective challenge to vested interests. Losing 5 per cent of one's income is less threatening than losing 45 per cent. It is also clear that not every neighbourhood will be able to develop the cohesiveness, leadership and energy to persist in struggle to the end. A neighbourhood of elderly citizens or recent migrants from other lands could be at much greater disadvantage than, for example, an established neighbourhood of homogeneous low-income families.

[23] Throughout the month of February 2002 riots raged through Ahmedabad's poorest districts, creating 100,000 refugees among the local population. For the poorest, these riots result in massive losses of property, create insecurity, solidify spatial segregation and economic exclusion, and minimize collective resistance to economic restructuring in the city (see chapter 10 by D'Costa, in Kundu and Mahadevia 2002).

[24] There are undoubtedly other cases besides these, but none have been so thoroughly documented as the Dudley Street Neighborhood Initiative in Boston, Massachussetts; Cedar Riverside in Minneapolis, Minnesota; and East St. Louis, Illinois. Also, the populations involved in these cases are tens of thousands, not millions as in Ahmedabad (see Medoff and Sklar 1994; Stoecker 1994; personal communication with Kenneth Reardon).

The Privatization of Water and Sanitation[25]

As noted above, the right to adequate housing includes access to clean water, sanitation and energy sources that render shelter safely habitable. In most cities around the world, these services have long been provided by public authorities or agencies closely monitored and controlled by them. Without safe water and proper sanitation, individual households and larger communities in cities are subject to grave health risks. In many cities in developing countries some 50–70 per cent of slum dwellers go without access to adequate water supplies and sanitation.[26] Freshwater resources are already scarce and are set to become scarcer because of pollution, overuse, high losses from ineffective delivery systems, salinization of aquifers, etc. Trends such as these heighten the prospects for conflicts, even wars, over water and intensify the daily struggle of those groups already fighting for survival. Privatization of water supply and distribution, as well as sanitation, where undertaken, must therefore not exacerbate their existing burdens.

The involvement of water multinationals

This section reviews briefly the chief concerns raised in current literature on the implications for the realization of the right to adequate housing arising from the involvement and/or control of local water authorities by multinational corporations since the mid-1990s. The evidence presented cannot answer whether the involvement of these corporations will ultimately prove positive from

[25] The poor state of provisioning of water and sanitation services in many countries and cities does not speak well for public efforts to meet citizens' needs or to protect their rights. In the view of many, government reform of provisioning has been tried and has failed, and so other arrangements must be made. Among the choices are privatization—the selling-off or long-term leasing of water company assets to private sector entities—or entrusting the assets to a joint public-private collaboration involving various mixes of public, private commercial and/or civil society actors. Another approach may involve new forms of public sector reform in which the state retains a significant role in organizing the service. All these may be feasible economically and still contribute to the realization of the right to adequate housing. This section discusses only the "multinational privatization" option and does not compare its probable advantages or disadvantages with those of other approaches. Far more research and objective data collection on the performance of existing forms of ownership and provisioning, as well as on the geopolitical context of each, will be necessary before such assessments can be made.

[26] Joint statement of the Water Supply and Sanitation Collaborative Council and UN-Habitat, press release, 29 January 2002.

a human rights perspective.[27] Nor are issues of economic efficiency between public and private sector provision and the theoretical welfare gains from private provisioning addressed. The review was not exhaustive but it did include current authoritative sources that should have mentioned, if they existed, studies rigorously demonstrating sustained and affordable improvements in the quality and coverage of services to vulnerable groups following privatization.

To the contrary, higher costs and service cut-offs of persons unable to pay tariffs have been more common, especially in developing and transition countries. This review also vindicates the concerns of housing / water rights activists and researchers that privatizations, while relatively easy to initiate, are extremely difficult to implement where universal coverage with acceptable quality at affordable prices for all are the stated goal of the service (see Hardoy and Schusterman 2000). Furthermore, when the population to be served includes low-income groups living in difficult-to-service areas, privatized service providers have generally been reluctant to invest in multiple forms of delivery or to apply cross-subsidies to effectively meet the needs of these groups.[28]

More generally, it appears that the pressure to earn profits after privatization imperils access to clean water and sanitation for low-income or other vulnerable groups. These dangers arise from diverse pressures, such as rapid and unsupportable price increases; pressures against cross-subsidies; unworkable contracts that result in service stoppages or reductions; the resistance of private providers to adopting appropriate technologies, management practices or participatory schemes that would offer vulnerable groups affordable lifeline services. The review also revealed instances of unethical, if not illegal, practices by private providers as well as the consulting firms and other institutions that aggressively promote privatization. Examples and sources of further information on these points follow.

[27] This refers to whether private provision provides access to adequate water and sanitation services on a basis that does not impinge on the health and well-being of any member of the household.

[28] A World Bank specialist on infrastructure provision writes in her report of a conference held in May 2000 that "to date, very few infrastructure reforms have included systematic efforts to assess the impact of reform on access to services by the poor" (see Foster no date). Indeed, the first evaluation of a privatized water project attempting to provide universal water coverage in a predominantly poor urban area in Bolivia was not completed until mid-2001. Nonetheless, Bank support and encouragement of across-the-board privatization of water and sanitation services in low-income communities has been steadfast for more than a decade.

Cost hikes

In the United Kingdom, where privatization of water and sewerage has been scrutinized more carefully than in any developing country:

> After privatisation profits started to soar in real terms—between 1990/91 and 1997/8 the pre-tax profits of the ten water and sewerage companies increased by 147 per cent at a time when customers faced continual price rises. Water and sewerage prices rose respectively by 36 per cent and 42 per cent from 1988–1998 (in real terms) with the bulk of the increase occurring in the period up to 1994–1995. The industry faced a public outcry in relation to high levels of directors' pay and profits.[29]

In 1999 the Bolivian government, at the behest of the World Bank, turned over management of the Cochabamba City water and sewage system to a single-bidder concession of international water corporations. The deal, which was to last for 40 years, raised water prices immediately from admittedly negligible rates to approximately 20 per cent of monthly family incomes. Citizen protests were eventually met with an armed military response, leaving at least six residents dead. The protests continued unabated until the consortium was forced to flee the country.

Risks to service delivery stemming from privatization

Interruptions or deterioration in the quality of water service pose serious health hazards. These can occur in any number of scenarios related to privatization: examples include cases of projects failing (e.g. Tucuman, Argentina); of contracts becoming unworkable (e.g. Dolphin Coast, South Africa); of the company failing (e.g. Azurix, Buenos Aires province, Argentina); of socially unsustainable price increases (e.g. Cochabamba, Bolivia); and of corruption and distorted accounting (e.g. Grenoble, France). Most recently, a foreign investor with a 25 per cent stake in Aguas Argentinas (AA), halted contracted investments in crucial sewage treatment facilities, while awaiting government measures to ensure profit repatriation and debt repayment in dollar equivalents pegged at the pre-crisis parity level of the peso.[30] (See the section below on "Testing the cross-currents of water privatisation", for mini-case studies.)

[29] The United Kingdom Parliament, House of Commons Select Committee on Environmental Audit, Seventh Report, Session 1999–2000, Water Prices and the Environment, "Introduction", para 20, prepared 14 November 2000 (cited in Lobina and Hall 2001).

[30] Aguas Argentinas is the largest water privatization in Latin America. Its French partner, Suez Lyonnaise des Eaux, presented AA "as a new form of partnership demonstrating that privatization need not be heartless" (Schusterman et al. 2002:54).

The following tables, produced by the Public Service International Research Unit (PSIRU), list some of the major privatization efforts that have come under a cloud for one reason or another in the past few years.

Table 8.1: Termination or cancellation of water concessions/projects

Country	Concession/project	Multinational	Year
Argentina	Buenos Aires (province)	Azurix	2001
India	Bangalore	Nuon-Biwater (Cascal)	2001
France	Grenoble	Suez-Lyonnaise, Vivendi	2000
Bolivia	Cochabamba	International Water	2000
Zimbabwe*	Country	Biwater	1999
Trinidad	Country	Severn Trent	1999
Germany	Potsdam	Suez-Lyonnaise	1999
Argentina	Tucuman	Vivendi	1998

* Contract not awarded.
Source: www.psiru.org.

Table 8.2: Problems with some water concessions, 2001

Country	Concession	Multinational	Problem
South Africa	Fort Beaufort	Suez-Lyonnaise	Prices
Estonia	Tallinn	International Water	Prices and contract
South Africa	Dolphin Coast	SAUR	Prices and contract
Bolivia	La Paz	Suez-Lyonnaise	Failure to deliver to poor
Bulgaria	Sofia	International Water	Labour and prices
Indonesia	Jakarta	Suez-Lyonnaise, Thames	Labour, prices, accountability
Thailand	Pathum Thani	Thames Water	Commercial viability, service and compensation
Czech Republic	Prague	Vivendi / Anglian Water	Prices and transparency (cost estimates)
Puerto Rico	Puerto Rico	Vivendi	Service and costs (deficit)
Uruguay	Maldonado	Aguas de Bilbao	Service, prices and contract

Source: www.psiru.org.

Faulty advice

In Austria, where privatization of the water supply has been proposed by various lobbies, the Chamber of Labour found the research underlying recommendations for privatization—prepared by the international consulting firm PricewaterhouseCoopers—to be thoroughly flawed to the extent that it:

- exhibits little knowledge or understanding of the international water business;
- ignores the influence of geographical conditions on the structure of the Austrian water supply industry;
- contains serious inaccuracies with regard to European law and international practice;
- contains erroneous and incomplete information on the international situation; and
- forecasts cost savings based on conceptually flawed, exaggerated and, in part, even illegal assumptions (Hall and Lanz 2001).

The advice of the World Bank

Private companies and consultants are not the only groups whose advice on water privatizations may be less than solid. The World Bank's own Operations Evaluation Department (OED) indicates that "it is not certain that the private sector can meet the needs of the poor, that World Bank investment in public sector operations should remain an option, and that the World Bank needs to be far more sensitive to local perceptions and the needs of the poor. Specific recommendations concern consultation and evaluation of effects on the poor, but the strategy paper ignores these completely" (Hall et al. 2001:1).

The Bank has been further criticized on a range of other issues related to its support of water and sanitation privatizations.

- The Bank is itself an investor in privatizations, both through loans and guarantees to private corporations. To suggest the public ownership is a viable option could undermine the coherence of its own advice.
- The Bank recommends privatization on the grounds that private sector participation brings needed finance for expansion/improvement of infrastructure and services. But financial markets' demands for returns in the short term do not sit well with the long-term development framework required for water and sanitation systems.

- The Bank minimizes risk to private investors by providing loans through the International Finance Corporation (IFC) and guarantees through the Multilateral Investment Guarantee Agency (MIGA), but the finance that Bank participation brings in comes at commercial rates.
- The Bank has supported privatizations whose tariffs, in the words of the OED, "discriminate against the poor". The OED says "The Bank's ability to give practical advice on pricing is diminished because few staff or consultants have experience in setting tariffs or managing the finances of utilities and irrigation authorities".
- In the Bank's own terms, governments need to be run with transparency and public access to information. Privatized water and sanitation companies typically restrict access to information in the name of commercial confidentiality (Hall et al. 2001).

With respect to solid waste collection, an area of urban services in many ways analogous to the provision of water and sanitation, the Urban Management Program (UMP), in which the Bank is a partner, published an external consultant's analysis in 1994 that was no more than circumspect in its support for privatization of solid waste services. One of the key concerns expressed in the report was that privatizations in developing countries would be taking place where weak private sector firms would be the new service providers, where government's capacity for oversight was questionable and where corruption in both the public and private sector were widespread. See box 8.2 for some key findings of the UMP report.

Other concerns about privatization of water and sanitation services arise from the oligopolistic nature of private sector operators in the industry. Two companies, Lyonnaise des Eaux[31] and Vivendi, dominate privatizations in developing and transition countries. The imbalance between these companies and local authorities with whom they negotiate is immense.[32] This power imbalance can lead to a series of other problems for the water companies in developing (and in developed) countries

[31] Recently renamed Ondeo so as to shed associations with the numerous public scandals attached to its former name.

[32] In a recent study of the process of establishing a PPP to manage the city of Cartagena's water system, Nickson (2001:29) relates that "the city has only limited capacity to exercise informed decision-making on PPP in service delivery in relation to wider urban management goals".

Box 8.2: Privatizing urban solid waste service: The opinion of the Urban Management Program

The World Bank is a large and complex institution in which competing visions and positions on important issues often exist simultaneously. Indeed, through its Urban Management Program, established in co-operation with the United Nations Development Programme and the then United Nations Centre for Human Settlements (now UN-Habitat), the Bank received a highly nuanced evaluation of the privatization of urban solid waste services up to the mid-1990s. The following statements made in the report reflect the concerns of the UMP's external consultant that domestic private sector participation in the delivery of urban solid waste services was unlikely to improve upon public delivery unless a large number of conditions related to governance were already in place. Among those mentioned in the report were well-run private enterprises in sufficient numbers to promote real competition, a local authority with sufficient technical competence to monitor the service effectively, efficient and transparent tendering procedures, effective policing of corruption, etc.

Private sector participation is a possible opportunity—not a panacea. In situations in which existing service delivery is either too costly or inadequate, private sector participation should be examined as a means of enhancing *efficiency* (and thus lowering costs) and mobilizing *private investment* (and thus expanding the resources available for urban infrastructure and equipment) (Cointreau-Levine 1994:2).

In dealing with inefficiencies in government, the first response should be to determine if they can be corrected within the purview of public service (Cointreau-Levine 1994:11).

Whether to involve the private sector in solid waste management services is an issue that is separate from cost recovery. [Private sector participation] is not to be undertaken as end in itself, but as a means to an end: to use resources more efficiently. . . . Whether to involve the private sector in solid waste management activities is to be examined from the perspective of service coverage, efficiency, reliability, cost, economies of scale, equitability, and accountability (Cointreau-Levine 1994:7).

But efficiency, at base, is merely one aspect of a more fundamental quality-accountability. The term suggests the idea of taking 'into account' the consequences of one's actions for the welfare of others (Donahue 1989, cited in Cointreau-Levine 1994:11).

If the citizenry cares about *how* goods and services are produced, about how equitably they are distributed, about the pay, benefits, and working conditions of those who produce them, then any legitimate measure of efficiency must incorporate these concerns (Cointreau-Levine 1994:12).

when being acquired by, or entering into long-term partnerships with, water multinationals. These include:

- avoiding competition through collusion, such as when two or more multinationals agree to split service areas, or to form joint ventures to serve single areas;
- demanding and receiving payments for services specifically excluded in the contract between the multinational and the municipality;
- a propensity to borrow heavily from international lenders, backed by guarantees from the local government, and to pass these debts on to the government in case of contract breaks or threats thereof;
- ringfencing service areas to include only the higher-income districts, while excluding those that are hard to service or house low-income groups where new investments can be substantial and payments difficult to collect.[33]

It is important to note that efforts to hasten privatization of public services typically fail to note that some of the best providers of water and sanitation in developed and developing countries are publicly operated, or that they achieved universal access to high-quality service at low costs and with simpler technologies than are available today. For example, the vast majority of North Americans, Europeans and Japanese receive water and sanitation services from publicly owned and operated facilities. These often compare favourably, in terms of efficiency, to privately operated facilities. Similarly, high-quality water services are publicly run in developing and transition countries. These include services in Porto Alegre and São Paulo, Brazil; Bogota, Colombia; Debrecen, Hungary; Lilongwe, Malawi; and Tegucigalpa, Honduras.[34] Indeed, a multicountry comparison of public service delivery in developing countries found that "purely public water supply systems were among the best performing services overall" (cited in Martin 2001:28). Recent public opinion surveys in Canada show that the overwhelming majority of respondents oppose privatization of public waterworks and favour continued investments in upgrading public water and wastewater facilities (CUPE 2000).

Not least among the strong points of some of these better performing public facilities is that they tend to play important roles in helping establish or improve services in other localities in the

[33] Current examples of these are found in Hall (2002) and ICIJ (2003a).

[34] For further examples and evidence, see Hall (2001). Details of the Bogota case may be found in ICIJ (2003b), and the Porto Alegre case in Hall et al. (2002).

same country or internationally. They do this by advising other utilities on appropriate technologies and materials, by offering training courses for employees of other waterworks, by providing back-up facilities for smaller systems, and, in some cases, loans or grants to other utilities. Individual waterworks and their national associations in Sweden and Finland have even undertaken to assist multiple developing and transition countries in their successful efforts to improve or restructure public sector water companies without resorting to privatization. These have been done with public-public partnerships or twinning arrangements.[35] It is also worth noting that these same public sector water companies have appeared to have extremely high levels of democratic accountability and transparency in operational practices and financial dealings, in contrast to the water multinationals.

Testing the cross-currents of water privatization[36]

Since the beginning of 2002, a number of high-profile cases of the international private sector's growing involvement in the provision of water and sanitation have either stalled, been reversed or otherwise collapsed. While the allocation of blame remains controversial for parties on both sides of the privatization debate, many of the prime movers of the trend—the international development banks, bilateral donors and multinational water corporations—are beginning to rethink their assumptions about taking over public water utilities. In the evolving context of globalization, risk levels are appearing higher than anticipated for both consumers and producers, with both suffering either unacceptable service conditions or economic losses. Suez, the largest of the water multinationals, has said that it will reduce its investments in developing countries by one third, that new projects in developing countries will need "currency-risk exempt financing", that it will finance all its investments out of cash flow, which will most likely be those generating quickest "free cash flow" (Hall 2003:4). Vivendi and Saur have echoed their concerns as well. Saur's General Manager, in a speech to the World Bank in early 2002, commented that ". . . substantial grants and soft loans

[35] To understand the origin of these domestic and international solidarity practices in Sweden, see Gustafsson (2001); on Finnish and Swedish assistance to European transition countries, see Lobina and Hall (2002) and on an example of solidarity assistance in Brazil, see the case of Porto Alegre in Hall et al. (2002). The author did not find similar examples of solidarity by multinational water companies.

[36] This section draws on Plummer (2002), Development Committee (2003), Vidal (2003), Foster (2001) and Hall (2002).

are unavoidable to meet required investment levels" and that growth of the water sector in the developing world will depend to a considerable extent on "soft funding and subsidies" (Talbot 2002). Some analysts are now claiming that "these corporations are requesting such high levels of risk protection and profit guarantees that it undermines the very reason for having partnerships" (Vidal 2003). Yet important voices in the private sector are beginning to view the sector's role in a different light than before: "We now agree that water is a public asset and should not be appropriated by the private sector. Water is a public service and that belongs to everyone. All people should have the right to water, but we need to transform that right into a reality".[37]

The following examples highlight selected aspects of cases in the Americas, where partial or complete privatizations in water and sanitation have proceeded more rapidly than in other regions.

Atlanta, United States

In January 2003 the City of Atlanta and United Water (UW), the local subsidiary of the multinational water company Suez, agreed to break the company's 20-year contract to manage the city's water utility. Only four years into one of the largest privatizations ever in the United States, United Water claimed to have lost nearly $10 million a year because the city had underestimated the extent of repairs that would be necessary to the system and refused to pay UW for the additional work. The Mayor, Shirley Franklin, claims the promised savings that privatization was to have generated for Atlanta fell short by some $10 million annually. On top of that, the city cited UW for deferring needed maintenance, tardy meter repairs and installations, laxity in bill collection and "an epidemic of water main breaks and brown tap water". The city was set to regain control of the water utility in June 2003, promising a leaner and more efficient system than it turned over to UW in 1997. Both sides of the privatization debate will closely watch the city's efforts.[38]

Hamilton, Canada

In 1994, Stuart Smith, a former leader of Ontario's opposition Liberal Democratic Party, presented the city of Hamilton with a proposal to turn its water and sanitation utility into a global water services company. The idea was first to privatize the company and then to capture profits by exporting technical and managerial

[37] Gerard Payen, Executive Vice-President, Suez, quoted by Vidal (2003).

[38] See www.gppf.org/pubs/analyses/2003/atlanta_water.htm; and lists.cupe.ca/pipermail/waterwatch/2003-January/000117.html.

services to other cities and countries. The proposal came at a time when the city was anxious to change its image from a declining smokestack town to new economy energy and water technology centre. City councillors accepted the proposition under the condition that the new entity include as its partner one of the city's biggest employers and strongest technology companies, Philip Services, a $2 billion industrial recycling giant. Philip Utilities Management Corporation (PUMC) came into being in 1994, with Stuart Smith as president. In December of the same year, without public consultation or tendering of the contract, the city turned over the management of its water and sanitation utility to PUMC for the next 10 years for $115 million. At the time, this was the largest PPP in North America. Within a year of the privatization, large-scale sewage spills began. PUMC refused to accept responsibility for more than three years. Yet, despite its problems in Hamilton, in the same year PUMC beat out some of the biggest multinational water companies for a design-build-operate water project in Seattle, United States. Almost immediately thereafter, the fortunes of the parent company, Philip Services, began to take a turn for the worse. A 1996 audit of its copper trading activities revealed $363 million less in revenue than the company's accounts stated. This was to become the largest case of fraud in Canadian history, and helped to contribute to Philip's snowballing debt, which was to reach $1.1 billion by 1998.

In May 1999, close to bankruptcy, Philip Services sold its 70 per cent stake in PUMC to the Enron affiliate, Azurix, for $44.8 million. In order to consummate the sale, PUMC was forced to settle all the claims against it. The terms of the settlement remain secret. Like Philip, Enron was to become engulfed in scandal, and, to protect itself, also sold assets. Azurix went to American Waterworks, Inc. of Vorhees, USA, but like PUMC also had to pay off large fines stemming from environmental violations in Hamilton as a pre-condition of sale in 2001. Then, in November 2001, Hamilton's water services passed into the hands of the German water giant, Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft (RWE), which acquired American Waterworks. In eight years, five different companies had been managing Hamilton's water. Although the original contract with PUMC called for annual performance reviews, the only one that was conducted took place in 1995, and resulted in a critical appraisal. Since then, most pertinent information concerning the business operations of the company has remained out of view to Hamilton's citizens, raising further questions about

public accountability. Over the coming decade, Hamilton projects a need to invest some $710 million in renovating its physical plant and distribution system, significantly raising the stakes for both the city and whatever entity is managing its water. Whether a public or private enterprise implements these investments, the crucial issue for the citizens of Hamilton will be how to render the managers accountable to the public.[39]

Enron/Azurix

No other example best captures the rapid evolution of the possibilities, problems and risks of water privatizations than the activities of the Enron affiliate, Azurix, during the four years leading up to the parent company's spectacular bankruptcy in November 2001. Seeking to reap the similarly massive profits from water as it had from energy trading, Enron formed Azurix in 1998 to establish a market for trading surplus water across larger geographical regions than had been practised previously. It sought to do so by assembling buyers and sellers of water from across North America and then by facilitating the processing and transport of water for the buyer by locating excess infrastructure capacity (pipes and treatment facilities) to accomplish the needed tasks. Much of this trading was to be managed through a Web site run by Azurix, which would take a commission for its matchmaking service. Azurix also sought to enter the field as both a proprietor of water resources and as a water and sanitation company. It accomplished the latter in 1998 by acquiring Wessex Water, one of the United Kingdom's most efficient water companies, with $2.4 billion raised with a combination of debt and proceeds from sales Azurix shares in a public offering. The company then launched a campaign to acquire businesses to design, build and/or manage water and sanitation in both developing and developed countries. According to the Water Science and Technology Board of the National Science Foundation (United States), Azurix's business model reflected a "miscalculation" of "rapidly evolving" utility markets. Between the time the company issued its business plan in June 1999 and its reorganization by Enron in late 2001, the needed "fast revenue growth from radical change in the market structure of water supply and service delivery in the United States and abroad" failed to materialize. Whether this miscalculation affected the company's local business practices is a matter for speculation. But it must be noted that many of the company's deals turned out badly for both the company and consumers. In the

[39] See *Canada—Hard Water: The Uphill Campaign to Privatize Canada's Waterworks.* www.icij.org/dtaweb/water/.

province of Buenos Aires, Argentina,[40] Azurix defaulted on its largest contract just two years into its 30-year term. In Hamilton, Canada, the company pleaded guilty to 19 counts of violating environmental statutes before selling its share in the business to American Water. Its bid to operate the metropolitan water system of Accra, Ghana, dissolved under claims of bribery and the appearance of documents showing "a $5.0 million up-front payment by Azurix". In the United States, too, Azurix regularly drew attention in the press for attempting to influence politicians to loosen regulatory frameworks that would allow the company to gain control of raw water sources—above and below ground—thereby facilitating speculation on water. More banal instances of influence-peddling to obtain contracts were also reported.[41]

Buenos Aires, Argentina

The 1993 concession of water and sanitation services for some 9.3 million residents in metropolitan Buenos Aires to the joint venture Aguas Argentinas was the largest of its kind in a developing country. It was hailed as a success from the start by the companies involved (Suez, Vivendi and Anglian Water), as well as by its promoters (the World Bank, IFC and the government of Argentina). If nothing, the company was consistently highly profitable through its first seven years in operation.

Table 8.3: Profitability rates for Aguas Argentinas S.A. 1994–2000 (post-tax profits as percentage of net worth)

Year	Percentage
1994	20.0
1995	14.4
1996	25.4
1997	21.1
1998	12.5
1999	18.6
2000	21.4
1994–2000	19.1

Source: Economy and Technology Department, FLACSO-Argentina on the basis of the History and Balances of Aguas Argentinas S.A. and information from the Users' Committee of ETOSSS, cited in Hall 2002.

Critics of Aguas Argentinas argue that the company achieved its high profitability by choosing not to implement its promised

[40] The area of Azurix's concession did not overlap with that of Aguas Argentinas.
[41] See www.publiccitizen.org/cmep/energy_enviro_nuclear/electricity/Enron/articles.cfm.

investment programme while pushing the government regulator to accept rate increases of 13.5, 4.5, 11.8 and 15 per cent between 1994 and 2001. In addition, the regulator allowed the company to apply a new bi-monthly tariff to all customers in order to reduce the existing one-off connection charge that was too high for most low-income families in neighbourhoods not already served by the company. As part of this agreement, the regulator accepted the company's demand for a new contract clause effectively releasing the company from its service expansion targets.

Beyond these financial incentives, getting the company to extend services to low-income neighbourhoods required significant pressure from residents, civil society organizations and from local authorities, as well as large in-kind contributions from the first two groups. According to the main NGO assisting in these efforts, "Aguas Argentinas presented a budget for the construction of the networks in each settlement, divided into three items: technical assistance, building materials, and labour. The utility could take responsibility for the first item, including training for specialised labour, and proposed that the community provide the labour and look for ways to obtain the materials (e.g. from the local government)" (Schusterman et al. 2002:40–42). Once service was established in the pilot communities, each community took on responsibility for maintenance, collection of bills, liaison with the utility, cut-offs and restarts of service. This has been perceived as a challenge to the quality of service within these neighbourhoods, for which solutions are constantly evolving.

Although Aguas Argentinas's newly connected low-income customers are pleased to have water service, the nature of the different parties' contribution and the very low level of investment put forth by the company suggests that its much-disparaged public sector predecessor could have done as well. For the moment, however, new connections have ceased. In February 2002, Aguas Argentinas unilaterally voided agreements it signed in January 2001 to undertake new investments. The company cited as cause the government's unwillingness to cover losses the company would incur when paying down its $687 million in external debt with pesos that lost half their value in the first half of 2002. More than two thirds of this debt is owed to the IFC, IADB and the European Investment Bank.[42]

[42] See *Liquid Assets: Enron's Dip into Water Business Highlights Pitfalls of Privatization*. www.publiccitizen.org/documents/LiquidAssets.pdf.

Cartagena, Colombia

Colombia's first example of private participation in the water and sanitation sector began in 1994/5 when the city of Cartagena dissolved its public utility and then turned over its operation to a joint venture between the municipality of Cartagena (50 per cent), Aguas de Barcelona—a Spanish company controlled by Suez—(46 per cent) and a group of local private investors (4 per cent). The initial contract was to last for 26 years. The new company, Aguas de Cartagena (AGUACAR), achieved rapid success financially and in service delivery. Within six years, the foreign party had recouped its full investment. AGUACAR also dramatically improved its water works by expanding capacity and strengthening service delivery. The company did not, however, make significant efforts to extend service to low-income neighbourhoods; indeed the concession contract did not call for such extensions and even prohibited them from areas lying outside municipal boundaries. Excluded were the shantytowns housing a large portion of the city's population and workforce. AGUACAR has nonetheless begun participating (since 1999) in innovative pilot efforts to improve water supplies to several of the poorest shantytowns within and outside the municipality.

This process, as well the long-term prospects for this public-private partnership to significantly improve conditions for Cartagena's poor, appears to have been hampered more by institutional weakness within the municipality of Cartagena than any other factor. Much of this stemmed from the contract assigning the concession to AGUACAR. Initially negotiated under a cloak of secrecy, the first contract was rejected by the public when it became apparent that the foreign partner would hold the majority share. Even after adjusting the city's share upward, the terms were such that public oversight and control were effectively very limited. The core technical and managerial staff of the public utility were transferred to AGUACAR, leaving the municipality without specialized knowledge of the industry. The mayor, though formally holding the presidency of AGUACAR, presided over meetings for which s/he received no adequate briefing beforehand. On the whole, the municipality has played the role of a silent partner. At the same time, community input in the affairs of AGUACAR has been largely absent, stemming from the long tradition of clientelism in the municipality. This tradition has left Cartagena with a weak civil society, further compounding the difficulties of trying to influence AGUACAR to respond expeditiously to the large unmet needs of the poor.

La Paz and El Alto, Bolivia[43]

Suez moved aggressively in Latin America in the 1990s, acquiring by far the largest share of water and sanitation concessions awarded during the period. Among those where it held controlling interests were Aguas Argentinas and Aguas de Illimani, the main service providers in the capital cities of Argentina and Bolivia. The two concessions deserve comparison in their approach to extending service to low-income communities. Unlike the original (1993) contract with Aguas Argentinas, in which the government did not explicitly require the company to extend services low-income settlements, the Bolivian government did require it of Aguas de Illimani upon granting its 30-year concession in 1997. According to Plummer (2002:138), "A major objective of the concession contract was to improve access to water and sewerage services in El Alto, where about 60 per cent of the population lives beneath the poverty line, and about 40 per cent beneath the extreme poverty line". The expansion targets for the first four years of the concession included 100 per cent water coverage in the El Alto community and 38,000 new sewer connections. To achieve such rapid expansion, the company would have to keep connection and maintenance costs as low as possible. With the financial assistance of international donors and the technical contributions of a water sector NGO, the government brought together a partnership that joined its own efforts to those of NGOs, community members, international donors and eventually Aguas del Illimani, to adapt and implement a condominial approach to expanding water and sanitation to individual households in several El Alto neighbourhoods. Applying simplified technology, inexpensive piping and shallower trenching, the approach successfully reduced the monetary outlays for materials and construction by as much as 50 per cent, and resulted in a higher connection rate—75 versus 66 per cent—over that of the control neighbourhood. In a supporting document to the April 2003 *Development Committee Report* (2003:7), the World Bank-IMF state that El Alto now has universal water coverage, and suggests that this has been achieved because the condominial approach is both affordable and desirable to low-income households.[44] A different Bank report states El Alto is the only instance in which the

[43] El Alto is a peri-urban settlement of 600,000, adjacent to the capital, La Paz.

[44] This figure is not confirmed in other sources. A recent newspaper article states that the new connections in El Alto serve some 46,000 (Vidal 2003). This number would represent somewhat more than 10 per cent of those living in extreme poverty in El Alto, the majority of whom would not have had running potable water on their property.

international private sector has participated in such a development of condominial wastewater management (Foster 2001). Despite the promising assessments of condominial and other alternative approaches, they have been criticized for relying on large inputs of community labour and for releasing private companies from investing in facilities that offer poorer customers similar levels of quality, cost and convenience as offered to the better-off users, while facilitating larger water sales for the private company. In the case of El Alto, where the contract calls for 100 per cent connections, the company argues that for some this may no longer mean that water will be delivered by tanker truck or drawn from a standpipe (Hall 2002:9).

Summary

This brief review of the rapidly growing, but incomplete, literature on the negative impacts of privatization of water and sanitation for low-income and isolated communities suggests the urgency of undertaking systematic research in this area. One of the most important goals of this research would be to establish baseline data on service delivery (quality and coverage of vulnerable groups) in pre- or early privatization situations so that effective monitoring can be carried out. Without reliable empirical evidence of the impacts of changing conditions of service provision, it will be difficult to argue against the early implementation of trade and investment rules that are likely to further social distress.

The most influential international organizations and agencies—those that spend the largest amounts on development assistance—support in varying degrees large-scale privatization of industry and public services. While these organizations may use both carrot and stick of "development finance" to encourage recipient countries to privatize state assets and services, the recipient's refusal to do so does not always result in punishment. This element of "choice" will be largely removed if the current versions of orthodox trade and investment treaties like the General Agreement on Trade in Services (GATS) and FTAA are implemented. The reasons for, and prospective consequences of, this are elaborated in the following section.

Global Trade Agreements and Forced Integration

The discussions in the preceding two sections have highlighted situations in which privatizations threaten fulfilment of the right to

adequate housing. This does not mean that in every case privatization is likely to have negative impacts on poor or vulnerable groups. For example, following the privatization of water in Bolivia, urban hook-ups increased by some 15 per cent, albeit with price rises that were considered burdensome for the poor and no significant improvements in rural areas (Oxfam International 2002:230). Under the GATS agreement now being negotiated, it is likely, for example, that the Bolivian government in its regulatory capacity could not require the private provider to set fees to cross-subsidize improvements in rural delivery, nor could the government itself provide the services.

To understand this apparent paradox, it is necessary to return to the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), completed in 1994. The implicit deal struck then was that the industrialized countries would open their markets much more to agricultural products and labour-intensive manufactured goods from the developing countries and, in return, the developing countries would agree to include negotiations on new issues for agreements on trade in services (GATS), intellectual property (TRIPs) and investment (TRIMs) in the next round (Rowden 2001:22). These were to be a single undertaking, which is to say that all three aspects had to be negotiated and agreed to simultaneously. The logic was quite simple. The proponents of economic liberalization recognized that structural adjustment packages—that fundamentally altered the role of foreign trade and investment in domestic economies—could be undone. Agreements negotiated between the international financial institutions (IFIs) and developing countries in the 1980s and 1990s could be made irrelevant if other sources of finance were available to developing countries or if a country grew out of eligibility for concessionary aid. The answer was to lock in structural adjustment through a system that guaranteed effective punitive measures against countries that failed to maintain openness to the needs of foreign trade and investment. The GATS, TRIMs and TRIPs of the WTO are designed to remove any remaining barriers to the operations and profitability of foreign investors in a domestic economy after the removal of tariffs.

GATS ensures that there will be no barrier to trade and competition in services. This is crucial to investors because services now constitute the largest sector of the global economy, and trade is set to continue growing. Already services accounts for one quarter of global trade, or about $1.2 trillion annually (Oxfam International 2002:225). Four fifths of this is among developed countries. If, as

envisioned by GATS, public services become privatized and tradable internationally, these sums will expand exponentially. Annual trade in health care, education and water—sectors with major public participation and regulatory interest—are shaping up to become the most lucrative. Based on current levels, their tradable value could reach as high as $3.5, $2.0 and $1.0 trillion, respectively. The following section, from Public Service International (no date), summarizes the scope and mechanisms of the GATS now under negotiation.

The GATS covers all services in sectors that affect the environment, culture, natural resources, drinking water, health care, education, social security, transportation services, postal delivery and a variety of municipal services. Its constraints apply to virtually all government measures affecting trade in services, from labour laws to consumer protection, including regulations, guidelines, subsidies and grants, licensing standards and qualifications, and limitations on access to markets, economic needs tests and local content provisions.

Currently, the GATS rules apply to all modes of supplying or delivering a service including foreign investment, cross-border provisions of a service, electronic commerce and international travel. Moreover, the GATS features a hybrid of both a "top-down" agreement (where all sectors and measures are covered unless they are explicitly excluded) and a "bottom-up" agreement (where only sectors and measures which governments explicitly commit to are covered). What this means is that presently certain provisions apply to all sectors while others apply only to those specific sectors agreed to.

The GATS negotiations taking place in the World Trade Organization are designed to further facilitate the privatization of public services by:

- Imposing new and severe constraints on the ability of governments to maintain or create environmental, health, consumer protection and other public interest standards through an expansion of GATS Article VI on domestic regulation. Proposals include a "necessity test" whereby governments would bear the burden of proof in demonstrating that any of their countries' laws and regulations are the "least trade restrictive", regardless of financial, social, technological or other considerations.
- Restricting the use of government funds for public works, municipal services and social programmes. By imposing the WTO's national treatment rules on both government

procurement and subsidies, the new negotiations seek to require governments to make public funds allocated for public services directly available to foreign-based, private service corporations.

- Forcing governments to grant unlimited market access to foreign service providers, without regard to the environmental and social impacts of the quantity or size of service activities.
- Accelerating the process of allowing corporate service providers guaranteed access to domestic markets in all sectors—including education, health and water—by permitting them to establish their commercial presence in another country through WTO rules being designed to promote tax-free electronic commerce worldwide. This would guarantee transnational corporations speedy irreversible market access, especially in Third World countries (PSI no date).

These conditions explain the Bolivian government's conundrum in trying to find a way to provide clean water to the 2.5 million rural residents currently without access. In the commercially non-viable regions the government is considering direct consumer subsidies or transfers to the local authority, but with the service provided publicly. Under case 2 above, the Bolivian government could be guilty of "discrimination" against the private (foreign) provider because (i) the foreign provider must receive the same treatment as any other provider in the market—which would not be the case in the non-commercially viable service regions where no special tariff regulations existed; and (ii) the government's cross-subsidization of rural service delivery from taxes on urban rate-payers may not be allowed. The WTO asserts that scenarios such as these are yet locked in by the GATS. Even if this is the case, the concern remains valid that "powerful companies will be able to use the WTO to add to other pressures being brought to bear on developing country governments, notably through the IMF and World Bank. A random review of IMF loan programmes in 2000 discovered that loan conditions negotiated with 12 countries stipulated water-privatization provisions" (Oxfam International 2002:230).

With the collapse of the 1999 WTO Seattle Ministerial Meeting, GATS moved into a temporary limbo. In the interim, the business-IFI-OECD government lobby has redoubled efforts to strengthen regional trade agreement processes. Within these they have focused on incorporating into new agreements the most radical form of protection for investors so far available. This is the investor-state dispute mechanism first seen in Chapter 11 in the NAFTA treaty, then later in the draft MAI treaty, and now as

the centre-piece of the FTAA.[45] These clauses are so far-reaching in the powers they give foreign investors that it makes the current language in GATS on "investor rights" look tame. There is, however, a strong presumption that Chapter 11 clauses will find their way into the TRIMs.

The investor-state dispute mechanism provides corporations the opportunity to challenge governments—at any level—to a secret hearing in front of a tribunal in which monetary damages can be assessed against a government if its actions or policies have been shown to reduce the opportunities for commercial operations by a foreign company or its local affiliates. In technical terms this is called "expropriation" because it is theoretically "taking of profit" from the corporation. In the NAFTA agreement expropriation is defined in the broadest of terms. Examples of how this has worked in practice are found in box 8.3.

As currently analysed by the Hemispheric Social Alliance, NAFTA grants unprecedented power to corporations and "restricts the ability of governments to protect the environment and public welfare and to ensure that foreign investment supports national development plans" (HSA 2001).

The principal proponents[46] of the GATS and FTAA argue that privatization will increase the efficiency of resources invested in service delivery and thereby contribute to faster growth of the local and global economies. They argue that this is eventually good, because the benefits will eventually trickle down to everybody in developing and developed countries. Some of the most active backers of privatization further claim, relying on uncertain empirical evidence, the theoretical gains to privatization in service of the public good have been and are being achieved on a broad scale.[47] Such assessments do not take into account the human costs of leaving vulnerable households uncovered, or of further reducing the quantity and quality of the services they have been receiving, or of raising costs

[45] For a comprehensive, plain-language description of the major components of GATS and NAFTA, upon which the FTAA is being developed, see PSI (2001). For an overview of the relationship between globalization, public services and privatization, see Martin (2001).

[46] On the public sector side, these include the US Treasury Department, the OECD, the European Union (EU), the World Bank and the IMF. From the private sector, these include individual TNCs and trade associations they have established for the purpose. Pre-eminent among them are the European Service Forum and the US Coalition of Service Industries.

[47] A recent study published by the National Science Foundation of the United States seems to have challenged this notion with respect to privatization in the

Box 8.3: Trade versus the public interest: NAFTA Chapter 11 disputes

Ethyl: In settlement of a NAFTA challenge by Ethyl corporation, the Canadian government repealed a ban on the gasoline additive MMT. It also paid the company $13 million, and issued a statement saying that MMT has no known health effects even though manganese—a major ingredient of the additive—is a known carcinogen.

S.D. Myers: Canada lost a dispute initiated by a hazardous waste disposal company, which claimed $30 million for losses it allegedly incurred as a result of a Canadian ban on exports of PCBs in the mid 1990s—even though allowing PCB exports would have brought Canada into conflict with its commitments in the Basel Convention on the Transboundary Movement of Hazardous Wastes and with US legislation banning PCB imports.

Metalclad: Mexico was ordered to pay $16 million in damages to a US-based hazardous waste disposal company because Guadalcazar, a small municipality in the state of San Luis Potosi, denied the company a permit to establish a hazardous waste site on land already seriously contaminated by toxic wastes. The Mexican government has resorted to Canadian courts in an effort to have this decision set aside.

Methanex: A Canadian-based company is suing the US government for $970 million in losses due to a California state order to phase out the use of MTBE, a methanol-based gasoline additive which has contaminated groundwater from leaks in underground storage tanks.

UPS: The US-based courier is seeking $230 million in damages from the Canadian government, claiming that Canada's national postal system is being used to support its courier business and is preventing UPS from competing for more of Canada's courier business.

Source: PSI 2001:9.

of the services received to levels that impact negatively other necessary consumption. Nor do they acknowledge the value of having the trade-offs between economic efficiency and equity a permanent feature of public debate and democratic decision making.[48]

United States when it stated "that some studies of water services privatization had been conducted, but that a comprehensive review that characterizes many NRC studies would be timely and useful" (National Research Council, Committee on Privatization of Water Services in the United States 2002:viii). For studies cited by institutions with longstanding positions favouring privatization, see the following Web sites: www.privatization.org; www.rppi.org; and the World Bank Web site, wbln0018.worldbank.org/eap/eap.nsf/Attachments/Water-informe/$File/InformeFinalApr09.pdf.

[48] None of the pro-privatization publications reviewed for this study mentioned the need for maintaining a public debate over possible future adjustments to the form of ownership once public services have been privatized. The assumption is that there is no going back, and indeed that appears to be the intent of the GATS.

The closed and top-down processes in which the WTO and FTAA agreements are being negotiated, and the concerns that such agreements are likely to diminish significantly the power of national and local governments to take action to protect vulnerable groups from situations where the market will not provide adequate levels of essential service should caution against the implementation of these agreements in the near future. Rather, it appears imperative to slow down implementation of international agreements on trade and investment until there is credible evidence that already vulnerable and marginalized groups will not be further harmed by the deepening integration of local economies into the global economy.

Humanizing Neoliberal Urban Development and Management in MERCOSUR[49]

The negative social impacts of the privatization of water, as described in the cases above, are likely to become more widespread as agreements like the GATS and FTAA come into force. Further privatization will reduce the degrees of freedom local authorities have in adopting policies to protect their most vulnerable citizens. With living conditions already deteriorating for the majority in many cities, local authorities and organizations of civil society in many cities around the world are expressing this concern, and seeking to provide alternative approaches to urban development and management guided by the tenets of neoliberalism.[50]

Incipient examples of new approaches are found in cities implementing participatory budgets, or attempting to guide municipal decision making by adopting a human rights framework, or implementing thoroughgoing decentralization of administration and decision making through democratic processes. The variants of such processes are many. Some have demonstrated promise, but have yet to be properly documented and analysed for concrete and sustained results. Indeed, because many of these experiences are not more than a few years old, available studies have tended to describe only the innovative aspects of their design and some immediate gains in terms of improved levels and quality of

[49] MERCOSUR is the regional trade block comprising Argentina, Brazil, Paraguay and Uruguay.

[50] The more than 50 mayors from around the world who met in Porto Alegre for the first World Social Forum agreed to a charter that committed their cities to meet the challenges of globalization without sacrificing social policies and programmes that promoted social inclusion for all residents of their cities.

participation. Notable exceptions include the participatory budget in Porto Alegre and Kerala's participatory planning programmes.[51] However, even these have not been systematically studied for their robustness in the face of adverse local consequences of international economic integration. One of the few research projects that has followed participatory planning experiences involving local authorities and community organizations for more than a decade has shown ambiguous results in this area.[52]

The rest of this section focuses on one region of the world that has been increasingly attracting attention for innovative urban management and governance under globalization, MERCOSUR.

Before discussing individual cities in the region, the intent of MERCOSUR itself deserves mention, as it expresses aspirations that go well beyond those of other regional economic integration schemes. At the regional level MERCOSUR has sought to promote integration in a way that prepares members for the rigours of eventual full integration into the world economy. This signifies recognition among the member countries that they do not see themselves prepared to compete on equal footing in trade with the industrialized countries. Rather, they need a stronger bargaining position in determining the terms of global agreements to which they eventually hope to accede. Indeed, MERCOSUR members had hoped to have completed by 2001

[51] In 1999 more than 70 cities in Brazil were in varying stages of implementing participatory budgets. Other Latin American cities and towns have also followed suit. Some of the best known examples are Villa El Salvador in Peru and Montevideo in Uruguay. Decentralized decision-making processes and efforts to enhance local-level participation are legion. Some of the best known experiences are found in Kerala (India), Bolivia, Peru and the Philippines. Recent constitutional amendments or new laws promoting local governance, women's participation, improved transparency and accountability of local authorities have also been set in place in India, Brazil, Bolivia and elsewhere. References to these and many other experiences can be found at www.ids.ac.uk/ids/particip/information/pp4.html, www.bestpractices.org and fcis.oise.utoronto.ca/~daniel_schugurensky/courses/examples.html#11. See also Developing Sustainable Human Rights Cities, available at: www.pdhre.org/projects/hrcommun.html: Rosario, Argentina; Thies, Senegal; Nagpur, India; Kati, Mali; Dinajpur, Bangladesh; Graz, Austria; The People of Abra, Philippines.

[52] While not focusing explicitly on the local impacts of economic globalization, these studies described many of the promising micro-level planning experiences occurring in the mid-1990s. Very few ever managed to link up into broader municipal processes. More often than not, it was because the municipal processes either did not exist or collapsed. The case of Chicago, cited above, is one of the more pessimistic scenarios. A summary of the provisional findings of these studies is available in the Spring/Summer 2001 issue of *UNRISD News*, No. 24, pp. 16–17, available at www.unrisd.org.

negotiations with the three other Latin American and Caribbean trade blocs to form a South American Free Trade Area, thus further strengthening their position in the WTO negotiations (PSI 2001:10). The World Bank has termed these "bad" regional trade agreements (RTAs), because they are likely to slow down the pace of liberalization internally and internationally by not pushing hard enough to increase competition domestically or lower trade barriers far enough to non-members.

Unlike other regional trade agreements, MERCOSUR has attempted to go beyond simply bolstering protections against what it considers unfair advantage of external competitors. It has also sought to help members improve social conditions broadly in advance of full global economic integration. MERCOSUR's precedent-setting steps in this regard included internal negotiations on social and labour rights and the establishment of a consultative forum on economic and social policy. These resulted in, among other things, the MERCOSUR Social and Labour Declaration in 1998 and the establishment of a body to monitor labour market and employment conditions.

The prospects for MERCOSUR to be able to deliver a more balanced form of integration has been dealt a serious blow by the recent economic crisis rippling through member states since Brazil devalued its currency in 1999 and the current problems in Argentina. MERCOSUR's largest members, Brazil and Argentina, have now given higher priority to commercial concerns than to building the social and political mechanisms needed to develop the region in a balanced fashion. The point must not be lost, however, that if MERCOSUR countries consider themselves unprepared for full competition with the industrialized countries, member states should be less inclined to hurry weaker countries into the more "orthodox" trade agreements that the stronger MERCOSUR economies wish to avoid as well.

At the regional level, there is a high degree of formal and informal networking and sharing of experience among urban authorities.[53] One of the most active areas of co-operation is on urban

[53] Many cities of MERCOSUR participate actively in networks sharing experience on urban governance. Among them are programmes supported by the Urban Management Program of Latin America, URB-AL, the decentralized co-operation programme of the European Union and other international associations of cities, such as the International Union of Local Authorities (IULA), the World Alliance of Cities Against Poverty (WACAP), etc. However, the association that most clearly reflects the particularity of the MERCOSUR's more socially progressive cities is the MERCOCIUDADES network. This grouping recognizes

social policy in the face of globalization. An important example of an outcome of this networking is the Charter of Porto Alegre, signed by more than 50 mayors from the southern cone of Latin America and a selection from other cities around the world. The content of the Charter reflects the prevailing attitudes of the more socially progressive cities in the region, in which they assign themselves crucial roles.

- Extending to all residents of the city access to the network of social and public services that make urban living dignified.
- Working jointly with citizens through direct democratic processes to promote policies to overcome the housing crisis, poverty and other forms of social exclusion and marginalization affecting large numbers of people in their cities.
- Ensuring that the policies adopted by the city play a decisive role in protecting human rights, and especially those of the most disadvantaged and marginalized groups.
- Using public action to promote employment growth while reducing unemployment and precarious working conditions.
- Establishing networks of co-operation and solidarity among cities throughout the world capable collectively of limiting (regulating) the negative impacts of globalization.[54]

Individual MERCOSUR municipalities are developing and refining concrete efforts to achieve these goals through innovative initiatives in participatory government. Three million-size cities emblematic of such aspirations are Montevideo (Uruguay), Porto Alegre (Brazil) and Rosario (Argentina). Despite major differences in their economic bases, political status nationally and social contexts, the governments of each of these cities have become known for persistent and largely effective efforts to minimize the gaps in social provisioning between different urban neighbourhoods and social groups. In the past decade, all three have in varying degrees reorganized municipal administration by decentralizing decision making, monitoring and

that regional responses to globalization must reflect the concerns of the MERCOSUR cities. Among them is finding means of reducing the growing gap between macro decision making emanating from the global economy and the needs of local communities (www.montevideo.gub.uy/merco2.htm#2).

[54] The Charter also noted that cities should have rights to participate fully in international political, economic and cultural life and to represent themselves in entities of global governance. (Translated and paraphrased by David Westendorff from the Portuguese version of the Charter of Porto Alegre, 27 January 2001, promulgated at the Forum of Local Authorities for Social Inclusion, the First World Social Forum; for un updated version, see www.forumsocialmundial.org.br/main.asp?id_menu=4&cd_language=2.)

bureaucratic functions to sub-municipal "governments", establishing long-running non-exploitative partnerships with civil society organizations in planning activities and service provision and increasing markedly public availability of information about government processes and finances.

The backbone infrastructure of change in these cities has been administrative decentralization. By establishing itself within the neighbourhoods, the municipalities have opened direct lines of communication with residents near their homes, providing information about affairs of the city that touch citizens' lives on a daily basis and facilitating interaction with, and sometimes organizing efforts of, community organizations in public programmes and campaigns.

In Porto Alegre and Montevideo, local authorities have gone well beyond this. In both cities citizens from all quarters have been participating in decisions over the municipality's expenditures. This process is called the "participatory budget". In it local authorities provide the public with detailed calculations on expected revenues, existing investment commitments, rates of achievement of previously agreed-to public investments, etc. It then organizes public debates in every district of the city to allow individuals and groups to propose priorities for spending in their neighbourhood and region. In both cities, residents elect representatives to follow the debates and decision-making processes throughout the lengthy period of budget setting. These representatives are held to high standards of transparency, accountability and professionalism, including continuous report-backs to neighbours and participation in negotiations with persons who may be negatively impacted by a project that the larger community wants implemented.

These processes are extremely complex, labour intensive and costly to manage. Yet both residents and city officials apparently feel the investment is worthwhile. Both have been operating for more than 10 years, and between 5,000 and 15,000[55] persons participate annually in various stages of neighbourhood and zonal/regional debates on priority setting, report-back sessions and working

[55] The lower number refers to Montevideo in 1999. However, a related and expanded process of preparing a five-year plan for the city, also related to the participatory budget, involved 10,000 persons (Masdeu 2001:3). The larger number is from Porto Alegre in 1995 (Abers 1999:47). Other reports suggest as many as 100,000 persons in Porto Alegre in 1995, and in Montevideo both 20,000 and 100,000 in 1998, the latter being the number of voters in the first election of "neighbourhood councilors" in 1998 (Urruzola 2000:3).

meetings with public agencies. The resources apportioned through the processes have risen steadily both in relative and absolute terms.[56] And the number of low-income neighbourhoods that have influenced spending priorities has varied and grown over time (Abers 1999).

Equally important, the process is claimed to have made a marked difference in conditions on a large scale:

> [W]hole regions of the city have been transformed. One striking example is the Cruziero region. Six or seven years ago, the favelas there were unpassable shambles of shacks and mud. Outsiders would rarely pass through. Today, although it remains one of the poorest regions of the city, the main streets are paved and many of the major drainage problems have been resolved. The result is that, where once it was cut off from the rest of the city, now the region is accessible. Buses go there. Garbage trucks go there. Taxis and ambulances and police cars go there. Outsiders regularly use the health post sited there or drive through the region between parts of the city, a route they would never take before because it was both unpaved and widely considered 'dangerous'. The people who live there continue to be poor, but their neighbourhoods are now included in the city. This process has occurred throughout the poor regions of Porto Alegre (Abers 1999:52).

In Montevideo the impact of innovative governance appears to be less a case of generating improvements in low-income neighbourhoods than in preventing more precipitous gaps from emerging between low-income groups and the rest of the city's population. Urban blight and peripheral slums are both of recent vintage and have not achieved the dispiriting proportions of many similar-size cities in Latin America. Yet the decline in the city's fortune is palpable.[57]

[56] When the Worker's Party came to power in Porto Alegre in 1989, 98 per cent of the revenue went to pay salaries. By 1995, some $30 million was spent on projects prioritized by the regional assemblies (Abers 1999:52). According to Masdeu (2001:8), 78 per cent of the 2001 municipal budget of Montevideo was to be spent directly on the community through services and public works intended to strengthen social provisioning, to the extent possible through the local government, to improve the quality of life for the residents of Montevideo. 28.7 per cent of budget has to be spent on rider subsidies for public transport, land purchases for housing, health and social programmes and the Department of Culture. This amount is one quarter more than spending on the activities of the municipal administration.

[57] Gonzalez (2000) discusses this with respect to housing. Conversations and interviews by the present author in November 2001 with some 25 researchers and activists intimately involved in local social and political action tended to confirm these assertions.

Nonetheless, the city has become known internationally for its high-quality and egalitarian public services.[58] This has occurred despite the fact that the Montevideo municipality (IMM) receives no state revenues to support its service programme.[59] Some of its most important achievements include: a system of free health clinics, which received 525,000 visits in the year 2000, representing a 500 per cent increase over 1984; a school milk programme covering 70,000 children daily; the renovation of more than half of the city's 300 plazas and neighbourhood public spaces; free public transportation for the handicapped; and reduced rates for a range of other public services.

Although the city has no statutory responsibility or assigned resources, it has made important efforts to ensure access to adequate housing. It has done so by extending sanitation to over 90 per cent of residences; providing public transportation to all of the city's peripheral settlements; purchasing over 220 hectares of centrally located urban land (double the area of the city's historic centre) that is being turned over to groups with responsibility for constructing low-cost housing (co-operatives, NGOs, the Federal Ministry of Housing, etc.); and establishing low-cost material banks and technical assistance centres (Gilio 2000:6–7).

Montevideo's programme of working with co-operatives in renovating central city housing has been hailed as one of the most promising processes yet devised for allowing low-income residents to remain in "revitalized" core urban neighbourhoods (Nahoum 1999:17). Indeed, many of the political and social activists consulted by the author expressed the sentiment that the city was doing as much as it could in the social policy arena, given the long state of conflict between the left-leaning municipal authority and the rightist national administration. That those remaining in unhealthy or marginalized situations are not easily mobilized against the municipality was attributed to the high level of contact and dialogue between those families and members of the municipal and sub-municipal (zonal) government and agencies.

[58] The European Union and the United Nations Educational, Scientific and Cultural Organization (UNESCO) have separately selected Montevideo for distinction for the high quality and inclusiveness of its social services (Gilio 2000:6).

[59] Montevideo made net transfers of between 55 and 60 million dollars annually to the central government between 1995 and 1998. During the same period, the central government transferred 75 to 98 million dollars to other municipal governments (Urruzola 2000:3). According to official materials describing the city's 2001 participatory budget, Montevideo receives no transfers from the national government.

Rosario (Argentina) is less well known internationally than either Montevideo or Porto Alegre for innovations in urban management and social policy. Nonetheless, the city has implemented a thorough programme of administrative and functional decentralization to the district level, established good working relations with civil society organizations and among "social democratic" municipal governments in Latin America and Europe, and has achieved distinction for innovative and effective social programmes. This is all the more surprising when considering that the metropolitan region of Rosario has suffered a precipitous economic decline since the 1970s. With the opening of Argentina's markets to international competition, formal sector employment in the city's major industries and largest employers—metalworking, steel, paper and chemicals—has all but disappeared as a result of restructuring. Rail and river port employment serving these industries has also vanished. Together, the loss of economic activity and employment brought on a social crisis that continues to the present (PER 1998:Sec.4.5). At 23 per cent, the open unemployment rate is the highest of any city in the country. If the active population of peripheral settlements around the city, which are growing rapidly with influx of rural migrants, are taken into account, the figures may look even worse.

This continuing expansion of peripheral settlements played an important role in setting the parameters of the Strategic Plan for Rosario, completed in 1998 (PER 1998). The plan recognizes that the overall health of the city will be achieved only if growing peripheral settlements are incorporated into a complete social and urban service network. Rosario has thus extended medical services and urban infrastructure beyond the city's physical boundaries.[60] Preventing further social exclusion of communities that are closely linked with the social and economic life of Rosario is an ethical concern as well.

Two other initiatives of note relate to the city's explicit alignment with human rights approaches to governance. One such programme is the City for Children, inspired by the United Nations Children's Fund's (UNICEF) campaign on the rights of the child. The other is the Human Rights City approach developed by a civil society group.[61] These commitments require a level of openness to probity within the working of government by citizens that few cities

[60] The city's clinics and hospitals receive some 500,000 visits per year by non-Rosarinos, at a cost to the city of about 10 million pesos per year.

[61] People's Decade for Human Rights Education—an NGO based in New York: www.pdhre.org.

have adopted. For example, in the People's Decade for Human Rights Education (PDHRE) approach, a committee of citizens continuously examines Rosario's obligations and commitments under international law with respect to poverty, unemployment, violence against women, malnutrition, marginalization, education, police brutality, gay and lesbian issues, and the relationship with the business and industrial community. Upon finding situations where the municipality appears to be in violation of obligations, the committee—with the assistance of human rights experts, educators, lawyers, and members of the media—presents the city with proposals for resolving the situation. The committee then organizes training for municipal workers, whether police, judges, business people, teachers or health care workers. The committee eventually expects to lobby for amending local and national laws, and for an allocation of financial resources that ensures the ongoing city development plan will meet the needs of the community.

The experiences of these cities can only begin to be described in this paper. What is of crucial importance is to understand the changes wrought by them, not just in the distribution of resources but also in the downward redistribution of power. This is reflected most directly in the overt processes of public decision making. More subtly, it shows itself in the growing capacity of persons and groups previously excluded from decision making to assimilate information, debate principles of governance and distribution and, even, to recognize and accept that even those who do not participate in the political process still have a right to society's resources. This last situation has been recounted in detail in Porto Alegre's participatory budgeting process. Among the many poor people who do mobilize and participate vigorously in the process, there are hardliners who argue that communities failing to send representatives to meetings, forums and working groups should not expect investments in their neighbourhoods. These voices have grown fewer and softer over time as participants have begun to differentiate between neighbourhoods with truly more desperate needs and minimal participation, and those with lesser needs (Abers 1999:61–65).

More recent debates over the transformational aspects of the participatory budget in Porto Alegre have suggested that leaders from low-income communities have been among the most creative and systematic thinkers about urban reforms and urban management in Brazil. They have proven capable in many areas: in deliberations about the implementation of Brazil's new national

legislation called the City Statute, linking the abstract concepts in the statute to local processes; in comprehending and working with the need to plan regionally, not just at the neighbourhood level; and in facing down clientilistic politicians who attempt to influence public debate without the same degree of preparation to debate the issues.[61]

These processes are not without their critics on both the left and the right. From the right they often focus on economic efficiency of existing city services and participatory processes or on concerns of "growing clientilism of the left" or direct democracy's "threat" to representative democracy. From the left, the worry is that participatory processes have failed to be adequately institutionalized, that municipal decentralization has yet to devolve adequate resources and decision-making powers to lower level bodies, that participatory budgets cannot be truly democratic with prevailing low-level information and training among most of the population, etc.[62] Nonetheless, these experiences appear to be among the most positive and self-sustaining innovations in urban governance in many decades, and hence remain worthy of continued support, development and study, not least as evidence that globalization and equity are possible in the same city.

A Research Agenda for Cities in a Globalizing World

This chapter argues that unregulated economic globalization is changing the forces that shape the quality of life in many cities around the world. By increasing the importance of international financial markets in determining the nature and locus of urban investments, economic globalization weakens the incentive and capacity of local authorities to take effective action to promote socially inclusive forms of development across the metropolitan space. Technological advances in the production of goods and services, coupled with supportive international trade and investment policies are making increasingly large sectors of the global labour force redundant. Incomes and livelihoods everywhere are under pressure. State reforms, including privatization processes, appear to be exacerbating the already poor record of governments to meet the needs of their urban citizens for housing, clean water and sanitation.

[62] For original texts in Portuguese and Spanish on the Urbared Web site, see www.urbared.ungs.edu.ar/experiencias_foro.php?expID=2.
[63] For discussions by Daniel Schugurensky and Betania de Moraes Alfonsin, see the Urbared Web site.

The analysis in the preceding sections of this chapter suggests an urgent need to conduct research seeking to understand better how to govern global economic integration so that it ensures everyone's right to adequate housing, the foundation of healthy urban settlements. In the meantime, governments and international organizations would do well to eschew agreements that are likely to speed the unregulated economic integration. They should, instead, establish monitoring processes that reflect reliably the impact of ongoing processes of integration on the realization of the right to adequate housing for vulnerable populations.

A good first step in guiding this monitoring process would be to undertake research in a number of cities undergoing rapid integration into the international economy, in order to identify and understand the differences in policy and outcomes in different regional, national and local contexts.[64] More specifically, the research could:

- identify the policy parameters of competing approaches to the integration of urban (metropolitan) economies into the international economy;
- identify the roles of different social actors in promoting (i) integration of the local economy into the international economy, and (ii) actions to ameliorate the negative impacts of such integration;
- measure changing levels of economic integration over time;
- identify the causal links between economic integration and the well-being or exclusion of different social groups within the metropolitan area and estimate their impacts; and
- assist government and civil society organizations to use a human rights framework to identify policies and measures that are most likely to improve conditions in cities for low-income and marginalized groups.

Another important area of concern and for research is to understand better the role of modern institutions in accelerating the recognition and realization of human rights. The long historical processes through which, for example, access to clean water achieved the status and universal protection of a human right in Belgium needs to be telescoped rapidly in all but a few countries around the world where such protections do not exist. Civil society

[64] Detailed case studies along these lines are now underway in Buenos Aires, Rosario and Curitiba in Latin America, and in Ahmedabad and Bangalore in India. Preliminary results from the Latin American studies are available at www.microenergia.org/derechovivienda.

organizations will bear the brunt of fighting for these protections but can only be successful when national governments support their efforts. To the extent that the institutions of global governance, including United Nations agencies, the multilateral development banks, the IMF, and the WTO acknowledge their crucial role in protecting human rights, national governments may be encouraged to establish and implement appropriate institutional measures to do the same.

From below, as some cities and associations of cities have shown, it is possible to create a human rights lobby sub-nationally. These, too, can help promote grassroots demands for rights among would-be citizens. Equally important, they may also create and channel political pressure for national governments to take positive steps to give substance to the human rights instruments to which they are already signatories. One of the ways cities can lead the way is by monitoring the efficacy of certain policies or practices of governance that minimize the negative impacts of economic globalization locally, or more positively, promote social inclusion throughout the metropolitan area even as integration with the international economy proceeds.

Policies that lead to the progressive realization of human rights, and the contexts in which they occur, need to be diffused and scaled up. Indeed it is hard to imagine that these can have wide influence if they do not penetrate and become a significant part of a new and humanistic post-post-Washington consensus.

Annex: The Changing Role of the Ahmedabad Municipal Corporation under Globalization

Ahmedabad, India, is one of the few cities in the developing world where the social impacts of a full embrace of globalization have been analysed relatively comprehensively over the decade up to and including the year 2000. The analysis is drawn from multiple case studies depicting the interactions among structural change, international development assistance, public-private partnerships (PPPs), local politics, civil society activism and parochialism, communal strife and, most important, the changing stance of the local authority toward urban development processes and its social outcomes. The most worrisome conclusion of the studies is that the evolving model of urban development—promoted by the Ahmedabad Municipal Corporation (AMC)—exacerbates segregation and discrimination against the poorest groups, compounding the already formidable barriers they struggle against in their efforts to achieve a dignified life in the city.

The remainder of this brief case study highlights the key components of the AMC's changing approach to governance and some of the main concerns about its consequences as raised by a series of studies in the new book *Poverty and Vulnerability in a Globalizing Metropolis: Ahmedabad*.[65]

[65] This brief case study attempts to describe concisely the forces and decisions behind changes in the roles and responsibilities of the Ahmedabad Municipal Corporation over the past decade, and to highlight their possible consequences for the city's large slum population. The case study is based on the author's reading and interpretation of the sometimes divergent evidence provided in the 10 chapters of Kundu and Mahadevia (2002).

PPPs in sanitation for low-income neighbourhoods: In an attempt to foment a comprehensive upgrading[66] of all slum neighbourhoods, the AMC sought to apply the experience of the Slum Networking Programme (SNP), an innovative process developed earlier in the decade in the Indian city of Indore. The experience there and in a second test case in Vadodara provided useful lessons that were taken into account in the design of Ahmedabad's SNP. The main stumbling block in Indore was the absence of security of tenure, without which slum residents were loathe to provide counterpart investments for installation of household water and sewerage linkups. In Ahmedabad the AMC offered a guarantee of 10 years' secure tenure to entice better community participation.

Ahmedabad's SNP included other innovations, reflecting the evolving attitudes of the AMC toward decentralization, privatization and PPPs.

Decentralization: The local authority (AMC) minimized its own role and responsibilities by dispersing responsibility for the SNP's implementation (and its success / failure) among its three partners: an industrial enterprise, NGOs and slum residents.

Privatization: Project finance was to be entirely privatized. The AMC's expenditures on environmental and infrastructure upgrading were to be paid from commercial-rate loans. These eventually accounted for nearly two thirds of total SNP expenditures. Private industry—Arvind Mills, one of Ahmedabad's largest employers—would provide another 15 per cent, as would community residents. The remainder was to be the responsibility of NGOs.

Partnership: Implementation would be undertaken as a partnership among the AMC, the private sector, civil society organizations and the community beneficiaries (slum dwellers). Their roles, respectively, were to: organize and co-ordinate the collaboration; make environmental improvements, construct facilities and provide between 30 to 60 per cent of the needed resources; organize microcredit groups and establish income-generating

[66] The various physical components to be improved or provided include roads and paving, individual water supply and underground drainage from households, storm water drainage, streetlights, solid waste management, landscaping and, eventually, toilets. The SNP was also designed to include important community development activities, such as strengthening community organizations, mobilizing resources through the formation of savings and credit groups, providing educational opportunities, especially for children, providing health facilities and promoting health awareness and support for income-generating activities.

projects; build capacity among community organizations; and pay a share of the costs of upgrading.

Implementation began in 1996 and was planned to continue for five to seven years until all the slums in the city had been upgraded. This would improve the living conditions of some 40 per cent of the city. By end-2000 only four slums had been upgraded, while some 14 others were in process. Together these projects cover perhaps 6,600 of Ahmedabad's 255,000 slum households.[67] The reasons for the slow expansion of the SNP are many, but a few stand out.

- The withdrawal of Arvind Mills from the SNP following a sharp decline in the company's profitability in the late 1990s. The AMC has been unable to locate other donors—from the private sector or multi/bilateral aid—to fill the financing gap. The World Bank has expressed some interest, but only under the condition that beneficiaries increase their contribution by as much as 150 per cent.[68] The Bank, aware of the already high debt burden of the AMC, is also seeking the removal of welfare payments within the SNP.
- The AMC's failure to include the SNP in the city's overall planning scheme. As such, the implementation of the project is erratic and *ad hoc*. The criteria for selecting slums for upgrading, timetables for implementation and sources of finance remain undefined. The AMC's unwillingness to grant secure tenure for more than 10 years reinforces residents' perception of a lack of commitment by the authorities.
- The absence of AMC ownership or control of tenure on enough city land to guarantee tenure for more than a small portion of slum households.
- The unconvincing demonstration effects of the SNP. Income-generating activities in the slums that were expected to accompany the upgrading process have been disappointing. As a result, residents may not be able to earn enough income to maintain the improvements installed by the SNP. Already the

[67] Total number of slum households is derived from the oft-quoted figure of 40 per cent of total population living in slums or chawls, total population of 3.5 million persons and estimate of 5.5 persons per slum household. For estimates of households covered, see Kundu and Mahadevia 2002:259, table 7.3.

[68] In the original scheme, household contributions for physical infrastructure were pegged at Rs 2,000. The World Bank proposed that it be raised to Rs 5,000, with the tenure guarantee extended from 10 to 20 years (Kundu and Mahadevia 2002:172).

quality of drinking water is often below standard and hours of availability are limited. Sewage back-ups are common.

- The weakness of SNP's community development component. The two strong NGOs that have been deeply involved—SEWA / MHT (Self Employed Women's Association / Mahila[69] Housing Trust) and SAATH[70] cannot cover the whole city, nor can they build rapport quickly when they enter new SNP neighbourhoods. Some NGOs not involved in the SNP perceive it as "an old housing upgradation programme . . . under a new guise". They are concerned that it will not address the underlying cause of urban poverty if real issues like "land redistribution, tenure rights, etc. are not addressed at the city level".
- NGOs are put off the top-down planning processes for the SNP and the AMC's failure to implement the 74th Amendment—which theoretically gives civil society organizations the right to participate in city-level planning decisions. At the same time, NGOs fear the results of the newly empowered ward committees in the city's wealthier districts. From these there have been demands for better services and the establishment of separate local bodies for the eastern (poor) and western (rich) parts of the city. This would render cross-subsidization in the provision of amenities and services far more difficult in the future.
- NGOs fear that the market-oriented policies of the AMC, which condone forced evictions in slum locations scheduled for commercial redevelopment, may eventually be applied to SNP neighbourhoods, resulting in gentrification and further marginalization of the poor.

Despite these concerns about the SNP, it continues to be marketed as a "best practice" by the AMC and some bilateral donors and multilateral agencies. This is irresponsible in the absence of careful empirical analysis of the short- and long-term impacts of these programmes on slum residents and other vulnerable groups in the cities where the SNP and programmes like it are being implemented. According to the studies reviewed here, such research has yet to be conducted on a city-wide scale.

[69] Mahila means woman / women.
[70] A non-governmental organization registered as a public charitable trust.

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This volume brings together case studies by urban development practitioners who have contributed to efforts to achieve dignified living and working conditions for some of the most vulnerable groups in large cities of the South, from Asia to Africa to Latin America. The authors reflect on the actual content of sustainable development as practiced in, and how they would envision sustainable development for, their cities. What efforts, official and unofficial, are being made in the name of achieving sustainable development? What are the shortcomings of the actors and institutions expected to partake in realizing this goal? And what steps are required to move forward?

Chapters by researchers who have worked closely with, or studied efforts by, the international community to influence urban development complement the country and city analysis.

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